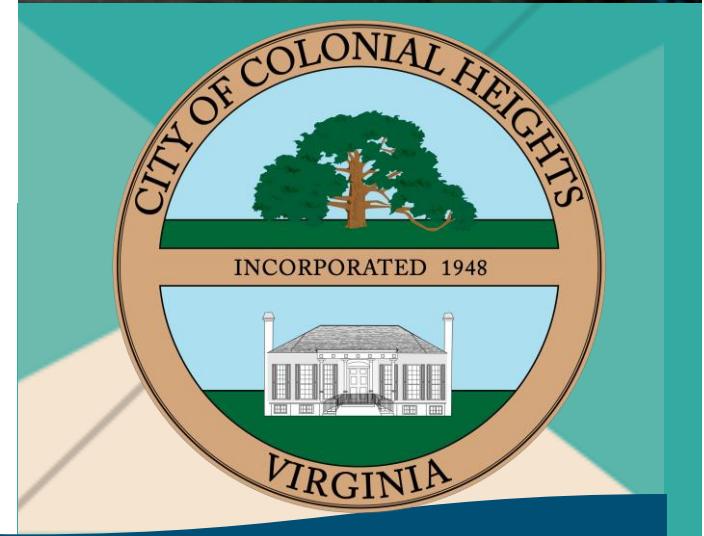
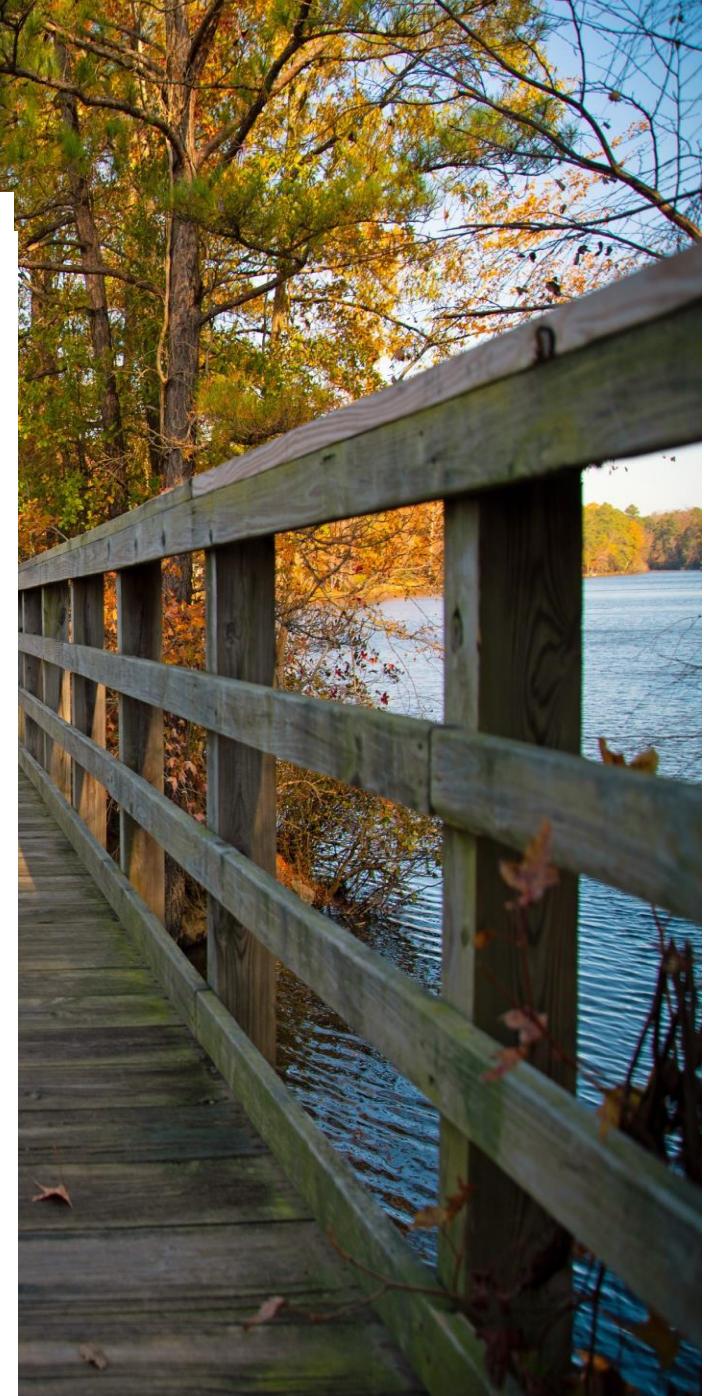


CITY OF COLONIAL HEIGHTS, VIRGINIA

Annual Comprehensive Financial Report

FOR THE YEAR
ENDED JUNE 30, 2021

Douglas E. Smith, City Manager
Sheila S. Minor, CPA, Director of Finance
Christina E. Sadler, Deputy Director of Finance



CITY OF COLONIAL HEIGHTS, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED June 30, 2021



Prepared by the Department of Financial Administration

Sheila Minor
Director of Finance

CITY OF COLONIAL HEIGHTS, VIRGINIA
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INTRODUCTORY SECTION

CITY OF COLONIAL HEIGHTS, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS **June 30, 2021**

CITY COUNCIL

T. Gregory Kochuba, Mayor
Betsy G. Luck, Vice Mayor
Michael A. Cherry
John E. Piotrowski
Dr. Laura F. Poe
Robert W. Wade
John T. Wood

OTHER OFFICIALS

Douglas E. Smith.....	City Manager
Hugh P. Fisher, III	City Attorney
Pamela B. Wallace	City Clerk
Dr. William Sroufe	Superintendent of Schools
Sheila S. Minor.....	Director of Finance
Jeffrey W. Faries	Chief of Police
Todd Flippin.....	Director of Public Works
Craig Skalak	Director of Recreation and Parks
Bruce N. Hansen.....	Library Director
Bruce E. Cashion.....	City Assessor
William Feasenmyer.....	Commissioner of the Revenue
Harriet Frenier	Treasurer
Alfred Gray Collins, III	Commonwealth's Attorney
Todd B. Wilson	Sheriff
Stacy L. Stafford.....	Clerk of Circuit Court
Jennifer L. Wells	General Registrar
Karen T. Epps.....	Economic Development
T. Wayne Hoover	Fire Chief
Jennifer Carpenter	Human Resources Director
Kelly Hall.....	Director of Planning
Maria Yencha	Director of Finance, Schools



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Colonial Heights
Virginia**

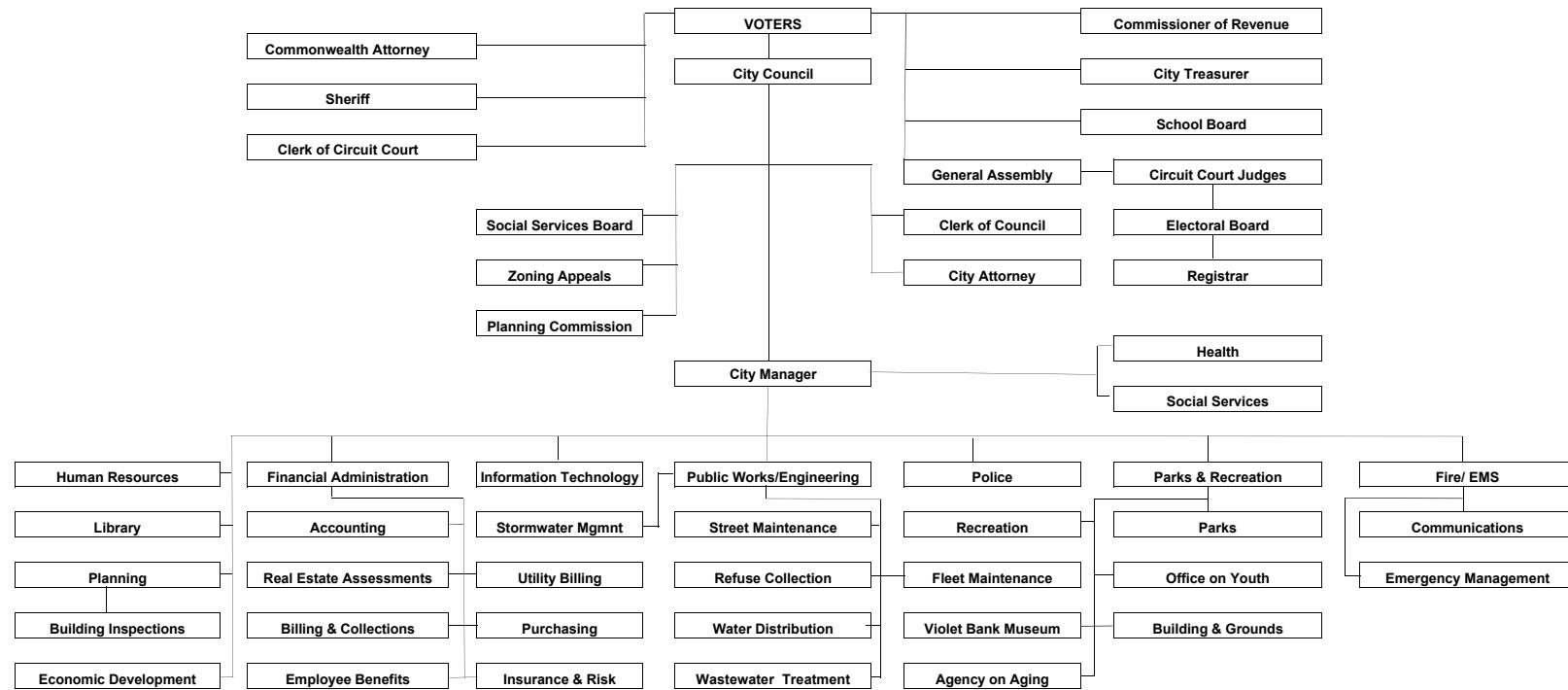
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF COLONIAL HEIGHTS, VIRGINIA ORGANIZATIONAL CHART





CITY OF COLONIAL HEIGHTS

Douglas E. Smith
City Manager

City Hall · 201 James Avenue · P.O. Box 3401
Colonial Heights, Virginia 23834

Sheila S. Minor, CPA
Director of Finance

November 30, 2021

The Honorable Mayor, Members of City Council
Colonial Heights, Virginia

We are pleased to submit to you the Comprehensive Annual Financial Report ("Report") of the City of Colonial Heights, Virginia (the "City") for the fiscal year ending June 30, 2021. The City's management assumes full responsibility for the accuracy of data, completeness and the fairness of presentation. We believe the data, as presented, is accurate in all material respects, and that it is presented in compliance with Generally Accepted Accounting Principles (GAAP) to fairly report the financial position and results of the City's various governmental activities, business-type activities and funds. All disclosures necessary for a reader to fully understand the City's financial affairs have been included.

After reviewing this introductory section, you are encouraged to turn to the narrative found in the management's discussion and analysis (MD&A) for a more detailed overview of the City's financial position.

The basic financial statements consist of government-wide and fund financial statements, notes to the basic financial statements and required supplementary information. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Brown Edwards & Company, LLP, Certified Public Accountants, have audited the City's basic financial statements. The goal of this independent audit is to provide reasonable assurance that the basic financial statements are free of material misstatement. The independent auditors concluded, based upon their audit, that there was reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ending June 30, 2021 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the Financial Section.

The City is required to undergo an annual single audit in conformity with provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards and the independent auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance section of this report.

Phone 804-520-9332 • Fax 804-524-8723
www.colonialheightsva.gov

The financial reporting entity includes all funds of the primary government (i.e., the City of Colonial Heights as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The primary government provides a full range of services including general administration, public safety, public works, cultural and recreational activities, judicial functions, health and welfare activities, and community development activities.

Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from the primary government. The School Board of the City of Colonial Heights and the Economic Development Authority of the City of Colonial Heights are reported as a discretely presented component units. For additional information on the City's financial status, please refer to the Management's Discussion and Analysis section of this report.

Economic Condition and Outlook

The City has a land area of 8.14 square miles, and is located in southeastern Virginia. Colonial Heights is strategically located on Interstate 95 near its intersection with I-85, thus giving the City direct access to the East Coast's major markets.

The City is less than 20 miles south of Virginia's state capital, Richmond, and 120 miles south of the nation's capital, Washington, D.C. Richmond's deep water terminal is approximately 15 miles north, and the Port of Hampton Roads is 80 miles to the southeast.

The population of the City is estimated at 18,170 (2020) as reported by the U.S. Census Bureau. The City is part of the Richmond Tri-Cities Metropolitan Statistical Area and has immediate access to the area's dynamic business complex. Richmond is the center for a diverse group of business sectors such as the Commonwealth of Virginia's State offices, Federal offices, eleven Fortune 1000 companies, manufacturing, distribution and international trade. Other economic drivers include several major universities, research hospitals, and the Federal Reserve Bank.

In the immediate Tri-Cities area (Petersburg, Colonial Heights and Hopewell), government continues to be a major employer. Government facilities include Central State Hospital, Richard Bland College, Virginia State University, Fort Lee, and the Defense Logistics Agency Installation Support at Richmond.

The City has a civilian labor force of 8,509 and an unemployment rate of 5.4% as of the end of FY2021. The City prioritizes the attraction of new businesses and expansion of existing businesses and tourism, all of which increase the tax base and create jobs which enhance the quality of life for its citizens.

The COVID-19 outbreak had an impact on the Colonial Heights economy in FY2020 and into FY2021. As of the end of FY2021, unemployment remains slightly elevated (5.4%) in comparison to the June 2019 pre- pandemic level (3.3%), but much improved from its highest point in April 2020 (12.0%).

City revenues, specifically sales, meals, and lodging taxes, declined late in FY2020 but rebounded to their pre-pandemic levels by mid- FY2021. The spending controls implemented at the end of FY2020 and carried into FY2021 are no longer in place, allowing the City to address needs and maintain service levels which were deferred during the height of the pandemic.

The City also benefitted from various sources of federal emergency funding related to the pandemic, specifically Coronavirus Relief Funds, during FY2021, which were utilized to alter service delivery, support the economy, and enhance public safety in a variety of ways. Examples included the purchase of an ambulance with specific air quality and disinfection equipment, personal protective equipment for city staff, air quality equipment for city facilities and schools, grants for small businesses impacted by the pandemic, and waivers of fees for online payment transactions. These funds have been accounted for in the City's Emergency Response Fund in an effort to segregate them and provide adequate controls in compliance with applicable federal regulations.

Accounting System and Budgetary Controls

In developing and refining the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the line-item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Appropriations or transfers are processed should a purchase order be required which would result in an overrun of line item balances. Open encumbrances are recorded as committed fund balances at June 30, 2021.

As required by law, each year the City Manager submits to City Council a recommended budget for the fiscal year beginning July 1. After an extensive review process and a public hearing to receive citizen input, City Council will adopt a budget for the upcoming fiscal year.

Capital Financing and Debt Service

The City's financial management policies were adopted by City Council in 1995 and formally reviewed in 1999, 2003 and 2011. Included and maintained in these revised policies are the following debt guidelines: General Fund supported long-term debt will not exceed 4% of assessed value of real estate, General Fund supported long-term debt will not exceed 10% of governmental fund expenditures, and the minimum amortization of General Fund supported long-term debt will be 50% within 10 years. The City monitors these financial ratios to ensure ongoing compliance.

The Constitution of Virginia establishes a debt limit for Virginia cities of 10% of the assessed value of real estate. The City of Colonial Heights could incur bonded debt of up to \$195,175,566 but current bonded debt only represents 1.8% of the assessed value of real estate.

Long-term liabilities, including notes payable, leases, compensated absences, retirement incentive programs and environmental liabilities, for all funds of the primary government as of June 30, 2021, totaled \$40,505,970, of which \$4,094,191 for Enterprise Fund purposes is considered self-supporting and shown only as a liability of the respective fund.

The City's received an upgrade from Standard & Poor's in October 2019 from AA to AA+. The City's bonds are rated as follows:

Standard & Poor's	Fitch Investors Service	Moody's Investor Service
AA+	AA+	Aa2

The City develops a Five-Year Capital Improvements Plan annually for major facility, equipment, infrastructure and technological improvements. This plan is proposed to the City's Planning Commission, and once approved by that body, is forwarded to Council for their consideration and approval.

Certificates of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colonial Heights, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 41 consecutive years (fiscal years ended 1980 through 2020). We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

Acknowledgments

We would like to express our appreciation to the staff of the Department of Finance, and specifically the Deputy Director of Finance, for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Douglas E. Smith
City Manager



Sheila S. Minor, CPA, CPFO, CGFM
Director of Finance

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of City Council
City of Colonial Heights, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Colonial Heights, Virginia (the "City"), 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Activity Fund, which represents 3%, 5%, and 0.5%, respectively, of the assets, net position, and revenues of the Discretely Presented Component Unit – School Board. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Fund, is based on the report of the other auditors.

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* and the *Specifications for audits of Authorities, Boards, and Commissions*, 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 auditor's 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 audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 aggregate discretely presented component units, and each major fund of the City, 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.

Adoption of New Accounting Standard

As discussed in Note 20 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. 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 and other required supplementary information, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, 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* (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information 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 and statistical sections 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 30, 2021 on our consideration of the City'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'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's internal control over financial reporting and compliance.

Brown, Edwards & Company, S.C.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

**CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The following discussion and analysis of the financial performance of the City of Colonial Heights, Virginia (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position (excluding the component units) on the government-wide basis, was \$60,015,636 at June 30, 2021, an increase of \$6,008,033 from the City's net position of \$54,007,603 at June 30, 2020. Investment in capital assets totaled \$57,686,293 and \$775,093 was restricted for various purposes (see Note 15). The Primary Government as a whole reported an unrestricted net position of \$1,554,250.
- On a government-wide basis for governmental activities, the City's general revenues of \$54,507,411 were \$5,303,399 more than the expenses (net of program revenues) of \$49,204,012.
- Revenues for the City's Business-Type Activities exceeded expenditures by \$704,634, or 12.23%. Current economic conditions, particularly those associated with COVID-19, and unexpected line failures significantly impacted the water and sewer fund during the fiscal year.
- At June 30, 2021, the City's governmental funds balance sheet reported fund balances of \$21,918,330, a slight increase when compared to \$21,808,882 at June 30, 2020. Of this amount, \$11,191,172 is unassigned and therefore not obligated for other uses.
- The net position of the Component Unit School Board increased \$5,540,701 from \$(13,653,325) to \$(7,634,919). The School Board pension and postemployment liabilities totaled over \$45 million, significantly impacting the net position of the entity, and resulting in a negative number.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of two types of statements, each presented in accordance with a different method of accounting as required by Generally Accepted Accounting Principles (GAAP). The first set of statements, known as government-wide statements, focus on the City as a whole and include both short and long-term assets and liabilities. Exhibit 1 and Exhibit 2 are government-wide statements. The second set of statements, known as fund financial statements, focus on the individual parts of City government, reporting the City's operations in more detail than the government-wide statements. These statements, which include Exhibits 3 and 5, are presented on the modified-accrual basis of accounting. Fund financial statements only include short-term assets and liabilities. Exhibits 4 and 6 provide a reconciliation of and show the differences between the two sets of statements. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and improves the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2). These statements provide information about the City as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the City's position, as a whole, better or worse as a result of the year's activities?"

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

These two statements report the City's net position and changes that affected net position during the fiscal year. The change in the City's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the City's long-term financial health. Increases or decreases in net position are indicators of whether the City's financial health is improving or declining. Other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure should also be considered in assessing the overall financial health of the City.

In the Statement of Net Position and the Statement of Activities, the City's activity is classified as follows:

Governmental activities – Most of the City's basic services are reported here, including general government, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural and community development functions. Property taxes, other local taxes, charges for services and federal and state grants finance most of these activities.

Business-type activities – The City's water, sewage and storm water operations are reported here as the City charges a fee to customers intended to support the cost of these services. As these activities are intended to be self-supporting and are provided in a manner similar to private sector organizations, they are classified as business-type activities.

Component units – The City includes two discretely presented component units in this report, the School Board of the City of Colonial Heights ("School Board") and the Economic Development Authority of the City of Colonial Heights ("EDA"). Although legally separate, the component units are important because the City provides a significant amount of the School Board's funding, and City Council appoints the membership of the EDA. Fiscal Year 2021 is the fourth year that the EDA has been presented in the City's financial statements, as the EDA became financially active during FY2018.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements begin on page 8 and provide detailed information about the most significant funds, not the City as a whole. The City has two types of funds:

Governmental funds – Most of the City's basic services are included with the governmental funds. Fund-based statements focus on how resources flow into and out of those funds and the balances left at year-end that are immediately available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits 4 and 6 as listed in the table of contents.

Proprietary funds – When the City charges customers for services it provides, whether to outside customers or to other units of the City, in an amount intended to cover the cost of those services, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short and long-term financial information.

The City's enterprise funds, one type of proprietary fund, are the same as the government-wide, business-type activities; however, the fund financial statements provide more detail and additional information, such as a statement of cash flows. The City's enterprise funds are the Water & Sewer and Storm Water Management funds.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (GOVERNMENT-WIDE)

The following table presents a condensed comparison of net assets:

Summary Statement of Net Position
June 30, 2021 and 2020
(In Millions)

	Governmental Activities		Business- Type Activities		Primary Government		Total Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$43.9	\$39.4	\$4.5	\$4.5	\$48.4	\$43.9	\$13.0	\$9.3
Capital Assets, net	74.4	71.2	14.2	13.6	88.6	84.8	25.9	26.1
Total Assets	118.3	110.6	18.7	18.1	137.0	128.7	38.9	35.4
Deferred Outflows	5.5	3.8	0.3	0.3	5.8	4.1	9.9	7.7
Other Liabilities	7.5	4.1	0.5	0.5	8.0	4.6	3.8	4.2
Non-current Liabilities	54.7	53.1	5.4	5.4	60.1	58.5	47.2	47.7
Total Liabilities	62.2	57.2	5.9	5.9	68.1	63.1	51.1	51.9
Deferred Inflows	14.6	15.5	0.1	0.2	14.7	15.7	5.3	4.9
Net Investment in Capital								
Assets	45.8	41.3	11.9	11.1	57.7	52.4	25.7	25.7
Restricted	0.8	1.2	-	-	0.8	1.2	-	-
Unrestricted	0.4	(0.8)	1.1	1.2	1.5	0.4	33.3	39.4
Total Net Position	\$47.0	\$41.7	\$13.0	\$12.3	\$60.0	\$54.0	(\$7.6)	(\$13.7)

The City's combined net position increased from \$54.0 million to \$60.0 million. Net position of the governmental activities increased from \$41.7 million to \$47.0 million. Governmental activities' unrestricted net position increased \$1.2 million, and is a positive number for the first time in 2021. Governmental activities' net investment in capital assets increased \$4.5 million. This represents the undepreciated amount of capital assets owned by the City net of any outstanding debt used to fund their purchase or construction. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. The net position of component units reflects an increase of \$5.6 million (after restatement).

The *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset; however, in Virginia, the School Board does not have taxing authority and, therefore, it cannot incur debt (or therefore report debt) through general obligation bonds to fund the acquisition, construction or improvement to capital assets. This results in the distribution of capital assets to the Component Unit School Board and recording of the corresponding debt by the Primary Government. See the footnote presentation for further clarification. Further, net position for both entities has been impacted by the application of GASB 68 and GASB 75, which resulted in significant pension and postemployment liabilities on the statements for both entities.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (GOVERNMENT-WIDE) (Continued)

The following table presents a condensed comparison of the changes in net assets:

Summary Statement of Changes in Net Position
Years Ended June 30, 2021 and 2020
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program revenues:								
Charges for services	\$3.0	\$3.0	\$5.9	\$6.0	\$8.9	\$9.0	\$0.3	\$0.3
Operating grants and contributions	7.3	6.7	-	-	7.3	6.7	22.1	19.2
Capital grants and contributions	2.8	5.3	-	-	2.8	5.3	-	-
General revenues:								
Property taxes	25.6	24.0	-	-	25.6	24.0	-	-
Other local taxes	24.0	21.5	-	-	24.0	21.5	-	-
Payment from other governments	-	-	-	-	-	-	23.6	22.2
Intergovernmental, non-categorical aid	5.3	3.1	-	-	5.3	3.1	-	-
Use of money and property	0.1	0.4	-	-	0.1	0.4	-	-
Miscellaneous	0.2	0.1	-	-	0.2	0.1	0.5	0.4
Total revenues	68.3	64.1	5.9	6.0	74.2	70.1	46.5	42.1
Expenses:								
General government								
General government	5.0	4.6	-	-	5.0	4.6	-	-
Judicial administration	5.1	5.2	-	-	5.1	5.2	-	-
Public safety	15.4	12.9	-	-	15.4	12.9	-	-
Public works	7.4	6.5	-	-	7.4	6.5	-	-
Health and welfare	1.2	1.1	-	-	1.2	1.1	-	-
Parks, recreation and cultural	2.8	3.0	-	-	2.8	3.0	-	-
Community development	0.6	0.5	-	-	0.6	0.5	0.5	-
Education	23.6	22.0	-	-	23.6	22.0	40.4	41.3
Human services	0.4	0.3	-	-	0.4	0.3	-	-
Interest	0.9	1.0	-	-	0.9	1.0	-	-
Water, sewer, and storm								
water management	-	-	5.8	5.9	5.8	5.9	-	-
Total expenses	62.4	57.1	5.8	5.9	68.2	63.0	40.9	41.3
Change in Net Position Before Transfers	5.9	7.0	0.1	0.1	6.0	7.1	5.6	0.8
Transfers	(0.6)	-	0.6	-	-	-	-	-
Change in Net Position	5.3	7.0	0.7	0.1	6.0	7.1	5.6	0.8
Net Position, beginning *	41.7	34.7	12.3	12.2	54.0	46.9	(13.2)	(14.5)
Net Position, ending	\$47.0	\$41.7	\$13.0	\$12.3	\$60.0	\$54.0	(\$7.6)	(\$13.7)

*As restated for the Component Unit (see Note 20)

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (GOVERNMENT-WIDE) (Continued)

Governmental Activities

Revenue

General property tax revenue, which comprised 37.5% of total revenue generated by governmental activities, includes real estate tax, the local portion of personal property tax, and public service corporation taxes. Real estate tax revenue, the largest source of revenue for the City, totaled \$21.4 million, an increase from the previous fiscal year of 6.3% due to a full year of collection on a general reassessment effective January 1, 2020. The City's last general reassessment was January 1, 2018, and the next reassessment is planned for January 1, 2022.

In 1998, the Commonwealth enacted the Personal Property Tax Relief Act (PPTRA). The Commonwealth's share of personal property taxes allocated to the City was \$1.75 million, which represented 53% of eligible assessed value for calendar year 2021. This revenue is included in the intergovernmental category. Personal property tax revenue stayed the same at \$3.0 million from fiscal year 2020 to fiscal year 2021.

Sales tax, utility tax, business and professional occupational license tax, meals tax, and lodging tax comprise the majority of other local taxes collected by the City, which represented approximately 35.2% of total revenues generated for governmental activities. This is an increase of approximately \$2.5 million from collections in FY2020, largely due to the impact of COVID-19 related restrictions on the local economy in the spring of 2020 which impacted local revenue collections for FY2020. Other local taxes such as these comprise a significant share of the City's tax base, due to a large retail and restaurant presence in the City. The City is a regional shopping hub for nearby suburban and rural communities, and while COVID-19 related restrictions continued into the early part of FY2020, the economic impacts were not as severe as expected, due largely to the resilience of the business community and adaptations made to delivery mechanisms for goods and services in the retail and restaurant sector.

Operating grants and contributions comprised approximately 10.7% of governmental activities revenues. Street maintenance funds, funding received under House Bill 599 for law enforcement, and reimbursement for shared expenses of the constitutional officers are some of the major sources of revenue included in this category.

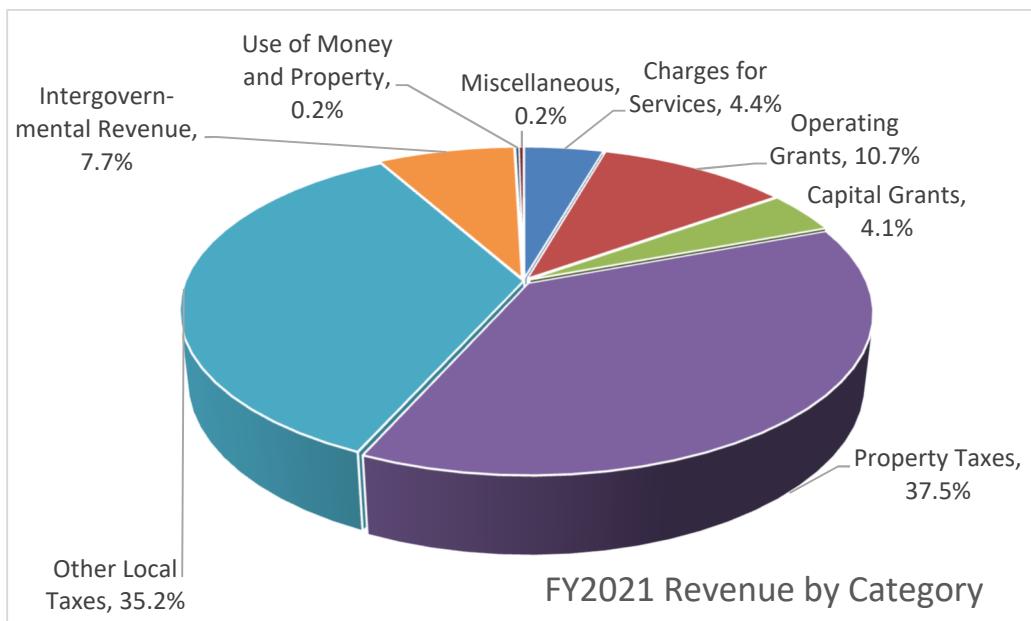
Charges for services, which include items such as EMS transport fees, court fees, inspection fees, and garbage collection fees, slowed in year over year comparisons. Charges for services comprised 4.4% of total revenue for governmental activities, as compared with 4.7% in the prior year. State moratoriums on utility disconnections impacted the collection of refuse fees, as refuse charges are billed with water and sewer charges to City residents, and the amount of bad debt on the combined utility bills was extremely high in FY21 in comparison with prior years.

Intergovernmental revenue notably increased as a source of funding for governmental activities, due to approximately \$2.5 million in federal Coronavirus Relief Fund (CRF) grants received and spent in FY2021. FY2020 intergovernmental revenues comprised approximately 4.8% of total governmental activities revenue; this percentage increased to 7.7% in FY2021.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (GOVERNMENT-WIDE) (Continued)

Revenue generated for governmental activities is presented below by category:



Expenses

Education funding represents the largest category of governmental activities expenses. Funding of \$23.6 million was provided to the City of Colonial Heights School Board to support School operations and capital projects. Operating support of \$23.3 million was \$854,561 more than the original budget due to conservative budget estimates of anticipated revenue in light of the pandemic. City funding for Colonial Heights School Board is provided in accordance with a revenue sharing agreement between the two entities, last revised in 2011, which stipulates that 50.73% of six major revenue sources will be allocated to the School Division. This amount is estimated at the beginning of the fiscal year and reconciled to actual results as fiscal year end. The \$854,561 adjustment is reflected in the City's financial statements as an increase in the transfer to schools expense/expenditures, whereas in the School financial statements it is reflected as a decrease in expense/expenditures of reimbursables to the City.

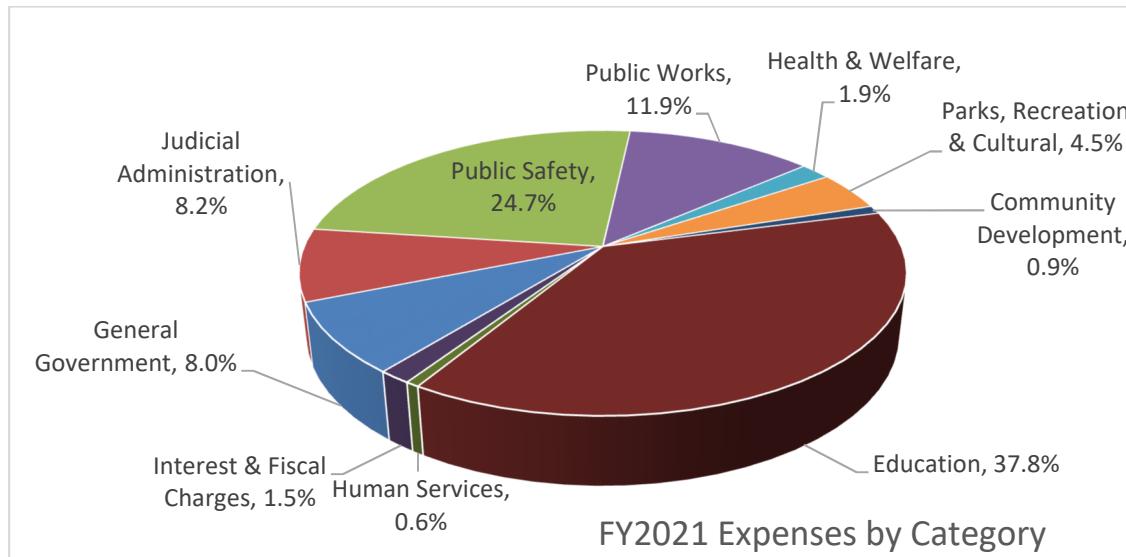
Public Safety is the City's second highest expense category, at 24.7% of governmental activity spending. The Public Safety function consists of the Fire and Emergency Medical Services Department, the Police Department, and Emergency Communications.

Public Works expenses comprised 11.9% of governmental activities expenses. Expenses for Building Maintenance, Street Paving, and Street Maintenance are included in the Public Works category. General Government includes City Council, the City Manager, Human Resources, Economic Development, Finance, Purchasing, Risk Management, Tax Administration and Collections, and Voter Registration activities. The Comprehensive Services Act and social services programs incurred the majority of expenses reported in the Health and Welfare category, which comprises 1.9% of governmental activities expenses.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (GOVERNMENT-WIDE) (Continued)

Expenses of the governmental activities are shown by functional area:



Business-Type Activities

Total net position of business-type activities increased \$704,634, or 5.7% in FY2021, compared with a \$90,522 increase, or .07%, during FY2020. The business-type activities of the City normally derive their revenues almost exclusively from charges for services; however, in FY2021 the City transferred \$1.2 million from the general fund to support the water and sewer fund to cover costs of emergency repairs. Without this transfer, the change in net position would have been (\$495,366). Rates were not changed in FY2021; the City underwent a comprehensive rate study and infrastructure condition assessment to address the long-term financial stability of the system, which was completed in FY2020. The results of this study recommended long term structural changes and rate increase to stabilize the system and replace aging infrastructure. Expenses in the business-type funds decreased 2.1% in comparison with FY2020, while revenue decreased 1.6%.

FINANCIAL ANALYSIS OF THE CITY (FUND FINANCIALS)

On the modified accrual basis of accounting, for the fiscal year ended June 30, 2021, the governmental funds reflect a total fund balance of \$21,918,330. Nearly 24% of this balance, \$5.2 million, constitutes fund balance of the capital projects fund. The total governmental funds increased by just \$109,448, however, the general fund increased \$1.4 million while the Capital Projects Fund decreased by \$1.3 million. The Capital projects fund decrease is the direct result of funds available for capital spending in previous years being used for their intended purposes. The City issued a \$5.85 million direct placement bank loan in October 2018 for seven projects: replacement of the City's Enterprise Resource Planning (Financial) System, replacement of the Computer Aided Dispatch System, acquisition of a quint fire apparatus, replacement of the Hrouda pump station, replacement of the generator at the Public Safety Building, and multiple school capital improvements. Progress continued on the Financial and Computer Aided Dispatch Systems, school projects, and the Hrouda Pump Station in FY2021. All other projects were completed.

Restricted, Committed and Assigned fund balances are designated to reserve contributions, donations, and grants intended for a specific purpose which has not yet been fulfilled, to liquidate purchase orders or contracts outstanding at year-end, and to purchase capital equipment, respectively.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (FUND FINANCIALS) (Continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund unassigned fund balance was \$11,191,172 (an increase of \$329,309, or 3%) while the total fund balance was \$16,707,974, an increase of 9.0% compared to the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 19.2% of the total General Fund expenditures, while total fund balance represents 28.6% of that same amount. The City's adopted financial policies require a minimum unassigned fund balance of 10% of budgeted expenses and a target of 12%.

The General Fund began fiscal year 2021 with budgeted operating revenue and expenditure amounts that were equal. The FY2021 Budget called for the use of \$773,502 in existing assigned and unassigned fund balance for one-time capital expenditures. Fund balance was not appropriated for operating expenses. During the fiscal year, Council appropriated and additional \$3,644,881 of restricted, committed, assigned and unassigned fund balances for various purposes. The table below summarizes the appropriated uses of fund balances in FY2021.

Appropriated Uses of Fund Balance, FY2021

Project	Amount	Original Budget or Amendment	Fund Balance Type
Local Share of Appomattox River Trail- Phase V	\$ 93,149	Original	Assigned
Local Share of Ridge Road Improvements	330,353	Original	Unassigned
Insulation Replacement at Fire Station #2	105,000	Original	Assigned
Medic #4 Replacement (net of Grant Funds)	175,000	Original	Assigned
Communications Uninterrupted Power Supply	70,000	Original	Unassigned
Prior Year Encumbrances	941,440	Amendment	Unassigned
Police Vehicle Equipment	24,100	Amendment	Unassigned
Violet Bank Phase I Renovations	93,191	Amendment	Assigned
Replace Fuel Pumps	35,000	Amendment	Assigned
Information Technology Projects	25,000	Amendment	Assigned
Asset Forfeiture 22	20,000	Amendment	Restricted
E-Citation Fees for Police Equipment	5,697	Amendment	Restricted
Spreader Rack for Public Works	45,000	Amendment	Assigned
Donations for Police Canine	6,399	Amendment	Restricted
HVAC Replacement at Utilities Building	8,000	Amendment	Assigned
Emergency Sewer Repairs	1,500,000	Amendment	Unassigned
Pavement Preservation Projects	<u>941,054</u>	Amendment	Restricted
 Total Appropriation of General Fund Balance	 \$4,418,383		

Local taxes generated the majority of General Fund revenue, totaling approximately \$49.1 million in fiscal year 2021, as compared with \$45.6 million in fiscal year 2020. Sales, meals, and lodging taxes, which were significantly impacted by COVID-19 restrictions in the last quarter of FY2020, rebounded in FY2021. These three revenue sources increased 11.1%, 12.2%, and 24.9%, respectively, from their FY2020 totals. These three revenue sources are also shared with Colonial Heights Public Schools, resulting in the increase in funding transferred to Schools per the City's Memorandum of Understanding with the School Division.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL ANALYSIS OF THE CITY (FUND FINANCIALS) (Continued)

Cigarette taxes, implemented in FY2020, generated \$614,123 in FY2021. Real estate taxes, the City's largest single revenue source, exceed budget by approximately \$470,000, which was approximately \$350,000 more than the prior fiscal year due to a reassessment effective as of January 1, 2021. Personal property collections came in under budget by \$201,738, slightly decreasing (by 2.7%) in comparison with FY2020.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$8.5 million in fiscal year 2021 as compared to \$8.2 million in fiscal year 2020. The majority of this revenue is received from the Commonwealth and includes law enforcement funding received under Virginia House Bill 599 and street maintenance funds. Personal property tax relief is also a significant revenue source from the Commonwealth, providing \$1.75 million in revenue.

CAPITAL PROJECTS FUND HIGHLIGHTS

Multiple capital projects were under construction or completed during FY2021. As mentioned previously, the City issued a \$5.85 million direct placement bank loan in October 2018 for an Enterprise Resource Planning System (ERP), Computer Aided Dispatch System (CAD), a fire apparatus, a generator, a pump station, and multiple school capital improvements. Several of these projects, specifically the technology systems and Hrouda pump station, were ongoing during FY2021.

The City also received state and federal funding of \$2.8 million in reimbursement for various transportation improvements. Projects underway at fiscal year-end included the radio communications system, the Enterprise Resource Planning (Financial) system, CAD system, Economic Development Site Improvements, E911 Hardware updates, Phase V of the Appomattox River Greenway Trail, Phase I renovations at Violet Bank and other transportation projects. Funds were also appropriated for the replacement of an ambulance (pending possible grant funding), renovation of the Health Department, and water tower repairs. Projects completed during FY2021 included the public safety uninterruptible power supply, Appomattox River Greenway Phase IV, the Dupuy Avenue Modernization Project, Temple Avenue Signal Coordination, and multiple bridge rehabilitation projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund revenues exceeded the original budget by \$325,600, however they fell short of the final budget by \$4.4 million or 6.6% due to the appropriated use of fund balance (included in miscellaneous revenue) of the same amount. The FY2020-2021 budget was adopted at the original, pre-pandemic estimates, with spending control processes in place to temper spending. These spending controls, which included hiring freezes, deferring cost of living increases, and delaying specific capital improvement projects, are no longer in place.

General Fund actual expenditures were under the original budget by \$2.5 million and were under the final, amended budget by \$5.5M or 8.5%. During fiscal year 2021, City Council amended the budget to appropriate donations; operational grants; restricted, committed, assigned and unassigned fund balances; additional operating transfer to schools; and prior year encumbrances.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

CAPITAL ASSETS

As of June 30, 2021, the City's capital assets for its governmental and business-type activities amounted to \$88.6 million (net of accumulated depreciation and amortization). These investments include land, easements, construction in progress, land improvements, buildings and structures, equipment, software, and infrastructure. The City has a capitalization threshold of \$5,000. The City's total net capital asset value (additions less retirements and depreciation and amortization) increased \$3.9 million during FY2021, compared with an increase of \$4.5 million during FY20. Governmental Activities net capital assets increased \$3.3 million, while Business-Type Activities net capital assets decreased \$618,608. This decrease was the result of depreciation and amortization exceeding the rate of new capital investment for the City's utility funds.

Summary Statement of
Capital Assets, Net of Accumulated Depreciation and Amortization
June 30, 2021 and 2020
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Easements	\$4.9	\$4.9	\$0.1	\$0.1	\$5.0	\$5.0
Construction in Process	7.6	10.1	-	-	7.6	10.1
Building and Structures	22.4	23.2	2.7	2.8	25.1	26.0
Infrastructure	35.0	28.7	10.5	9.6	45.5	38.3
Equipment and Software	4.5	4.3	0.9	1.1	5.4	5.4
Total	\$74.4	\$71.2	\$14.2	\$13.6	\$88.6	\$84.8

The changes in each category of Capital Assets are presented in detail in Note 7 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2021, the Primary Government's long-term liabilities totaled \$40,505,970, consisting of \$36,411,779 related to governmental activities, and \$4,094,191 related to business-type activities. As previously mentioned, the City issued a \$5.825 million bank loan in October 2018 for capital projects. The City also issued a capital lease in October 2019 for computer replacements in the amount of \$225,000. The FY22- FY26 Capital Improvements Plan anticipates the City's next general obligation debt issuance for approximately \$1.8 million to occur in FY23, with another issuance in FY2023 anticipated for \$7.4 million.

Standard & Poor's upgraded the City's bond rating from AA to AA+ in August 2019. Fitch Investor's Service reaffirmed the City's AA+ bond rating in August 2021.

The Charter of the City and the *Code of Virginia* limit the City's net debt to 10% of the assessed valuation of real estate. The City's entity-wide general obligation debt of \$34,405,000 is well below the legal debt limit of \$195,175,566.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than compensated absences, as its own. In addition to bonded debt, the City's long-term obligations include compensated absences. Additional information concerning the City's long-term liabilities is presented in Notes 8 and 9 to the Basic Financial Statements.

CITY OF COLONIAL HEIGHTS, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The global pandemic that impacted the United States beginning in January 2021 had significant impact on the City's economy toward the end of fiscal year 2019-2020; however the City experienced a fairly rapid rebound in most revenue sources in early fiscal year 2020-2021. The unemployment rate for the City in June 2021 was 5.4% compared to a June 2020 rate of 9.0%. This was above the state average of 4.3% for the same period, but compares favorably with the national average unemployment rate of 5.9%. The City had an estimated population of 18,170 in 2020, according to the U.S. Census Bureau, an increase of 4.4% since the 2010 census.

Primary revenue sources for the City's General Fund are property taxes, sales tax, business and occupational licenses, meals tax, and state revenues. In establishing the budget, historical and trend data are analyzed. In addition, economic indicators and the impact that changes in the economy will have on the historical data is taken into consideration. Throughout the year, management monitors revenues and economic indicators to determine if they are on target with the analysis used to develop the budget. Monthly reports are provided to City Council and a quarterly financial presentation provides current financial position and a year to date comparison to the prior year's position.

The adopted fiscal year 2022 General Fund budget of \$61,839,700 increased \$139,623, or 0.02% in comparison to the fiscal year 2021 adopted budget. The Annual Operating Budget for fiscal year 2022 included a 2.0% raise for full-time City employees effective July 1, and a 5.0% increase for constitutional officers and their employees (provided in the state budget for state-funded positions). The City budget also included one new full-time position in Planning, and one part-time positions converted to full-time in Animal Control. Similar to the FY20 budget, the FY21 budget includes the use of assigned and unassigned fund balances for capital projects in the amount of \$610,000. A 5% increase to water and sewer rates was included in the budget, and implemented in July 2021. Property and other tax rates remain stable in FY2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, P.O. Box 3401, Colonial Heights, Virginia 23834, telephone (804) 520-9332. The City's website address is www.colonialheightsva.gov.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
CITY OF COLONIAL HEIGHTS, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2021

				Component Units	
	Primary Government		Totals	Economic Development Authority	
	Governmental Activities	Business-Type Activities		School Board	
ASSETS					
Cash and investments (Note 2)	\$ 19,280,263	\$ 1,768,634	\$ 21,048,897	\$ 9,785,262	\$ 143,260
Receivables, net (Note 3)	16,882,090	1,130,259	18,012,349	-	-
Due from other governments (Note 4)	3,826,780	11,856	3,838,636	2,372,582	-
Due from primary government	-	-	-	709,333	-
Internal balances (Note 5)	(1,602,228)	1,602,228	-	-	-
Inventories	67,438	-	67,438	39,094	-
Prepays	63,297	-	63,297	157	-
Restricted cash (Note 2)	5,357,558	-	5,357,558	-	-
Capital assets: (Note 7)					
Nondepreciable	12,471,488	136,300	12,607,788	1,368,710	-
Depreciable, net	61,975,162	14,057,858	76,033,020	24,507,630	-
Total assets	118,321,848	18,707,135	137,028,983	38,782,768	143,260
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	60,721	2,421	63,142	-	-
Deferred outflows related to pensions (Note 12)	4,641,918	316,337	4,958,255	8,280,969	-
Deferred outflows related to other postemployment benefits (Note 14)	758,194	68,084	826,278	1,599,530	-
Total deferred outflows of resources	5,460,833	386,842	5,847,675	9,880,499	-
LIABILITIES					
Accounts payable and other current liabilities	3,207,828	326,370	3,534,198	3,717,280	-
Due to component unit	709,333	-	709,333	-	-
Due to other governments	259,527	-	259,527	-	-
Unearned revenue	3,088,166	-	3,088,166	20,305	18,520
Accrued interest	79,775	9,525	89,300	-	-
Customer security deposits	151,753	182,423	334,176	-	-
Noncurrent liabilities due within one year (Note 8)	3,618,959	258,613	3,877,572	209,238	-
Noncurrent liabilities due in more than one year:					
Net pension liability (Note 12)	14,002,561	954,244	14,956,805	33,428,344	-
Net other postemployment benefits/liabilities (Note 14)	4,295,078	380,080	4,675,158	11,410,520	-
Due in more than one year (Note 8)	32,792,820	3,835,578	36,628,398	2,261,067	-
Total liabilities	62,205,800	5,946,833	68,152,633	51,046,754	18,520
DEFERRED INFLOWS OF RESOURCES					
Property taxes and grants	13,130,213	-	13,130,213	-	-
Deferred inflows related to pensions (Note 12)	605,341	41,252	646,593	2,918,499	-
Deferred inflows related to other postemployment benefits (Note 14)	852,609	78,974	931,583	2,332,933	-
Total deferred inflows of resources	14,588,163	120,226	14,708,389	5,251,432	-
NET POSITION					
Net investment in capital assets	45,755,925	11,930,368	57,686,293	25,681,825	-
Restricted for public safety, public works, judicial administration and health and welfare grants	775,093	-	775,093	-	-
Unrestricted	457,700	1,096,550	1,554,250	(33,316,744)	124,740
Total net position	\$ 46,988,718	\$ 13,026,918	\$ 60,015,636	\$ (7,634,919)	\$ 124,740

EXHIBIT 2

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		School Board	Economic Development Authority
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 4,998,792	\$ 535,512	\$ 314,361	\$ -	\$ (4,148,919)	\$ (4,148,919)		
Judicial administration	5,121,647	254,965	1,241,212	-	(3,625,470)	(3,625,470)		
Public safety	15,384,878	888,018	1,205,816	-	(13,291,044)	(13,291,044)		
Public works	7,416,659	1,179,389	2,821,352	2,827,004	(588,914)	(588,914)		
Health and welfare	1,197,067	-	113,448	-	(1,083,619)	(1,083,619)		
Parks, recreation, and cultural	2,774,841	21,205	168,248	-	(2,585,388)	(2,585,388)		
Community development	570,560	140,627	142,325	-	(287,608)	(287,608)		
Education	23,573,632	-	1,230,258	-	(22,343,374)	(22,343,374)		
Human services	388,682	-	67,880	-	(320,802)	(320,802)		
Interest	928,874	-	-	-	(928,874)	(928,874)		
Total governmental activities	62,355,632	3,019,716	7,304,900	2,827,004	(49,204,012)	(49,204,012)		
Business-type activities:								
Water and sewer	5,138,801	5,116,055	-	-	\$ (22,746)	(22,746)		
Storm water management	621,640	730,374	-	-	108,734	108,734		
Total business-type activities	5,760,441	5,846,429	-	-	85,988	85,988		
Total primary government	\$ 68,116,073	\$ 8,866,145	\$ 7,304,900	\$ 2,827,004	(49,204,012)	85,988	(49,118,024)	
Discretely Presented Component Units:								
School Board	\$ 40,413,173	\$ 252,851	\$ 21,587,968	\$ -			\$ (18,572,354)	
Economic Development Authority	481,480	-	481,480	-			\$ -	
Total component units	\$ 40,894,653	\$ 252,851	\$ 22,069,448	\$ -			\$ (18,572,354)	\$ -
General revenues:								
Taxes:								
General property taxes					25,553,468	-	25,553,468	-
Other local taxes:								
Local sales and use					8,677,937	-	8,677,937	-
Food and lodging					8,954,118	-	8,954,118	-
Consumer utility					954,412	-	954,412	-
Motor vehicle license and fees					485,100	-	485,100	-
Business & occupation license					3,555,784	-	3,555,784	-
Other					1,388,630	-	1,388,630	-
Payments from City					-	-	23,573,632	-
Intergovernmental, non-categorical aid					5,243,097	-	5,243,097	-
Use of money and property					141,509	-	141,509	-
Miscellaneous					172,002	-	172,002	539,423
Transfers (Note 6)					(618,646)	618,646	-	-
Total general revenues					54,507,411	618,646	55,126,057	24,113,055
Change in net position					5,303,399	704,634	6,008,033	5,540,701
NET POSITION AT JULY 1, as restated (Note 20)					41,685,319	12,322,284	54,007,603	(13,175,620)
NET POSITION AT JUNE 30					\$ 46,988,718	\$ 13,026,918	\$ 60,015,636	\$ (7,634,919)
								\$ 124,740

The Notes to Financial Statements are an integral part of this statement.

CITY OF COLONIAL HEIGHTS, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Capital Projects	Emergency Response	Total Governmental Funds
ASSETS				
Cash and investments	\$ 13,729,048	\$ 2,461,448	\$ 3,089,767	\$ 19,280,263
Receivables, net	16,882,090	-	-	16,882,090
Due from other governments	3,615,136	211,644	-	3,826,780
Inventories	67,438	-	-	67,438
Prepays	63,297	-	-	63,297
Restricted cash	-	5,357,558	-	5,357,558
Total assets	\$ 34,357,009	\$ 8,030,650	\$ 3,089,767	\$ 45,477,426
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,988,161	\$ 1,218,066	\$ 1,601	\$ 3,207,828
Unearned revenue	-	-	3,088,166	3,088,166
Due to other governments	259,527	-	-	259,527
Due to other funds	-	1,602,228	-	1,602,228
Due to component unit	709,333	-	-	709,333
Customer security deposits	151,753	-	-	151,753
Total liabilities	3,108,774	2,820,294	3,089,767	9,018,835
DEFERRED INFLOWS OF RESOURCES				
Unavailable/deferred revenue	14,540,261	-	-	14,540,261
Total deferred inflows of resources	14,540,261	-	-	14,540,261
FUND BALANCES (Note 15)				
Nonspendable	130,735	-	-	130,735
Restricted	775,093	5,210,356	-	5,985,449
Committed	1,117,432	-	-	1,117,432
Assigned	3,493,542	-	-	3,493,542
Unassigned	11,191,172	-	-	11,191,172
Total fund balances	16,707,974	5,210,356	-	21,918,330
Total liabilities, deferred inflows of resources, and fund balances	\$ 34,357,009	\$ 8,030,650	\$ 3,089,767	\$ 45,477,426

CITY OF COLONIAL HEIGHTS, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
June 30, 2021

Total Fund Balance - Governmental Funds \$ 21,918,330

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.

Nondepreciable	\$ 12,471,488
Depreciable, net	<u>61,975,162</u>
	74,446,650

Certain receivables are not available to pay for current-period expenditures and therefore are deferred in the funds. 1,410,048

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - pensions	4,641,918
Deferred outflows of resources - other postemployment benefits	758,194
Deferred inflows of resources - pensions	(605,341)
Deferred inflows of resources - other postemployment benefits	(852,609)
Net pension liability	(14,002,561)
Net other postemployment benefits liabilities	<u>(4,295,078)</u>
	(14,355,477)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable, including unamortized premiums	(32,430,421)
Deferred charge on refunding	60,721
Landfill post-closure liability	(109,435)
Compensated absences	(3,795,568)
Capital lease payable	(76,355)
Accrued interest payable	<u>(79,775)</u>
	(36,430,833)

Total Net Position - Governmental Activities \$ 46,988,718

CITY OF COLONIAL HEIGHTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Capital Projects	Emergency Response	Total Governmental Funds
REVENUES				
General property taxes	\$ 25,103,358	\$ -	\$ -	\$ 25,103,358
Other local taxes	24,015,981	-	-	24,015,981
Permits, privilege fees, and regulatory licenses	215,861	-	-	215,861
Fines and forfeitures	241,082	-	-	241,082
Charges for services	2,562,773	-	-	2,562,773
Use of money and property	129,354	12,155	-	141,509
Miscellaneous	172,002	-	-	172,002
Reimbursement from School Board	1,230,258	-	-	1,230,258
Intergovernmental	8,525,308	2,827,004	2,792,431	14,144,743
Total revenues	62,195,977	2,839,159	2,792,431	67,827,567
EXPENDITURES				
Current:				
General government	4,697,898	-	-	4,697,898
Judicial administration	5,024,769	-	-	5,024,769
Public safety	12,142,708	-	2,691,040	14,833,748
Public works	4,927,971	-	-	4,927,971
Health and welfare	1,177,648	-	-	1,177,648
Parks, recreation, and cultural	2,405,532	-	-	2,405,532
Community development	545,508	-	-	545,508
Education	23,330,119	47,835	195,678	23,573,632
Human services	387,146	-	-	387,146
Nondepartmental	178,171	-	-	178,171
Debt service:				
Principal retirement	2,543,664	-	-	2,543,664
Interest and fiscal charges	1,041,344	-	-	1,041,344
Capital outlays	-	5,762,442	-	5,762,442
Total expenditures	58,402,478	5,810,277	2,886,718	67,099,473
Excess (deficiency) of revenues over expenditures	3,793,499	(2,971,118)	(94,287)	728,094
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	-	1,698,047	94,287	1,792,334
Transfers out (Note 6)	(2,410,980)	-	-	(2,410,980)
Total other financing sources (uses)	(2,410,980)	1,698,047	94,287	(618,646)
Net change in fund balances	1,382,519	(1,273,071)	-	109,448
FUND BALANCES AT JULY 1	15,325,455	6,483,427	-	21,808,882
FUND BALANCES AT JUNE 30	\$ 16,707,974	\$ 5,210,356	\$ -	\$ 21,918,330

EXHIBIT 6

CITY OF COLONIAL HEIGHTS, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2021

Net Change in Fund Balances - Governmental Funds

\$ 109,448

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 6,420,822
Depreciation expense	<u>(3,134,993)</u>
	3,285,829

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

450,110

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of those differences.

2,543,664

Some expenses reported in the Statement of Activities, such as compensated absences and landfill post-closure costs do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	(873,967)
Change in landfill post-closure liability	<u>(1,297)</u>
	(875,264)

Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which employer pension contributions of \$1,836,439 is less than pension expense of \$2,148,415 in the current period.

(331,976)

Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.

Employer other postemployment benefit contributions	69,395
Other post employment benefits expense	<u>(60,277)</u>
	9,118

Governmental funds report the effect of bond premiums and discounts when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of those differences is as follows:

Amortization of premiums	165,568
Amortization of gain/loss from refundings	(60,721)
Change in accrued interest payable	<u>7,623</u>
	112,470
Position - Governmental Activities	\$ 5,303,399

Change in Net Position - Governmental Activities

\$ 5,303,399

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities – Enterprise Funds		
	Water and Sewer	Storm Water Management	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 1,340,330	\$ 428,304	\$ 1,768,634
Receivables, net	999,684	130,575	1,130,259
Due from other governments	11,856	-	11,856
Due from other funds	1,602,228	-	1,602,228
Total current assets	3,954,098	558,879	4,512,977
Noncurrent assets:			
Capital assets, net	12,427,131	1,767,027	14,194,158
Total noncurrent assets	12,427,131	1,767,027	14,194,158
Total assets	16,381,229	2,325,906	18,707,135
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,421	-	2,421
Deferred outflows related to pensions	265,763	50,574	316,337
Deferred outflows related to other postemployment benefits	58,285	9,799	68,084
Total deferred outflows of resources	326,469	60,373	386,842
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	267,722	58,648	326,370
Accrued interest	5,897	3,628	9,525
Customer security deposits	182,423	-	182,423
Compensated absences	34,598	6,569	41,167
Debt obligations, current	142,454	74,992	217,446
Total current liabilities	633,094	143,837	776,931
Noncurrent liabilities:			
Compensated absences	175,781	8,804	184,585
Net pension liability	801,685	152,559	954,244
Net other postemployment benefit liabilities	323,313	56,767	380,080
Debt obligations	2,347,061	1,303,932	3,650,993
Total noncurrent liabilities	3,647,840	1,522,062	5,169,902
Total liabilities	4,280,934	1,665,899	5,946,833
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	34,657	6,595	41,252
Deferred inflows related to other post employment benefits	68,497	10,477	78,974
Total deferred inflows of resources	103,154	17,072	120,226
NET POSITION			
Net investment in capital assets	11,542,265	388,103	11,930,368
Unrestricted	781,345	315,205	1,096,550
Total net position	\$ 12,323,610	\$ 703,308	\$ 13,026,918

The Notes to Financial Statements are an integral part of this statement.

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds		
	Water and Sewer	Storm Water Management	Totals
OPERATING REVENUES			
Charges for services	\$ 5,021,140	\$ 730,374	\$ 5,751,514
Connection fees	89,581	-	89,581
Penalties	257	-	257
Miscellaneous	5,077	-	5,077
Total operating revenues	<u>5,116,055</u>	<u>730,374</u>	<u>5,846,429</u>
OPERATING EXPENSES			
Personnel	847,275	139,399	986,674
Fringe benefits	336,691	67,192	403,883
Utilities	97,757	-	97,757
Repairs and maintenance	54,587	3,749	58,336
Materials and supplies	175,080	1,989	177,069
Sewage treatment costs	1,588,813	-	1,588,813
Water purchased for resale	613,858	-	613,858
Depreciation and amortization	466,597	66,616	533,213
Other charges	887,638	302,213	1,189,851
Total operating expenses	<u>5,068,296</u>	<u>581,158</u>	<u>5,649,454</u>
Operating income	<u>47,759</u>	<u>149,216</u>	<u>196,975</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(70,505)	(40,482)	(110,987)
Total nonoperating revenues (expenses)	<u>(70,505)</u>	<u>(40,482)</u>	<u>(110,987)</u>
Income (loss) before transfers	(22,746)	108,734	85,988
TRANSFERS IN (Note 6)	1,337,116	-	1,337,116
TRANSFERS OUT (Note 6)	<u>(111,916)</u>	<u>(606,554)</u>	<u>(718,470)</u>
Change in net position	1,202,454	(497,820)	704,634
NET POSITION AT JULY 1	11,121,156	1,201,128	12,322,284
NET POSITION AT JUNE 30	<u>\$ 12,323,610</u>	<u>\$ 703,308</u>	<u>\$ 13,026,918</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds		
	Water and Sewer	Storm Water Management	Totals
OPERATING ACTIVITIES			
Receipts from customers and properties	\$ 4,962,373	\$ 746,099	\$ 5,708,472
Receipts from other sources	22,509	-	22,509
Payments to suppliers	(3,395,146)	(252,822)	(3,647,968)
Payments to employees	(1,127,955)	(195,491)	(1,323,446)
Net cash provided by operating activities	461,781	297,786	759,567
NONCAPITAL FINANCING ACTIVITIES			
Transfers in	1,337,116	-	1,337,116
Transfers out	(111,916)	(606,554)	(718,470)
Interfund lending	(137,115)	137,116	1
Net cash provided by (used in) noncapital financing activities	1,088,085	(469,438)	618,647
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,151,821)	-	(1,151,821)
Principal paid	(138,145)	(72,753)	(210,898)
Interest paid	(74,116)	(46,092)	(120,208)
Net cash used in capital and related financing activities	(1,364,082)	(118,845)	(1,482,927)
Net increase (decrease) in cash and cash equivalents	185,784	(290,497)	(104,713)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	1,154,546	718,801	1,873,347
Ending at June 30	\$ 1,340,330	\$ 428,304	\$ 1,768,634
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 47,759	\$ 149,216	\$ 196,975
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	466,597	66,616	533,213
Pension expense net of employer contributions	18,677	3,953	22,630
Other post-employment benefit expense net of employer contributions	(23,361)	3,813	(19,548)
Change in assets and liabilities:			
(Increase) decrease in:			
Receivables, net	(155,830)	15,725	(140,105)
Due from other governments	17,432	-	17,432
Increase (decrease) in:			
Accounts payable and other current liabilities	24,895	55,755	80,650
Customer security deposits	7,225	-	7,225
Compensated absences	58,387	2,708	61,095
Net cash provided by operating activities	\$ 461,781	\$ 297,786	\$ 759,567

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Colonial Heights, Virginia, (the “City”) conform with accounting principles generally accepted in the United States of America (GAAP) as applied to government units promulgated by the Governmental Accounting Standards Board (GASB). The City’s significant accounting policies are described below.

A. The Financial Reporting Entity

The City of Colonial Heights, Virginia was incorporated in 1948 and its current charter was granted in 1960. The City is a political subdivision of the Commonwealth of Virginia operating under a Council/Manager form of government. City Council consists of a mayor and six council members. The City is not part of a county and has taxing powers subject to statewide restrictions and tax limits.

The City provides the full range of municipal services including police and fire, sanitation, health and social services, education, parks and recreation, water, sewer, and trash services. The City provides education through its school system administered by the Colonial Heights School Board.

Discretely Presented Component Unit – School Board

The City of Colonial Heights public school system is responsible for elementary and secondary education within the City. The elected five-member School Board serves staggered four-year terms of office. The School Board functions independently of the City Council, but is required to prepare and submit an annual budget to the City Council for approval. The School Board may not levy taxes or incur indebtedness under Virginia law and, therefore, funds for school operations are provided, in part, by appropriation from the City’s General Fund. Funds for constructing school facilities are provided by City approved and issued general obligation bonds and appropriations from the City’s General Fund. The School Board is presented as a governmental fund type and consists of one operating fund and one special revenue fund.

The School Board’s financial reports, herein presented, were prepared by the City’s Financial Administration Office using information provided by the School Board. Details specific to School Board information communicated in the City’s Annual Comprehensive Financial Report may be obtained by contacting the School Board’s administrative offices located at:

City of Colonial Heights School Board
512 Boulevard
Colonial Heights, Virginia 23834

Discretely Presented Component Unit – Economic Development Authority

The Colonial Heights Economic Development Authority (the “EDA”) was established under the *Industrial Development and Revenue Act, Code of the Commonwealth of Virginia*. The EDA has the responsibility to promote industry and development of trade by inducing manufacturing, industrial, and commercial enterprise to locate or to remain in the City. The EDA is governed by seven directors appointed by the City Council and the City is financially accountable for the EDA. Separate financial statements are not issued.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a *particular* function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented.

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

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus*. The government-wide and proprietary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from the property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements. Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after year-end, except property taxes which are recognized as revenue if they have been collected within 45 days after year-end. Property taxes, sales tax, franchise tax, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The City reports the following major governmental funds:

General Fund. This is the basic operating fund of the City and all regular activities not expressly allocable to another fund are accounted for in this fund.

Capital Projects Fund. This is used to account for financial resources, which have been segregated for the acquisition or construction of major capital facilities (other than those financed or constructed by the proprietary funds).

Emergency Response Fund. This is used to account for financial resources obtained from various sources, which have been segregated for the response to declared emergencies. For FY21, the Emergency Response fund was used to account for response to the COVID-19 pandemic.

The City reports the following major enterprise funds:

Water and Sewer Fund. This is used to account for the acquisition, operation, and maintenance of facilities which are primarily supported by user charges. This fund accounts for services to the general public which are financed primarily by charges to users of such services.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

Storm Water Management Fund. This is used to account for the operation, maintenance, and capital needs for storm water management which are primarily supported by dedicated utility fees. This fund accounts for services to the general public which are financed primarily by fees based on a property's impervious surface.

D. Budgets and Budgetary Accounting

The City adheres to the following procedures in establishing the budgetary data reflected in the Comparative Schedule of Revenues and Expenditures – Budget and Actual:

1. At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A capital improvement plan (CIP) is prepared simultaneously with the budget. The CIP plans the City's major capital projects over a five year period, and once approved, the first year of the CIP is appropriated in conjunction with the operating budget.
3. Public hearings are conducted to obtain citizen comments on the proposed budget. Prior to July 1, the budget is legally adopted at the function level through passage of an appropriation ordinance by City Council.
4. The City Manager is authorized to transfer amounts within functions, with any other transfers being approved by City Council. During the year, \$4,730,003 in supplemental general fund appropriations were approved by City Council. These amendments consisted primarily of appropriations of prior year encumbrances, the appropriation of fund balance, and the appropriation of additional intergovernmental grants received during the year.
5. Actual expenditures and operating transfers out may not legally exceed budget appropriations for each function. City Council legally adopts an annual budget for the General Fund.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Investments. The City considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Cash and investments include cash on hand, demand deposits, certificates of deposit, money market funds and the State Treasurer's Local Government Investment Pool (LGIP). Cash resources of the individual funds are combined to form a pool of cash and investments to maximize earnings. All investment earnings are allocated to the various funds based on equity in the investment pool. Investments are stated at fair value based on quoted market prices.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Prepaid Items. Prepaid items in the governmental funds are accounted for using the consumption method. The payments are recorded as expenditures in the fiscal year in which they relate to.

Property Taxes.

Real Property – The City levies real estate taxes on all real estate within its boundaries except those specifically exempted by statute. These levies are assessed on a calendar year basis as of January 1 on the estimated fair market value of property. The City reassesses real property biennially.

For real estate assessed on January 1, payment is due in two installments on May 15 and November 15 and is considered delinquent if not received by the due date. On January 1, real estate taxes become an enforceable lien on related property. The real estate taxes reported as current year revenue are the second installment (November 15) of the levy on assessed value at January 1 of the prior year and the first installment (May 15) of the levy at January 1 of the current year. The tax rate for calendar year 2020 and 2021 was \$1.20 per \$100 of assessed value.

Personal Property – The City levies personal property taxes on motor vehicles and personal and business property. These levies are assessed on a calendar year basis as of January 1. Personal property taxes are payable in two installments, which are due on June 5 and December 5. Taxes become delinquent if not received by the due date. On January 1, personal property taxes become an enforceable lien on related property. The personal property taxes reported as revenue are the second installment (December 5) of the levy on assessed value at January 1 of the prior year, and the first installment (June 5) of the levy at January 1 of the current year. The tax rate for calendar year 2021 was \$3.50 per \$100 of assessed value. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the City received \$1,753,369 for the State's share of the local personal property tax payment with the remainder collected from City residents.

Inventories. Inventories are valued at cost and are determined by using the first-in, first-out method. Inventories are accounted for under the consumption method, where inventories are recorded as expenditures when consumed, rather than when purchased.

Capital Assets. Capital assets with a value of \$5,000 or greater are recorded in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets belonging to proprietary funds are also reported in the applicable fund financial statements. All purchased capital assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation and amortization has been provided over the estimated useful lives using the straight-line method. No depreciation or amortization expense is recorded for land, easements, or construction-in-progress. Capital assets placed in service during the year will begin depreciation on the date they are placed into service. The estimated useful lives are:

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Capital Assets. (Continued)

Land improvements	5 – 20 years
Buildings and structures	20 – 50 years
Intangibles	5 – 10 years
Equipment	4 – 20 years
Infrastructure	30 – 50 years

The City's capitalized infrastructure includes infrastructure acquired prior to 1980.

The City's intangible assets consist of easements previously recorded and classified as land; a utility system testing study, previously recorded and classified as infrastructure; and software, which was previously recorded and classified as machinery and equipment.

Deferred Outflows/Inflows of Resources.

In addition to assets, the statement(s) that present(s) net position report(s) a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement(s) that present(s) financial position report(s) a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions and Other Postemployment Benefits (OPEB).

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the City's and Schools' Plans and the additions to/deductions from the City's and Schools' 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.

Compensated Absences Payable. It is the City's and Schools' policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid or forfeited upon termination. Accordingly, in the governmental fund financial statements, no expenditure is reported for compensated absences until they are paid.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Compensated absences earned by employees and charged to proprietary funds are expensed and accrued as a liability of the appropriate fund when incurred.

Long-Term Obligations. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable deferred amounts. Bond issuance costs are reported as expenditures or expenses as they are incurred.

Fund Equity. Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – 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** – Amounts constrained to specific purposes by the City, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the City intends to use for a specified purpose; intent can be expressed by the governing body or management of the City.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. The degree of difficulty to remove an ordinance is greater than a resolution; therefore an ordinance is the most binding. Assigned fund balance is established by Council, the City Manager, or the Director of Finance through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, debt service, or for other purposes).

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Minimum Fund Balance Policy

The City's unassigned fund balance policy sets a minimum of 10% of the General Fund budgeted expenditures with a desired goal of 12%.

Other governmental funds of the City do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined case by case, based on the needs of each fund and as recommended by officials and approved by Council.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30 total \$1,117,432 in the general fund and \$3,810,833 in the capital projects fund. The capital projects fund encumbrances are listed as committed on Table 5, and are broken out among the various departments. The capital projects fund balance is restricted on Exhibit 3 due to unspent bond proceeds.

Net Position. Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. To manage debt proceeds, all unspent proceeds are retained in the capital projects fund, while the related debt is included in the fund that will ultimately use the debt proceeds. For presenting net investment in capital assets, the unspent debt proceeds are allocated to the respective fund in which the debt is maintained. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for public safety and judicial administration represents unspent forfeited assets and fees.

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction, or improvement to its capital assets. That responsibility lies with the local governing body who issues the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to its responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a dilemma for the primary government. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the primary government. The corresponding capital assets are reported as assets of the School Board (title holder), thereby increasing the School Board's net position.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Encumbrances (Continued)

Net Position. (Continued)

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. The legislation also allows local governments to elect not to acquire a tenancy in common by adopting a resolution to that effect.

The City concluded that, while joint tenancy would resolve a deficit in the primary government's net position, the continual computation process that would be required to allocate principal, interest, asset amount, and depreciation between the City and the School Board would be cumbersome and not provide any added benefit to the financial statement users. Therefore, the City Council adopted a resolution declining tenancy in common for current and future obligations.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the 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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 2. Deposits and Investments (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The carrying value of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB No. 79. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of the LGIP is less than one year.

The City has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (SNAP). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of the SNAP is less than one year.

The City’s investment policy only allows investments in types approved by state statutes. The City will not invest in any derivatives or securities with maturities over one year.

At June 30, the City’s deposit and investment balances were as follows:

Deposits:

Demand deposits	\$ 4,862,405
Cash on hand	<u>11,500</u>
	4,873,905

Investments (Fair Value):

LGIP	16,766,008
SNAP	<u>4,766,542</u>
Total deposits and investments	<u><u>\$ 26,406,455</u></u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Exhibit 1 total deposits and investments is composed as follows:

Cash and investments	\$ 21,048,897
Restricted cash	<u>5,357,558</u>
Total deposits and investments	<u>\$ 26,406,455</u>

At June 30, the School Board's deposit and investment balances were as follows:

Deposits:	
Demand deposits	<u>\$ 9,785,262</u>

At June 30, the Economic Development Authority's deposit and investment balances were as follows:

Deposits:	
Demand deposits	<u>\$ 143,260</u>

Credit Risk

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investors Service, provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service.

Restricted Cash

The Capital Projects fund has restricted certain cash balances, representing unspent debt proceeds, in accordance with debt agreements.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3. Receivables

Receivables at June 30, including applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Storm Water Management	Total
Taxes	\$ 17,057,998	\$ -	\$ -	\$ 17,057,998
Accounts	292,221	1,260,070	160,645	1,712,936
Other	<u>147,131</u>	<u>-</u>	<u>-</u>	<u>147,131</u>
 Gross receivables	 17,497,350	 1,260,070	 160,645	 18,918,065
 Less allowance for uncollectible accounts	 <u>(615,260)</u>	 <u>(260,386)</u>	 <u>(30,070)</u>	 <u>(905,716)</u>
 Net receivables	 <u>\$ 16,882,090</u>	 <u>\$ 999,684</u>	 <u>\$ 130,575</u>	 <u>\$ 18,012,349</u>

The allowance for uncollectible accounts is based on prior experience with respect to collections.

Note 4. Due from Other Governmental Units

A summary of funds due from other governmental units is as follows:

	Governmental Activities	Business-Type Activities	School Board
Federal:			
Highway planning and construction	\$ 211,644	\$ -	\$ -
Other grants	-	-	253,163
Title I	-	-	596,895
Title II and III	-	-	73,291
ESSER I and II	-	-	651,857
Perkins	-	-	30,524
Child nutrition	-	-	133,169
 Commonwealth of Virginia:			
Other aid, grants, and reimbursements	368,832	-	180,000
Sales tax	1,492,935	-	453,683
PPTRA	1,753,369	-	-
 Chesterfield County	 <u>-</u>	 <u>11,856</u>	 <u>-</u>
	 <u>\$ 3,826,780</u>	 <u>\$ 11,856</u>	 <u>\$ 2,372,582</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Interfund Obligations

Interfund receivable and payable balances at June 30 are as follows:

	Receivables	Payables
Capital Projects	\$ -	\$ 1,602,228
Water and Sewer	<u>1,602,228</u>	<u>-</u>
	<u>\$ 1,602,228</u>	<u>\$ 1,602,228</u>

The proceeds from the 2016 bond issuance is presented as restricted cash in the capital projects fund. A portion of the interfund receivables and payables represents each respective fund's portion of the proceeds. The capital projects fund accounts for financial resources to be used for the acquisition or construction of various capital assets for the City.

Note 6. Interfund Transfers

	Transfer From Fund:			
	General	Water and Sewer	Storm Water Mangement	Total
Transfer to fund:				
Capital Projects	\$ 1,116,693	\$ 111,916	\$ 469,438	\$ 1,698,047
Water and Sewer	1,200,000	-	137,116	1,337,116
Emergency Response	<u>94,287</u>	<u>-</u>	<u>-</u>	<u>94,287</u>
	<u><u>\$ 2,410,980</u></u>	<u><u>\$ 111,916</u></u>	<u><u>\$ 606,554</u></u>	<u><u>\$ 3,129,450</u></u>

The transfer from the General Fund to the Water and Sewer Fund was to help fund multiple emergency sewer line repairs needed throughout the fiscal year. The transfer from the General Fund to the Capital Projects Fund was to provide local matches for multiple projects and to fund some projects from assigned fund balance in excess of policy reserves. The transfer from the General Fund to the Emergency Response Fund was to cover expenses from flash flooding in August 2020 and two ice events in February 2021.

The transfer from the Storm Water Management Fund to the Capital Projects Fund was for drainage related capital improvements. The transfer from the Storm Water Management Fund to the Water and Sewer Fund was for bond funds reallocated by City Council to water and sewer projects.

The transfer from the Water and Sewer Fund to the Capital Projects Fund was for utilities related capital improvements.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Land	\$ 2,559,885	\$ 32,342	\$ -	\$ 2,592,227
Easements	2,315,227	-	-	2,315,227
Construction in progress	10,097,096	3,689,228	(6,222,290)	7,564,034
	<u>14,972,208</u>	<u>3,721,570</u>	<u>(6,222,290)</u>	<u>12,471,488</u>
Capital assets, depreciated and amortized:				
Buildings and structures	33,972,569	44,305	-	34,016,874
Infrastructure	76,749,644	7,762,077	-	84,511,721
Equipment	16,124,333	1,098,179	(44,454)	17,178,058
Intangibles	207,433	16,981	-	224,414
	<u>127,053,979</u>	<u>8,921,542</u>	<u>(44,454)</u>	<u>135,931,067</u>
Less accumulated depreciation and amortization for:				
Buildings and structures	(10,763,008)	(813,875)	-	(11,576,883)
Infrastructure	(48,102,310)	(1,355,790)	-	(49,458,100)
Equipment	(11,851,683)	(945,469)	44,454	(12,752,698)
Intangibles	(148,365)	(19,859)	-	(168,224)
	<u>(70,865,366)</u>	<u>(3,134,993)</u>	<u>44,454</u>	<u>(73,955,905)</u>
Capital assets, depreciated and amortized, net	<u>56,188,613</u>	<u>5,786,549</u>	<u>-</u>	<u>61,975,162</u>
Governmental activities capital assets, net	<u>\$ 71,160,821</u>	<u>\$ 9,508,119</u>	<u>\$ (6,222,290)</u>	<u>\$ 74,446,650</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:			
General government		\$ 43,541	
Judicial administration		39,602	
Public safety		676,432	
Public works		1,997,195	
Health and welfare		3,798	
Parks, recreation, and cultural		369,239	
Community development		5,186	
		<u>\$ 3,134,993</u>	

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Construction in progress	\$ 12,767	\$ -	\$ (12,767)	\$ -
Land	136,300	-	-	136,300
	<u>149,067</u>	<u>-</u>	<u>(12,767)</u>	<u>136,300</u>
Capital assets, depreciated and amortized:				
Land improvements	48,927	-	-	48,927
Buildings and structures	5,577,131	-	-	5,577,131
Infrastructure	17,418,076	1,164,588	-	18,582,664
Equipment	4,066,264	-	-	4,066,264
Intangibles	303,982	-	-	303,982
Purchased capacity	9,874,437	-	-	9,874,437
	<u>37,288,817</u>	<u>1,164,588</u>	<u>-</u>	<u>38,453,405</u>
Less accumulated depreciation and amortization for:				
Land improvements	(41,209)	(249)	-	(41,458)
Buildings and structures	(2,796,128)	(107,351)	-	(2,903,479)
Infrastructure	(7,877,947)	(241,070)	-	(8,119,017)
Equipment	(2,968,631)	(184,543)	-	(3,153,174)
Intangibles	(303,982)	-	-	(303,982)
Purchased capacity	(9,874,437)	-	-	(9,874,437)
	<u>(23,862,334)</u>	<u>(533,213)</u>	<u>-</u>	<u>(24,395,547)</u>
Capital assets, depreciated and amortized, net	<u>13,426,483</u>	<u>631,375</u>	<u>-</u>	<u>14,057,858</u>
Business-type activities capital assets, net	<u>\$ 13,575,550</u>	<u>\$ 631,375</u>	<u>\$ (12,767)</u>	<u>\$ 14,194,158</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7. Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water and Sewer	\$ 466,597
Storm Water	<u>66,616</u>
	<u><u>\$ 533,213</u></u>

South Central Wastewater Authority (SCWA) treatment plant rights

The City and other participating localities have an agreement with SCWA to benefit from a certain wastewater treatment plant of the SCWA. The City and other participating localities are not authorized to hold legal title to the plant; thus SCWA holds title to these assets. Through long-term contracts, the risks and benefits of operating and maintaining the assets have been transferred to the City and other participating localities, and thus have been included in the City's capital assets as purchased capacity. The City and other participating localities are responsible for a portion of the debt incurred for these facilities.

Component Unit – School Board	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated or amortized:				
Land	\$ 1,090,102	\$ -	\$ -	\$ 1,090,102
CIP	<u>899,612</u>	<u>212,001</u>	<u>(833,005)</u>	<u>278,608</u>
	<u><u>1,989,714</u></u>	<u><u>212,001</u></u>	<u><u>(833,005)</u></u>	<u><u>1,368,710</u></u>
Capital assets, depreciated and amortized:				
Buildings and structures	39,870,776	1,652,970	(315,359)	41,208,387
Equipment	<u>4,659,029</u>	<u>187,354</u>	<u>-</u>	<u>4,846,383</u>
	<u><u>44,529,805</u></u>	<u><u>1,840,324</u></u>	<u><u>(315,359)</u></u>	<u><u>46,054,770</u></u>
Less accumulated depreciation and amortization for:				
Buildings and structures	(17,744,979)	(884,601)	117,481	(18,512,099)
Equipment	<u>(2,691,315)</u>	<u>(343,726)</u>	<u>-</u>	<u>(3,035,041)</u>
	<u><u>(20,436,294)</u></u>	<u><u>(1,228,327)</u></u>	<u><u>117,481</u></u>	<u><u>(21,547,140)</u></u>
Capital assets, depreciated and amortized, net	24,093,511	611,997	(197,878)	24,507,630
School Board capital assets, net	<u><u>\$ 26,083,225</u></u>	<u><u>\$ 823,998</u></u>	<u><u>\$ (1,030,883)</u></u>	<u><u>\$ 25,876,340</u></u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 27,925,002	\$ -	\$ (2,200,003)	\$ 25,724,999	\$ 2,280,000
General obligation – direct borrowing	5,225,000	-	(269,099)	4,955,901	282,554
Issuance premiums	1,915,089	-	(165,568)	1,749,521	-
Capital lease payable	150,917	-	(74,562)	76,355	74,563
Landfill post-closure liability	108,138	1,297	-	109,435	-
Compensated absences	<u>2,921,601</u>	<u>1,602,735</u>	<u>(728,768)</u>	<u>3,795,568</u>	<u>981,842</u>
	<u><u>\$ 38,245,747</u></u>	<u><u>\$ 1,604,032</u></u>	<u><u>\$ (3,438,000)</u></u>	<u><u>\$ 36,411,779</u></u>	<u><u>\$ 3,618,959</u></u>
Business-Type Activities					
General obligation bonds	\$ 3,334,998	\$ -	\$ (179,997)	\$ 3,155,001	\$ 185,000
General obligation – direct borrowing	600,000	-	(30,901)	569,099	32,446
Issuance premiums	155,443	-	(11,104)	144,339	-
Compensated absences	<u>164,657</u>	<u>94,878</u>	<u>(33,783)</u>	<u>225,752</u>	<u>41,167</u>
	<u><u>\$ 4,255,098</u></u>	<u><u>\$ 94,878</u></u>	<u><u>\$ (255,785)</u></u>	<u><u>\$ 4,094,191</u></u>	<u><u>\$ 258,613</u></u>
Component Unit – School Board					
Capital lease payable	\$ 378,607	\$ -	\$ (184,092)	\$ 194,515	\$ 95,449
Compensated absences	<u>2,266,580</u>	<u>413,886</u>	<u>(404,676)</u>	<u>2,275,790</u>	<u>113,789</u>
	<u><u>\$ 2,645,187</u></u>	<u><u>\$ 413,886</u></u>	<u><u>\$ (588,768)</u></u>	<u><u>\$ 2,470,305</u></u>	<u><u>\$ 209,238</u></u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Long-Term Liabilities (Continued)

Each Enterprise Fund's revenue sources are used to repay its debt. Other debt, except School Board compensated absences, are expected to be paid out of the General Fund. School Board compensated absences are paid out of the School Operating Fund.

Outstanding long-term liabilities at June 30 are as follows:

	<u>Year Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
General obligation bonds:			
General improvement			
Series 2012	2012	2.50-4.00%	\$ 13,880,000
Series 2015	2015	2.00-5.00%	6,990,000
Series 2016	2016	2.00-5.00%	8,010,000
Series 2018	2018	3.442%	<u>5,525,000</u>
Total general obligation bonds			<u>\$ 34,405,000</u>
Capital leases payable:			
Computers	2020	2.39%	<u>\$ 76,355</u>

All general obligation bonds are secured by the full faith and credit of the City. The gross amount of assets acquired under capital leases is \$225,000.

The City's outstanding note from direct borrowings of \$5,525,000 contain a provision that if required to prevent default, the City shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law on all locally taxable property in the City sufficient to pay the principal and interest when due for this borrowing. The direct borrowings are secured by the full faith and credit of the City.

Capital leases payable:			
School buses	2020	3.79%	<u>\$ 194,515</u>

The gross amount of assets acquired under capital leases is \$389,298.

The annual requirements to amortize certain long-term liabilities are as follows:

<u>Fiscal Year Ending</u>	<u>General Obligation Bonds</u>			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,562,554	\$ 946,069	\$ 217,446	\$ 113,719
2023	2,651,524	860,072	223,476	107,041
2024	2,740,494	773,892	229,505	102,078
2025	2,809,464	696,256	235,536	96,980
2026	2,912,918	593,861	247,082	85,737
2027-2031	13,045,021	1,625,450	1,339,978	310,804
2032-2036	3,958,925	169,605	1,231,077	92,418
	<u>\$ 30,680,900</u>	<u>\$ 5,665,205</u>	<u>\$ 3,724,100</u>	<u>\$ 908,777</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 8. Long-Term Liabilities (Continued)

The annual requirements to amortize certain long-term liabilities are as follows: (Continued)

Fiscal Year Ending	Capital Leases Payable			
	Governmental Activities		Component Unit – School Board	
	Principal	Interest	Principal	Interest
2022	\$ 74,563	\$ 1,371	\$ 95,449	\$ 7,370
2023	1,792	-	99,066	3,754
	<u>\$ 76,355</u>	<u>\$ 1,371</u>	<u>\$ 194,515</u>	<u>\$ 11,124</u>

Note 9. Environmental Liabilities

State and federal laws and regulations required the City to place a final cover on each phase of its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for a certain number of years after closure. For purposes of determining the required years for post-closure testing, the former landfill is treated as a solid waste landfill that stopped receiving waste prior to the passing of Subtitle D of the Environmental Protection Act Regulations.

The City has completed the process of closing the former City landfill. Effective September 2015, DEQ dismissed the groundwater monitoring portion of the landfill post-closure costs. The new post-closure and corrective action costs for the landfill are currently projected to be approximately \$109,000 based on a minimum eight years of remaining monitoring and remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City meets all federal laws, regulations, and tests of financial assurance related to the financing of closure and post-closure care.

Note 10. Commitments and Contingent Liabilities

Litigation: Various claims are pending against the City. In the opinion of management, after consulting with legal counsel, any potential loss on all claims after the application of insurance coverage will not materially affect the City's financial position.

Grant Programs: The City participates in a number of federally assisted grant programs. Although the City has been audited in accordance with the provisions of Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of grants. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 10. Commitments and Contingent Liabilities (Continued)

Utility Commitments: The utility department has entered into various contracts for the purchase of water and the treatment of sewage. These commitments are considered by the water and sewer department in establishing water and sewer rates.

Construction Commitments: The City has entered into various construction contracts with \$3,810,833 still outstanding to be completed at year-end. These construction commitments are listed on Table 5, and are broken down into four main categories: general government, recreational facilities, streets and bridges, and utility improvements.

Health Department Commitments: The City entered into a contract with the Virginia Department of Health to help support the cooperative budget of the Colonial Heights Health Department. The City's annual payments from this agreement total approximately \$237,000.

Note 11. Defined Benefit Pension Plan

Primary Government – City

Plan Description

All full-time, salaried permanent employees of the City of Colonial Heights, (the "Political Subdivision") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	192
Inactive members:	
Vested inactive members	36
Non-vested inactive members	29
Inactive members active elsewhere in VRS	141
Total inactive members	206
Active members	255
Total covered employees	653

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 political subdivision's contractually required contribution rate for the year ended June 30, 2021 was 14.01% 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 political subdivision were \$1,961,588 and \$1,791,884 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability 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. For political subdivisions, the 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 rolled forward to the measurement date of June 30, 2020.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

Actuarial Assumptions

The total pension liability for General Employees and Public Safety Employees with hazardous duty benefits in the Political Subdivision'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	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment 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: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both 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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

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)	Target Allocation	Arithmetic	Weighted Average
		Long-Term Expected Rate of Return	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 for 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 rate of 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 40th 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%.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

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, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers 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	\$ 81,809,275	\$ 70,205,522	\$ 11,603,753
Changes for the year:			
Service cost	1,812,580	-	1,812,580
Interest	5,378,973	-	5,378,973
Differences between expected and actual experience	(119,037)	-	(119,037)
Assumption changes	-	-	-
Contributions – employer	-	1,780,870	(1,780,870)
Contributions – employee	-	655,398	(655,398)
Net investment income	-	1,330,906	(1,330,906)
Benefit payments, including refunds of employee contributions	(4,241,580)	(4,241,580)	-
Administrative expenses	-	(46,139)	46,139
Other changes	-	(1,571)	1,571
Net changes	2,830,936	(522,116)	3,353,052
Balances at June 30, 2020	<u>\$ 84,640,211</u>	<u>\$ 69,683,406</u>	<u>\$ 14,956,805</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision'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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	<u>\$ 25,468,940</u>	<u>\$ 14,956,805</u>	<u>\$ 6,197,765</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$2,305,181. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 646,593
Change in assumptions	896,842	-
Net difference between projected and actual earnings on pension plan investments	2,099,825	-
Employer contributions subsequent to the measurement date	1,961,588	-
Total	<u>\$ 4,958,255</u>	<u>\$ 646,593</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Primary Government – City (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$1,961,588 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the 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 as follows:

Year Ended June 30,	Reduction to Pension Expense
2022	\$ 264,518
2023	714,032
2024	702,440
2025	669,084
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Annual Comprehensive 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.

Payables to the Pension Plan

At June 30, 2021, \$209,184 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Nonprofessionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the City of Colonial Heights, Virginia, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described for the Primary Government.

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	5
Non-vested inactive members	5
Inactive members active elsewhere in VRS	7
Total inactive members	17
Active members	38
Total covered employees	111

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2021 was 4.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Contributions to the pension plan from the school division were \$61,110 and \$63,122 for the years ended June 30, 2021 and June 30, 2020, respectively.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2019	\$ 5,136,540	\$ 5,180,463	\$ (43,923)
Changes for the year:			
Service cost	138,549	-	138,549
Interest	337,514	-	337,514
Differences between expected and actual experience	(108,126)	-	(108,126)
Contributions – employer	-	63,290	(63,290)
Contributions – employee	-	62,902	(62902)
Net investment income	-	98,513	(98,513)
Benefit payments, including refunds of employee contributions	(272,666)	(272,666)	-
Administrative expenses	-	(3,405)	3,405
Other changes	-	(116)	116
Net changes	<u>95,271</u>	<u>(51,482)</u>	<u>146,753</u>
Balances at June 30, 2020	<u>\$ 5,231,811</u>	<u>\$ 5,128,981</u>	<u>\$ 102,830</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the school division using the discount rate of 6.75%, as well as what the net pension liability (asset) 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability (asset)	<u>\$ 632,986</u>	<u>\$ 102,830</u>	<u>\$ (350,059)</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the school division recognized pension expense of \$136,305. At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,141	\$ 60,283
Change in assumptions	17,134	-
Net difference between projected and actual earnings on pension plan investments	152,925	-
Employer contributions subsequent to the measurement date	61,110	-
Total	\$ 237,310	\$ 60,283

The \$61,110 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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 as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2022	\$ (21,867)
2023	36,064
2024	52,498
2026	49,222
2026	-
Thereafter	-

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

School Nonprofessionals (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans 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.

Payables to the Pension Plan

At June 30, 2021, \$913 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including the City of Colonial Heights, Virginia, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is 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 employers 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.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described for the Primary Government.

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2021 was 16.62% 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 earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,234,001 and \$3,044,773 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the school division reported a liability of \$33,325,514 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and 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. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension 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 school division's proportion was 0.22900% as compared to 0.23325% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$3,239,628. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,953,388
Change in assumptions	2,274,884	-
Net difference between projected and actual earnings on pension plan investments	2,534,774	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	904,828
Employer contributions subsequent to the measurement date	<u>3,234,001</u>	-
Total	<u>\$ 8,043,659</u>	<u>\$ 2,858,216</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$3,234,001 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the 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 as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2022	\$ (303,390)
2023	636,194
2024	944,877
2025	736,112
2026	(62,351)
Thereafter	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	<u>36,449,229</u>
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 11. Defined Benefit Pension Plan (Continued)

Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability (Continued)

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability of the school division using the discount rate of 6.75%, as well as what the school division's proportionate share of the 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 48,896,013</u>	<u>\$ 33,325,514</u>	<u>\$ 20,446,742</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement 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 <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.

Payables to the Pension Plan

At June 30, 2021, \$423,018 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 12. Summary of Pension Elements

A summary of the pension-related financial statement elements is as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Net pension liability			
VRS Basic Pension Plan	\$ (14,002,561)	\$ (954,244)	\$ (14,956,805)
Deferred outflows of resources			
Change in assumptions	\$ 839,623	\$ 57,219	\$ 896,842
Net difference between projected and actual earnings on plan investments	1,965,856	133,969	2,099,825
Pension contributions subsequent to measurement date	<u>1,836,439</u>	<u>125,149</u>	<u>1,961,588</u>
Total deferred outflows of resources	<u>4,641,918</u>	<u>316,337</u>	<u>4,958,255</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ (605,341)	\$ (41,252)	\$ (646,593)
Total deferred inflows of resources	<u>(605,341)</u>	<u>(41,252)</u>	<u>(646,593)</u>
Net pension expense	<u>2,158,110</u>	<u>147,071</u>	<u>2,305,181</u>
	Non-Teachers' Teachers' Plan	Plan	Total School Board
Net pension liability			
VRS Basic Pension Plan	<u>\$ (33,325,514)</u>	<u>\$ (102,830)</u>	<u>\$ (33,428,344)</u>
Deferred outflows of resources			
Change in assumptions	\$ 2,274,884	\$ 17,134	\$ 2,292,018
Differences between expected and actual experience	-	6,141	6,141
Differences between projected and actual earnings on plan investments	2,534,774	152,925	2,687,699
Pension contributions subsequent to measurement date	<u>3,234,001</u>	<u>61,110</u>	<u>3,295,111</u>
Total deferred outflows of resources	<u>8,043,659</u>	<u>237,310</u>	<u>8,280,969</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ (1,953,388)	\$ (60,283)	\$ (2,013,671)
Change in proportion	<u>(904,828)</u>	<u>-</u>	<u>(904,828)</u>
Total deferred inflows of resources	<u>(2,858,216)</u>	<u>(60,283)</u>	<u>(2,918,499)</u>
Net pension expense	<u>3,239,628</u>	<u>136,305</u>	<u>3,375,933</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities

Primary Government – City – Local Plan

Plan Description and Benefits Provided

Other post-employment benefits (OPEB) provided by the City consist of single-employer defined benefit retiree health insurance premium plans.

A City retiree, eligible for the plan, is defined as a full-time employee who retires directly from the City and is eligible to receive an early or regular retirement benefit from the VRS. For pre-Medicare coverage, the City will provide a premium credit toward a retiree's health insurance premium at a rate of \$50.00 per month plus \$5.00 per year of service per month not to exceed \$100 per month based on 20 years of service in the VRS. For post-Medicare coverage, retirees may participate in an Anthem Advantage plan at full cost. Those with at least 15 years of service in the VRS receive a credit of \$1.50 per month of VRS service, to a maximum of \$45 per month. The plan was established by City Council and any amendments to the plan must be approved by the Council.

The plan does not issue a stand-alone financial report.

The City's Council establishes employer contribution rates for its plan participants. The Council has chosen to fund the healthcare benefits on a pay as you go basis.

Employees Covered by Benefit Terms

As of the January 1, 2021 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	36
Total inactive employees	36
Active plan members	226
	<u>262</u>

Total OPEB Liability

The City's total OPEB liability of \$3,567,051 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of January 1, 2021.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Local Plan (Continued)

Actuarial Assumptions and other inputs

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

Inflation	2.5%
Salary increases, including inflation	2.5%
Investment return	3.5%
Healthcare cost trend rates	6.00% initially, grading down to 4.50% ultimate
Discount rate	1.92%

Mortality rates: PUB2010 General (M/F) with SSA 2020 Mortality.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial valuation as of January 1, 2021.

Changes in assumptions and other inputs reflect changes in the discount rate as well as updates to the mortality, retirement, termination, disability rates, and trend.

Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 3,217,002</u>
Changes for the year:	
Service cost	79,487
Interest	79,507
Experience (Gain)/Loss	95,299
Assumption or other input changes	198,956
Benefit payments	<u>(103,200)</u>
Net changes	<u>350,049</u>
Balance at June 30, 2021	<u>\$ 3,567,051</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Local Plan (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB liability	<u>\$ 3,943,990</u>	<u>\$ 3,567,051</u>	<u>\$ 3,239,989</u>

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 City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current healthcare cost trend rates:

	1.00% Decrease (3.50%)	Current Healthcare Cost Trend Rates (4.50%)	1.00% Increase (5.50%)
Total OPEB liability	<u>\$ 3,289,017</u>	<u>\$ 3,567,051</u>	<u>\$ 3,891,079</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$124,514. At June 30, 2021, the political subdivision 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	<u>\$ 85,769</u>	<u>\$ 820,799</u>
Change in assumptions	<u>505,103</u>	<u>14,431</u>
Total	<u>\$ 590,872</u>	<u>\$ 835,230</u>

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

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Local Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Year Ending June 30,	Reduction to OPEB Expense
2022	\$ (34,480)
2023	(34,480)
2024	(34,480)
2025	(34,480)
2026	(34,480)
Thereafter	(71,958)

Component Unit – School Board – Local Plan

Plan Description and Benefits Provided

Other post-employment benefits (OPEB) provided by the School Board consist of single-employer defined benefit retiree health insurance premium plans.

A School Board retiree, eligible for the School Board's post-retirement medical coverage, is defined as a full-time employee who retires directly from the School, and is eligible to receive an early or regular retirement benefit from the VRS. To be eligible for School Credits, the employee must also have participated in the School Board's health insurance plan for a minimum of five years immediately preceding retirement, and have at least 15 years of VRS Service. For pre-Medicare coverage, retirees may elect to remain on the School Board's policy and pay the same premium as participants. Retirees with at least 15 years of service receive a School credit of \$4.50 per month per year of service to a maximum of \$135 per month for their lifetime. This School service credit will supplement any State Health Care Credits that the retiree may be eligible for from the State. Post-Medicare retirees may participate in a Medicare supplemental plan at full cost (less any School service credits). The plan was established by the School Board and any amendments to the plan must be approved by the School Board.

The plan does not issue a stand-alone financial report.

The School's Board establishes employer contribution rates for its plan participants. The Board has chosen to fund the healthcare benefits on a pay as you go basis.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Local Plan (Continued)

Employees Covered by Benefit Terms

As of the January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries:	
Currently receiving benefits	141
Total inactive employees	141
Active plan members	387
	528

Total OPEB Liability

The School Board's total OPEB liability of \$6,709,953 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of January 1, 2021.

Actuarial Assumptions and other inputs

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

Inflation	2.50%
Salary increases, including inflation	2.50%
Investment return	3.50%
Healthcare cost trend rates	6.25% initially, then grading down to 4.25% ultimate
Discount rate	1.92%

Mortality rates: PUB2010T headcount tables with generational mortality improvements using scale SSA.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study as of January 1, 2021.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Local Plan (Continued)

Actuarial Assumptions and other inputs (Continued)

Changes in assumptions and other inputs reflect updated mortality rates, retirement, disability and withdrawal rates, and discount rate.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 9,565,799
Changes for the year:	
Service cost	318,323
Interest	238,340
Change in benefit terms	(2,047,926)
Difference between expected and actual experience	(1,363,832)
Assumption or other input changes	313,037
Benefit payments	<u>(313,788)</u>
Net changes	<u>(2,855,846)</u>
Balance at June 30, 2021	<u>\$ 6,709,953</u>

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

The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB liability	<u>\$ 7,331,943</u>	<u>\$ 6,709,953</u>	<u>\$ 6,156,815</u>

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

The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.25%) or one percentage point higher (5.25%) than the current healthcare cost trend rates:

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Local Plan (Continued)

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

	1.00% Decrease (3.25%)	Current Ultimate Trend Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB liability	<u>\$ 6,284,411</u>	<u>\$ 6,709,953</u>	<u>\$ 7,212,915</u>

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

For the year ended June 30, 2021, the School Board recognized OPEB expense of \$(1,645,191). At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,028,237
Change in assumptions	<u>914,355</u>	<u>33,535</u>
Total	<u>\$ 914,355</u>	<u>\$ 2,061,772</u>

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

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (153,928)
2023	(153,928)
2024	(153,928)
2025	(153,928)
2026	(153,928)
Thereafter	(377,777)

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the City also participates in various cost-sharing multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508</i> and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$75,626
June 30, 2020 Contribution	\$70,800

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities 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 OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$1,108,107
June 30, 2020 proportion	0.06640%
June 30, 2019 proportion	0.06773%
June 30, 2021 expense	\$26,060

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,075	\$ 9,953
Change in assumptions	55,418	23,138
Net difference between projected and actual earnings on OPEB plan investments	33,287	-
Changes in proportion	-	63,262
Employer contributions subsequent to the measurement date	75,626	-
Total	\$ 235,406	\$ 96,353

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

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

The deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 493
2023	9,894
2024	21,563
2025	27,239
2026	4,353
Thereafter	(115)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, 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:	
• Locality – general employees	3.5 – 5.35%
• Locality – hazard duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As the measurement date of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,523,937
Plan fiduciary net position	1,855,102
Employers' net OPEB liability (asset)	\$ 1,668,835
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

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

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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)	Target 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 for 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 rate of 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 40th 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 COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Primary Government – City – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liabilities 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 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 ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 1,456,692	\$ 1,108,107	\$ 825,024

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive 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.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to the June 2021 payroll.

- Group Life Insurance \$3,000

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the School Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$116,198
June 30, 2020 Contribution	\$110,796

Teacher Health Insurance Credit Program

Governed by:	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2021 Contribution	\$245,036
June 30, 2020 Contribution	\$239,531

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by 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 OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$1,728,747
June 30, 2020 proportion	0.10359%
June 30, 2019 proportion	0.10600%
June 30, 2021 expense	\$55,551

Teacher Health Insurance Credit Program

June 30, 2021 proportionate share of liability	\$2,971,820
June 30, 2020 proportion	0.22781%
June 30, 2019 proportion	0.23205%
June 30, 2021 expense	\$224,081

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

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

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,883	\$ 15,527
Change in assumptions	86,457	36,097
Net difference between projected and actual earnings on OPEB plan investments	51,930	-
Changes in proportion	2,752	55,845
Employer contributions subsequent to the measurement date	<u>116,198</u>	<u>-</u>
Total	<u>\$ 368,220</u>	<u>\$ 107,469</u>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,688
Change in assumptions	58,749	16,237
Net difference between projected and actual earnings on OPEB plan investments	13,170	-
Changes in proportion	-	107,767
Employer contributions subsequent to the measurement date	<u>245,036</u>	<u>-</u>
Total	<u>\$ 316,955</u>	<u>\$ 163,692</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

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

The deferred outflows of resources related to OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 15,665
2023	30,329
2024	44,330
2025	47,277
2026	7,324
Thereafter	(372)

Teacher Health Insurance Credit Program

Year Ended June 30,	Reduction to OPEB Expense
2022	\$ (19,292)
2023	(17,986)
2024	(18,424)
2025	(14,519)
2026	(8,570)
Thereafter	(12,982)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, 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:	
• Locality – general employees	3.5 – 5.35%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.750%

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,523,937	\$ 1,448,676
Plan fiduciary net position	1,855,102	144,160
Employers' net OPEB liability (asset)	\$ 1,668,835	\$ 1,304,516
Plan fiduciary net position as a percentage of total OPEB liability	52.64%	9.95%

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

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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)	Target 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 for 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 rate of 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 40th 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 COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13. Other Postemployment Benefits Liabilities (Continued)

Component Unit – School Board – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities 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 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 employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 2,272,570	\$ 1,728,747	\$ 1,287,110
Teacher HIC Net OPEB liability	\$ 3,326,642	\$ 2,971,820	\$ 2,670,246

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan 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 <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.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

- Group Life Insurance \$30,801
- Teacher Employee Health Insurance Credit 23,359

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 14. Summary of Other Post-Employment Benefit Elements

A summary of the other post-employment benefits-related financial statement elements is as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government	School Board
Net other post-employment benefits liability				
Local Sponsored Health Insurance	\$ (3,277,050)	\$ (290,001)	\$ (3,567,051)	\$ (6,709,953)
VRS – Group Life Insurance	(1,018,028)	(90,079)	(1,108,107)	(1,728,747)
VRS – HIC	-	-	-	(2,971,820)
Total net other post-employment benefit liability	<u><u>\$ (4,295,078)</u></u>	<u><u>\$ (380,080)</u></u>	<u><u>\$ (4,675,158)</u></u>	<u><u>\$ (11,410,520)</u></u>
Deferred outflows of resources				
Change in proportion –				
VRS – Group Life Insurance	\$ -	\$ -	\$ -	\$ 2,752
Contributions subsequent to measurement date –				
VRS – Group Life Insurance	69,395	6,231	75,626	116,198
VRS – HIC	-	-	-	245,036
Difference between expected and actual experience –				
Local Sponsored Health Insurance	78,702	7,067	85,769	-
VRS – Group Life Insurance	65,219	5,856	71,075	110,883
Difference between projected and actual investment earnings –				
VRS – Group Life Insurance	30,544	2,743	33,287	51,930
VRS – HIC	-	-	-	13,170
Changes in actuarial assumptions –				
Local Sponsored Health Insurance	463,483	41,620	505,103	914,355
VRS – Group Life Insurance	50,851	4,567	55,418	86,457
VRS – HIC	-	-	-	58,749
Total deferred outflows of resources	<u><u>\$ 758,194</u></u>	<u><u>\$ 68,084</u></u>	<u><u>\$ 826,278</u></u>	<u><u>\$ 1,599,530</u></u>
Deferred inflows of resources				
Differences between expected and actual experience				
Local Sponsored Health Insurance	\$ (751,217)	\$ (69,582)	\$ (820,799)	\$ (2,028,237)
VRS – Group Life Insurance	(9,109)	(844)	(9,953)	(15,527)
VRS – HIC	-	-	-	(39,688)
Change in actuarial assumptions –				
Local Sponsored Health Insurance	(13,208)	(1,223)	(14,431)	(33,535)
VRS – Group Life Insurance	(21,177)	(1,962)	(23,139)	(36,097)
VRS – HIC	-	-	-	(16,237)
Change in proportion –				
VRS – Group Life Insurance	(57,898)	(5,363)	(63,261)	(55,845)
VRS – HIC	-	-	-	(107,767)
Total deferred inflows of resources	<u><u>\$ (852,609)</u></u>	<u><u>\$ (78,974)</u></u>	<u><u>\$ (931,583)</u></u>	<u><u>\$ (2,332,933)</u></u>
Net other post-employment benefits expense				
Local Sponsored Health Insurance	\$ 114,391	\$ 10,123	\$ 124,514	\$ (1,645,191)
VRS – Group Life Insurance	23,942	2,118	26,060	55,551
VRS – HIC	-	-	-	224,081
Total net other post-employment benefit expense	<u><u>\$ 138,333</u></u>	<u><u>\$ 12,241</u></u>	<u><u>\$ 150,574</u></u>	<u><u>\$ (1,365,559)</u></u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 15. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the funds. The constraints placed on fund balance are presented below:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Nonspendable:		
Inventories	\$ 67,438	\$ -
Prepays	<u>63,297</u>	<u>-</u>
	<u>130,735</u>	<u>-</u>
Restricted:		
General government	10,813	-
Judicial administration	97,704	-
Public safety – funds restricted for forfeited assets	183,345	-
Public works	474,078	-
Health and Welfare	9,153	-
Other capital projects – funds restricted from 2016 and 2018 bond issuances for various capital projects	<u>-</u>	<u>5,210,356</u>
	<u>775,093</u>	<u>5,210,356</u>
Total restricted		
Committed:		
General government	60,026	-
Judicial administration	5,857	-
Public safety – Encumbrances approved by Council for second phase of radio project and Police car purchases	220,592	-
Public works – Encumbrances approved by Council for paving and curbside recycling	798,835	-
Parks, recreation, and cultural	14,151	-
Community development	<u>17,971</u>	<u>-</u>
	<u>1,117,432</u>	<u>-</u>
Total committed		
Assigned:		
General government	690,200	-
Public safety	957,500	-
Public works	1,778,367	-
Parks, recreation, and cultural	44,368	-
Community development	<u>23,107</u>	<u>-</u>
	<u>3,493,542</u>	<u>-</u>
Total assigned		
Unassigned	<u>11,191,172</u>	<u>-</u>
Total fund balance	<u><u>\$ 16,707,974</u></u>	<u><u>\$ 5,210,356</u></u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 16. Risk Management

The City and School Board are exposed to various losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City is covered by property/casualty insurance policies or participation in public entity risk pools on real and personal property, workers' compensation, public entity and officers' excess liability, and volunteer liability. There were no material reductions in insurance coverage from coverage in the prior year nor did settlements exceed coverage for any of the past three fiscal years.

Risk Pools

The City participates in the Commonwealth of Virginia's Law Enforcement Liability Plan, called VA Risk2, operated by the Division of Risk Management of the Commonwealth's Department of General Services. It was created in accordance with Sec. 2.1-526.8:1 of the *Code of Virginia*, which says that the State shall have the right and duty to defend any suit seeking damages or compensation against the City's officials and employees on account of wrongful acts even if any of the allegations of the suits are groundless, false, or fraudulent and may make investigation and settlement of any claims or suit as deemed expedient. The limits of VA Risk2 coverage are \$1,000,000 per claim.

Under the provisions of the Virginia Workers' Compensation Act, the City has secured the payment of compensation benefits and employers' liability coverage with the Virginia Municipal Group Self Insurance Association (VMGSIA). VMGSIA is a public entity risk pool providing a comprehensive workers' compensation insurance program and risk management services with emphasis on loss control and claims administration.

The City has secured real and personal property coverage and general liability insurance, including automobiles, with the Virginia Municipal Liability Pool. The pool is a public entity risk pool providing compensative liability coverage risk management services with emphasis on loss control and claims administration.

The School Board carries commercial insurance through VACORP for property, casualty, general liability, and automobile coverage. Workers' compensation insurance is provided through VACORP.

Note 17. Jointly Governed Organizations

Riverside Regional Jail Authority

The Authority was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Authority is comprised of the Cities of Colonial Heights, Hopewell, and Petersburg and the Counties of Charles City, Chesterfield, Prince George, and Surry. The Authority is governed by a fourteen member board comprised of two members from each participating jurisdiction. Each member must reside in and be appointed by the governing body of their political subdivision.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 17. Jointly Governed Organizations (Continued)

Riverside Regional Jail Authority (Continued)

The general purpose of the Authority is to acquire, construct, equip, maintain, and operate a regional jail facility to meet the needs of the participating jurisdictions for additional jail facilities. The Authority completed the feasibility study and conceptual design of the jail and proceeded with the preparation of the Service Agreement. The Service Agreement is a long-term contract regulating usage of the jail and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides for the issuance of revenue bonds to fund the final design and construction of the regional jail facility. The City's cost for adult incarceration services for 2021 was \$1,852,236.

Complete financial statements for the Jail Authority can be obtained from the Jail Authority at 500 Folar Trail, N. Prince George, Virginia 23860.

Appomattox River Water Authority

The City, in conjunction with the Counties of Chesterfield, Dinwiddie, and Prince George and the City of Petersburg, participated in the creation of the Authority. The Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Authority. In accordance with the joint venture agreement, each participating entity is required to purchase water from the Authority. The City retains an ongoing financial responsibility for the joint venture due to this requirement of the agreement. The City's purchase of water for 2021 was approximately \$614,000. Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23803.

South Central Wastewater Authority (SCWWA)

The Authority was created on July 2, 1996, and currently provides wastewater treatment to the Cities of Colonial Heights and Petersburg, the Counties of Chesterfield and Prince George and the Dinwiddie County Water Authority. The City has 4.0 million gallons per day of wastewater treatment capacity reserved at SCWWA's plant pursuant to a long-term service contract which is further described in Note 7. The City's cost of wastewater treatment for 2021 was approximately \$1,589,000. Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 17. Jointly Governed Organizations (Continued)

Central Virginia Waste Management Authority

The Authority's board is comprised of representatives from the Cities of Colonial Heights, Petersburg, and Richmond, as well as the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, Prince George, and the Town of Ashland. The Authority is comprised of a 20-member board with member jurisdictions making at least one but no more than three appointments. The City appoints one board member. The Authority is responsible for creating and implementing recycling and solid waste management programs for member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has an ongoing financial interest or responsibility in the Authority. The City's 2021 contribution requirement and direct payments for special projects totaled approximately \$1,029,000. Complete financial statements for the Authority can be obtained from the Authority's office at 2100 W. Laburnum Ave., Suite 105, Richmond, Virginia 23227.

Virginia Gateway Region Board

The Virginia Gateway Region Board (VGRB) serves the Cities of Colonial Heights, Hopewell, and Petersburg, as well as the Counties of Dinwiddie and Prince George in their efforts to provide balanced industrialization to corporation members. The City appoints two members of the Appomattox Basin Industrial Development Corporation (ABIDCO) board and contributed \$21,606 to ABIDCO during 2021.

Note 18. Health Coverage Risk Sharing Program

City employees are covered by a professionally administered risk sharing program which provides health coverage for employees of the City on a cost-reimbursement basis. Dependents are covered by the program provided they pay a premium to the City. Under the program, health insurance claims are separately rated from other groups, and the City claims experience is factored into the premiums assessed in subsequent periods. However, gains and losses resulting from the City claims experience is not settled directly with the City but instead is shared by the pool. If the City were to exit the risk pool, it could be assessed a settlement charge that would not exceed any net loss resulting from the City's most recent year's claims experience. The City has no plans to exit the pool.

Note 19. COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 19. COVID-19 Impact (Continued)

The City's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation had the potential to depress the tax bases and other areas in which the City received revenue during fiscal year 2021; however, most revenue sources had reached their pre-pandemic levels as of the end of calendar year 2020.

Note 20. Adoption of New Accounting Standard and Prior Period Restatement

In the current year the City and School Board adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 84:

	<u>School Activity Fund</u>	<u>Governmental Activities</u>
Fund balance / Net position July 1, 2020, as previously reported	\$ -	\$ (13,653,325)
Recognition of Fiduciary Activities in accordance with GASB No. 84	<u>477,705</u>	<u>477,705</u>
Fund balance / Net position July 1, 2020, as restated	<u>\$ 477,705</u>	<u>\$ (13,175,620)</u>

Note 21. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

In June 2017, The GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

Note 21. New Accounting Standards (Continued)

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City holds no conduit debt.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The City does not currently participate in any public-private partnerships.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32***. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLONIAL HEIGHTS, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Revenue from local sources:				
General property taxes:				
Real property	\$ 20,919,203	\$ 20,919,203	\$ 21,389,174	\$ 469,971
Real and personal public service corporation property	450,000	450,000	415,020	(34,980)
Personal property	3,151,946	3,151,946	2,950,208	(201,738)
Delinquent	307,512	307,512	116,119	(191,393)
Penalties and interest	208,000	208,000	232,837	24,837
Total general property taxes	<u>25,036,661</u>	<u>25,036,661</u>	<u>25,103,358</u>	<u>66,697</u>
Other local taxes:				
Food and lodging	8,564,655	8,564,655	8,954,118	389,463
Consumer utility	963,838	963,838	954,412	(9,426)
Bank stock	483,698	483,698	470,868	(12,830)
Local option sales and use	8,061,260	8,685,860	8,677,937	(7,923)
Recordation	218,513	218,513	303,639	85,126
Business and occupation licenses	3,179,917	3,409,917	3,555,784	145,867
Motor vehicle license and fees	510,000	510,000	485,100	(24,900)
Cigarette sales tax	862,843	862,843	614,123	(248,720)
Total other local taxes	<u>22,844,724</u>	<u>23,699,324</u>	<u>24,015,981</u>	<u>316,657</u>
Permits, fees, and licenses:				
Zoning and construction permits	199,000	199,000	135,179	(63,821)
Other fees	116,915	116,915	80,682	(36,233)
Total permits, fees, and licenses	<u>315,915</u>	<u>315,915</u>	<u>215,861</u>	<u>(100,054)</u>
Fines and forfeitures				
Charges for services:				
Refuse collection fees	1,239,200	1,239,200	1,178,739	(60,461)
Recreation use charges and fees	176,300	176,300	21,205	(155,095)
Administrative	342,100	342,100	478,309	136,209
Emergency medical transport fees	930,000	930,000	880,243	(49,757)
Other	8,300	8,300	4,277	(4,023)
Total charges for services	<u>2,695,900</u>	<u>2,695,900</u>	<u>2,562,773</u>	<u>(133,127)</u>
Use of money and property:				
Interest	100,000	100,000	45,373	(54,627)
Rental of property	66,200	66,200	81,803	15,603
Sale of commodities and property	1,000	1,000	2,178	1,178
Total use of money and property	<u>167,200</u>	<u>167,200</u>	<u>129,354</u>	<u>(37,846)</u>
Miscellaneous				
Reimbursement from School Board	843,002	4,521,361	172,002	(4,349,359)
Total revenue from local sources	<u>1,184,527</u>	<u>57,987,034</u>	<u>53,670,669</u>	<u>(4,316,365)</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Personal property tax relief	\$ 1,753,369	\$ 1,753,369	\$ 1,753,369	\$ -
Rolling stock tax	5,200	5,200	4,910	(290)
Vehicle rental tax	267,000	267,000	274,612	7,612
Communications sales and use tax	565,305	565,305	512,331	(52,974)
Recordation tax	48,800	48,800	-	(48,800)
Total non-categorical aid	<u>2,639,674</u>	<u>2,639,674</u>	<u>2,545,222</u>	<u>(94,452)</u>
Categorical aid:				
Commissioner of Revenue	96,500	96,500	91,534	(4,966)
Treasurer	96,400	96,400	96,376	(24)
Circuit Court	260,000	260,000	285,998	25,998
Sheriff	319,400	319,400	328,622	9,222
Commonwealth's attorney	520,800	520,800	516,536	(4,264)
Library	165,500	165,500	168,233	2,733
Law enforcement	628,300	628,300	661,091	32,791
Street construction and maintenance	2,826,000	2,826,000	2,820,783	(5,217)
Other	365,103	381,851	466,206	84,355
Total categorical aid	<u>5,278,003</u>	<u>5,294,751</u>	<u>5,435,379</u>	<u>140,628</u>
Total revenue from the Commonwealth	<u>7,917,677</u>	<u>7,934,425</u>	<u>7,980,601</u>	<u>46,176</u>
Revenue from federal government:				
Categorical aid	<u>502,928</u>	<u>678,921</u>	<u>544,707</u>	<u>(134,214)</u>
Total intergovernmental	<u>8,420,605</u>	<u>8,613,346</u>	<u>8,525,308</u>	<u>(88,038)</u>
Total revenue	<u><u>\$ 61,870,377</u></u>	<u><u>\$ 66,600,380</u></u>	<u><u>\$ 62,195,977</u></u>	<u><u>\$ (4,404,403)</u></u>
Expenditures				
General government:				
City council	\$ 130,593	\$ 130,593	\$ 98,535	\$ 32,058
Clerk of council	94,528	94,528	87,219	7,309
City manager	308,438	320,938	311,644	9,294
Human resources	205,984	191,984	181,240	10,744
City attorney	354,068	350,395	334,270	16,125
Real estate assessor	212,858	205,858	200,485	5,373
Commissioner of the revenue	295,995	293,995	285,113	8,882
Treasurer	138,791	139,991	137,488	2,503
Finance	740,158	707,558	703,704	3,854
Information technologies	505,513	599,285	402,040	197,245
Auditing	110,000	121,000	120,600	400
Purchasing	201,385	226,239	222,055	4,184
Insurance and risk management	578,263	605,369	602,873	2,496
Employee benefits	205,564	304,064	303,930	134
Board of elections	33,124	33,624	24,731	8,893
Registrar	164,600	166,300	142,288	24,012
Economic development	293,323	293,823	256,953	36,870
Billing & collections	293,575	293,575	282,730	10,845
Total general government	<u>4,866,760</u>	<u>5,079,119</u>	<u>4,697,898</u>	<u>381,221</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Expenditures (Continued)				
Judicial administration:				
Circuit courts	\$ 620,976	\$ 621,324	\$ 582,371	\$ 38,953
General district court	63,700	63,741	18,637	45,104
Probation	5,584	5,584	4,674	910
Commonwealth's attorney	980,501	980,501	904,991	75,510
Sheriff	1,113,323	1,157,823	1,098,237	59,586
Incarceration	2,564,384	2,534,565	1,885,796	648,769
Community correction services	306,000	313,600	313,518	82
Community diversion services	64,581	85,800	85,800	-
Victim witness	127,293	128,293	126,238	2,055
Juvenile & Domestic Court	14,850	15,690	4,507	11,183
Total judicial administration	<u>5,861,192</u>	<u>5,906,921</u>	<u>5,024,769</u>	<u>882,152</u>
Public safety:				
Police	5,650,146	5,877,118	5,776,799	100,319
Fire and emergency medical services	4,919,505	4,941,067	4,625,935	315,132
Emergency preparedness	45,999	130,979	62,536	68,443
Communications	1,588,428	1,876,204	1,677,438	198,766
Total public safety	<u>12,204,078</u>	<u>12,825,368</u>	<u>12,142,708</u>	<u>682,660</u>
Public works:				
Administration	311,354	237,354	190,931	46,423
Engineering division	960,688	978,288	841,165	137,123
Street maintenance	2,018,480	3,056,582	1,654,782	1,401,800
Building maintenance	680,172	739,181	724,094	15,087
Fleet maintenance	434,137	437,137	399,142	37,995
Solid waste	685,469	865,636	822,158	43,478
Recycling	299,450	327,623	295,699	31,924
Total public works	<u>5,389,750</u>	<u>6,641,801</u>	<u>4,927,971</u>	<u>1,713,830</u>
Health and welfare:				
Health	276,408	276,408	236,825	39,583
Welfare	400,000	340,000	251,546	88,454
Mental health	87,425	87,425	87,425	-
Comprehensive services	575,000	648,633	601,852	46,781
Total health and welfare	<u>1,338,833</u>	<u>1,352,466</u>	<u>1,177,648</u>	<u>174,818</u>
Parks, recreation, and cultural:				
Parks and recreation	662,928	668,928	546,443	122,485
Parks and grounds	728,262	728,262	646,923	81,339
Agency on aging	318,641	318,641	257,420	61,221
Violet bank museum	82,274	114,615	99,026	15,589
Library	801,745	802,795	692,423	110,372
Recreation trips and classes	170,300	182,900	47,026	135,874
Horticulture	122,130	122,130	116,271	5,859
Total parks, recreation, and cultural	<u>2,886,280</u>	<u>2,938,271</u>	<u>2,405,532</u>	<u>532,739</u>

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures: (Continued)				
Community development:				
Planning	\$ 272,510	\$ 321,210	\$ 314,649	\$ 6,561
Building inspections	326,951	278,251	230,859	47,392
Total community development	<u>599,461</u>	<u>599,461</u>	<u>545,508</u>	<u>53,953</u>
Education:				
Payments to School Board	22,475,558	23,330,158	23,330,119	39
Human Services:				
Office of youth	196,042	199,942	151,779	48,163
Better beginnings	2,600	2,900	597	2,303
Juvenile crime	98,989	98,989	82,777	16,212
CDBG	92,000	141,706	141,626	80
Kids after school program	45,841	42,841	10,367	32,474
Total human services	<u>435,472</u>	<u>486,378</u>	<u>387,146</u>	<u>99,232</u>
Nondepartmental:				
Contributions and subsidies	88,659	88,659	74,768	13,891
Contingencies and miscellaneous	1,138,544	1,022,997	103,403	919,594
Total nondepartmental	<u>1,227,203</u>	<u>1,111,656</u>	<u>178,171</u>	<u>933,485</u>
Debt service:				
Principal retirement	2,543,662	2,543,662	2,543,664	(2)
Interest and fiscal charges	1,035,126	1,035,126	1,035,118	8
Other charges	3,500	8,300	6,226	2,074
Total debt service	<u>3,582,288</u>	<u>3,587,088</u>	<u>3,585,008</u>	<u>2,080</u>
Total expenditures	<u>60,866,875</u>	<u>63,858,687</u>	<u>58,402,478</u>	<u>5,456,209</u>
Excess of revenues over (under) expenditures	<u>1,003,502</u>	<u>2,741,693</u>	<u>3,793,499</u>	<u>1,051,806</u>
Other financing source (uses):				
Transfers out	(1,003,502)	(2,741,693)	(2,410,980)	330,713
Total other financing sources (uses)	<u>(1,003,502)</u>	<u>(2,741,693)</u>	<u>(2,410,980)</u>	<u>330,713</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382,519</u>	<u>\$ 1,382,519</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT
June 30, 2021

	Primary Government Plan Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,812,580	\$ 1,705,814	\$ 1,675,436	\$ 1,767,349	\$ 1,764,320	\$ 1,776,096	\$ 1,701,944
Interest on total pension liability	5,378,973	5,274,781	5,101,751	5,005,168	4,817,132	4,525,376	4,300,904
Changes of assumptions	-	2,298,160	-	(104,084)	-	-	-
Difference between expected and actual experience	(119,037)	(1,174,690)	(1,020,058)	(1,914,015)	(810,107)	566,769	-
Benefit payments, including refunds of employee contributions	(4,241,580)	(3,297,608)	(3,272,948)	(3,476,363)	(2,693,858)	(2,706,743)	(2,885,463)
Net change in total pension liability	2,830,936	4,806,457	2,484,181	1,278,055	3,077,487	4,161,498	3,117,385
Total pension liability - beginning	<u>81,809,275</u>	<u>77,002,818</u>	<u>74,518,637</u>	<u>73,240,582</u>	<u>70,163,095</u>	<u>66,001,597</u>	<u>62,884,212</u>
Total pension liability - ending	<u>84,640,211</u>	<u>81,809,275</u>	<u>77,002,818</u>	<u>74,518,637</u>	<u>73,240,582</u>	<u>70,163,095</u>	<u>66,001,597</u>
Plan Fiduciary Net Position							
Contributions - employer	1,780,870	1,750,448	1,873,791	1,866,696	2,096,376	2,084,048	2,141,597
Contributions - employee	655,398	651,719	644,771	650,821	651,691	684,051	640,031
Net investment income	1,330,906	4,436,348	4,640,950	6,900,717	997,365	2,455,417	7,293,094
Benefit payments, including refunds of employee contributions	(4,241,580)	(3,297,608)	(3,272,948)	(3,476,363)	(2,693,858)	(2,706,743)	(2,885,463)
Administrative expenses	(46,139)	(43,752)	(39,901)	(39,983)	(34,358)	(33,037)	(39,060)
Other	(1,571)	(2,802)	(4,140)	(6,145)	(416)	(520)	384
Net change in plan fiduciary net position	(522,116)	3,494,353	3,842,523	5,895,743	1,016,800	2,483,216	7,150,583
Plan fiduciary net position - beginning	<u>70,205,522</u>	<u>66,711,169</u>	<u>62,868,646</u>	<u>56,972,903</u>	<u>55,956,103</u>	<u>53,472,887</u>	<u>46,322,304</u>
Plan fiduciary net position - ending	<u>69,683,406</u>	<u>70,205,522</u>	<u>66,711,169</u>	<u>62,868,646</u>	<u>56,972,903</u>	<u>55,956,103</u>	<u>53,472,887</u>
Net pension liability - ending	<u><u>\$ 14,956,805</u></u>	<u><u>\$ 11,603,753</u></u>	<u><u>\$ 10,291,649</u></u>	<u><u>\$ 11,649,991</u></u>	<u><u>\$ 16,267,679</u></u>	<u><u>\$ 14,206,992</u></u>	<u><u>\$ 12,528,710</u></u>
Plan fiduciary net position as a percentage of total pension liability	82%	86%	87%	84%	78%	80%	81%
Covered payroll	<u>\$ 13,920,331</u>	<u>\$ 13,596,271</u>	<u>\$ 13,175,927</u>	<u>\$ 13,056,245</u>	<u>\$ 13,053,400</u>	<u>\$ 12,961,992</u>	<u>\$ 12,747,601</u>
Net pension liability as a percentage of covered payroll	107%	85%	78%	89%	125%	110%	98%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
SCHOOLS – NONPROFESSIONAL EMPLOYEES
June 30, 2021

	Schools – Nonprofessional Employees Plan Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 138,549	\$ 138,821	\$ 133,737	\$ 133,817	\$ 132,525	\$ 126,804	\$ 137,965
Interest on total pension liability	337,514	326,214	320,772	310,335	305,624	299,424	287,415
Changes of assumptions	-	127,676	-	(31,143)	-	-	-
Difference between expected and actual experience	(108,126)	45,765	(71,725)	11,549	(98,133)	(70,089)	-
Benefit payments, including refunds of employee contributions	(272,666)	(324,278)	(285,805)	(265,098)	(280,345)	(254,780)	(252,875)
Net change in total pension liability	95,271	314,198	96,979	159,460	59,671	101,359	172,505
Total pension liability - beginning	<u>5,136,540</u>	<u>4,822,342</u>	<u>4,725,363</u>	<u>4,565,903</u>	<u>4,506,232</u>	<u>4,404,873</u>	<u>4,232,368</u>
Total pension liability - ending	<u>5,231,811</u>	<u>5,136,540</u>	<u>4,822,342</u>	<u>4,725,363</u>	<u>4,565,903</u>	<u>4,506,232</u>	<u>4,404,873</u>
Plan Fiduciary Net Position							
Contributions - employer	63,290	63,072	73,835	72,037	95,491	93,422	118,587
Contributions - employee	62,902	62,051	62,086	60,431	56,470	55,511	57,398
Net investment income	98,513	330,236	354,248	535,907	75,984	199,346	608,037
Benefit payments, including refunds of employee contributions	(272,666)	(324,278)	(285,805)	(265,098)	(280,345)	(254,780)	(252,875)
Administrative expenses	(3,405)	(3,425)	(3,125)	(3,159)	(2,843)	(2,797)	(3,309)
Other	(116)	(207)	(314)	(474)	(33)	(42)	33
Net change in plan fiduciary net position	(51,482)	127,449	200,925	399,644	(55,276)	90,660	527,871
Plan fiduciary net position - beginning	<u>5,180,463</u>	<u>5,053,014</u>	<u>4,852,089</u>	<u>4,452,445</u>	<u>4,507,721</u>	<u>4,417,061</u>	<u>3,889,190</u>
Plan fiduciary net position - ending	<u>5,128,981</u>	<u>5,180,463</u>	<u>5,053,014</u>	<u>4,852,089</u>	<u>4,452,445</u>	<u>4,507,721</u>	<u>4,417,061</u>
Net pension (asset) liability - ending	<u>\$ 102,830</u>	<u>\$ (43,923)</u>	<u>\$ (230,672)</u>	<u>\$ (126,726)</u>	<u>\$ 113,458</u>	<u>\$ (1,489)</u>	<u>\$ (12,188)</u>
Plan fiduciary net position as a percentage of total pension liability	98%	101%	105%	103%	98%	100%	100%
Covered payroll	<u>\$ 1,318,931</u>	<u>\$ 1,290,027</u>	<u>\$ 1,276,466</u>	<u>\$ 1,237,361</u>	<u>\$ 1,147,595</u>	<u>\$ 1,116,864</u>	<u>\$ 1,147,986</u>
Net pension (asset) liability as a percentage of covered payroll	8%	-3%	-18%	-10%	10%	0%	1%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2021

Entity Fiscal Year Ended June 30	Contributions in Relation to			Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)		
Primary Government					
2021	\$ 1,961,588	\$ 1,961,588	\$ -	\$ 14,002,872	14.01%
2020	1,791,884	1,791,884	-	13,920,331	12.87
2019	1,750,448	1,750,448	-	13,596,271	12.87
2018	1,873,791	1,873,791	-	13,175,927	14.41
2017	1,866,696	1,866,696	-	13,056,245	14.30
2016	2,096,376	2,096,376	-	13,053,400	16.06
2015	2,066,219	2,066,219	-	12,961,992	15.94
Schools - Nonprofessional Employees					
2021	\$ 61,110	\$ 61,110	\$ -	\$ 1,331,610	4.59%
2020	63,122	63,122	-	1,318,931	4.79
2019	63,072	63,072	-	1,290,027	4.89
2018	73,835	73,835	-	1,276,466	5.86
2017	72,037	72,037	-	1,237,361	5.82
2016	95,491	95,491	-	1,147,595	8.32
2015	100,000	100,000	-	1,116,864	8.95

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY –
VRS TEACHER RETIREMENT PLAN
June 30, 2021

Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.22900%	\$ 33,325,514	\$ 19,985,866	167%	71.47%
2020	0.23325	30,697,025	19,463,488	158	73.51
2019	0.23542	27,685,000	18,972,065	146	74.81
2018	0.23693	29,138,000	18,582,653	157	72.92
2017	0.24029	33,675,000	18,328,457	184	68.28
2016	0.24579	30,936,000	17,861,181	173	70.68
2015	0.25511	30,829,000	17,591,360	175	70.88

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

CITY OF COLONIAL HEIGHTS, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
VRS TEACHER RETIREMENT PLAN**

June 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 3,234,001	\$ 3,234,001	-	\$ 20,124,102	16.07 %
2020	3,044,773	3,044,773	-	19,985,866	15.23
2019	2,989,247	2,989,247	-	19,463,488	15.36
2018	3,044,775	3,044,775	-	18,972,065	16.06
2017	2,696,034	2,696,034	-	18,582,653	14.51
2016	2,576,981	2,576,981	-	18,328,457	14.06
2015	2,600,000	2,600,000	-	17,861,181	14.56

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only seven years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 AND RELATED RATIOS – LOCAL PLANS
 June 30, 2021

	Plan Year 2020		Plan Year 2019		Plan Year 2018		Plan Year 2017	
	Primary Government	Schools	Primary Government	Schools	Primary Government	Schools	Primary Government	Schools
	Schools Local Plan							
Total OPEB Liability								
Service cost	\$ 79,487	\$ 318,323	\$ 77,548	\$ 310,559	\$ 101,489	\$ 290,499	\$ 99,014	\$ 283,414
Interest on total OPEB liability	79,507	238,340	90,107	274,972	133,189	350,691	126,738	341,473
Changes in benefit terms	-	(2,047,926)	-	-	-	-	-	-
Difference between expected and actual experience	95,299	(1,363,832)	-	-	(1,128,599)	(1,201,183)	-	-
Changes in assumptions	198,956	313,037	259,706	762,154	162,634	59,753	(22,679)	(60,363)
Benefit payments	(103,200)	(313,788)	(23,088)	(508,850)	(67,493)	(339,786)	(104,308)	(522,536)
Net change in total OPEB liability	350,049	(2,855,846)	404,273	838,835	(798,780)	(840,026)	98,765	41,988
Total OPEB liability – beginning	<u>3,217,002</u>	<u>9,565,799</u>	<u>2,812,729</u>	<u>8,726,964</u>	<u>3,611,509</u>	<u>9,566,990</u>	<u>3,512,744</u>	<u>9,525,002</u>
Total OPEB liability – ending	<u>\$ 3,567,051</u>	<u>\$ 6,709,953</u>	<u>\$ 3,217,002</u>	<u>\$ 9,565,799</u>	<u>\$ 2,812,729</u>	<u>\$ 8,726,964</u>	<u>\$ 3,611,509</u>	<u>\$ 9,566,990</u>
Plan fiduciary net position as a percentage of total OPEB liability								
Covered employee payroll	<u>\$14,013,398</u>	<u>\$18,390,666</u>	<u>\$13,628,932</u>	<u>\$22,016,000</u>	<u>\$13,214,563</u>	<u>\$21,302,671</u>	<u>\$13,131,639</u>	<u>\$18,902,040</u>
Net OPEB liability as a percentage of covered payroll	<u>25%</u>	<u>36%</u>	<u>24%</u>	<u>43%</u>	<u>21%</u>	<u>41%</u>	<u>28%</u>	<u>51%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS
June 30, 2021

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Schools - Teachers					
2020	0.2278%	\$ 2,971,820	\$ 19,960,953	14.89%	9.95%
2019	0.2321%	3,037,760	18,991,552	16.00%	8.97%
2018	0.2346%	2,978,000	18,680,215	15.94%	8.08%
2017	0.2362%	2,996,000	18,647,567	16.07%	7.04%
Virginia Retirement System - Group Life Insurance - Primary Government Employees					
2020	0.0664%	\$ 1,108,107	\$ 13,615,577	8.14%	52.64%
2019	0.0677%	1,102,147	13,305,144	8.28%	52.00%
2018	0.0693%	1,053,000	13,185,396	7.99%	51.22%
2017	0.0711%	1,069,000	13,437,608	7.96%	48.86%
Virginia Retirement System - Group Life Insurance - Schools - Teachers					
2020	0.0972%	\$ 1,621,608	\$ 20,013,218	8.10%	52.64%
2019	0.0994%	1,617,828	19,489,779	8.30%	52.00%
2018	0.1001%	1,521,000	19,040,281	7.99%	51.22%
2017	0.1013%	1,524,000	18,687,655	8.16%	48.86%
Virginia Retirement System - Group Life Insurance - Schools - General Employees					
2020	0.0064%	\$ 107,139	\$ 1,321,773	8.11%	52.64%
2019	0.0066%	107,074	1,290,027	8.30%	52.00%
2018	0.0068%	102,000	1,283,854	7.94%	51.22%
2017	0.0068%	102,000	1,249,590	7.94%	48.86%

Schedule is intended to show information for 10 years. Since fiscal year 2021 (plan year 2020) is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

CITY OF COLONIAL HEIGHTS, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS

June 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2021	\$ 245,036	\$ 245,036	-	\$ 20,419,685	1.20%
2020	239,531	239,531	-	19,960,953	1.20%
2019	233,562	233,562	-	18,991,552	1.23%
2018	233,356	233,356	-	18,680,215	1.23%
Virginia Retirement System - Group Life Insurance - Primary Government Employees					
2021	\$ 75,626	\$ 75,626	-	\$ 14,004,850	0.54%
2020	70,800	70,800	-	13,615,577	0.52%
2019	69,037	69,037	-	13,305,144	0.52%
2018	68,563	68,563	-	13,185,396	0.52%
Virginia Retirement System - Group Life Insurance - Schools					
2021	\$ 116,198	\$ 116,198	-	\$ 21,455,712	0.54%
2020	110,796	110,796	-	21,334,991	0.52%
2019	108,055	108,055	-	20,779,806	0.52%
2018	105,685	105,685	-	20,324,135	0.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. 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:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increased Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

OTHER SUPPLEMENTARY INFORMATION

CITY OF COLONIAL HEIGHTS, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	School Operating Fund	School Activity Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,340,362	\$ 444,900	\$ 9,785,262
Due from other governments	2,372,582	-	2,372,582
Due from primary government	709,333	-	709,333
Inventories	39,094	-	39,094
Prepaid expenses	157	-	157
Total assets	<u>\$ 12,461,528</u>	<u>\$ 444,900</u>	<u>\$ 12,906,428</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 3,717,280	\$ -	\$ 3,717,280
Unearned revenue	20,305	-	20,305
Total liabilities	<u>3,737,585</u>	<u>-</u>	<u>3,737,585</u>
FUND BALANCE			
Nonspendable	39,251	-	39,251
Committed	3,295,161	-	3,295,161
Assigned	5,389,531	444,900	5,834,431
Total fund balance	<u>8,723,943</u>	<u>444,900</u>	<u>9,168,843</u>
Total liabilities and fund balance	<u>\$ 12,461,528</u>	<u>\$ 444,900</u>	<u>\$ 12,906,428</u>
Adjustments for the Statement of Net Position (Exhibit 1):			
Total Fund Balance - School Board			\$ 9,168,843
Amounts reported for the School Board's governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Nondepreciable	\$ 1,368,710		
Depreciable, net	24,507,630		
			25,876,340
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows related to:			
Pensions	\$ 8,280,969		
Other postemployment benefits	1,599,530		
Deferred inflows related to:			
Pensions	(2,918,499)		
Other postemployment benefits	(2,332,933)		
Net pension liability	(33,428,344)		
Net other postemployment benefits liability	<u>(11,410,520)</u>		
			(40,209,797)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Capital lease obligation	(194,515)		
Compensated absences	<u>(2,275,790)</u>		
Total Net Position - School Board Governmental Activities			<u>\$ (7,634,919)</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	School Operating Fund	School Activity Fund	Total Governmental Funds
REVENUES			
Charges for services	\$ 42,278	\$ 210,573	\$ 252,851
Miscellaneous	539,423	-	539,423
Payments from City	23,573,632	-	23,573,632
Intergovernmental	21,587,968	-	21,587,968
Total revenue	<u>45,743,301</u>	<u>210,573</u>	<u>45,953,874</u>
EXPENDITURES			
Education:			
Administration, attendance, and health	2,409,223	-	2,409,223
Instruction	29,699,139	243,378	29,942,517
Operation and maintenance	4,355,012	-	4,355,012
Pupil transportation	1,137,878	-	1,137,878
Food service	1,051,774	-	1,051,774
Facilities	414,314	-	414,314
Technology	1,961,624	-	1,961,624
Reimbursement to City	1,065,030	-	1,065,030
Total expenditures	<u>42,093,994</u>	<u>243,378</u>	<u>42,337,372</u>
Excess (deficiency) of revenues over expenditures	3,649,307	(32,805)	3,616,502
Net change in fund balance	<u>3,649,307</u>	<u>(32,805)</u>	<u>3,616,502</u>
FUND BALANCE AT JULY 1, as restated (Note 20)	5,074,636	477,705	5,552,341
FUND BALANCE AT JUNE 30	<u>\$ 8,723,943</u>	<u>\$ 444,900</u>	<u>\$ 9,168,843</u>

Reconciliation to the Statement of Activities (Exhibit 2):

Net Change in Fund Balance - School Board	\$ 3,616,502
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	\$ 1,219,320
Depreciation and amortization expense	<u>(1,228,327)</u>
	(9,007)
Governmental funds report proceeds from the sale of capital assets as an increase in financial resources while governmental activities report the gain or loss on the sale of capital assets.	
	(197,878)
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which employer pension expense of \$3,379,940 exceed pension contributions of \$3,295,111 in the current period.	
	(84,829)
The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of those differences.	
	184,092
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of other postemployment benefits earned net of employee contributions is reported as other postemployment benefit expense. This is the amount by which employer other postemployment contributions of \$361,234 exceed other postemployment expense of \$(1,679,797) in the current period.	
	2,041,031
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 the governmental funds.	
Compensated absences	<u>(9,210)</u>
Change in Net Position - School Board Governmental Activities	<u>\$ 5,540,701</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SCHOOL OPERATING FUND
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from local sources:				
Charges for services:				
Cafeteria	\$ 308,898	\$ 32,503	\$ 32,503	\$ -
Other	39,500	9,775	9,775	-
	348,398	42,278	42,278	-
Miscellaneous	110,000	539,423	539,423	-
Payments from City	22,475,558	23,573,632	23,573,632	-
Total revenue from local sources	<u>22,933,956</u>	<u>24,155,333</u>	<u>24,155,333</u>	-
Intergovernmental:				
Revenue from the Commonwealth of Virginia:				
Categorical aid:				
Basic school aid	7,907,575	7,530,531	7,530,531	-
State sales tax	3,396,130	3,624,511	3,624,511	-
Other	6,915,326	6,924,642	6,924,642	-
	<u>18,219,031</u>	<u>18,079,684</u>	<u>18,079,684</u>	-
Revenue from the federal government:				
Categorical aid:				
Title I Grant	564,148	608,557	608,557	-
Title VI B Grant	637,598	673,126	673,126	-
Other	1,170,939	2,152,779	2,226,601	73,822
	<u>2,372,685</u>	<u>3,434,462</u>	<u>3,508,284</u>	<u>73,822</u>
Total intergovernmental	<u>20,591,716</u>	<u>21,514,146</u>	<u>21,587,968</u>	<u>73,822</u>
Total revenues	<u>43,525,672</u>	<u>45,669,479</u>	<u>45,743,301</u>	<u>73,822</u>
EXPENDITURES				
Education:				
Administration, attendance, and health	2,138,571	2,436,041	2,409,223	26,818
Instruction	32,065,491	29,867,162	29,699,139	168,023
Operation and maintenance	3,966,440	4,864,233	4,355,012	509,221
Pupil transportation	1,450,224	1,139,411	1,137,878	1,533
Food service	1,234,641	965,318	1,051,774	(86,456)
Facilities	-	414,314	414,314	-
Technology	1,783,915	2,536,070	1,961,624	574,446
Contingencies	1,179,579	3,749,522	-	3,749,522
Reimbursement to City	1,074,433	1,065,030	1,065,030	-
Total expenditures	<u>44,893,294</u>	<u>47,037,101</u>	<u>42,093,994</u>	<u>4,943,107</u>
Deficiency of revenues over expenditures	<u>(1,367,622)</u>	<u>(1,367,622)</u>	<u>3,649,307</u>	<u>5,016,929</u>
Net change in fund balance	<u>\$ (1,367,622)</u>	<u>\$ (1,367,622)</u>	<u>\$ 3,649,307</u>	<u>\$ 5,016,929</u>

EXHIBIT 22

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2021

	<u>Economic Development Authority</u>
ASSETS	
Current assets:	
Cash and investments	\$ 143,260
Total assets	<u>143,260</u>
LIABILITIES	
Current liabilities:	
Unearned revenue	<u>18,520</u>
Total liabilities	<u>18,520</u>
NET POSITION	
Unrestricted	<u>124,740</u>
Total net position	<u>\$ 124,740</u>

EXHIBIT 23

CITY OF COLONIAL HEIGHTS, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2021**

	Economic Development Authority
OPERATING REVENUES	
Intergovernmental	\$ 481,480
Total operating revenues	<u>481,480</u>
OPERATING EXPENSES	
Grant programs	481,480
Total operating expenses	<u>481,480</u>
Operating income (loss)	<u>-</u>
Change in net position	<u>-</u>
NET POSITION AT JULY 1	<u>124,740</u>
NET POSITION AT JUNE 30	<u>\$ 124,740</u>

CITY OF COLONIAL HEIGHTS, VIRGINIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2021

	Economic Development Authority
OPERATING ACTIVITIES	
Receipts from other sources	\$ 400,000
Payments to other sources	<u>(481,480)</u>
Net cash used in operating activities	<u>(81,480)</u>
Net decrease in cash and cash equivalents	(81,480)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	<u>224,740</u>
Ending at June 30	<u>\$ 143,260</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income (loss)	\$ -
Change in assets and liabilities:	
Increase (decrease) in:	
Unearned revenue	<u>(81,480)</u>
Net cash used in operating activities	<u>\$ (81,480)</u>

SUPPORTING SCHEDULE

SCHEDULE 1

CITY OF COLONIAL HEIGHTS, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Cluster Amounts	Federal Expenditures
U.S. Department of Agriculture			
Pass-through payments:			
Commonwealth of Virginia Department of Agriculture and Consumer Services			
Child Nutrition Cluster			
National School Lunch Program - Commodities	10.555	\$ 73,823	
Summer Food Service Program for Children	10.559	615,004	
COVID-19-Summer Food Service Program for Children	10.559	82,961	
Total Child Nutrition Cluster			771,788
Total U.S. Department of Agriculture			771,788
U.S. Department of Housing and Urban Development			
Direct payments:			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	142,325	
Community Development Block Grants/Entitlement Grants - Covid-19	14.218	111,277	
Total CDBG - Entitlement Grants Cluster			253,602
Total U.S. Department of Housing and Urban Development			253,602
U.S. Department of Justice			
Direct payments:			
Bulletproof Vest Partnership Program	16.607		3,466
Pass-through payments:			
Department of Criminal Justice Services			
Crime Victim Assistance	16.575	82,542	
COVID-19 Coronavirus Emergency Supplemental Funding	16.034	46,729	
Total U.S. Department of Justice			132,737
U.S. Department of Transportation			
Pass-through payments:			
National Highway Traffic Safety Administration			
Alcohol Open Container Requirements	20.607	13,276	
Highway Safety Cluster			
Occupant Protection	20.602	1,233	
Total Highway Safety Cluster			1,233
Federal Highway Administration			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	1,303,958	
Total Highway Planning and Construction Cluster			1,303,958
Total U.S. Department of Transportation			1,318,467
U.S. Department of Treasury			
Pass-through payments:			
Department of Accounts			
COVID-19 Coronavirus Relief Fund	21.019	2,490,288	
COVID-19 Coronavirus Relief Fund- Elections	21.019	48,357	
COVID-19 Coronavirus Relief Fund- State Utility Program	21.019	93,610	
Total U.S. Department of Treasury			2,632,255
U.S. Department of Education			
Pass-through payments:			
Commonwealth of Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	608,557	
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	658,055	
Special Education - Preschool Grants	84.173	15,071	
Total Special Education Cluster (IDEA)			673,126
Career and Technical Education - Basic Grants to States	84.048	44,633	
Improving Teacher Quality State Grants	84.367	67,833	
CARES ESSER	84.425	504,612	
CRRSA ESSER II	84.425	220,689	
CARES K-12 Schools Coronavirus Relief Fund	21.019	488,583	
Total U.S. Department of Education			2,608,033

(Continued)

SCHEDULE 1**CITY OF COLONIAL HEIGHTS, VIRGINIA****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
Year Ended June 30, 2021

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Cluster Amounts	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through Payments:			
Commonwealth of Virginia Department of Medical Assistance Services:			
Medicaid Cluster			
Medical Assistance Program	93.778	\$ 128,464	
Total Medicaid Cluster			128,464
COVID-19 CARES Act Provider Relief Funding	93.498		4,576
Total U.S. Department of Health and Human Services			133,040
U.S. Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Staffing for Adequate Fire and Emergency Response	97.083		301,865
Total U.S. Department of Homeland Security			301,865
Total Expenditures of Federal Awards			\$ 8,151,787

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

The information presented in this Schedule is presented in accordance with the Requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the City's ACFR.

Note 2. Non-Cash Assistance

The City of Colonial Heights participated in the National School Lunch Program, Assistance Listing Number 10.555, which provides non-cash benefits. The accompanying Schedule of Expenditure of Federal Awards includes commodity distributions of \$73,823 from the National School Lunch Program.

Note 3. De Minimis Indirect Cost Rate

The entity did not elect to use the 10% de minimis indirect cost rate.

Note 4. Outstanding Loan Balances

At June 30, 2021, the City had no outstanding loan balances requiring continuing disclosure.

STATISTICAL SECTION

This part of the report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Table

Financial Trends

1-5

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

6-11

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and utility revenues.

Debt Capacity

12-13

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 additional debt in the future.

Demographic and Economic Information

14-15

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparison over time and with other governments.

Operating Information

16-17

These schedules 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Notes

The City implemented GASB Statement 68 and restated beginning net position for 2015. The restatement is not included in the prior year data.

The City implemented GASB Statement 75 and restated beginning net position for 2018. The restatement is not included in the prior year data.

The City implemented GASB Statement 84 and restated beginning net position for 2020. The restatement is not included in the prior year data.

TABLE 1

CITY OF COLONIAL HEIGHTS, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 45,755,925	\$ 41,322,523	\$ 37,146,892	\$ 36,467,607	\$ 37,861,696	\$ 35,926,630	\$ 34,894,010	\$ 29,874,492	\$ 27,289,172	\$ 22,707,728
Restricted	775,093	1,156,780	221,514	209,951	590,549	235,027	332,329	313,998	329,699	-
Unrestricted	457,700	(793,984)	(2,727,109)	(6,200,101)	(4,498,752)	(4,586,604)	(7,129,653)	6,085,816	5,732,421	7,850,461
Total governmental activities net position	<u>\$ 46,988,718</u>	<u>\$ 41,685,319</u>	<u>\$ 34,641,297</u>	<u>\$ 30,477,457</u>	<u>\$ 33,953,493</u>	<u>\$ 31,575,053</u>	<u>\$ 28,096,686</u>	<u>\$ 36,274,306</u>	<u>\$ 33,351,292</u>	<u>\$ 30,558,189</u>
Business-type activities										
Net investment in capital assets	\$ 11,930,368	\$ 11,092,180	\$ 11,215,784	\$ 11,233,677	\$ 11,837,529	\$ 11,891,771	\$ 11,855,032	\$ 11,926,690	\$ 11,607,652	\$ 11,418,325
Restricted	-	-	-	-	-	-	-	364,421	364,421	364,421
Unrestricted	1,096,550	1,230,104	1,015,978	428,086	(161,263)	(590,377)	(763,712)	(277,999)	(59,317)	331,577
Total business-type activities net position	<u>\$ 13,026,918</u>	<u>\$ 12,322,284</u>	<u>\$ 12,231,762</u>	<u>\$ 11,661,763</u>	<u>\$ 11,676,266</u>	<u>\$ 11,301,394</u>	<u>\$ 11,091,320</u>	<u>\$ 12,013,112</u>	<u>\$ 11,912,756</u>	<u>\$ 12,114,323</u>
Primary government										
Net investment in capital assets	\$ 57,686,293	\$ 52,414,703	\$ 48,362,676	\$ 47,701,284	\$ 49,699,225	\$ 47,818,401	\$ 46,749,042	\$ 41,801,182	\$ 38,896,824	\$ 34,126,053
Restricted	775,093	1,156,780	221,514	209,951	590,549	235,027	332,329	678,419	694,120	364,421
Unrestricted	1,554,250	436,120	(1,711,131)	(5,772,015)	(4,660,015)	(5,176,981)	(7,893,365)	5,807,817	5,673,104	8,182,038
Total primary government net position	<u>\$ 60,015,636</u>	<u>\$ 54,007,603</u>	<u>\$ 46,873,059</u>	<u>\$ 42,139,220</u>	<u>\$ 45,629,759</u>	<u>\$ 42,876,447</u>	<u>\$ 39,188,006</u>	<u>\$ 48,287,418</u>	<u>\$ 45,264,048</u>	<u>\$ 42,672,512</u>
Component Units										
Net investment in capital assets	\$ 25,681,825	\$ 25,704,618	\$ 24,987,091	\$ 22,211,414	\$ 18,974,941	\$ 17,659,025	\$ 18,080,934	\$ 18,710,224	\$ 19,250,268	\$ 19,873,661
Restricted	-	43,923	-	-	-	-	-	-	-	-
Unrestricted	(33,192,004)	(39,277,126)	(39,479,732)	(42,141,522)	(31,762,183)	(31,784,153)	(33,894,001)	67,351	1,611,591	1,985,250
Total component units net position	<u>\$ (7,510,179)</u>	<u>\$ (13,528,585)</u>	<u>\$ (14,492,641)</u>	<u>\$ (19,930,108)</u>	<u>\$ (12,787,242)</u>	<u>\$ (14,125,128)</u>	<u>\$ (15,813,067)</u>	<u>\$ 18,777,575</u>	<u>\$ 20,861,859</u>	<u>\$ 21,858,911</u>
Total reporting entity										
Net investment in capital assets	\$ 75,233,534	\$ 69,183,489	\$ 63,656,086	\$ 60,776,685	\$ 58,753,096	\$ 60,186,205	\$ 58,993,061	\$ 54,238,252	\$ 51,380,705	\$ 46,754,260
Restricted	775,093	1,200,703	221,514	209,951	590,549	235,027	332,329	678,419	694,120	364,421
Unrestricted	(23,503,170)	(29,905,174)	(31,497,182)	(38,777,524)	(26,501,128)	(31,669,913)	(35,950,451)	12,148,322	14,051,082	17,412,742
Total reporting entity	<u>\$ 52,505,457</u>	<u>\$ 40,479,018</u>	<u>\$ 32,380,418</u>	<u>\$ 22,209,112</u>	<u>\$ 32,842,517</u>	<u>\$ 28,751,319</u>	<u>\$ 23,374,939</u>	<u>\$ 67,064,993</u>	<u>\$ 66,125,907</u>	<u>\$ 64,531,423</u>

Notes:

The sum of the rows for the Reporting Entity identified as "Net investment in capital assets" and "Unrestricted" do not equal the sum of the rows from the Primary Government and the total Component Units because the outstanding debt for the schools has not been subtracted from the total Primary Government's "Net investment in capital assets" since the debt for the school board does not correspond to the capital assets of the Primary Government. However, when the Primary Government and the Component Units are combined, the outstanding debt needs to be accounted for by reducing the balance classified as "Net investment in capital assets".

TABLE 2

CITY OF COLONIAL HEIGHTS, VIRGINIA

Change in Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 4,998,792	\$ 4,616,418	\$ 4,309,196	\$ 3,998,220	\$ 4,091,160	\$ 4,222,021	\$ 4,035,396	\$ 4,229,539	\$ 8,513,050	\$ 8,430,859
Judicial administration	5,121,647	5,180,828	5,443,209	5,256,841	5,255,271	5,298,386	5,401,538	5,373,484	4,654,684	4,185,393
Public safety	15,384,878	12,916,249	10,940,370	12,751,210	11,137,517	11,043,829	11,268,573	11,299,988	9,019,958	8,862,843
Public works	7,416,659	6,516,750	6,189,090	6,472,875	5,741,092	5,867,451	5,568,423	6,056,945	5,340,369	4,204,531
Health and welfare	1,197,067	1,124,958	1,053,058	1,141,789	1,082,908	900,875	700,961	623,784	758,401	650,043
Parks, recreation, and cultural	2,774,841	2,990,371	2,883,843	3,006,186	3,056,313	2,978,081	2,860,914	2,914,469	2,388,151	2,262,706
Community development	570,560	540,066	491,236	441,174	583,330	536,782	455,683	567,323	500,588	468,981
Education	23,573,632	21,952,287	24,204,644	24,530,154	20,289,595	20,503,749	19,383,253	19,461,176	19,296,419	18,996,933
Human Services	388,682	295,463	407,476	462,086	468,039	447,513	437,567	470,011	-	-
Interest	928,874	1,011,649	1,020,656	943,038	1,093,100	831,949	1,312,329	1,115,804	1,230,148	940,076
Total governmental activities	62,355,632	57,145,039	56,942,778	59,003,573	52,798,325	52,630,636	51,424,637	52,112,523	51,701,768	49,002,365
Business-type activities										
Water and Sewer	5,138,801	5,364,729	5,125,010	5,273,714	5,010,173	4,668,983	4,324,991	4,206,290	4,197,076	-
Water	-	-	-	-	-	-	-	-	-	1,599,243
Sewer	-	-	-	-	-	-	-	-	-	2,687,436
Solid Waste	-	-	-	-	-	-	-	-	-	1,226,034
Storm water management	621,640	517,464	357,458	376,511	305,172	290,846	309,071	298,556	257,289	258,114
Total business-type activities expense	5,760,441	5,882,193	5,482,468	5,650,225	5,315,345	4,959,829	4,634,062	4,504,846	4,454,365	5,770,827
Total primary government expenses	68,116,073	63,027,232	62,425,246	64,653,798	58,113,670	57,590,465	56,058,699	56,617,369	56,156,133	54,773,192
Program revenues										
Governmental activities										
Charges for services										
Refuse collection	1,179,389	1,183,119	1,183,184	1,151,497	972,808	978,597	1,109,042	1,109,143	1,125,094	-
Parks and recreation	21,205	106,672	174,852	192,540	178,767	196,353	181,843	184,839	182,759	150,502
Other activities	1,819,122	1,759,294	2,006,844	5,586,033	5,135,773	5,267,723	5,294,990	5,289,334	5,626,146	5,313,067
Operating grants and contributions	7,304,900	6,688,762	6,586,110	6,197,981	5,910,440	5,463,958	5,306,971	5,556,569	4,971,475	5,418,602
Capital grants and contributions	2,827,004	5,263,281	1,320,884	1,606,438	765,492	913,850	4,230,162	3,436,635	2,413,293	2,809,970
Total governmental activities program revenues	13,151,620	15,001,128	11,271,874	14,734,489	12,963,280	12,820,481	16,123,008	15,576,520	14,318,767	13,692,141
Business-type activities										
Charges for services										
Water and sewer	5,116,055	5,229,957	5,333,822	5,418,622	5,052,084	4,784,973	4,181,407	4,164,312	4,144,465	-
Water	-	-	-	-	-	-	-	-	-	1,531,079
Sewer	-	-	-	-	-	-	-	-	-	2,696,866
Solid waste	-	-	-	-	-	-	-	-	-	1,143,300
Storm water management	730,374	742,758	718,645	434,958	388,089	384,930	396,082	379,088	372,312	377,976
Total business-type activities program revenues	5,846,429	5,972,715	6,052,467	5,853,580	5,440,173	5,169,903	4,577,489	4,543,400	4,516,777	5,749,221
Total primary government program revenues	18,998,049	20,973,843	17,324,341	20,588,069	18,403,453	17,990,384	20,700,497	20,119,920	18,835,544	19,441,362

(Continued)

TABLE 2

CITY OF COLONIAL HEIGHTS, VIRGINIA

Change in Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (expense) revenue										
Governmental activities	\$ (49,204,012)	\$ (42,143,911)	\$ (45,670,904)	\$ (44,269,084)	\$ (39,835,045)	\$ (39,810,155)	\$ (35,301,629)	\$ (36,536,003)	\$ (37,383,001)	\$ (35,310,224)
Business-type activities	85,988	90,522	569,999	203,355	124,828	210,074	(56,573)	38,554	62,412	(21,606)
Total primary government net expense	(49,118,024)	(42,053,389)	(45,100,905)	(44,065,729)	(39,710,217)	(39,600,081)	(35,358,202)	(36,497,449)	(37,320,589)	(35,331,830)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General property taxes	25,553,468	24,047,590	23,736,247	23,139,195	22,319,312	21,547,059	21,604,557	21,415,093	21,512,047	20,829,561
Local sales and use	8,677,937	7,809,472	8,171,187	7,847,364	7,567,072	7,602,518	7,505,833	7,192,330	7,174,334	7,066,137
Food and lodging	8,954,118	7,869,846	8,524,496	7,978,399	7,813,174	7,668,016	7,277,458	6,841,952	6,930,069	6,338,213
Other taxes	6,383,926	5,829,775	6,273,907	2,285,121	2,247,185	2,251,352	2,145,835	2,232,755	2,205,223	2,183,334
Intergovernmental, non-categorical aid	5,243,097	3,126,275	1,807,537	1,758,246	1,758,517	1,759,131	1,758,845	1,759,070	1,758,697	1,757,530
Use of money and property	141,509	409,352	475,088	440,533	359,133	215,801	167,783	175,282	233,822	194,826
Miscellaneous	172,002	95,623	53,177	51,670	368,686	217,348	218,790	142,232	97,933	123,392
Transfers	(618,646)	-	-	-	(250,044)	-	-	-	263,979	(80,000)
Gain on sale of capital assets	-	-	-	-	30,450	2,027,297	-	-	-	-
Total governmental activities	54,507,411	49,187,933	49,041,639	43,500,528	42,213,485	43,288,522	40,679,101	39,758,714	40,176,104	38,412,993
Business-type activities:										
Use of money and property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	618,646	-	-	-	250,044	-	-	-	(263,979)	80,000
Total business-type activities	618,646	-	-	-	250,044	-	-	-	(263,979)	80,000
Total primary government	55,126,057	49,187,933	49,041,639	43,500,528	42,463,529	43,288,522	40,679,101	39,758,714	39,912,125	38,492,993
Changes in Net Position										
Governmental activities	5,303,399	7,044,022	3,370,735	(768,556)	2,378,440	3,478,367	5,377,472	3,222,711	2,793,103	3,102,769
Business-type activities	704,634	90,522	569,999	203,355	374,872	210,074	(56,573)	38,554	(201,567)	58,394
Total primary government	6,008,033	7,134,544	3,940,734	(565,201)	2,753,312	3,688,441	5,320,899	3,261,265	2,591,536	3,161,163
Component Units:										
Expenses:										
Education	40,413,173	41,143,685	37,954,220	38,037,916	36,376,383	35,087,111	35,871,027	36,905,074	35,569,416	34,304,488
Economic Development Authority	481,480	5,671	-	-	-	-	-	-	-	-
Total component units	40,894,653	41,149,356	37,954,220	38,037,916	36,376,383	35,087,111	35,871,027	36,905,074	35,569,416	34,304,488
Program revenues										
Charges for services	252,851	256,739	438,978	410,270	389,665	390,422	376,249	478,386	573,499	409,019
Operating grants and contributions	22,069,448	19,239,002	18,572,563	17,449,390	16,899,977	15,801,934	15,234,548	14,765,427	14,599,996	14,838,115
Total program revenues	22,322,299	19,495,741	19,011,541	17,859,660	17,289,642	16,192,356	15,610,797	15,243,813	15,173,495	15,247,134
Net expense	(18,572,354)	(21,653,615)	(18,942,679)	(20,178,256)	(19,086,741)	(18,894,755)	(20,260,230)	(21,661,261)	(20,395,921)	(19,057,354)
General Revenues and Other Changes in Net Position										
Contribution from primary government	23,573,632	22,249,720	24,204,644	24,530,154	20,289,595	20,503,749	19,383,253	19,461,176	19,296,419	18,996,933
Use of money and property	-	-	5	-	-	-	-	-	-	434
Miscellaneous	539,423	367,951	175,497	106,668	135,032	110,631	103,926	115,801	102,450	341,305
Loss on sale of capital assets	-	-	-	-	-	(31,686)	-	-	-	-
Total general revenue	24,113,055	22,617,671	24,380,146	24,636,822	20,424,627	20,582,694	19,487,179	19,576,977	19,398,869	19,338,672
Total component units change in net position	\$ 5,540,701	\$ 964,056	\$ 5,437,467	\$ 4,458,566	\$ 1,337,886	\$ 1,687,939	\$ (773,051)	\$ (2,084,284)	\$ (997,052)	\$ 281,318

Notes:

In 2006, the activities involved in trash collection were transferred from the General Fund to the Solid Waste Fund.

In 2008, the Water and Sewer Fund was separated into two funds.

In 2009, the Storm Water Management Fund was established as a separate reporting entity.

In 2013, the activities involved in trash collection were transferred from the Solid Waste Fund to the General Fund.

In 2013, the Water and Sewer Fund were combined into one fund.

In 2018, the EDA was established as a discretely presented component unit.

In 2019, there were certain revenues reclassified between Program Revenues and General Revenues.

TABLE 3

CITY OF COLONIAL HEIGHTS, VIRGINIA

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Post-GASB 54 implementation:										
General Fund										
Nonspendable	\$ 130,735	\$ 49,791	\$ 55,371	\$ 39,876	\$ 60,051	\$ 64,871	\$ 60,599	\$ 68,832	\$ 69,859	\$ 67,373
Restricted	775,093	1,156,780	221,514	209,951	590,549	235,027	332,329	313,998	329,699	369,152
Committed	1,117,432	941,440	539,946	129,903	196,092	554,259	618,698	431,512	327,569	484,422
Assigned	3,493,542	2,315,581	2,188,941	1,333,927	1,415,321	1,969,999	728,241	1,407,705	1,574,257	873,226
Unassigned	11,191,172	10,861,863	10,528,255	9,227,574	8,735,172	7,950,089	8,015,011	7,415,836	8,083,102	8,477,484
Total general fund	<u>\$ 16,707,974</u>	<u>\$ 15,325,455</u>	<u>\$ 13,534,027</u>	<u>\$ 10,941,231</u>	<u>\$ 10,997,185</u>	<u>\$ 10,774,245</u>	<u>\$ 9,754,878</u>	<u>\$ 9,637,883</u>	<u>\$ 10,384,486</u>	<u>\$ 10,271,657</u>
Capital Projects Fund										
Restricted	\$ 5,210,356	\$ 6,483,427	\$ 8,241,167	\$ 8,089,873	\$ 11,462,474	\$ 2,192,697	\$ 3,388,835	\$ 372,795	\$ 7,207,335	\$ 16,792,519
Committed	-	-	-	-	-	-	-	-	-	246,683
Assigned	-	-	-	-	-	-	-	-	-	197,390
Unassigned	-	-	-	-	(348,287)	(1,505,584)	(3,587,598)	(10,080)	(1,245,870)	-
Total capital projects fund	<u>\$ 5,210,356</u>	<u>\$ 6,483,427</u>	<u>\$ 8,241,167</u>	<u>\$ 8,089,873</u>	<u>\$ 11,114,187</u>	<u>\$ 687,113</u>	<u>\$ (198,763)</u>	<u>\$ 362,715</u>	<u>\$ 5,961,465</u>	<u>\$ 17,236,592</u>

TABLE 4

CITY OF COLONIAL HEIGHTS, VIRGINIA

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
General property taxes	\$ 25,103,358	\$ 24,133,663	\$ 23,721,544	\$ 23,231,130	\$ 22,375,525	\$ 21,520,136	\$ 21,560,377	\$ 21,309,428	\$ 21,434,252	\$ 21,405,217
Other local taxes	24,015,981	21,509,093	22,969,590	18,110,884	17,627,431	17,521,886	16,929,126	16,267,037	16,309,626	15,587,684
Permits, fees, and licenses	215,861	174,232	368,665	3,873,336	3,487,901	3,766,603	3,541,207	3,509,526	3,633,852	3,384,894
Fines and forfeitures	241,082	245,712	342,061	415,893	341,560	438,930	505,391	540,368	729,979	718,053
Charges for services	2,562,773	2,629,141	2,654,154	2,640,841	2,457,887	2,237,140	2,539,277	2,533,422	2,570,168	1,360,622
Use of money and property	141,509	409,352	475,088	440,533	359,133	215,801	167,783	175,282	233,822	194,826
Miscellaneous	172,002	95,623	53,177	51,670	368,686	217,348	245,348	142,232	97,933	123,392
Reimbursement from component unit	1,230,258	1,045,732	1,394,495	907,818	538,537	381,605	377,274	781,768	323,897	315,449
Intergovernmental	14,144,743	14,032,586	8,320,036	8,654,847	7,895,912	7,755,334	10,892,146	9,970,506	8,819,568	9,670,653
Total revenues	<u>67,827,567</u>	<u>64,275,134</u>	<u>60,298,810</u>	<u>58,326,952</u>	<u>55,452,572</u>	<u>54,054,783</u>	<u>56,757,929</u>	<u>55,229,569</u>	<u>54,153,097</u>	<u>52,760,790</u>
Expenditures										
General government	4,697,898	4,407,791	4,259,541	3,907,317	3,749,469	3,860,820	3,774,029	3,929,794	7,722,431	7,560,760
Judicial administration	5,024,769	5,183,133	5,538,614	5,306,612	5,271,039	5,375,979	5,452,078	5,411,741	4,595,172	4,152,036
Public safety	14,833,748	12,132,266	11,321,769	11,511,864	11,182,996	11,219,742	11,146,037	10,969,018	8,201,249	8,261,480
Public works	4,927,971	4,483,490	4,328,848	4,754,712	4,635,226	4,235,724	4,079,575	4,555,044	3,906,864	2,894,228
Health and welfare	1,177,648	1,132,135	1,040,789	1,102,579	1,072,990	897,077	697,163	619,986	754,603	646,245
Parks, recreation, and cultural	2,405,532	2,621,295	2,648,118	2,803,734	2,684,709	2,707,421	2,726,632	2,707,146	2,056,291	2,012,473
Community development	545,508	539,068	503,584	504,284	583,721	547,914	515,386	568,937	487,155	465,879
Education	23,573,632	21,952,287	24,204,644	24,530,154	20,289,595	20,503,749	19,383,253	19,461,176	19,296,419	18,996,933
Human services	387,146	298,113	440,153	477,214	465,663	458,317	447,668	490,762	444,346	433,956
Nondepartmental	178,171	171,006	151,017	333,790	336,656	417,516	334,301	249,008	269,748	361,190
Debt service:										
Principal retirement	2,543,664	2,692,616	2,551,685	2,997,480	2,398,190	2,783,005	2,607,026	2,839,657	2,546,199	2,028,330
Interest and fiscal charges	1,041,344	1,122,773	1,116,082	1,086,667	1,227,077	927,997	1,190,669	1,220,379	1,511,054	788,734
Bond issuance costs										311,693
Capital expenditures	5,762,442	7,730,473	4,674,876	2,090,813	1,889,302	855,647	5,132,587	8,486,471	13,780,361	6,230,285
Total expenditures	<u>67,099,473</u>	<u>64,466,446</u>	<u>62,779,720</u>	<u>61,407,220</u>	<u>55,786,633</u>	<u>54,790,908</u>	<u>57,486,404</u>	<u>61,509,119</u>	<u>65,571,892</u>	<u>55,144,222</u>
Excess of revenues over (under) expenditures	<u>728,094</u>	<u>(191,312)</u>	<u>(2,480,910)</u>	<u>(3,080,268)</u>	<u>(334,061)</u>	<u>(736,125)</u>	<u>(728,475)</u>	<u>(6,279,550)</u>	<u>(11,418,795)</u>	<u>(2,383,432)</u>
Other Financing Sources (Uses)										
Premium on issuance of debt	-	-	-	-	918,669	-	625,569	-	-	1,460,910
Payment to refunded bond escrow agent	-	-	-	-	-	-	(8,887,096)	-	-	(3,970,000)
Issuance of debt	-	-	5,225,000	-	10,285,000	-	8,424,044	-	-	21,830,000
Issuance of capital lease	-	225,000	-	-	-	-	121,475	-	-	-
Proceeds from sale of capital assets	-	-	-	-	30,450	2,641,368	-	-	-	-
Transfers in	1,792,334	1,274,438	577,758	754,666	11,735,993	826,982	378,901	657,198	311,497	366,197
Transfers out	(2,410,980)	(1,274,438)	(577,758)	(754,666)	(11,986,037)	(826,982)	(378,901)	(657,198)	(55,000)	(446,197)
Total other financing sources (uses)	<u>(618,646)</u>	<u>225,000</u>	<u>5,225,000</u>	<u>-</u>	<u>10,984,075</u>	<u>2,641,368</u>	<u>283,992</u>	<u>-</u>	<u>256,497</u>	<u>19,240,910</u>
Net change in fund balances	<u>\$ 109,448</u>	<u>\$ 33,688</u>	<u>\$ 2,744,090</u>	<u>\$ (3,080,268)</u>	<u>\$ 10,650,014</u>	<u>\$ 1,905,243</u>	<u>\$ (444,483)</u>	<u>\$ (6,279,550)</u>	<u>\$ (11,162,298)</u>	<u>\$ 16,857,478</u>

TABLE 4

CITY OF COLONIAL HEIGHTS, VIRGINIA

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt service as a percentage of noncapital expenditures:										
Primary Government										
Total debt service										
Total expenditures	\$ 3,585,008	\$ 3,815,389	\$ 3,667,767	\$ 4,084,147	\$ 3,625,267	\$ 3,711,002	\$ 3,797,695	\$ 4,060,036	\$ 4,057,253	\$ 2,817,064
Capital expenditures	67,099,473	64,466,446	62,779,720	61,407,220	55,786,633	54,790,908	57,486,404	61,509,119	65,571,892	55,144,222
Non-capital expenditures	(6,420,822)	(7,621,519)	(5,009,553)	(3,314,765)	(3,145,974)	(1,541,702)	(5,729,345)	(9,164,371)	(14,250,650)	(6,843,873)
Debt service as a percentage of non-capital expenditures - primary government only	\$ 60,678,651	\$ 56,844,927	\$ 57,770,167	\$ 58,092,455	\$ 52,640,659	\$ 53,249,206	\$ 51,757,059	\$ 52,344,748	\$ 51,321,242	\$ 48,300,349
	5.91%	6.71%	6.35%	7.03%	6.89%	6.97%	7.34%	7.76%	7.91%	5.83%
School Board										
School expenditures, excluding										
City contribution	\$ 18,763,740	\$ 19,899,833	\$ 18,337,059	\$ 17,976,665	\$ 17,337,789	\$ 14,570,190	\$ 15,744,708	\$ 16,273,697	\$ 15,164,652	\$ 15,708,729
Capital expenditures - Public Schools	(1,219,320)	(2,006,929)	(3,701,608)	(4,133,792)	(2,151,024)	(320,139)	(170,982)	(543,416)	(280,731)	(1,550,915)
Non-capital expenditures	\$ 17,544,420	\$ 17,892,904	\$ 14,635,451	\$ 13,842,873	\$ 15,186,765	\$ 14,250,051	\$ 15,573,726	\$ 15,730,281	\$ 14,883,921	\$ 14,157,814
Debt service as a percentage of non-capital expenditures - total reporting entity	4.58%	5.11%	5.07%	5.68%	5.34%	5.50%	5.64%	5.96%	6.13%	4.51%

Notes:

In Virginia, the City issues debt to finance school projects because public schools do not have taxing or borrowing authority. Therefore, the debt service payments related to school projects are presented as debt service of the component unit. Debt service as a percentage of non-capital expenditures for the total reporting entity more appropriately reflects the Virginia school debt requirement.

TABLE 5

CITY OF COLONIAL HEIGHTS, VIRGINIA

**SCHEDULE OF REVENUES, RESOURCES, EXPENDITURES, CONTRACT COMMITMENTS,
AND UNOBLIGATED BALANCE**
Year Ended June 30, 2021
(Unaudited)

	Revenues and Resources					Revised Budget	Expenditures and Contract Commitments				
	Prior Years	Current	Transfers In/(Out)	Uncollected Future	Contract Commitment		Prior Years	Current	Unobligated Balance		
General Government:											
Allocable to Complete Projects:											
Public Safety Building-UPS System	\$ -	\$ 70,000	\$ -	\$ -	\$ 70,000	\$ -	\$ 68,181	\$ -	\$ 1,819		
Total	-	70,000	-	-	70,000	-	68,181	-	1,819		
Allocable to Incomplete Projects:											
Ent. Resource Planning System	1,300,000	-	-	-	1,300,000	581,342	219,551	185,090	314,017		
Communications System	5,500,000	-	-	-	5,500,000	1,509,195	1,553,455	1,970,938	466,412		
Ambulance Replacement	-	175,000	-	125,000	300,000	-	-	-	300,000		
Computer Aided Dispatch	1,200,000	-	-	-	1,200,000	461,105	231,099	294,841	212,955		
Health Department Renovation	-	50,000	-	-	50,000	-	-	-	50,000		
Site Development	-	70,000	-	-	70,000	-	24,815	20,781	24,404		
Security Upgrades	-	100,000	-	-	100,000	-	54,615	-	45,385		
E911 System Hardware	30,000	20,000	-	150,000	200,000	-	-	196,669	3,331		
Fire Station #2 Insulation	-	105,000	-	-	105,000	-	-	-	105,000		
Total	8,030,000	520,000	-	275,000	8,825,000	2,551,642	2,083,535	2,668,319	1,521,504		
Total General Government	8,030,000	590,000	-	275,000	8,895,000	2,551,642	2,151,716	2,668,319	1,523,323		
Recreational Facilities											
Allocable to Complete Projects:											
Appomattox River Greenway Ph IV	286,932	192,272	-	147,795	626,999	439,357	39,848	-	147,794		
Total	286,932	192,272	-	147,795	626,999	439,357	39,848	-	147,794		
Allocable to Incomplete Projects:											
Violet Bank Museum	272,519	93,191	-	-	365,710	31,287	311,621	43,156	(20,354)		
Appomattox River Greenway Ph V	183,227	96,676	-	365,597	645,500	136,283	22,262	34,290	452,665		
Barrier Free Playground	50,000	-	-	-	50,000	35,000	-	-	15,000		
Total	505,746	189,867	-	365,597	1,061,210	202,570	333,883	77,446	447,311		
Total Recreational Facilities	792,678	382,139	-	513,392	1,688,209	641,927	373,731	77,446	595,105		
Educational Facilities											
Allocable to Incomplete Projects:											
Transfer to School CIP Projects	6,840,000	-	-	-	6,840,000	6,519,743	47,835	-	272,422		
Total	6,840,000	-	-	-	6,840,000	6,519,743	47,835	-	272,422		
Total Educational Facilities	6,840,000	-	-	-	6,840,000	6,519,743	47,835	-	272,422		

TABLE 5

CITY OF COLONIAL HEIGHTS, VIRGINIA

SCHEDULE OF REVENUES, RESOURCES, EXPENDITURES, CONTRACT COMMITMENTS,
AND UNOBLIGATED BALANCE

Year Ended June 30, 2021

(Unaudited)

	Revenues and Resources					Revised Budget	Expenditures and Contract Commitments				
	Prior Years	Current	Transfers In/(Out)	Uncollected Future			Prior Years	Current	Contract Commitment	Unobligated Balance	
Streets and Bridges:											
Allocable to Complete Projects:											
Bridge Rehabilitation Project	\$ 727,797	\$ 268,447	\$ -	\$ -	\$ 996,244	\$ 879,684	\$ 116,560	\$ -	\$ -	\$ -	
Dupuy Avenue Modernization	3,818,449	1,503,557	-	(14,403)	5,307,603	3,856,254	1,362,781	-	-	88,568	
Temple Ave. Signal Coordination	393,852	64,974	-	36,174	495,000	440,313	20,595	-	-	34,092	
Holly Ave/ Jamestown Rd Pavement	651,116	-	-	90,884	742,000	561,731	-	-	-	180,269	
Boulevard Resurfacing	17,454	652,647	-	329,899	1,000,000	668,572	880	-	-	330,548	
Total	5,608,668	2,489,625	-	442,554	8,540,847	6,406,554	1,500,816	-	-	633,477	
Allocable to Incomplete Projects:											
Safe Routes to School-CHMS Phase II	-	-	-	178,776	178,776	-	-	-	-	178,776	
Safe Routes to School-CHMS Phase III	-	-	-	237,671	237,671	16,407	-	8,737	-	212,527	
Safe Routes to School-N. Elem. Ph I	6,600	23,990.00	-	220,002	250,592	6,745	23,990	51,342	-	168,515	
Safe Routes to School-N. Elem. Ph II/ Sidewalks	143,241	29,311	-	626,948	799,500	78,318	38,326	290,684	-	392,172	
Gateway Roundabout	50,000	-	-	-	50,000	-	-	-	-	50,000	
Animal Shelter Entrance Ph I	-	-	-	420,000	420,000	-	-	-	-	420,000	
Branders Bridge Right Turn Route 1	-	52,502	-	73,498	126,000	-	53,006	62,832	-	10,162	
Animal Shelter Entrance Ph II	-	-	-	15,000	15,000	-	-	-	-	15,000	
Boulevard at Temple	-	11,599	-	328,401	340,000	-	57,997	234,821	-	47,182	
Ridge Road Improvements	-	330,353	-	330,353	660,706	-	-	-	-	660,706	
Conduit Sidewalks	-	10,000	-	40,000	50,000	-	-	-	-	50,000	
Lakeview Ave Modernization	925,551	32,488	-	3,184,068	4,142,107	894,484	35,590	19,084	-	3,192,949	
Westover at Boulevard Right Turn	66,025	41,936	-	214,154	322,115	66,025	41,936	115,237	-	98,917	
Total	1,191,417	532,179	-	5,868,871	7,592,467	1,061,979	250,845	782,737	-	5,496,906	
Total Streets and Bridges	6,800,085	3,021,804	-	6,311,425	16,133,314	7,468,533	1,751,661	782,737	-	6,130,383	
Utility Improvements:											
Allocable to Complete Projects:											
Dupuy Avenue Modernization - Utility	540,000	-	-	-	540,000	7,795	-	-	-	532,205	
Total	540,000	-	-	-	540,000	7,795	-	-	-	532,205	
Allocable to Incomplete Projects:											
Lakeview Ave Modernization - Utility	375,000	-	-	-	375,000	53,650	-	-	-	321,350	
Hrouda Pump Station	178,084	56,916	500,000	600,000	1,335,000	5,250	1,025,236	282,331	-	22,183	
Water Tower Repairs	-	55,000	-	-	55,000	-	-	-	-	55,000	
Total	553,084	111,916	500,000	600,000	1,765,000	58,900	1,025,236	282,331	-	398,533	
Total Utility Improvements	1,093,084	111,916	500,000	600,000	2,305,000	66,695	1,025,236	282,331	-	930,738	
Stormwater Improvements:											
Allocable to Incomplete Projects:											
TMDL Projects	-	400,000	-	-	400,000	-	-	-	-	400,000	
Ridge Road Culvert	-	69,438	-	-	69,438	-	-	-	-	69,438	
Total	-	469,438	-	-	469,438	-	-	-	-	469,438	
Total Stormwater Improvements	-	469,438	-	-	469,438	-	-	-	-	469,438	
Total Projects	\$ 23,555,847	\$ 4,575,297	\$ 500,000	\$ 7,699,817	\$ 36,330,961	\$ 17,248,540	\$ 5,350,179	\$ 3,810,833	\$ 9,921,409		

TABLE 6

CITY OF COLONIAL HEIGHTS, VIRGINIA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Calendar Years
 (unaudited)

Calendar Year	Real Property					Total Taxable Assessed Value		Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Assessed Value
	Residential Property*	Multi-Family Property	Commercial Property	Public Service**	Personal Property***					
2021	\$ 1,034,500,100	\$ 96,183,500	\$ 634,845,320	\$ 38,477,154	\$ 147,749,585	\$ 1,951,755,659	\$ 1.37	\$ 1,951,755,659	100.00	%
2020	1,048,656,100	96,316,500	671,801,340	38,869,088	138,946,665	1,994,589,693	1.36	1,994,589,693	100.00	
2019	967,897,500	87,648,900	632,280,320	37,444,341	137,524,528	1,862,795,589	1.37	1,862,795,589	100.00	
2018	965,592,500	87,645,105	624,188,200	37,071,997	134,129,650	1,848,627,452	1.37	1,848,627,452	100.00	
2017	937,034,800	87,022,300	603,466,400	37,380,404	137,155,861	1,802,059,765	1.38	1,802,059,765	100.00	
2016	936,134,000	87,022,300	598,832,200	35,854,598	140,902,070	1,798,745,168	1.38	1,798,745,168	100.00	
2015	937,198,700	87,323,500	590,412,800	33,778,852	139,126,750	1,787,840,602	1.38	1,648,713,852	100.00	
2014	936,946,100	87,323,500	580,791,400	34,376,713	124,991,591	1,764,429,304	1.36	1,639,437,713	100.00	
2013	978,270,500	95,275,100	554,297,500	36,333,519	123,492,209	1,787,668,828	1.36	1,664,176,619	100.00	
2012	971,122,700	95,265,700	551,009,900	34,468,630	124,390,779	1,776,257,709	1.36	1,651,866,930	100.00	

* Assessed at 100% of fair market value, which is estimated actual value.

**Based on valuations established by the State Corporation Commission.

***Personal property added to Table in 2018. Total taxable assessed values for previous years has also been updated.

TABLE 7**CITY OF COLONIAL HEIGHTS, VIRGINIA****DIRECT PROPERTY TAX RATES****Last Ten Calendar Years****(rate per \$100 of assessed value)****(unaudited)**

Year	Real Estate	Public Service	Personal Property	Total Direct Rate
2021	\$ 1.20	\$ 1.20	\$ 3.50	\$ 1.37
2020	1.20	1.20	3.50	1.36
2019	1.20	1.20	3.50	1.37
2018	1.20	1.20	3.50	1.37
2017	1.20	1.20	3.50	1.38
2016	1.14	1.14	3.50	1.38
2015	1.14	1.14	3.50	1.38
2014	1.14	1.14	3.50	1.36
2013	1.14	1.14	3.50	1.36
2012	1.10	1.10	3.50	1.36

Notes: 1) There is no overlapping government taxation.

2) Direct Rate is calculated as a weighted average of the tax rates applied to Real Estate, Personal Property, and Public Service Property

TABLE 8**CITY OF COLONIAL HEIGHTS, VIRGINIA**

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
 (unaudited)

Taxpayer	Calendar Year					
	2021		2012			
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Southpark Mall	\$ 62,117,900	1	3.11%	\$ 69,824,912	1	3.78%
Roslyn Farms Corp	35,147,200	2	1.76%	44,796,569	2	2.43%
Southgate Square Virginia LLC	30,764,900	3	1.54%	-	-	-
Wal-Mart/Sams	26,942,000	4	1.35%	25,592,169	3	1.39%
Faison Colonial Heights	17,272,700	5	0.87%	12,330,794	8	0.67%
Dunlop House	16,533,300	6	0.83%	14,281,700	5	0.77%
Dominion Power	15,118,160	7	0.76%	13,115,562	6	0.71%
Colonial Square Associates	14,971,000	8	0.75%	-	-	-
Dimmock Square Marketplace	14,052,200	9	0.70%	-	-	-
CH Convalescent Center	13,729,000	10	-	-	-	-
Southpark Hotel (Hilton Garden Inn)	-	-	-	11,563,581	9	0.63%
Roslyn Farms Associates LP	-	-	-	24,870,100	4	1.35%
Colonial Heights Operations	-	-	-	12,669,946	7	0.69%
Southpark Hilton LLC	-	-	-	10,833,810	10	0.59%
	<u>\$ 246,648,360</u>		<u>11.67%</u>	<u>\$ 239,879,143</u>		<u>13.01%</u>

Source: Real Property Assessments; City Assessor's Office.

TABLE 9**CITY OF COLONIAL HEIGHTS, VIRGINIA**

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years
 (unaudited)

Calendar Year Ended December 31	Taxes Levied for the Year	Collected within the Year of the Levy			Collections in Subsequent Years*		Total Collections to Date		
		Amount	Percentage of Levy	%	\$	Amount	Percentage of Levy		
2020	\$ 26,533,719	\$ 25,014,939	94.28	%	\$ 566,658	\$ 25,581,597	96.41	%	
2019	25,557,177	25,099,156	98.21		370,920	25,470,076	99.66		
2018	24,988,073	24,357,798	97.48		393,029	24,750,827	99.05		
2017	23,672,547	23,096,026	97.56		519,744	23,615,770	99.76		
2016	23,612,144	23,056,541	97.65		358,813	23,415,354	99.17		
2015	23,205,467	22,622,829	97.49		484,795	23,107,624	99.58		
2014	23,087,247	22,546,470	97.66		494,193	23,040,663	99.80		
2013	23,197,067	22,707,550	97.89		455,649	23,163,199	99.85		
2012	23,148,788	22,634,176	97.78		485,038	23,119,214	99.87		
2011	23,066,409	22,500,624	97.55		565,785	23,066,409	100.00		

Source: Detailed City property tax records.

Note: Based on tax year beginning January 1 and ending December 31.

*Does not include penalties and interest.

TABLE 10

CITY OF COLONIAL HEIGHTS, VIRGINIA

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years
(in thousands of dollars)
(unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Apparel	\$ 63,106	\$ 76,758	\$ 78,521	\$ 76,804	\$ 77,638	\$ 73,203	\$ 71,591	\$ 71,301	\$ 68,317	\$ 64,286
Automotive	8,207	8,206	7,151	4,323	4,053	3,816	3,623	3,665	4,331	5,977
Food	180,314	176,395	168,728	146,146	160,041	158,054	144,188	136,078	137,113	127,548
Furniture, home furnishings, and equipment	12,907	12,201	11,169	11,533	11,536	12,567	12,387	12,944	14,781	12,205
General merchandise	266,770	257,336	262,380	268,174	272,096	283,051	286,433	282,948	280,835	302,806
Machinery, equipment, and supplies	23,248	26,328	27,375	25,779	29,123	28,851	29,887	31,905	34,033	28,439
Miscellaneous	170,762	200,015	217,240	184,478	175,037	161,193	150,454	144,172	82,789	83,710
Total	<u>\$ 725,314</u>	<u>\$ 757,239</u>	<u>\$ 772,564</u>	<u>\$ 717,237</u>	<u>\$ 729,524</u>	<u>\$ 720,735</u>	<u>\$ 698,563</u>	<u>\$ 683,013</u>	<u>\$ 622,199</u>	<u>\$ 624,971</u>
City direct local option sales tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Virginia Department of Taxation.

Notes:

Retail sales information is not available on a fiscal year basis.

There is no overlapping government taxation.

TABLE 11

CITY OF COLONIAL HEIGHTS, VIRGINIA

TAXABLE SALES BY CATEGORY

Calendar Years 2020 and 2011

(taxable sales in thousands of dollars)

(unaudited)

	Calendar Year 2020				Calendar Year 2011			
	Number of Filers	Percentage of Total	Taxable Sales	Percentage of Total	Number of Filers	Percentage of Total	Taxable Sales	Percentage of Total
Apparel	79	12.14 %	\$ 63,106	8.70 %	67	13.54 %	\$ 64,286	10.29 %
Automotive	9	1.38	8,207	1.13	11	2.22	5,977	0.96
Food	111	17.05	180,314	24.86	96	19.39	127,548	20.41
Furniture, home furnishings, and equipment	13	2.00	12,907	1.78	14	2.83	12,205	1.95
General merchandise	86	13.21	266,770	36.78	71	14.34	302,806	48.45
Machinery, equipment, and supplies	12	1.84	23,248	3.21	14	2.83	28,439	4.55
Miscellaneous	341	52.38	170,762	23.54	222	44.85	83,710	13.39
Total	651	100.00 %	\$ 725,314	100.00 %	495	100.00 %	\$ 624,971	100.00 %

Source: Virginia Department of Taxation.

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Fiscal year information is not available.

TABLE 12

CITY OF COLONIAL HEIGHTS, VIRGINIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 195,175,566	\$ 199,458,969	\$ 186,279,559	\$ 184,862,745	\$ 180,205,977	\$ 179,874,517	\$ 178,784,060	\$ 176,442,930	\$ 178,766,883	\$ 177,625,771
Total net debt applicable to limit	<u>34,405,000</u>	<u>37,085,000</u>	<u>39,925,000</u>	<u>36,864,995</u>	<u>40,125,000</u>	<u>32,485,000</u>	<u>35,555,000</u>	<u>34,040,000</u>	<u>37,045,000</u>	<u>39,750,000</u>
Legal debt margin	<u>\$ 160,770,566</u>	<u>\$ 162,373,969</u>	<u>\$ 146,354,559</u>	<u>\$ 147,997,750</u>	<u>\$ 140,080,977</u>	<u>\$ 147,389,517</u>	<u>\$ 143,229,060</u>	<u>\$ 142,402,930</u>	<u>\$ 141,721,883</u>	<u>\$ 137,875,771</u>
Total net debt applicable to the limit as a percentage of debt limit	17.63%	18.59%	21.43%	19.94%	22.27%	18.06%	19.89%	19.29%	20.72%	22.38%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value*	<u>\$ 1,951,755,659</u>
Debt limit (10% of assessed value)	<u>\$ 195,175,566</u>
Less debt applicable to limit:	
General obligation bonds	<u>34,405,000</u>
Legal debt margin	<u>\$ 160,770,566</u>

Note: Assessed value of property can be found in Table 6.

*Personal property was added to Table 6 in 2018. Total taxable assessed values for previous years has also been updated.

TABLE 13

CITY OF COLONIAL HEIGHTS, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(unaudited)

Fiscal Year	Governmental Activities				Business-type Activities			
	General Obligation Bonds	Net Deferred Amounts ⁽¹⁾	Capital Leases	General Obligation Bonds	Net Deferred Amounts ⁽¹⁾	Capital Leases		
2021	\$ 30,680,900	\$ 1,749,521	\$ 76,355	\$ 3,724,100	\$ 144,339	\$ -		
2020	33,150,002	1,915,089	150,917	3,934,998	155,443	-		
2019	35,749,226	2,080,658	19,310	4,175,774	166,546	-		
2018	33,050,862	2,246,226	44,357	3,814,133	177,647	-		
2017	36,024,071	2,470,747	68,628	4,100,929	193,625	19,791		
2016	28,113,743	1,789,006	92,146	4,371,257	209,603	45,518		
2015	30,873,958	1,964,688	114,936	4,681,042	225,580	70,510		
2014	33,406,897	1,230,564	-	633,103	8,186	94,789		
2013	36,246,554	1,576,521	-	798,446	11,846	32,558		
2012	38,792,753	1,697,691	-	957,247	14,215	74,490		
				Net General Bonded Debt to Estimated Actual Value of Taxable Property	Total Primary Government Outstanding Debt	Total Outstanding Debt	Total Outstanding Debt to Estimated Actual Value of Taxable Property	
Fiscal Year	Total Net General Bonded Debt ⁽²⁾	Net General Bonded Debt Per Capita	Property	Debt	Per Capita	Per Capita		
2021	\$ 36,298,860	\$ 2,085	1.86 %	\$ 36,375,215	\$ 2,089	1.86 %		
2020	39,155,531	2,254	1.96	39,306,449	2,263	1.97		
2019	42,172,204	2,399	2.26	42,191,514	2,400	2.26		
2018	39,288,868	2,235	2.13	39,333,225	2,237	2.13		
2017	42,789,372	2,438	2.37	42,877,791	2,443	2.38		
2016	34,483,609	1,969	1.92	34,621,273	1,977	1.92		
2015	37,745,268	2,152	2.29	37,930,714	2,162	2.12		
2014	35,278,750	2,018	2.15	35,373,539	2,024	2.00		
2013	38,633,367	2,217	2.32	38,665,925	2,219	2.16		
2012	41,461,906	2,378	2.51	41,536,396	2,382	2.34		

(1) Net deferred amounts include premiums and discounts.

(2) Total net general bonded debt includes general obligation bonds plus net deferred amounts for governmental activities and business-type activities.

(3) Since personal income information is not available, estimated actual value of taxable property was used as an alternative economic base.

CITY OF COLONIAL HEIGHTS, VIRGINIA

TABLE 14

DEMOGRAPHIC STATISTICS
Last Ten Calendar Years
 (unaudited)

Calendar Year	Population	Median Household Income	Per Capita Personal Income	School Fall Membership	Unemployment Rate
2020	17,411	*	*	2,784	7.10 %
2019	17,370	54,550	28,364	2,899	3.20
2018	17,582	*	*	2,866	3.40
2017	17,582	50,952	27,608	2,833	4.00
2016	17,554	49,639	27,209	2,837	4.50
2015	17,515	50,304	27,572	2,795	4.70
2014	17,542	52,529	28,282	2,826	5.80
2013	17,481	50,835	27,610	2,812	6.50
2012	17,426	51,612	27,420	2,831	7.00
2011	17,439	*	*	2,902	7.50

Sources:

US Census ACS 1-Year Estimates Data Profiles
 US Census ACS 5-Year Estimates Data Profiles
 Virginia Department of Education
 Virginia Employment Commission
 *Unavailable

Calendar year 2018 population is unavailable so calendar year 2017 was used for this table.

TABLE 15**CITY OF COLONIAL HEIGHTS, VIRGINIA**

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
 (unaudited)

Employer	2021		2012	
	Employees	Rank	Employees	Rank
Colonial Heights School Board	100 to 249	1	500 to 999	2
Wal-Mart	100 to 249	2	500 to 999	1
City of Colonial Heights	100 to 249	3	250 to 499	3
Care Advantage	100 to 249	4	100 to 249	9
Colonial Heights Rehab and Nursing	100 to 249	5	100 to 249	6
Publix Nc Employee Services, LLC	100 to 249	6	-	-
The Home Depot	100 to 249	7	-	-
Chick-Fil-A at Southpark	50 to 99	8	-	-
Target Corp	50 to 99	9	-	-
Red Lobster and Olive Garden	50 to 99	10	100 to 249	8
Sabra Dipping Co. LLC	-	-	250 to 499	4
VDOT	-	-	250 to 499	5
J.C. Penny Corporation, Inc.	-	-	100 to 249	7
Martin's Food Market	-	-	100 to 249	10

Source: Virginia Employment Commission.

TABLE 16

CITY OF COLONIAL HEIGHTS, VIRGINIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(unaudited)

<u>Function/Program</u>	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Management services	7	7	7	7	7	7	7	7	6	6
Tax collections	6	6	6	6	6	9	9	9	9	9
Finance	14	15	15	15	15	11	11	11	11	11
Information technology	3	2	2	2	2	2	2	2	2	2
Board of elections	2	2	2	2	2	2	2	2	2	2
Judicial administration	28	28	28	27	26	25	25	22	22	23
Public safety	125	118	118	118	118	115	115	115	114	113
Public works	49	48	48	48	48	48	48	45	45	30
Parks, recreation, and cultural	28	27	27	27	27	27	26	26	25	24
Community development	6	6	6	6	6	6	5	5	5	5
Human services	3	3	3	3	3	3	3	4	4	4
Education	480	481	481	482	464	456	453	436	439	437
Total	<u>751</u>	<u>743</u>	<u>743</u>	<u>743</u>	<u>724</u>	<u>711</u>	<u>706</u>	<u>684</u>	<u>684</u>	<u>666</u>

Source: City Adopted Budget.

TABLE 17

CITY OF COLONIAL HEIGHTS, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(unaudited)

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Registered voters	12,761	12,314	12,112	12,240	12,172	12,113	11,775	12,050	12,056	12,282
Structures										
Detached	6,138	6,133	6,135	6,155	6,152	6,159	6,161	6,221	6,195	6,168
Duplex/Triplex/Quadplex	357	357	375	357	357	357	379	379	169	170
Multi-family	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,211
Parcel with elderly/disabled:										
Exemptions	130	154	169	175	178	207	234	272	296	316
Judicial Administration										
Average daily jail population	110	125	144	155	165	172	181	180	179	152
Public safety										
Volunteers	15	31	31	44	46	54	46	53	47	61
Public works										
Road mileage maintained:										
Arterial	30	30	30	30	30	31	31	31	31	31
Local/collector	146	164	164	164	163	162	162	162	162	162
Parks, Recreational, and Cultural										
Parks:										
Number	10	10	10	10	10	10	10	10	10	10
Areas	75	75	75	75	75	75	75	75	75	71
Recreation:										
Baseball fields	11	11	11	11	11	11	11	11	11	11
Tennis courts	8	8	6	4	9	9	9	9	9	9
Basketball courts	10	10	10	10	10	10	10	10	11	10
Soccer fields	7	7	11	11	11	11	11	11	11	11
Library										
Physical volumes in collection	36,653	44,249	55,848	60,535	62,663	62,399	60,789	61,326	60,521	64,703
Community development										
Building permits issued - calendar	129	240	561	588	647	491	520	551	532	407
Value	\$ 2,682,902	\$ 14,033,991	\$ 10,491,759	\$ 18,098,886	\$ 5,856,620	\$ 6,849,319	\$ 6,827,056	\$ 6,957,542	\$ 6,544,861	\$ 4,582,561
Education										
Elementary	3	3	3	3	3	3	3	3	3	3
Secondary	2	2	2	2	2	2	2	2	2	2
Vocational buildings	1	1	1	1	1	1	1	1	1	1

Sources:

- Voters - Registrar
- Structures - City Assessor
- Elderly exemptions - Commissioner of the Revenue
- Average jail population - Riverside Regional Jail
- Volunteers - Department of Public Safety
- Education - Colonial Heights School Administration
- Library - Librarian
- Building permits - City Planner

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of City Council
City of Colonial Heights, Virginia

We have audited, 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*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Colonial Heights, Virginia, (the "City") 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, and have issued our report thereon dated November 30, 2021.

Our report includes reference to other auditors who audited the financial statements of the School Activity Fund as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters identified as items 2021-001, 2021-002, and 2021-003 in the accompanying schedule of findings and questioned costs, which are required to be reported under *Government Auditing Standards*.**

City of Colonial Heights Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subject to the audit 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.

Brown, Edwards & Company, S.C.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of City Council
City of Colonial Heights, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Colonial Heights, Virginia (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2021. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the City’s major federal program 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; 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’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 the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on the 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'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.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

CITY OF COLONIAL HEIGHTS, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

As more fully described in the Independent Auditor's 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*, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Stormwater Utility Program
Fire Program Aid

State Agency Requirements:

Education
Highway Maintenance Funds

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF COLONIAL HEIGHTS, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** related to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>Assistance Listing #</u>
COVID-19 Coronavirus Relief Funds	21.019

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The City was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Annual Stormwater Report

Condition:

The fiscal year 2020 Locality Stormwater Utility Reporting Form was not completed or submitted to the Auditor of Public Accounts by the statutory due date.

Recommendation:

Procedures should be implemented to ensure that the Locality Stormwater Utility Report is completed and submitted timely.

Management's Response:

Management concurs with the recommendation.

(Continued)

CITY OF COLONIAL HEIGHTS, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2021-002: Annual Weldon Cooper Survey

Condition:

The 2020 VDOT Weldon Cooper Survey was not submitted to the Auditor of Public Accounts before the statutory due date.

Recommendation:

Procedures should be implemented to ensure that the VDOT Weldon Cooper Survey is completed and submitted timely.

Management's Response:

Management concurs with the recommendation.

2021-003: Annual School Report

Condition:

The fiscal year 2021 Annual School Report was not completed or submitted to the Virginia Department of Education by the statutory due date. This report is still being prepared and as a result, we were unable to perform procedures reconciling it to the Schools' general ledger.

Recommendation:

Procedures should be implemented to ensure that the Annual School Report is completed and submitted timely.

Management's Response:

Management concurs with the recommendation.