

**CITY OF BUENA VISTA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**



# **CITY OF BUENA VISTA, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2017**

Prepared by

Timothy Dudley, Director of Finance

Buena Vista, Virginia

**CITY OF BUENA VISTA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**

---

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

---

|  | <u><b>Page</b></u> |
|--|--------------------|
| Letter of Transmittal .....                  | 1-4                |
| GFOA Certificate of Achievement .....        | 5                  |
| Organizational Chart .....                   | 6                  |
| List of Elected and Appointed Officials..... | 7                  |

---

**FINANCIAL SECTION**

---

|   |                       |                    |
|---|-----------------------|--------------------|
| Independent Auditors' Report .....  |                       | 8-10               |
| Management's Discussion and Analysis .....  |                       | 11-19              |
|   | <u><b>Exhibit</b></u> | <u><b>Page</b></u> |
| Basic Financial Statements:   |                       |                    |
| Government-wide Financial Statements:   |                       |                    |
| Statement of Net Position .....   | 1                     | 20                 |
| Statement of Activities .....   | 2                     | 21-22              |
| Fund Financial Statements:  |                       |                    |
| Balance Sheet—Governmental Funds .....  | 3                     | 23                 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement<br>of Net Position .....   | 4                     | 24                 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances—<br>Governmental Funds .....  | 5                     | 25                 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund<br>Balances of Governmental Funds to the Statement of Activities ..... | 6                     | 26                 |
| Statement of Net Position—Proprietary Funds .....   | 7                     | 27                 |
| Statement of Revenues, Expenses, and Changes in Net Position—<br>Proprietary Funds .....  | 8                     | 28                 |
| Statement of Cash Flows—Proprietary Funds.....  | 9                     | 29                 |
| Statement of Fiduciary Net Position—Fiduciary Funds .....   | 10                    | 30                 |
| Statement of Changes in Fiduciary Net Position—Fiduciary Funds .....  | 11                    | 31                 |
| Notes to Financial Statements .....   |                       | 32-93              |

**CITY OF BUENA VISTA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)**

---

**TABLE OF CONTENTS (CONTINUED)**

---

**FINANCIAL SECTION (CONTINUED)**

---

|   | <u><b>Exhibit</b></u> | <u><b>Page</b></u> |
|---|-----------------------|--------------------|
| Required Supplementary Information:   |                       |                    |
| Schedule of Revenues, Expenditures and Changes in Fund Balances—<br>Budget and Actual - General Fund .....                                    | 12                    | 94                 |
| Schedule of OPEB Funding Progress.....  | 13                    | 95                 |
| Schedule of Changes in Net Pension Liability and Related Ratios -<br>Primary Government.....  | 14                    | 96                 |
| Schedule of Changes in Net Pension Liability (Asset) and Related<br>Ratios - Component Unit School Board (nonprofessional) .....              | 15                    | 97                 |
| Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan..   | 16                    | 98                 |
| Schedule of Employer Contributions.....   | 17                    | 99                 |
| Notes to Required Supplementary Information.....  | 18                    | 100                |
| Other Supplementary Information:  |                       |                    |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget and Actual - School Construction Fund Capital Projects Fund..... | 19                    | 101                |
| Statement of Changes in Assets and Liabilities—Agency Fund .....  | 20                    | 102                |
| Nonmajor Governmental Funds:  |                       |                    |
| Combining Balance Sheet .....   | 21                    | 103                |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances ...   | 22                    | 104                |
| Nonmajor Special Revenue Funds:   |                       |                    |
| Combining Balance Sheet .....   | 23                    | 105                |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances ...   | 24                    | 106                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual.....   | 25                    | 107-108            |

**CITY OF BUENA VISTA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)**

---

**TABLE OF CONTENTS (CONTINUED)**

---

**FINANCIAL SECTION (CONTINUED)**

---

|   | <b><u>Exhibit</u></b>  | <b><u>Page</u></b> |
|---|------------------------|--------------------|
| Other Supplementary Information: (Continued)  |                        |                    |
| Nonmajor Capital Projects Funds:  |                        |                    |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual.....                                 | 26                     | 109                |
| Discretely Presented Component Unit - School Board:   |                        |                    |
| Combining Balance Sheet .....   | 27                     | 110                |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—<br>Governmental Funds .....                    | 28                     | 111                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual.....                                 | 29                     | 112                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Budget and Actual - Nonmajor Special Revenue Fund..... | 30                     | 113                |
| Statement of Net Position – Internal Service Fund .....   | 31                     | 114                |
| Statement of Revenues, Expenses, and Changes in Net Position – Internal Service<br>Fund .....                               | 32                     | 115                |
| Statement of Cash Flows – Internal Service Fund.....  | 33                     | 116                |
| Supporting Schedules:   |                        |                    |
|   | <b><u>Schedule</u></b> |                    |
| Schedule of Revenues—Budget and Actual Governmental Funds .....   | 1                      | 117-122            |
| Schedule of Expenditures—Budget and Actual Governmental Funds .....   | 2                      | 123-126            |

**CITY OF BUENA VISTA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)**

---

**TABLE OF CONTENTS (CONTINUED)**

---

**STATISTICAL SECTION**

---

|  | <u><b>Table</b></u> | <u><b>Page</b></u> |
|--|---------------------|--------------------|
| Net Position by Component.....   | 1                   | 127-128            |
| Changes in Net Position.....   | 2                   | 129-132            |
| Governmental Activities Tax Revenues by Source .....                                 | 3                   | 133-134            |
| Fund Balances of Governmental Funds.....   | 4                   | 135-136            |
| Changes in Fund Balances of Governmental Funds.....                                  | 5                   | 137-138            |
| General Government Tax Revenues by Source .....                                      | 6                   | 139-140            |
| Assessed Value and Estimated Actual Value of Taxable Property .....                  | 7                   | 141                |
| Property Tax Rates .....   | 8                   | 142                |
| Principal Property Taxpayers .....   | 9                   | 143                |
| Property Tax Levies and Collections.....   | 10                  | 144                |
| Ratio of Outstanding Debt by Type .....  | 11                  | 145-146            |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita... | 12                  | 147                |
| Legal Debt Margin Information .....  | 13                  | 148-149            |
| Pledged Revenue Coverage .....   | 14                  | 150-151            |
| Demographic and Economic Statistics.....   | 15                  | 152                |
| Principal Employers.....   | 16                  | 153                |
| Full-time Equivalent City Government Employees by Function .....                     | 17                  | 154                |
| Operating Indicators by Function .....   | 18                  | 155                |
| Capital Asset Statistics by Function .....   | 19                  | 156                |

**CITY OF BUENA VISTA, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)**

---

**TABLE OF CONTENTS (CONTINUED)**

---

**COMPLIANCE SECTION**

---

|   | <u><b>Page</b></u> |
|---|--------------------|
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 157-158            |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....  | 159-160            |
| Schedule of Expenditures of Federal Awards .....  | 161-162            |
| Schedule of Findings and Questioned Costs .....   | 163                |

## **INTRODUCTORY SECTION**



# **CITY OF BUENA VISTA**

City Manager's Office  
2039 Sycamore Avenue  
Buena Vista, Virginia 24416  
(540) 261-8600



November 30, 2017

## **The Honorable Mayor, City Council Members and Citizens of the City of Buena Vista**

Commonwealth of Virginia law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Buena Vista's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows this letter of transmittal and provides an overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The City of Buena Vista is situated at the foot of the Blue Ridge Mountains and is centrally located in the historic and scenic Shenandoah Valley in west-central Virginia, approximately 50 miles north of Roanoke; 135 miles west of Richmond; and 180 miles southwest of Washington, D.C. This position in west-central Virginia is at the heart of a major transportation network and has immediate access to air, rail, and highway transportation. It is within a one-day drive of half of the population of the United States. Buena Vista is served by interstates 81 and 64, the Blue Ridge Parkway and Route 60 that flows through the city. Thousands of tourists travel to our visitor's center from the Blue Ridge Parkway every year.

Buena Vista was a focal point of the Shenandoah Valley land boom initiated in 1889 by several land development companies, one of which was the Buena Vista Company. In less than three years, Buena Vista grew from a sparsely populated rural area to a town with 19 industries that employed in excess of 1,000 workers. Buena Vista was incorporated as a city by the Virginia General Assembly in 1892 encompassing a land area of approximately 6.5 square miles. It was during the land boom era that Buena Vista established its role as an industrial city, and is currently the industrial and manufacturing nucleus of the area.

The City of Buena Vista is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Buena Vista has operated under the council-manager form of government since 1892. Policy-making and legislative authority are vested in a governing City Council, consisting of the mayor and six other members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments. Council members serve four-year terms, with three members elected every two years. The mayor is elected for a two-year term.

The City of Buena Vista provides a full range of services, including police, fire, rescue squad, public works, water treatment plant, water and sewer, parks and recreation including a golf course. The City of Buena Vista also is financially accountable for a legally separate school district that is reported separately within the City of Buena Vista's financial statements.

The Council is required to adopt a final budget by no later than May 30 for the next fiscal year. This annual budget serves as the foundation for the City of Buena Vista's financial planning and control. The budget is prepared by fund, department and general account code. Department heads may transfer resources within a department, except personnel, as they see fit. Transfers between departments, however, need special approval from the governing council.

### **Local Economy**

Buena Vista City Council is committed to creating jobs for its citizens and generating new revenue sources by encouraging business and industry to locate in the City. The current labor force is 3,308 with 3,135 employed for an unemployment rate of 5.2 percent.

The City of Buena Vista has experienced devastating floods in 1969 and 1985. To eliminate future flood damage arising from the flood of record (1969); the City has completed an extensive capital expenditure program with the aid of federal and state governments to construct a flood wall and concrete channelization of its interior streams. Dedication of the flood wall was in October 1997. Such improvements protect the existing industrial facilities and permit reuse of two plants closed following the 1985 flood. This results in protecting and creating many industrial jobs. The flood improvements also protect the City's commercial district and assist in downtown redevelopment.

Southern Virginia University (SVU) is a tremendous asset to the City. SVU has an ongoing capital campaign that has raised more than \$28 million toward its \$50 million goal. The funds have been used to build student housing, athletic field complex to include a soccer field, new softball field, new bleachers, and a new lighting system for the fields. The funds have also been used to renovate the Kimball student center, install heating and air conditioning in the Main Hall and fund scholarships and professorships. Future plans include renovating and remodeling existing campus facilities, constructing a multi-purpose facility, a fine and performing arts center, new residential units, as well as more scholarships and professorships. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

It has been a period of reinvestment into our community. The City has gotten back to doing the core infrastructure and development projects that make communities strong. The City is working to assist the development of small business. The City Council created a new façade grant program that will be administered through our Economic Development Authority. This program will provide a 50/50 match up to \$7,500 per business for improvements to the main façade of the building. This partnership will help improve the appearance of our downtown and assist our businesses in creating an inviting environment.

The City staff is also working with the Small Business Development Center in Harrisonburg to provide business counseling services and training for our business owners.

Buena Vista has increased marketing efforts to help attract new businesses and families to our community. The City was able to create a video centering on the outdoors and our musical heritage. The video had over 1,000 views the first week and still tracks well as a centerpiece of our website page.

### **Long-term Planning and Major Initiatives and Accomplishments**

The City prepares a Capital Improvement Plan (CIP) that is used as a fiscal management tool to coordinate the location, timing and financing of capital improvements over a five year period. The CIP includes a description of proposed capital improvement projects ranked by priority, a year-by-year schedule of expected project funding and an estimate of project costs. The CIP is a working document and is reviewed and updated annually to reflect changing needs, priorities and funding opportunities.

The past fiscal year saw the completion of some significant projects as well as the beginning or approval of other major initiatives.

The engineering/public works department oversaw an active program of projects related to water distribution, roads, sidewalks, drainage and sewers. The City received a \$1 Million dollar VDOT grant to update the sidewalks, right-of-ways and streets. The project started in FY 2016 and continued into FY 2017. This project along with additional sidewalk work through a safe route to schools grant are another step in creating a link to our outdoor trails and making our City a walkable community.

The City received a Transportation Alternative Grant from VDOT to build a connection under the Route 60 Russell Robey Memorial Bridge to extend the Chessie Trail and create a connection to the Buena Vista River Walk. This work is all part of larger regional initiative for outdoor recreation. City staff has been working with Rockbridge Regional Tourism to build an inventory and create a new website dedicated to our outdoor activities in the Rockbridge Region.

Efforts to improve the appearance of the community have been increased. City staff is sweeping the City for code enforcement violations and will be bringing additional ordinance changes to assist with that effort.

The City has engaged volunteers for many projects. Groups have helped build playground improvements, painted fences, removed graffiti, and helped preserve buildings for years to come.

City staff is also working with Southern Virginia University and other volunteers to clear and repair trails in Glen Maury Park in an effort to offer greater recreational access in the community.

The City also partnered with Dabney S. Lancaster Community College, local businesses, and city schools to create a community garden. The City provided land and materials for 21 raised beds on a site that could not be developed due to flood restrictions. This provided a beautification effort as well as provided food for needy families in the community.

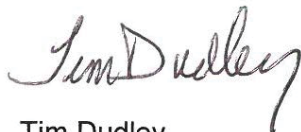
## **Awards and Acknowledgments**

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 Buena Vista for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the 15<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the finance and administration department. We also would like to thank the Mayor, members of the City Council, and the City staff for their interest and support in planning and conducting the financial operations of the City in a responsive and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Tim Dudley". The signature is fluid and cursive, with the first name "Tim" and last name "Dudley" clearly distinguishable.

Tim Dudley  
Finance Director



Government Finance Officers Association

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

Presented to

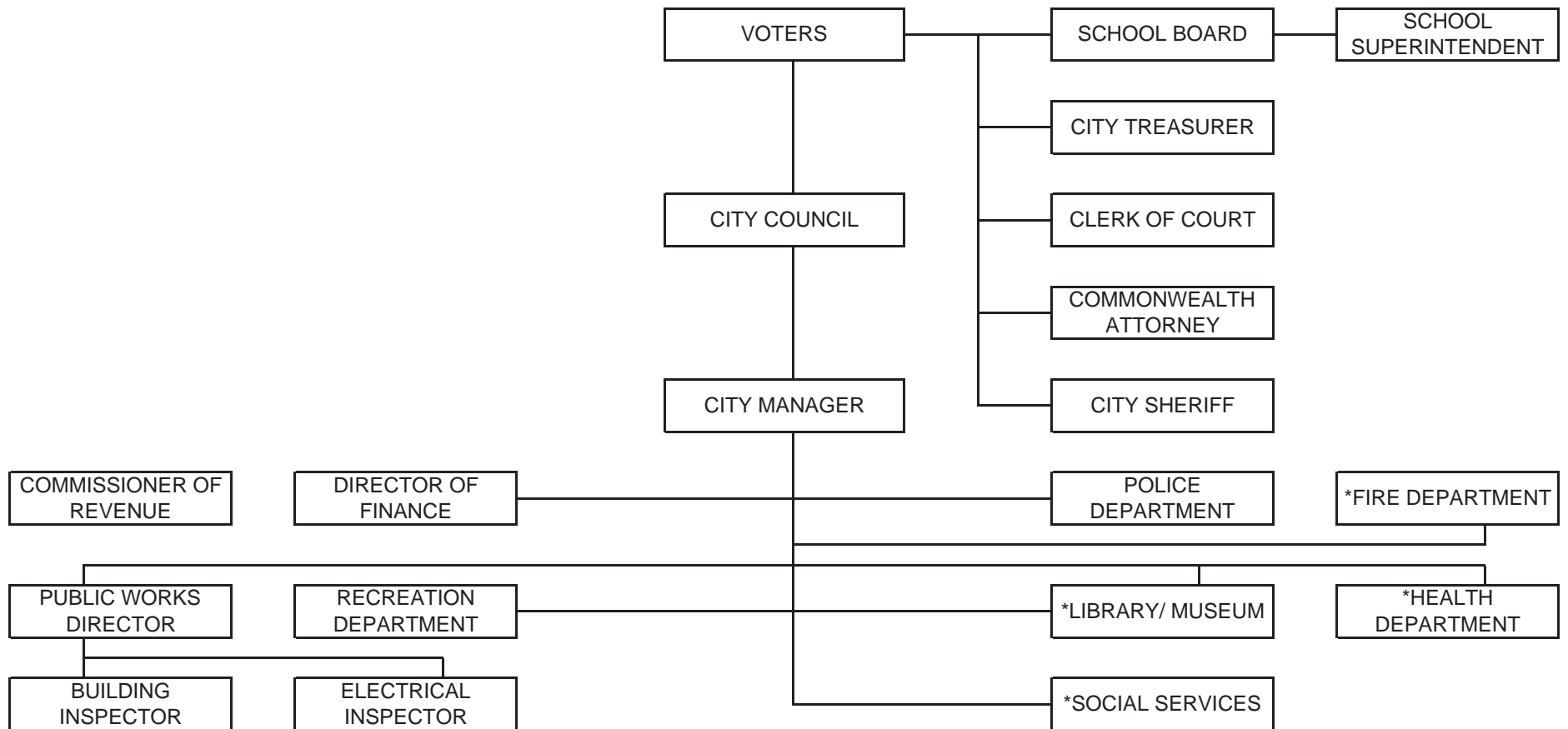
**City of Buena Vista  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**CITY OF BUENA VISTA  
ORGANIZATION CHART**



\*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

**CITY OF BUENA VISTA, VIRGINIA**

**DIRECTORY OF PRINCIPAL OFFICIALS  
FISCAL YEAR ENDED JUNE 30, 2017**

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**CITY COUNCIL**

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|                    |              |                |
|--------------------|--------------|----------------|
| Tim Petrie         | Larry Tolley | Lisa Clark     |
| John Dyer          |              | Steve Baldrige |
| William Fitzgerald |              | Melvin Henson  |

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**CITY OFFICIALS**

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|                        |                         |
|------------------------|-------------------------|
| Larry Tolley .....     | Mayor                   |
| Lisa Clark. ....       | Vice-Mayor              |
| Jay Scudder .....      | City Manager            |
| MarVita F. Flint ..... | Commissioner of Revenue |
| Timothy Dudley .....   | Director of Finance     |
| Mary Lee Huffman.....  | City Treasurer          |
| Keith Hartman .....    | Chief of Police         |
| Chris Coleman .....    | Clerk of Court          |
| Randy Hamilton .....   | Sheriff                 |
| Chris Russell .....    | Commonwealth's Attorney |
| Brian Kearney .....    | City Attorney           |

## **FINANCIAL SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

TO THE CITY COUNCIL  
CITY OF BUENA VISTA, VIRGINIA  
BUENA VISTA, VIRGINIA

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2017, 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.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 11-19, 94, and 95-100, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buena Vista, Virginia'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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 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 supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory 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, 2017 on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Buena Vista, Virginia's internal control over financial reporting and compliance.

*Robinson, Finner, Cox Associates*

Staunton, Virginia  
November 30, 2017

## Management's Discussion and Analysis

As management of the City of Buena Vista, Virginia we offer readers of the City of Buena Vista's financial statements this narrative overview and analysis of the financial activities of the City of Buena Vista for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal that can be found on pages 1-4 of this report.

### Financial Highlights

The net position of the City of Buena Vista's, Primary Government at the close of the current fiscal year was \$9,064,152 (net position). Of this amount, (\$818,802) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities total net position increased \$472,182 from the prior fiscal year largely due to the increase in property taxes receivable, increase due from governmental units, increase in capital assets and decrease in due to governmental units and overall liabilities.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$3,043,920, a decrease of \$194,426 in comparison with the prior year. Of this amount, \$2,705,145 is unassigned and available for spending at the government's discretion (unassigned fund balance). The decrease is attributable to increases in health and welfare, public safety, and education expenditures.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,790,572, or 21 percent of total General Fund expenditures.

The City of Buena Vista's primary government long-term liabilities decreased \$28,177, or .001 percent. The Long-term debt retirements included the Literary Loan for the building of Parry McCluer High that was reduced by \$375,000. Also the 2.5 million dollar loans to finance the Dabney Lancaster Community College educational satellite was reduced by \$52,582. The City also paid \$16,318 for a loan on a medical building. The net pension liability increased \$480,912 to offset the decreases. The total long-term debt for the City stands at \$25,655,930. Of this amount, there is a charge of \$484,001 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is \$309,322 for employee compensated absences. The amount of pension liability is \$3,340,448, an increase of \$480,912.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Buena Vista's basic financial statements. The City of Buena Vista's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Buena Vista's finances, in a manner similar to a private-sector business.

The Statement of Net position presents information on all of the City of Buena Vista's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Buena Vista is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.).

Both of the government-wide financial statements distinguish functions of the City of Buena Vista that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Buena Vista include general government, judicial administration, public works, health and welfare, education, parks recreation and cultural, community development, and interest expense. The business-type activities of the City of Buena Vista include water and sewer and the golf course operation.

The government-wide financial statements include not only the City of Buena Vista itself (known as the primary government), but also a legally separate school district for which the City of Buena Vista is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Buena Vista, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Buena Vista can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Buena Vista maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and School Construction Fund. The other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The City of Buena Vista maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Buena Vista uses enterprise funds to account for its Water and Sewer Fund and the Golf Course Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and the operation of the golf course, both of which are considered major funds of the City of Buena Vista.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund statements provide information on the Special Welfare Fund. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the City of Buena Vista's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents a statistical section and compliance section.

### **General Fund Budgetary Highlights**

The FY 2017 General Fund Budget required a \$204,861 or 1.6% increase over FY 2016 expenditures. The appropriation for the schools budget remained level and there was level funding for many of our departmental service operations. Some areas of the budget include both increases and reductions as a result of accurate budgeting adjustments that reflect the true cost of the activity or commodity.

There were some increases in the budget this year that were not in our control. These were primarily salary and benefit increases such as health and liability insurance increases and Regional 911 communications costs. The real estate rate remained the same at \$1.21 per one hundred dollar valuation.

It included additional revenue increases in commercial waste collection fees, food tax revenues and a transfer from appropriated surplus. These alternative taxing areas reduce the pressure on increasing the real property rate and capture a broader population of tax payers.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, primary government assets exceeded liabilities by \$9,064,152 at the close of fiscal year 2017 for the primary government.

The City of Buena Vista's governmental activities net position of \$10,313,294 reflects its investment in capital assets of 89 percent (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Buena Vista uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City of Buena Vista's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net position of the governmental activities increased \$472,182 during FY 2017. Key components of this change are discussed on page 16 in the MD&A.

The following is a condensed summary of the City's statement of net position for the fiscal years ending June 30, 2017 and June 30, 2016:

|                                  | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|----------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                  | 2017                       | 2016                 | 2017                        | 2016                 | 2017                 | 2016                 |
| Current and other assets         | \$ 5,383,228               | \$ 6,344,026         | \$ 2,926,363                | \$ 3,108,956         | \$ 8,309,591         | \$ 9,452,982         |
| Capital Assets                   | <u>14,396,978</u>          | <u>14,063,337</u>    | <u>14,372,389</u>           | <u>14,745,557</u>    | <u>28,769,367</u>    | <u>28,808,894</u>    |
| Total Assets                     | <u>\$ 19,780,206</u>       | <u>\$ 20,407,363</u> | <u>\$ 17,298,752</u>        | <u>\$ 17,854,513</u> | <u>\$ 37,078,958</u> | <u>\$ 38,261,876</u> |
| Deferred Outflows                | <u>\$ 852,747</u>          | <u>\$ 657,124</u>    | <u>\$ 169,935</u>           | <u>\$ 132,599</u>    | <u>\$ 1,022,682</u>  | <u>\$ 789,723</u>    |
| Long-term Liabilities            | \$ 8,623,263               | \$ 8,423,702         | \$ 17,032,667               | \$ 17,260,405        | \$ 25,655,930        | \$ 25,684,107        |
| Other liabilities                | <u>814,223</u>             | <u>1,671,456</u>     | <u>1,595,376</u>            | <u>1,187,264</u>     | <u>2,409,599</u>     | <u>2,858,720</u>     |
| Total Liabilities                | <u>\$ 9,437,486</u>        | <u>\$ 10,095,158</u> | <u>\$ 18,628,043</u>        | <u>\$ 18,447,669</u> | <u>\$ 28,065,529</u> | <u>\$ 28,542,827</u> |
| Deferred inflows of resources    | <u>\$ 882,173</u>          | <u>\$ 1,128,217</u>  | <u>\$ 89,786</u>            | <u>\$ 76,690</u>     | <u>\$ 971,959</u>    | <u>\$ 1,204,907</u>  |
| Net Position:                    |                            |                      |                             |                      |                      |                      |
| Net investment in capital assets | \$ 9,164,709               | \$ 8,551,947         | \$ (271,422)                | \$ (125,963)         | \$ 8,893,287         | \$ 8,425,984         |
| Restricted                       | 207,337                    | 205,881              | 782,330                     | 815,382              | 989,667              | 1,021,263            |
| Unrestricted (deficit)           | <u>941,248</u>             | <u>1,083,284</u>     | <u>(1,760,050)</u>          | <u>(1,226,666)</u>   | <u>(818,802)</u>     | <u>(143,382)</u>     |
| Total Net Position               | <u>\$ 10,313,294</u>       | <u>\$ 9,841,112</u>  | <u>\$ (1,249,142)</u>       | <u>\$ (537,247)</u>  | <u>\$ 9,064,152</u>  | <u>\$ 9,303,865</u>  |

**Governmental Activities.** Net position of governmental activities increased for the City of Buena Vista by \$472,182 for FY 2017, while net position of business-type activities decreased \$711,895 for the fiscal year. Key components of the change are discussed on page 16 of the MD&A.

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**CITY OF BUENA VISTA'S CHANGE IN NET POSITION  
FOR YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

|  | Governmental         |                      | Business-type         |                     | Total                |                      |
|--|----------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|
|  | Activities           |                      | Activities            |                     |                      |                      |
|  | 2017                 | 2016                 | 2017                  | 2016                | 2017                 | 2016                 |
| <b>Revenues:</b>   |                      |                      |                       |                     |                      |                      |
| Program Revenues:  |                      |                      |                       |                     |                      |                      |
| Charges for services   | \$ 916,221           | \$ 881,497           | \$ 2,376,154          | \$ 2,417,924        | \$ 3,292,375         | \$ 3,299,421         |
| Operating grants   | 4,526,619            | 3,330,959            | -                     | -                   | 4,526,619            | 3,330,959            |
| Capital grants   | -                    | -                    | -                     | 100                 | -                    | 100                  |
| General Revenues:  |                      |                      |                       |                     |                      |                      |
| Property taxes   | 5,905,508            | 5,974,703            | -                     | -                   | 5,905,508            | 5,974,703            |
| Other taxes  | 1,514,465            | 1,519,303            | -                     | -                   | 1,514,465            | 1,519,303            |
| Grants and contributions not restricted to specific programs | 973,816              | 982,759              | -                     | -                   | 973,816              | 982,759              |
| Use of money and property                                    | 183,630              | 182,946              | 902                   | 40                  | 184,532              | 182,986              |
| Miscellaneous  | 160,503              | 235,226              | 780                   | (45,691)            | 161,283              | 189,535              |
| Total Revenue  | <u>\$ 14,180,762</u> | <u>\$ 13,107,393</u> | <u>\$ 2,377,836</u>   | <u>\$ 2,372,373</u> | <u>\$ 16,558,598</u> | <u>\$ 15,479,766</u> |
| <b>Expenses:</b>   |                      |                      |                       |                     |                      |                      |
| General Government   |                      |                      |                       |                     |                      |                      |
| admin  | \$ 1,451,815         | \$ 1,433,595         | \$ -                  | \$ -                | \$ 1,451,815         | \$ 1,433,595         |
| Judicial Admin   | 860,720              | 784,356              | -                     | -                   | 860,720              | 784,356              |
| Public Safety  | 2,631,032            | 2,265,851            | -                     | -                   | 2,631,032            | 2,265,851            |
| Public works   | 2,064,999            | 1,960,690            | -                     | -                   | 2,064,999            | 1,960,690            |
| Health and Welfare   | 2,094,471            | 1,595,545            | -                     | -                   | 2,094,471            | 1,595,545            |
| Education  | 3,053,399            | 2,461,405            | -                     | -                   | 3,053,399            | 2,461,405            |
| Parks, Recreation, Culture                                   | 616,884              | 541,016              | -                     | -                   | 616,884              | 541,016              |
| Community Development  | 483,507              | 437,882              | -                     | -                   | 483,507              | 437,882              |
| Interest on long-term debt                                   | 180,959              | 195,175              | -                     | -                   | 180,959              | 195,175              |
| Water and Sewer  | -                    | -                    | 2,298,746             | 2,264,248           | 2,298,746            | 2,264,248            |
| Golf Course  | -                    | -                    | 1,061,779             | 1,072,226           | 1,061,779            | 1,072,226            |
| Total Expenses   | <u>\$ 13,437,786</u> | <u>\$ 11,675,515</u> | <u>\$ 3,360,525</u>   | <u>\$ 3,336,474</u> | <u>\$ 16,798,311</u> | <u>\$ 15,011,989</u> |
| Increase (decrease) in net position before transfers         | \$ 742,976           | \$ 1,431,878         | \$ (982,689)          | \$ (964,101)        | \$ (239,713)         | \$ 467,777           |
| Transfers  | <u>(270,794)</u>     | <u>(241,196)</u>     | <u>270,794</u>        | <u>241,196</u>      | <u>-</u>             | <u>-</u>             |
| Increase (decrease) in net position                          | \$ 472,182           | \$ 1,190,682         | \$ (711,895)          | \$ (722,905)        | \$ (239,713)         | \$ 467,777           |
| Net position, beginning, as restated                         | <u>9,841,112</u>     | <u>8,650,430</u>     | <u>(537,247)</u>      | <u>185,658</u>      | <u>9,303,865</u>     | <u>8,836,088</u>     |
| Net position, ending   | <u>\$ 10,313,294</u> | <u>\$ 9,841,112</u>  | <u>\$ (1,249,142)</u> | <u>\$ (537,247)</u> | <u>\$ 9,064,152</u>  | <u>\$ 9,303,865</u>  |



## **Governmental Activities**

Key factors contributing to the increase of \$472,182 in net position for governmental activities were:

- The City had an increase in property taxes receivable of \$98,866 or 7.5%. Due from other governmental units increased \$355,385.
- Total liabilities decreased \$549,313 or 5.5% for FY 2017 primarily from a decrease in due to other governmental units and component unit.
- Net investment in capital assets also increased \$612,762 for the fiscal year primarily due to construction in progress on public works projects.

## **Business-type Activities**

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$270,794. This is slightly larger than the \$241,196 that was transferred in FY2016. Prior to this transfer, net position of the golf course business-type activity decreased by \$459,339. The golf course required a transfer of \$270,794. Both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) combined, experienced a decrease in net position of \$711,895, mainly due to the golf course operating losses. Additional information follows concerning the City's Business-Type Activities:

- Since the inception of the golf course in 2004, it has had an operating loss of \$4,149,026. The golf course was originally planned to bring development to the community of Buena Vista. It was hoped that both single family dwellings and commercial development would offset some of the cost of the course through a higher tax base and user fees. The recent economical climate in both the national and regional economies has had a detrimental effect on both the rounds of golf being played and the development of the area. The golf course revenues are not able to support both the operational expenditures and the interest and fiscal charges. The General Fund has subsidized the golf course with transfers totaling \$5,934,022 leaving the golf course with a (\$4,149,026) ending balance of assets. For the fiscal budget 2017, the City council did not appropriate funds for the debt service. The council met with ACA Financial Guaranty Corp. and could not reach an acceptable compromise to restructuring the debt.
- The Water/Sewer Fund posted a decrease in net position of \$252,556 for the fiscal year. Most of this decrease is due to an increase in water and sewer expenditures across all departments and decrease in water/sewer revenues.

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## Financial Analysis of the Government's Funds

As noted earlier, the City of Buena Vista uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Buena Vista's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Buena Vista's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of FY 2017, the City of Buena Vista's governmental funds reported combined ending fund balances of \$3,043,920, a decrease of \$194,426 in comparison with the prior year. The decrease was the result of unplanned increases in expenditures for the comprehensive services act program and for education. Additionally, increases in wages and benefits for public safety staff exceeded expectations. Cash and cash equivalents decreased as a result of the use of fund balance to fund public safety and public works projects during the year. Approximately 89 percent or \$2,705,145 represents unassigned fund balance that is available for spending at the government's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been assigned toward such items as 1) for subsequent expenditure in the School Construction Fund 2) for subsequent expenditure in capital projects and special revenue funds 3) for debt service and prepaid expense in the general fund.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2017, unassigned fund balance of the general fund was \$2,790,572. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to the general fund total expenditures. Unassigned fund balance represents 21 percent of total general fund expenditures.

**Proprietary funds.** The City of Buena Vista's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- The Water and Sewer fund had a decrease in net position of \$252,556. As discussed earlier, the decrease is primarily due to an increase in the water and sewer expenditures and decrease in water/sewer revenues. The cash position of the Water and Sewer fund had a decrease of \$115,231. The fund began the year with \$1,487,883 unrestricted cash. The fund ended the year with \$1,372,652 in unrestricted cash. The City increased water rates \$2.55 in FY 2012 to cover debt service on the new bond financing and anticipates that water and sewer rates will cover depreciation and other operational expenses for the foreseeable future. For grant purposes, the City keeps the water rate at a level that will not impact households and therefore disqualify the City from grant revenue.
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (\$4,149,026), at June 30, 2017.

**Capital project funds.** The City's capital project funds are used to account for activities related to City capital projects.

- The Floodwall debt was paid off in FY 2015. The School Construction Fund balance increased \$548 for FY 2017. It was a steady year for revenues and expenditures.

## Capital Assets and Debt Administration

**Capital Assets.** The City of Buena Vista's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$28,769,367 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure. The total decrease in the City of Buena Vista's capital assets for FY 2017 was \$39,527 or .002 percent. The main reason was the annual depreciation expenses.

The City completed a variety of public works projects to include, pavement of City streets, curb and guttering, and water and sewer line replacement. The following is a summary of the City's capital assets. Further information on the City's capital assets can be found at (Note 17-Capital Assets) to the financial statements.

### CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION FOR YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

|                            | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|----------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                            | 2017                       | 2016                 | 2017                        | 2016                 | 2017                 | 2016                 |
| Land                       | \$ 2,108,097               | \$ 2,108,097         | \$ 1,364,900                | \$ 1,364,900         | \$ 3,472,997         | \$ 3,472,997         |
| Construction in Progress   | 767,168                    | -                    | 7,750                       | -                    | 774,918              | -                    |
| Buildings and Improvements | 8,749,093                  | 9,039,065            | 501,941                     | 517,528              | 9,251,034            | 9,556,593            |
| Infrastructure             | 2,004,459                  | 2,169,290            | 12,371,547                  | 12,747,711           | 14,376,006           | 14,917,001           |
| Machinery and Equipment    | 768,161                    | 746,885              | 126,251                     | 115,418              | 894,412              | 862,303              |
| Total                      | <u>\$ 14,396,978</u>       | <u>\$ 14,063,337</u> | <u>\$ 14,372,389</u>        | <u>\$ 14,745,557</u> | <u>\$ 28,769,367</u> | <u>\$ 28,808,894</u> |

**Long – term liabilities.** At the end of FY 2017, the City of Buena Vista's primary government had total long-term liabilities outstanding of \$25,655,930. This represents a 0.001 percent decrease or \$28,177 from the last fiscal year. The City's bond issuer rating from Moody's is Ba1. Further information on the City's long-term debt can be found at (Note 10-Long-term Obligations) to the financial statements.

### CITY OF BUENA VISTA'S LONG-TERM DEBT FOR YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

|                          | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|--------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|                          | 2017                       | 2016                | 2017                        | 2016                 | 2017                 | 2016                 |
| General Obligation Bonds | \$ 417,249                 | \$ 440,430          | \$ -                        | \$ -                 | \$ 417,249           | \$ 440,430           |
| Lease-Revenue Bonds      | -                          | -                   | 11,084,552                  | 11,136,798           | 11,084,552           | 11,136,798           |
| Revenue Bonds            | -                          | -                   | 4,003,500                   | 4,178,500            | 4,003,500            | 4,178,500            |
| Literary Loans           | 1,875,000                  | 2,250,000           | -                           | -                    | 1,875,000            | 2,250,000            |
| Capital Leases           | 477,636                    | 289,678             | -                           | -                    | 477,636              | 289,678              |
| Loan Payable             | 2,462,382                  | 2,531,282           | 1,201,840                   | 1,201,840            | 3,664,222            | 3,733,122            |
| OPEB                     | 383,726                    | 359,726             | 100,275                     | 94,275               | 484,001              | 454,001              |
| Compensated absences     | 227,698                    | 250,100             | 81,624                      | 91,942               | 309,322              | 342,042              |
| Net Pension Liability    | 2,779,572                  | 2,302,486           | 560,876                     | 557,050              | 3,340,448            | 2,859,536            |
| Total                    | <u>\$ 8,623,263</u>        | <u>\$ 8,423,702</u> | <u>\$ 17,032,667</u>        | <u>\$ 17,260,405</u> | <u>\$ 25,655,930</u> | <u>\$ 25,684,107</u> |

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limit for the City of Buena Vista is approximately \$32,731,346.

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

The following factors were considered in preparing the City of Buena Vista's budget for FY 2018.

- Fund balances should be maintained in normal budget operations such that emergency needs may be met and sufficient funds are available to operate before tax proceeds are received.
- The City shall not sacrifice the maintenance of buildings, equipment or infrastructure for new projects or programs.
- The City shall continue to provide adequate employee compensation and training recognizing our workforce is a very important resource. An attractive compensation package helps attract and retain a quality group of employees.
- The City will actively evaluate the adequacy of current user charges for enterprise activities and will adjust rates as necessary to ensure these activities are self-sustaining.
- The City's real estate tax rate remained \$1.21 per \$100 of assessed valuation. The City's personal property tax rate is \$5.85 per \$100 of assessed valuation.
- The City did not make any adjustments to the operation portion of the water rate or the sewer rate. The water rate is \$7.48 per 1000 gallons used and the sewer rate is \$7.44 per 1000 gallons used.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Buena Vista, Virginia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2039 Sycamore Avenue, Buena Vista, Virginia 24416.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position  
June 30, 2017

|   | Primary Government      |                          |               | Component Unit |
|---|-------------------------|--------------------------|---------------|----------------|
|   | Governmental Activities | Business-type Activities | Total         | School Board   |
| <b>ASSETS</b>   |                         |                          |               |                |
| Cash and cash equivalents                             | \$ 2,034,563            | \$ 1,380,011             | \$ 3,414,574  | \$ 1,132,475   |
| Receivables (net of allowance for uncollectibles):    |                         |                          |               |                |
| Taxes receivable                                      | 1,423,427               | -                        | 1,423,427     | -              |
| Accounts receivable                                   | 262,450                 | 366,889                  | 629,339       | 15,420         |
| Due from other governmental units                     | 1,145,778               | -                        | 1,145,778     | 391,895        |
| Due from component unit                               | 246,076                 | -                        | 246,076       | -              |
| Internal balances                                     | 59,363                  | (59,363)                 | -             | -              |
| Inventories   | 17,433                  | -                        | 17,433        | 8,926          |
| Prepaid items   | 81,726                  | 12,718                   | 94,444        | -              |
| Restricted assets:                                    |                         |                          |               |                |
| Cash and cash equivalents                             | 112,412                 | 1,115,809                | 1,228,221     | -              |
| Cash and cash equivalents (in custody of others)      | -                       | 110,299                  | 110,299       | -              |
| Net pension asset                                     | -                       | -                        | -             | 282,106        |
| Capital assets (net of accumulated depreciation):     |                         |                          |               |                |
| Land  | 2,108,097               | 1,364,900                | 3,472,997     | 4,634          |
| Buildings and improvements                            | 8,749,093               | 501,941                  | 9,251,034     | 3,916,141      |
| Machinery and equipment                               | 768,161                 | 126,251                  | 894,412       | 13,079         |
| Infrastructure  | 2,004,459               | 12,371,547               | 14,376,006    | -              |
| Construction in progress                              | 767,168                 | 7,750                    | 774,918       | -              |
| Total assets  | \$ 19,780,206           | \$ 17,298,752            | \$ 37,078,958 | \$ 5,764,676   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                         |                          |               |                |
| Pension contributions subsequent to measurement date  | \$ 360,624              | \$ 72,768                | \$ 433,392    | \$ 756,473     |
| Items related to measurement of net pension liability | 492,123                 | 97,167                   | 589,290       | 685,778        |
| Total Deferred Outflows of Resources                  | \$ 852,747              | \$ 169,935               | \$ 1,022,682  | \$ 1,442,251   |
| <b>LIABILITIES</b>                                    |                         |                          |               |                |
| Accounts payable                                      | \$ 411,186              | \$ 90,085                | \$ 501,271    | \$ 168,353     |
| Accrued liabilities                                   | 28,137                  | 7,254                    | 35,391        | 809,793        |
| Contracts payable                                     | 37,966                  | -                        | 37,966        | -              |
| Accrued interest payable                              | 31,252                  | 1,426,912                | 1,458,164     | -              |
| Due to other governmental units                       | 186,984                 | -                        | 186,984       | -              |
| Due to component unit                                 | -                       | -                        | -             | 246,076        |
| Deposits held in escrow                               | -                       | 71,125                   | 71,125        | -              |
| Unearned revenue                                      | 118,698                 | -                        | 118,698       | 525            |
| Long-term liabilities:                                |                         |                          |               |                |
| Due within one year                                   | 752,498                 | 9,667,684                | 10,420,182    | 140,484        |
| Due in more than one year                             | 7,870,765               | 7,364,983                | 15,235,748    | 10,175,828     |
| Total liabilities                                     | \$ 9,437,486            | \$ 18,628,043            | \$ 28,065,529 | \$ 11,541,059  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                         |                          |               |                |
| Deferred revenue - property taxes                     | \$ 803,720              | \$ -                     | \$ 803,720    | \$ -           |
| Items related to measurement of net pension liability | 78,453                  | 89,786                   | 168,239       | 358,000        |
| Total Deferred Inflows of Resources                   | \$ 882,173              | \$ 89,786                | \$ 971,959    | \$ 358,000     |
| <b>NET POSITION</b>                                   |                         |                          |               |                |
| Net investment in capital assets                      | \$ 9,164,709            | \$ (271,422)             | \$ 8,893,287  | \$ 3,933,854   |
| Restricted:   |                         |                          |               |                |
| Community development block grant                     | 94,925                  | -                        | 94,925        | -              |
| Repayment of loans payable                            | 112,412                 | 782,330                  | 894,742       | -              |
| Unrestricted (deficit)                                | 941,248                 | (1,760,050)              | (818,802)     | (8,625,986)    |
| Total net position                                    | \$ 10,313,294           | \$ (1,249,142)           | \$ 9,064,152  | \$ (4,692,132) |

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

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City of Buena Vista, Virginia

Statement of Activities  
Year Ended June 30, 2017

| Functions/Programs                | Expenses             | Program Revenues     |                                    |                                  |
|-----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                   |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>PRIMARY GOVERNMENT:</b>        |                      |                      |                                    |                                  |
| Governmental activities:          |                      |                      |                                    |                                  |
| General government administration | \$ 1,451,815         | \$ 2,583             | \$ 364,818                         | \$ -                             |
| Judicial administration           | 860,720              | 1,669                | 300,520                            | -                                |
| Public safety                     | 2,631,032            | 73,081               | 552,465                            | -                                |
| Public works                      | 2,064,999            | 744,410              | 1,963,751                          | -                                |
| Health and welfare                | 2,094,471            | -                    | 1,345,065                          | -                                |
| Education                         | 3,053,399            | -                    | -                                  | -                                |
| Parks, recreation, and cultural   | 616,884              | 94,478               | -                                  | -                                |
| Community development             | 483,507              | -                    | -                                  | -                                |
| Interest on long-term debt        | 180,959              | -                    | -                                  | -                                |
| Total governmental activities     | <u>\$ 13,437,786</u> | <u>\$ 916,221</u>    | <u>\$ 4,526,619</u>                | <u>\$ -</u>                      |
| Business-type activities:         |                      |                      |                                    |                                  |
| Water and Sewer                   | \$ 2,298,746         | \$ 2,044,753         | \$ -                               | \$ -                             |
| Golf Course                       | 1,061,779            | 331,401              | -                                  | -                                |
| Total business-type activities    | <u>\$ 3,360,525</u>  | <u>\$ 2,376,154</u>  | <u>\$ -</u>                        | <u>\$ -</u>                      |
| Total primary government          | <u>\$ 16,798,311</u> | <u>\$ 3,292,375</u>  | <u>\$ 4,526,619</u>                | <u>\$ -</u>                      |
| <b>COMPONENT UNIT:</b>            |                      |                      |                                    |                                  |
| School Board                      | \$ 11,499,829        | \$ 122,284           | \$ 8,230,624                       | \$ -                             |
| Total component unit              | <u>\$ 11,499,829</u> | <u>\$ 122,284</u>    | <u>\$ 8,230,624</u>                | <u>\$ -</u>                      |

General revenues:

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

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

| Net (Expense) Revenue and<br>Changes in Net Position |                             |                       |                |                    |
|--|-----------------------------|-----------------------|----------------|--------------------|
| Primary Government                                   |                             |                       | Component Unit |                    |
| Governmental<br>Activities                           | Business-type<br>Activities | Total                 | School Board   |                    |
| \$ (1,084,414)                                       | \$ -                        | \$ (1,084,414)        | \$             | -                  |
| (558,531)  | -                           | (558,531)             |                | -                  |
| (2,005,486)  | -                           | (2,005,486)           |                | -                  |
| 643,162  | -                           | 643,162               |                | -                  |
| (749,406)  | -                           | (749,406)             |                | -                  |
| (3,053,399)  | -                           | (3,053,399)           |                | -                  |
| (522,406)  | -                           | (522,406)             |                | -                  |
| (483,507)  | -                           | (483,507)             |                | -                  |
| (180,959)  | -                           | (180,959)             |                | -                  |
| <u>\$ (7,994,946)</u>                                | <u>\$ -</u>                 | <u>\$ (7,994,946)</u> | <u>\$</u>      | <u>-</u>           |
|  |                             |                       |                |                    |
| \$ -   | \$ (253,993)                | \$ (253,993)          | \$             | -                  |
| -  | (730,378)                   | (730,378)             |                | -                  |
| <u>\$ -</u>  | <u>\$ (984,371)</u>         | <u>\$ (984,371)</u>   | <u>\$</u>      | <u>-</u>           |
| <u>\$ (7,994,946)</u>                                | <u>\$ (984,371)</u>         | <u>\$ (8,979,317)</u> | <u>\$</u>      | <u>-</u>           |
|  |                             |                       |                |                    |
| \$ -   | \$ -                        | \$ -                  | \$             | (3,146,921)        |
| <u>\$ -</u>  | <u>\$ -</u>                 | <u>\$ -</u>           | <u>\$</u>      | <u>(3,146,921)</u> |
|  |                             |                       |                |                    |
| \$ 5,905,508   | \$ -                        | \$ 5,905,508          | \$             | -                  |
| 377,061  | -                           | 377,061               |                | -                  |
| 263,392  | -                           | 263,392               |                | -                  |
| 319,870  | -                           | 319,870               |                | -                  |
| 184,093  | -                           | 184,093               |                | -                  |
| 168,992  | -                           | 168,992               |                | -                  |
| 201,057  | -                           | 201,057               |                | -                  |
| 183,630  | 902                         | 184,532               |                | 149                |
| 160,503  | 780                         | 161,283               |                | 71,272             |
| 973,816  | -                           | 973,816               |                | 3,020,435          |
| (270,794)  | 270,794                     | -                     |                | -                  |
| <u>\$ 8,467,128</u>                                  | <u>\$ 272,476</u>           | <u>\$ 8,739,604</u>   | <u>\$</u>      | <u>3,091,856</u>   |
| \$ 472,182   | \$ (711,895)                | \$ (239,713)          | \$             | (55,065)           |
| 9,841,112  | (537,247)                   | 9,303,865             |                | (4,637,067)        |
| <u>\$ 10,313,294</u>                                 | <u>\$ (1,249,142)</u>       | <u>\$ 9,064,152</u>   | <u>\$</u>      | <u>(4,692,132)</u> |

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2017

|   | General             | School<br>Construction<br>Fund | Other<br>Governmental<br>Funds | Total               |
|---|---------------------|--------------------------------|--------------------------------|---------------------|
| <b>ASSETS</b>   |                     |                                |                                |                     |
| Cash and cash equivalents   | \$ 1,959,053        | \$ 547                         | \$ 74,963                      | \$ 2,034,563        |
| Receivables (net of allowance<br>for uncollectibles):                 |                     |                                |                                |                     |
| Taxes receivable  | 1,423,427           | -                              | -                              | 1,423,427           |
| Accounts receivable   | 206,523             | -                              | 55,927                         | 262,450             |
| Due from other funds  | 357,040             | -                              | -                              | 357,040             |
| Due from other governmental units                                     | 1,145,778           | -                              | -                              | 1,145,778           |
| Inventories   | 17,433              | -                              | -                              | 17,433              |
| Prepaid items   | 80,908              | -                              | 818                            | 81,726              |
| Restricted assets:  |                     |                                |                                |                     |
| Cash and cash equivalents   | 112,412             | -                              | -                              | 112,412             |
| Total assets  | <u>\$ 5,302,574</u> | <u>\$ 547</u>                  | <u>\$ 131,708</u>              | <u>\$ 5,434,829</u> |
| <b>LIABILITIES</b>  |                     |                                |                                |                     |
| Accounts payable  | \$ 375,347          | \$ 14,374                      | \$ 21,465                      | \$ 411,186          |
| Accrued liabilities   | 25,917              | -                              | 2,220                          | 28,137              |
| Contracts payable   | 37,966              | -                              | -                              | 37,966              |
| Due to other funds  | -                   | -                              | 51,601                         | 51,601              |
| Due to other governmental units                                       | 186,984             | -                              | -                              | 186,984             |
| Unearned revenue  | 118,698             | -                              | -                              | 118,698             |
| Total liabilities   | <u>\$ 744,912</u>   | <u>\$ 14,374</u>               | <u>\$ 75,286</u>               | <u>\$ 834,572</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                     |                                |                                |                     |
| Unavailable revenue - property taxes                                  | <u>\$ 1,556,337</u> | <u>\$ -</u>                    | <u>\$ -</u>                    | <u>\$ 1,556,337</u> |
| <b>FUND BALANCES (DEFICITS)</b>                                       |                     |                                |                                |                     |
| Nonspendable:   |                     |                                |                                |                     |
| Prepaid items   | \$ 80,908           | \$ -                           | \$ 818                         | \$ 81,726           |
| Inventory   | 17,433              | -                              | -                              | 17,433              |
| Restricted:   |                     |                                |                                |                     |
| Repayment of loans payable  | 112,412             | -                              | -                              | 112,412             |
| Community development block grant                                     | -                   | -                              | 94,925                         | 94,925              |
| Assigned:   |                     |                                |                                |                     |
| Senior Center   | -                   | -                              | 5,715                          | 5,715               |
| Green Hill Cemetary   | -                   | -                              | 26,564                         | 26,564              |
| Unassigned:   |                     |                                |                                |                     |
| General fund  | 2,790,572           | -                              | -                              | 2,790,572           |
| School construction fund  | -                   | (13,827)                       | -                              | (13,827)            |
| Parks and recreation  | -                   | -                              | (71,600)                       | (71,600)            |
| Total fund balances   | <u>\$ 3,001,325</u> | <u>\$ (13,827)</u>             | <u>\$ 56,422</u>               | <u>\$ 3,043,920</u> |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 5,302,574</u> | <u>\$ 547</u>                  | <u>\$ 131,708</u>              | <u>\$ 5,434,829</u> |

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

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2017

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Amounts reported for governmental activities in the statement of net position are different because:

|  |    |                          |
|--|----|--------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ | 3,043,920                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |    | 14,396,978               |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.  |    | 674,164                  |
| Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. |    | 360,624                  |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.                                     |    | <u>(8,162,392)</u>       |
| Net position of governmental activities  | \$ | <u><u>10,313,294</u></u> |

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2017

|  | General       | School<br>Construction<br>Fund | Other<br>Governmental<br>Funds | Total         |
|--|---------------|--------------------------------|--------------------------------|---------------|
| <b>REVENUES</b>  |               |                                |                                |               |
| General property taxes                                       | \$ 5,803,302  | \$ -                           | \$ -                           | \$ 5,803,302  |
| Other local taxes  | 1,514,465     | -                              | -                              | 1,514,465     |
| Permits, privilege fees,<br>and regulatory licenses          | 66,319        | -                              | -                              | 66,319        |
| Fines and forfeitures  | 57,544        | -                              | -                              | 57,544        |
| Revenue from the use of<br>money and property                | 48,430        | 18,233                         | 116,967                        | 183,630       |
| Charges for services   | 746,505       | -                              | 45,853                         | 792,358       |
| Miscellaneous  | 156,409       | -                              | 4,094                          | 160,503       |
| Recovered costs  | 23,173        | -                              | 7,614                          | 30,787        |
| Intergovernmental:   |               |                                |                                |               |
| Local government   | -             | 193,474                        | -                              | 193,474       |
| Commonwealth   | 5,102,195     | -                              | -                              | 5,102,195     |
| Federal  | 204,766       | -                              | -                              | 204,766       |
| Total revenues   | \$ 13,723,108 | \$ 211,707                     | \$ 174,528                     | \$ 14,109,343 |
| <b>EXPENDITURES</b>  |               |                                |                                |               |
| Current:   |               |                                |                                |               |
| General government administration                            | \$ 1,198,390  | \$ -                           | \$ -                           | \$ 1,198,390  |
| Judicial administration                                      | 844,801       | -                              | -                              | 844,801       |
| Public safety  | 2,647,082     | -                              | -                              | 2,647,082     |
| Public works   | 2,843,347     | -                              | -                              | 2,843,347     |
| Health and welfare   | 2,105,861     | -                              | 9,281                          | 2,115,142     |
| Education  | 2,812,881     | -                              | -                              | 2,812,881     |
| Parks, recreation, and cultural                              | 148,450       | -                              | 466,666                        | 615,116       |
| Community development  | 491,121       | -                              | -                              | 491,121       |
| Capital projects   | -             | 55                             | -                              | 55            |
| Debt service:  |               |                                |                                |               |
| Principal retirement   | 68,900        | 442,965                        | -                              | 511,865       |
| Interest and other fiscal charges                            | 112,644       | 73,273                         | -                              | 185,917       |
| Total expenditures   | \$ 13,273,477 | \$ 516,293                     | \$ 475,947                     | \$ 14,265,717 |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 449,631    | \$ (304,586)                   | \$ (301,419)                   | \$ (156,374)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |               |                                |                                |               |
| Transfers in   | \$ 10,000     | \$ 305,134                     | \$ 294,858                     | \$ 609,992    |
| Transfers out  | (870,786)     | -                              | (10,000)                       | (880,786)     |
| Issuance of capital leases                                   | 232,742       | -                              | -                              | 232,742       |
| Total other financing sources (uses)                         | \$ (628,044)  | \$ 305,134                     | \$ 284,858                     | \$ (38,052)   |
| Net change in fund balances                                  | \$ (178,413)  | \$ 548                         | \$ (16,561)                    | \$ (194,426)  |
| Fund balances - beginning, as restated                       | 3,179,738     | (14,375)                       | 72,983                         | 3,238,346     |
| Fund balances - ending                                       | \$ 3,001,325  | \$ (13,827)                    | \$ 56,422                      | \$ 3,043,920  |

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

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
Year Ended June 30, 2017

---

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

|  |              |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ (194,426) |
|--|--------------|

|   |         |
|---|---------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. | 333,641 |
|---|---------|

|  |         |
|--|---------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 331,947 |
|--|---------|

|  |         |
|--|---------|
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 279,123 |
|--|---------|

|  |                  |
|--|------------------|
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. | <u>(278,103)</u> |
|--|------------------|

|   |                   |
|---|-------------------|
| Change in net position of governmental activities | <u>\$ 472,182</u> |
|---|-------------------|

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

Statement of Net Position  
 Proprietary Funds  
 June 30, 2017

|  | Enterprise Funds         |                        |                       |
|--|--------------------------|------------------------|-----------------------|
|  | Water &<br>Sewer<br>Fund | Golf<br>Course<br>Fund | Total                 |
| <b>ASSETS</b>  |                          |                        |                       |
| Current assets:  |                          |                        |                       |
| Cash and cash equivalents                                | \$ 1,372,652             | \$ 7,359               | \$ 1,380,011          |
| Accounts receivable, net of allowance for uncollectibles | 365,049                  | 1,840                  | 366,889               |
| Prepaid expenses   | 9,845                    | 2,873                  | 12,718                |
| Total current assets                                     | <u>\$ 1,747,546</u>      | <u>\$ 12,072</u>       | <u>\$ 1,759,618</u>   |
| Noncurrent assets:                                       |                          |                        |                       |
| Restricted assets:                                       |                          |                        |                       |
| Cash and cash equivalents                                | \$ 1,115,809             | \$ -                   | \$ 1,115,809          |
| Cash and cash equivalents (in custody of others)         | -                        | 110,299                | 110,299               |
| Total restricted assets                                  | <u>\$ 1,115,809</u>      | <u>\$ 110,299</u>      | <u>\$ 1,226,108</u>   |
| Capital assets:  |                          |                        |                       |
| Land   | \$ -                     | \$ 1,364,900           | \$ 1,364,900          |
| Buildings  | -                        | 722,543                | 722,543               |
| Equipment  | 390,593                  | 455,722                | 846,315               |
| Infrastructure   | 16,623,285               | 5,854,800              | 22,478,085            |
| Construction in progress                                 | 7,750                    | -                      | 7,750                 |
| Accumulated depreciation                                 | (10,094,997)             | (952,207)              | (11,047,204)          |
| Total capital assets                                     | <u>\$ 6,926,631</u>      | <u>\$ 7,445,758</u>    | <u>\$ 14,372,389</u>  |
| Total noncurrent assets                                  | <u>\$ 8,042,440</u>      | <u>\$ 7,556,057</u>    | <u>\$ 15,598,497</u>  |
| Total assets   | <u>\$ 9,789,986</u>      | <u>\$ 7,568,129</u>    | <u>\$ 17,358,115</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                    |                          |                        |                       |
| Pension contributions subsequent to measurement date     | \$ 62,222                | \$ 10,546              | \$ 72,768             |
| Items related to measurement of net pension liability    | 83,008                   | 14,159                 | 97,167                |
| Total deferred outflows of resources                     | <u>\$ 145,230</u>        | <u>\$ 24,705</u>       | <u>\$ 169,935</u>     |
| <b>LIABILITIES</b>                                       |                          |                        |                       |
| Current liabilities:                                     |                          |                        |                       |
| Accounts payable   | \$ 73,569                | \$ 16,516              | \$ 90,085             |
| Accrued liabilities                                      | 5,377                    | 1,877                  | 7,254                 |
| Due to other funds                                       | -                        | 59,363                 | 59,363                |
| Accrued interest payable                                 | 85,761                   | 1,341,151              | 1,426,912             |
| Customer deposits  | 71,125                   | -                      | 71,125                |
| Other obligations - current portion                      | -                        | 1,201,840              | 1,201,840             |
| Bonds payable - current portion                          | 148,489                  | 8,256,137              | 8,404,626             |
| Compensated absences - current portion                   | 29,296                   | 31,922                 | 61,218                |
| Total current liabilities                                | <u>\$ 413,617</u>        | <u>\$ 10,908,806</u>   | <u>\$ 11,322,423</u>  |
| Noncurrent liabilities:                                  |                          |                        |                       |
| Bonds payable - net of current portion                   | \$ 5,968,720             | \$ 714,706             | \$ 6,683,426          |
| Net OPEB obligation                                      | 81,701                   | 18,574                 | 100,275               |
| Compensated absences - net of current portion            | 9,765                    | 10,641                 | 20,406                |
| Net pension liability                                    | 479,587                  | 81,289                 | 560,876               |
| Total noncurrent liabilities                             | <u>\$ 6,539,773</u>      | <u>\$ 825,210</u>      | <u>\$ 7,364,983</u>   |
| Total liabilities  | <u>\$ 6,953,390</u>      | <u>\$ 11,734,016</u>   | <u>\$ 18,687,406</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                          |                        |                       |
| Items related to measurement of net pension liability    | \$ 81,942                | \$ 7,844               | \$ 89,786             |
| Total deferred inflows of resources                      | <u>\$ 81,942</u>         | <u>\$ 7,844</u>        | <u>\$ 89,786</u>      |
| <b>NET POSITION</b>                                      |                          |                        |                       |
| Net investment in capital assets                         | \$ 1,253,663             | \$ (1,525,085)         | \$ (271,422)          |
| Restricted for debt service and bond covenants           | 672,031                  | 110,299                | 782,330               |
| Unrestricted   | 974,190                  | (2,734,240)            | (1,760,050)           |
| Total net position                                       | <u>\$ 2,899,884</u>      | <u>\$ (4,149,026)</u>  | <u>\$ (1,249,142)</u> |

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



Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2017

|   | Enterprise Funds         |                |                |
|---|--------------------------|----------------|----------------|
|   | Water &<br>Sewer<br>Fund | Golf<br>Course | Total          |
| <b>OPERATING REVENUES</b>               |                          |                |                |
| Charges for services:                   |                          |                |                |
| Water revenues                          | \$ 1,046,265             | \$ -           | \$ 1,046,265   |
| Sewer revenues                          | 885,283                  | -              | 885,283        |
| Penalties                               | 52,028                   | -              | 52,028         |
| Course fees                             | -                        | 123,224        | 123,224        |
| Golf cart rentals                       | -                        | 171,864        | 171,864        |
| Golf clubs and balls                    | -                        | 12,378         | 12,378         |
| Meter service charges                   | 45,132                   | -              | 45,132         |
| Reconnection fees and other charges     | 16,045                   | -              | 16,045         |
| Food and beverage sales                 | -                        | 23,935         | 23,935         |
| Miscellaneous                           | 535                      | 245            | 780            |
| Total operating revenues                | \$ 2,045,288             | \$ 331,646     | \$ 2,376,934   |
| <b>OPERATING EXPENSES</b>               |                          |                |                |
| Personal services                       | \$ 681,589               | \$ 219,305     | \$ 900,894     |
| Fringe benefits                         | 236,674                  | 67,150         | 303,824        |
| Contractual services                    | 73,942                   | -              | 73,942         |
| Other charges                           | 516,099                  | 187,537        | 703,636        |
| Depreciation                            | 408,377                  | 49,009         | 457,386        |
| Rentals and leases                      | 2,833                    | -              | 2,833          |
| Total operating expenses                | \$ 1,919,514             | \$ 523,001     | \$ 2,442,515   |
| Operating income (loss)                 | \$ 125,774               | \$ (191,355)   | \$ (65,581)    |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                          |                |                |
| Interest revenue                        | \$ 902                   | \$ -           | \$ 902         |
| Interest expense                        | (329,004)                | (538,778)      | (867,782)      |
| Nutrient credit purchase                | (50,228)                 | -              | (50,228)       |
| Total nonoperating revenues (expenses)  | \$ (378,330)             | \$ (538,778)   | \$ (917,108)   |
| Income before transfers                 | \$ (252,556)             | \$ (730,133)   | \$ (982,689)   |
| Transfers in                            | \$ -                     | \$ 270,794     | \$ 270,794     |
| Change in net position                  | \$ (252,556)             | \$ (459,339)   | \$ (711,895)   |
| Total net position - beginning          | 3,152,440                | (3,689,687)    | (537,247)      |
| Total net position - ending             | \$ 2,899,884             | \$ (4,149,026) | \$ (1,249,142) |

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

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2017

|   | Enterprise Funds         |                |              |
|---|--------------------------|----------------|--------------|
|   | Water &<br>Sewer<br>Fund | Golf<br>Course | Total        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                |              |
| Receipts from customers and users   | \$ 2,088,989             | \$ 331,138     | \$ 2,420,127 |
| Payments to suppliers   | (598,560)                | (189,510)      | (788,070)    |
| Payments to employees   | (972,624)                | (293,405)      | (1,266,029)  |
| Other receipts (payments)   | 535                      | -              | 535          |
| Net cash provided by (used for) operating activities  | \$ 518,340               | \$ (151,777)   | \$ 366,563   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                          |                |              |
| Transfers from other funds  | \$ -                     | \$ 270,794     | \$ 270,794   |
| Net cash provided by (used for) noncapital financing activities   | \$ -                     | \$ 270,794     | \$ 270,794   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                          |                |              |
| Purchase of capital assets  | \$ (84,218)              | \$ -           | \$ (84,218)  |
| Purchase of nutrient credits  | (50,228)                 | -              | (50,228)     |
| Principal payments on bonds   | (195,081)                | (32,165)       | (227,246)    |
| Interest expense  | (331,834)                | (86,473)       | (418,307)    |
| Net cash provided by (used for) capital and related financing activities                                    | \$ (661,361)             | \$ (118,638)   | \$ (779,999) |
| Net increase (decrease) in cash and cash equivalents  | \$ (142,119)             | \$ 379         | \$ (141,740) |
| Cash and cash equivalents - beginning, including restricted cash of \$1,142,697 and \$116,463, respectively | 2,630,580                | 117,279        | 2,747,859    |
| Cash and cash equivalents - ending, including restricted cash of \$1,115,809 and \$110,299, respectively    | \$ 2,488,461             | \$ 117,658     | \$ 2,606,119 |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>   |                          |                |              |
| Operating income (loss)   | \$ 125,774               | \$ (191,355)   | \$ (65,581)  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:   |                          |                |              |
| Depreciation  | \$ 408,377               | \$ 49,009      | \$ 457,386   |
| (Increase) decrease in accounts receivable  | 41,361                   | (508)          | 40,853       |
| (Increase) decrease in deferred outflows of resources   | (36,646)                 | (690)          | (37,336)     |
| Increase (decrease) in compensated absences   | (8,969)                  | (1,349)        | (10,318)     |
| Increase (decrease) in net OPEB obligation  | 5,100                    | 900            | 6,000        |
| Increase (decrease) in accounts payable   | (5,686)                  | (1,973)        | (7,659)      |
| Increase (decrease) in customer deposits  | 2,875                    | -              | 2,875        |
| Increase (decrease) in accrued liabilities  | (26,120)                 | (10,459)       | (36,579)     |
| Increase (decrease) in deferred inflows of resources  | 15,464                   | (2,368)        | 13,096       |
| Increase (decrease) in net pension liability  | (3,190)                  | 7,016          | 3,826        |
| Total adjustments   | \$ 392,566               | \$ 39,578      | \$ 432,144   |
| Net cash provided by (used for) operating activities  | \$ 518,340               | \$ (151,777)   | \$ 366,563   |

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2017

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|  | Blues Education<br>Foundation<br>Private-Purpose<br>Trust | Agency<br>Funds |
|--|---|-----------------|
|  |   |                 |
| <b>ASSETS</b>                            |   |                 |
| Cash and cash equivalents                | \$ 13,428   | \$ 2,153        |
| Total assets                             | <u>\$ 13,428</u>  | <u>\$ 2,153</u> |
| <b>LIABILITIES</b>                       |   |                 |
| Amounts held for social services clients | \$ -  | \$ 2,153        |
| Total liabilities                        | <u>\$ -</u>   | <u>\$ 2,153</u> |
| <b>NET POSITION</b>                      |   |                 |
| Restricted for grant awards              | <u>\$ 13,428</u>  |                 |

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

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended June 30, 2017

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|                              | <b>Blues Education<br/>Foundation<br/>Private-Purpose<br/>Trust</b> |
|------------------------------|---|
|                              | <hr/>   |
| <b>ADDITIONS</b>             |   |
| Contributions:               |   |
| Donations                    | \$ 3,693  |
| Total contributions          | <u>\$ 3,693</u>   |
| Investment earnings:         |   |
| Interest                     | \$ 2  |
| Total investment earnings    | <u>\$ 2</u>   |
| Total additions              | <u>\$ 3,695</u>   |
| <br><b>DEDUCTIONS</b>        |   |
| Grants awarded               | \$ 2,671  |
| Administrative expenses      | <u>25</u>   |
| Total deductions             | <u>\$ 2,696</u>   |
| <br>Change in net position   | <br>\$ 999  |
| <br>Net position - beginning | <br><u>12,429</u>   |
| Net position - ending        | <u><u>\$ 13,428</u></u>   |

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The financial statements of the City conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The City of Buena Vista, Virginia (government) is a municipal corporation governed by an elected seven-member City Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Blended Component Units** – The City has no blended component units for the year ended June 30, 2017.

**Discretely Presented Component Units** – The component unit column in the financial statements includes the financial data of the City's discretely presented component unit. It is reported in a separate column to emphasize that they are legally separate from the City.

The Buena Vista City School Board operates the elementary and secondary public schools in the City. School Board members are popularly elected. The School Board is fiscally dependent upon the City because the City approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The Buena Vista City School Board does not prepare separate financial statements.

The Buena Vista City School Board maintains an internal service fund entitled Health Insurance Fund that has been included in the discretely presented component unit financial statements. The purpose of this fund is to disclose the School Board's self-insured health insurance transactions for the fiscal year as required by GASB 10.

**Other Organizations:**

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 5 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**A. Financial Reporting Entity (continued)**

**Other Organizations: (continued)**

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 5 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista, and Rockbridge County. The City of Buena Vista, City of Lexington, and the County of Rockbridge each appoint one member to the Commission. The Commission is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. Summary financial information is included in Note 5 of these financial statements. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, VA 24450.

Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The Center is not included in these financial statements because the City does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 5 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office in Lexington, Virginia.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expenses – the cost of “using up” capital assets – in the statement of activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**B. Government-wide and fund financial statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

*Capital project funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Major capital project funds consist of the School Construction Fund.



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

The government reports the following major proprietary funds:

The *Water and Sewer Fund* operates the sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

The *Golf Course Fund* operates the golf course constructed by the City.

Additionally, the government reports the following fund types:

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. Senior Center, Park and Recreation, and Green Hill Cemetery funds are nonmajor special revenue funds of the City.

Capital projects funds account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Community Development Block Grant fund is a nonmajor capital projects fund of the City.

Fiduciary funds (Trust and Agency) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The City's two fiduciary funds are the Special Welfare fund and the Blues Education Foundation Private-Purpose Trust. The Special Welfare fund maintains funds belonging to individuals, primarily children, in the care of the local social services agency. The Blues Education Foundation Private-Purpose Trust consists of funds held in trust to be used to award grants to selected recipients. All resources of the Private-purpose trust, including any earnings on invested resources, may be used to support charitable and educational grant activities. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Buena Vista, Virginia's own programs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer and golf course functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer and Golf Course funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. The principal operating revenues of the government's internal service fund are charges to funds for services. Operating expenses for the internal service fund include the cost of service and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

**1. Cash and Cash Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposits (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Property Taxes**

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are also payable in two installments on June 5<sup>th</sup> and December 5<sup>th</sup>. The City bills and collects its own property taxes.

**4. Allowance for Uncollectible Accounts**

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$212,379 at June 30, 2017 and is comprised of property tax and water and sewer receivables of \$118,306, and \$94,073, respectively.

**5. Use of Estimates**

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)****6. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The City has elected to record infrastructure costs beginning with costs incurred in 1980. No infrastructure costs prior to 1980 have been recorded.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current or previous year.

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

| <b><u>Assets</u></b>                   | <b><u>Governmental Activities</u></b> |
|--|---------------------------------------|
| Buildings                              | 50 years                              |
| Building improvements                  | 50 years                              |
| Infrastructure, lines, and accessories | 30-50 years                           |
| Machinery and equipment                | 5-10 years                            |

Property, plant and equipment and infrastructure purchased by the Enterprise Funds are stated at cost or estimated historical cost. Donated property is recorded at acquisition value at the date of donation. Depreciation has been provided over the following estimated useful lives using the straight-line method:

| <b><u>Assets</u></b>        | <b><u>Enterprise Funds</u></b> |
|-----------------------------|--------------------------------|
| Water/sewer infrastructure  | 30-50 years                    |
| Equipment (all proprietary) | 8-10 years                     |
| Golf Course                 | 50 years                       |

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)**

**7. *Compensated Absences***

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The City accrues salary-related payments associated with the payment of compensated absences. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**8. *Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

**9. *Fund equity***

The City reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, funds must be committed through action by City Council, its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; City Council has delegated this authority to the City Manager.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)**

**9. Fund equity (continued)**

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

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**10. Net Position**

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**11. Net Position Flow Assumption**

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

**12. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**13. Restricted Assets**

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2017 the general, golf, and water and sewer funds had restricted cash for debt service of \$112,412, \$110,299, and \$671,568, respectively. Additionally, the water and sewer fund had unspent bond proceeds of \$444,241.

As of June 30, 2017 the City was not in compliance with the bond agreement for the Series 2005A lease revenue bonds for the golf course fund. The 2005A bond agreement indicates that the City is required to maintain the lesser of the maximum annual debt services on the bonds or 10% of the stated principal amount of the bonds in a debt service reserve account. At year end the balance in the restricted debt service account was \$110,299.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)**

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items to report in this category. One item is comprised of certain items related to the measurement of the net pension asset or liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet.

This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability are reported as deferred inflows of resources. These include the difference between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

**15. *Pensions***

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

**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:****A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balances—total governmental funds* and *net position—governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these \$(8,162,392) and \$(9,630,534) differences for the primary government and discretely presented component unit, respectively, are as follows:

|  | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|--|-------------------------------|---------------------------|
| Bonds payable  | \$ (417,249)                  | \$ -                      |
| Accrued interest payable   | (31,252)                      | -                         |
| Net OPEB obligation  | (383,726)                     | (496,000)                 |
| Capital leases   | (477,636)                     | -                         |
| Loans payable and literary loan  | (4,337,382)                   | -                         |
| Compensated absences   | (227,698)                     | (187,312)                 |
| Net pension liability  | (2,779,572)                   | (9,633,000)               |
| Items related to measurement of net pension liability  | 492,123                       | 685,778                   |
| Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i> | \$ <u>(8,162,392)</u>         | \$ <u>(9,630,534)</u>     |

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.” The details of these \$674,164 and \$(358,000) differences for the primary government and discretely presented component unit, respectively, are as follows:

|   | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|---|-------------------------------|---------------------------|
| Unavailable revenue - property taxes  | \$ 752,617                    | \$ -                      |
| Items related to measurement of net pension asset/liability   | (78,453)                      | (358,000)                 |
| Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ <u>674,164</u>             | \$ <u>(358,000)</u>       |



**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:  
(CONTINUED)****B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these \$333,641 and \$(84,354) differences for the primary government and discretely presented component unit, respectively, are as follows:

|   | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|---|-------------------------------|---------------------------|
| Capital outlay  | \$ 964,225                    | \$ 60,688                 |
| Depreciation expense  | (390,121)                     | (385,505)                 |
| Allocation of debt financed school assets   | (240,463)                     | 240,463                   |
| Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ 333,641                    | \$ (84,354)               |

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$279,123 difference in the primary government are as follows:

|  | <b>Primary<br/>Government</b> |
|--|-------------------------------|
| Debt issued or incurred:   |                               |
| Issuance of capital lease  | \$ (232,742)                  |
| Principal repayments:  |                               |
| General obligation debt  | 23,181                        |
| Loans payable and literary loan  | 443,900                       |
| Capital leases   | 44,784                        |
| Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | \$ 279,123                    |

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:  
(CONTINUED)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)**

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these \$(278,103) and \$(354,498) differences for the primary government and discretely presented component unit, respectively, are as follows:

|   | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|---|-------------------------------|---------------------------|
| Compensated absences  | \$ 22,402                     | \$ 187,643                |
| Net OPEB obligation   | (24,000)                      | (61,000)                  |
| Accrued interest payable  | 4,958                         | -                         |
| Net pension liability   | (477,086)                     | (1,018,000)               |
| Net pension asset   | -                             | (116,810)                 |
| Deferred outflows related to pension payments subsequent to the measurement date  | (30,794)                      | 25,891                    |
| Items related to measurement of net pension liability   | 226,417                       | 627,778                   |
| Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (278,103)</u>           | <u>\$ (354,498)</u>       |

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of these \$331,947 and \$396,085 differences for the primary government and discretely presented component unit, respectively, are as follows:

|   | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|---|-------------------------------|---------------------------|
| Property taxes  | \$ 102,206                    | \$ -                      |
| Changes in deferred inflows related to the measurement of the net pension liability   | 229,741                       | 396,085                   |
| Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 331,947</u>             | <u>\$ 396,085</u>         |



**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:****A. Budgetary information**

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriations ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts between the school system's departments without the approval of the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects and Proprietary Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse at year-end.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2017. Several supplemental appropriations were necessary during the year.
9. The following funds have legally adopted budgets: General, Park and Recreation, Emergency 911, Senior Center, School Construction, Flood Protection, Water and Sewer, Golf Course, School Operating and School Cafeteria Funds. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the departmental level.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the City's accounting system.

**B. Excess of expenditures over appropriations**

For the year ended June 30, 2017, the following funds incurred expenditures exceeding appropriations:

| Fund                | Excess<br>Expenditures<br>over<br>Appropriations |
|---------------------|--|
| General             | \$ 90,406  |
| Park and Recreation | 96,255   |
| Senior Center Fund  | 5,381  |
| School Construction | 53,529   |
| Total All Funds     | \$ <u>245,571</u>                                |

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)**

**C. Deficit fund equity**

At June 30, 2017, the parks and recreation, golf course, and school construction funds had deficit fund equity of \$70,782, \$4,149,026, and \$13,827 respectively.

**NOTE 4—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.

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the state Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The City of Buena Vista sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the City of Buena Vista shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel. The City's investment policy for credit risk is consistent with the investments allowed by statutes as detailed above. The City does not have a formal policy for investment-related risk.

**City's Rated Debt Investments' Values**

| Rated Debt Investments | Fair Quality Ratings |
|------------------------|----------------------|
|                        | AAAm                 |
| Local Government       |                      |
| Investment Pool        | \$ 14,845            |
| Total                  | \$ 14,845            |

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):**

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of GASB Statements No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

The City invests funds in low risk investments backed by U.S. government agencies.

|      | <u>Fair Value</u> | <u>Less than 1 yr</u> | <u>1-5 years</u> | <u>6-10 years</u> | <u>10+ years</u> |
|------|-------------------|-----------------------|------------------|-------------------|------------------|
| LGIP | \$ <u>14,845</u>  | \$ <u>14,845</u>      | \$ <u>-</u>      | \$ <u>-</u>       | \$ <u>-</u>      |

**NOTE 5—JOINT VENTURES:**

As described in Note 1-A, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2017 is provided below:

|   | Maury<br>Service<br>Authority (1) | Rockbridge<br>County<br>Regional Jail<br>Commission | Rockbridge Area<br>Community<br>Services Board (1) | Rockbridge<br>Regional<br>Public Safety<br>Communications<br>Center |
|---|-----------------------------------|---|--|---|
| Total assets and deferred outflows of resources     | \$ 40,045,761                     | \$ 3,684,989  | \$ 8,387,808                                       | \$ 6,510,732  |
| Total liabilities and deferred inflows of resources | 15,702,707                        | 1,723,401   | 5,262,836  | 6,216,759   |
| Total net position                                  | <u>\$ 24,343,054</u>              | <u>\$ 1,961,588</u>                                 | <u>\$ 3,124,972</u>                                | <u>\$ 293,973</u>   |
| For the year ended June 30, 2017                    |                                   |   |  |   |
| Operating revenue                                   | \$ 2,816,879                      | \$ 3,270,292  | \$ 4,290,086                                       | \$ 219,003  |
| Operating expenses                                  | (3,265,818)                       | (3,446,033)   | (7,349,343)  | (1,678,702)   |
| Nonoperating income (expense)                       | 1,225,263                         | 9,970   | 3,312,570  | 1,588,750   |
| Change in net position                              | \$ 776,324                        | \$ (165,771)  | \$ 253,313   | \$ 129,051  |
| Net position at beginning of year                   | 23,566,730                        | 2,127,359   | 2,871,659  | 164,922   |
| Net position at end of year                         | <u>\$ 24,343,054</u>              | <u>\$ 1,961,588</u>                                 | <u>\$ 3,124,972</u>                                | <u>\$ 293,973</u>   |

(1) Information provided for these entities is as of June 30, 2016, and for the year then ended. Final reported amounts for fiscal year 2017 were not available prior to the City's report release date.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 6—DUE FROM OTHER GOVERNMENTS:**

The following amounts represent receivables from other governments at year-end:

|  | Primary<br>Government | Discretely<br>Presented<br>Component Unit<br>School Board |
|--|-----------------------|---|
| <u>Federal Government:</u>                                     |                       |   |
| Categorical aid - welfare                                      | \$ 5,605              | \$ -  |
| Categorical aid - Edward Byrne Memorial JAG                    | 3,500                 | -   |
| Categorical aid - victim witness grant                         | 15,652                | -   |
| Categorical aid - Seized funds                                 | 3,181                 | -   |
| Categorical aid - IDEA part B section 611<br>special education | -                     | 73,355  |
| Categorical aid - title I                                      | -                     | 34,452  |
| Categorical aid - title II part A                              | -                     | 8,547   |
| Categorical aid - twenty-first century                         | -                     | 63,314  |
| Categorical aid - title VI                                     | -                     | 3,500   |
| Categorical aid - vocational education                         | -                     | 17,200  |
| <u>Commonwealth of Virginia:</u>                               |                       |   |
| Local sales tax  | -                     | 191,527   |
| State sales tax  | 64,977                | -   |
| Personal property tax relief funds                             | 374,445               | -   |
| Categorical aid - street maintenance                           | 275,135               | -   |
| Communications tax   | 48,909                | -   |
| Comprehensive Service Act funds -<br>Rockbridge County         | 289,000               | -   |
| Other state funds  | 65,374                | -   |
| Totals   | <u>\$ 1,145,778</u>   | <u>\$ 391,895</u>   |

**NOTE 7—DUE TO OTHER GOVERNMENTS:**

During fiscal year 2013 the City entered into an agreement with the County of Rockbridge, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2017 the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$186,984.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 8—INTERFUND OBLIGATIONS:**

| <u>Fund</u>                  | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> | <u>Due to<br/>Primary<br/>Government/<br/>Component<br/>Unit</u> | <u>Due from<br/>Primary<br/>Government/<br/>Component<br/>Unit</u> |
|------------------------------|---------------------------------|-------------------------------|--|--|
| Primary Government:          |                                 |                               |  |  |
| General Fund                 | \$ -                            | \$ 110,964                    | \$ -   | \$ 246,076   |
| Park and Recreation Fund     | 51,601                          | -                             | -  | -  |
| Golf Course                  | 59,363                          | -                             | -  | -  |
| Total Primary Government     | \$ 110,964                      | \$ 110,964                    | \$ -   | \$ 246,076   |
| Component Unit-School Board: |                                 |                               |  |  |
| School Fund                  | \$ -                            | \$ -                          | \$ 246,076   | \$ -   |
| Total Component Unit         | \$ -                            | \$ -                          | \$ 246,076   | \$ -   |
| Total reporting entity       | \$ 110,964                      | \$ 110,964                    | \$ 246,076   | \$ 246,076   |

The amount receivable from the component unit School Fund relates to cash necessary to cover the balance of local appropriations overspent at year-end due back from the School Fund. The amounts payable to the General Fund resulted from cash advances to the Park and Recreation Fund and Golf Course Fund.

**NOTE 9—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2017, consisted of the following:

| <u>Fund</u>                    | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------|---------------------|----------------------|
| Primary Government:            |                     |                      |
| Governmental activities:       |                     |                      |
| General Fund                   | \$ 10,000           | \$ 870,786           |
| Park Activities Fund           | 294,858             | -                    |
| School Construction Fund       | 305,134             | -                    |
| Green Hill Cemetery Fund       | -                   | 10,000               |
| Total governmental activities  | \$ 609,992          | \$ 880,786           |
| Business-type activities:      |                     |                      |
| Golf Course Fund               | \$ 270,794          | \$ -                 |
| Total business-type activities | \$ 270,794          | \$ -                 |
| Total primary government       | \$ 880,786          | \$ 880,786           |

During the year, transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 9—INTERFUND TRANSFERS (CONTINUED):**

The following table provides the purposes of interfund transfers throughout the year:

Transfers to/from other funds:

|   |    |                       |
|---|----|-----------------------|
| Transfer to the General Fund from the Green Hill Cemetery Fund: |    |                       |
| to fund capital projects  | \$ | 10,000                |
| Transfer to the Park and Recreation Fund from the General Fund: |    |                       |
| to supplement Park and Recreation Fund operations               |    | 294,858               |
| Transfer to School Construction Fund from the General Fund:     |    |                       |
| to fund debt service payments for long-term obligations         |    | 305,134               |
| Transfer to the Golf Course Fund from the General Fund          |    |                       |
| to supplement Golf Course Fund operations                       |    | <u>270,794</u>        |
| Total transfers   | \$ | <u><u>880,786</u></u> |

**NOTE 10—LONG-TERM OBLIGATIONS:**

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligation transactions for the City's governmental activities for the year ended June 30, 2017.

|   | Balance<br>July 1, 2016 | Increases/<br>Issuances | Decreases/<br>Retirements | Balance<br>June 30, 2017 |
|---|-------------------------|-------------------------|---------------------------|--------------------------|
| <u>Governmental activities obligations:</u> |                         |                         |                           |                          |
| General obligation bonds                    | \$ 440,430              | \$ -                    | \$ 23,181                 | \$ 417,249               |
| Literary loan                               | 2,250,000               | -                       | 375,000                   | 1,875,000                |
| Capital leases                              | 289,678                 | 232,742                 | 44,784                    | 477,636                  |
| Loans payable                               | 2,531,282               | -                       | 68,900                    | 2,462,382                |
| Net OPEB obligation                         | 359,726                 | 60,000                  | 36,000                    | 383,726                  |
| Compensated absences                        | 250,100                 | 165,173                 | 187,575                   | 227,698                  |
| Net pension liability                       | 2,302,486               | 1,385,725               | 908,639                   | 2,779,572                |
| Total governmental activities obligations   | \$ <u>8,423,702</u>     | \$ <u>1,843,640</u>     | \$ <u>1,644,079</u>       | \$ <u>8,623,263</u>      |

For governmental activities, net pension liability, compensated absences and the net OPEB obligation are generally liquidated in the General and Parks and Recreation Funds.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

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**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**

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Primary Government-Governmental Activities Obligations (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

| Year Ending<br>June 30, | General Obligation Bonds |                   |
|-------------------------|--------------------------|-------------------|
|                         | Principal                | Interest          |
| 2018                    | \$ 23,181                | \$ 19,583         |
| 2019                    | 23,181                   | 19,583            |
| 2020                    | 23,181                   | 19,583            |
| 2021                    | 23,181                   | 19,583            |
| 2022                    | 23,181                   | 19,583            |
| 2023                    | 23,181                   | 19,583            |
| 2024                    | 23,181                   | 19,583            |
| 2025                    | 23,181                   | 19,583            |
| 2026                    | 23,181                   | 19,583            |
| 2027                    | 23,181                   | 19,583            |
| 2028                    | 23,181                   | 19,583            |
| 2029                    | 23,181                   | 19,583            |
| 2030                    | 23,181                   | 19,583            |
| 2031                    | 23,181                   | 19,583            |
| 2032                    | 23,181                   | 19,583            |
| 2033                    | 23,181                   | 19,583            |
| 2034                    | 23,181                   | 19,583            |
| 2035                    | 23,172                   | 9,791             |
| Totals                  | \$ <u>417,249</u>        | \$ <u>342,702</u> |

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

| Year<br>Ending<br>June 30, | Literary Fund Loan |            | Capital Leases |           | Loans Payable |              |
|----------------------------|--------------------|------------|----------------|-----------|---------------|--------------|
|                            | Principal          | Interest   | Principal      | Interest  | Principal     | Interest     |
| 2018                       | \$ 375,000         | \$ 37,500  | \$ 120,444     | \$ 17,066 | \$ 63,099     | \$ 100,329   |
| 2019                       | 375,000            | 30,000     | 125,158        | 12,352    | 65,788        | 97,640       |
| 2020                       | 375,000            | 22,500     | 129,714        | 7,795     | 68,594        | 94,834       |
| 2021                       | 375,000            | 15,000     | 50,404         | 3,070     | 71,523        | 91,905       |
| 2022                       | 375,000            | 7,500      | 51,916         | 1,558     | 72,493        | 89,209       |
| 2023                       | -                  | -          | -              | -         | 77,134        | 87,234       |
| 2024                       | -                  | -          | -              | -         | 80,613        | 83,755       |
| 2025                       | -                  | -          | -              | -         | 84,256        | 80,112       |
| 2026                       | -                  | -          | -              | -         | 88,072        | 76,296       |
| 2027                       | -                  | -          | -              | -         | 92,069        | 72,300       |
| 2028                       | -                  | -          | -              | -         | 96,255        | 68,113       |
| 2029                       | -                  | -          | -              | -         | 100,640       | 63,728       |
| 2030                       | -                  | -          | -              | -         | 86,831        | 58,953       |
| 2031                       | -                  | -          | -              | -         | 79,079        | 56,114       |
| 2032                       | -                  | -          | -              | -         | 82,295        | 52,898       |
| 2033                       | -                  | -          | -              | -         | 85,645        | 49,548       |
| 2034                       | -                  | -          | -              | -         | 89,135        | 46,058       |
| 2035                       | -                  | -          | -              | -         | 92,770        | 42,423       |
| 2036                       | -                  | -          | -              | -         | 96,558        | 38,636       |
| 2037                       | -                  | -          | -              | -         | 100,504       | 34,690       |
| 2038                       | -                  | -          | -              | -         | 104,615       | 30,579       |
| 2039                       | -                  | -          | -              | -         | 108,898       | 26,295       |
| 2040                       | -                  | -          | -              | -         | 113,361       | 21,832       |
| 2041                       | -                  | -          | -              | -         | 118,012       | 17,182       |
| 2042                       | -                  | -          | -              | -         | 122,858       | 12,335       |
| 2043                       | -                  | -          | -              | -         | 127,909       | 7,285        |
| 2044                       | -                  | -          | -              | -         | 93,376        | 2,021        |
| Totals                     | \$ 1,875,000       | \$ 112,500 | \$ 477,636     | \$ 41,841 | \$ 2,462,382  | \$ 1,502,304 |



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

|   | <u>Total<br/>Amount</u> | <u>Amount<br/>Due Within<br/>One Year</u> |
|---|-------------------------|---|
| <b><u>Governmental Activities Indebtedness:</u></b>   |                         |   |
| <u>General Obligation Bonds:</u>  |                         |   |
| \$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at a rate of 1.9%. Interest is reimbursed by a federal interest subsidy. | \$ 417,249              | \$ 23,181                                 |
| Total general obligation bonds  | \$ 417,249              | \$ 23,181                                 |
| <u>Loans Payable:</u>   |                         |   |
| \$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.   | \$ 1,875,000            | \$ 375,000                                |
| \$1,800,000 loan payable dated March 5, 2009, due in annual installments of \$109,179 including interest at 5% through 2044.  | 1,587,259               | 35,802                                    |
| \$700,000 loan payable dated March 5, 2009, due in annual installments of \$42,459 including interest at 5% through 2044.   | 615,030                 | 11,451                                    |
| \$300,000 loan payable dated October 1, 2014, issued to finance the purchase of real property, due in monthly installments of \$2,431 including interest at 4.875% through October 1, 2029.   | 260,093                 | 15,846                                    |
| Total loans payable   | \$ 4,337,382            | \$ 438,099                                |

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations (continued)

|  | <u>Total<br/>Amount</u> | <u>Amount<br/>Due Within<br/>One Year</u> |
|--|-------------------------|---|
| <b><u>Governmental Activities Indebtedness: (continued)</u></b>  |                         |   |
| <u>Capital Leases:</u>   |                         |   |
| \$294,292 capital lease for school buses, dated July 7, 2015, due in annual payment of \$53,474, including interest at 3% through August 15, 2021. | \$ 244,895              | \$ 46,127                                 |
| \$97,045 capital lease for police cars, dated July 27, 2016, due in annual payment of \$35,107, including interest at 4%, through 2020.            | 97,044                  | 30,860                                    |
| \$135,697 capital lease for a refuse truck, dated July 8, 2016, due in annual payment of \$48,929, including interest at 4%, through 2020.         | 135,697                 | 43,457                                    |
| Sub-total capital leases   | \$ 477,636              | \$ 120,444                                |
| Net OPEB Obligation  | \$ 383,726              | \$ -                                      |
| Compensated absences (payable from the General and Park and Recreation Funds)  | \$ 227,698              | \$ 170,774                                |
| Net pension liability  | 2,779,572               | -   |
| Total governmental activities obligations  | <u>\$ 8,623,263</u>     | <u>\$ 752,498</u>                         |

Primary Government-Business-type Activities Obligations

The following is a summary of changes in long-term obligation transactions for the City's enterprise funds for the year ended June 30, 2017:

|  | <u>Balance<br/>July 1, 2016</u> | <u>Increases/<br/>Issuances</u> | <u>Decreases/<br/>Retirements</u> | <u>Balance<br/>June 30, 2017</u> |
|--|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| <u>Business-type activities obligations:</u> |                                 |                                 |                                   |                                  |
| Revenue bonds                                | \$ 4,178,500                    | \$ -                            | \$ 175,000                        | \$ 4,003,500                     |
| Lease-revenue bonds                          | 11,136,798                      | -                               | 52,246                            | 11,084,552                       |
| Other obligations                            | 1,201,840                       | -                               | -                                 | 1,201,840                        |
| Net OPEB obligations                         | 94,275                          | 15,000                          | 9,000                             | 100,275                          |
| Compensated absences                         | 91,942                          | 58,639                          | 68,957                            | 81,624                           |
| Net pension liability                        | 557,050                         | 264,099                         | 260,273                           | 560,876                          |
| Total business-type obligations              | <u>\$ 17,260,405</u>            | <u>\$ 337,738</u>               | <u>\$ 565,476</u>                 | <u>\$ 17,032,667</u>             |

Compensated absences are generally liquidated in the water/sewer fund and golf course fund based on which fund incurred the related liability.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

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**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**

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Primary Government-Business-type Activities Obligations (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

| Year Ending<br>June 30, | Revenue Bonds/Other Obligation |              |
|-------------------------|--------------------------------|--------------|
|                         | Principal                      | Interest     |
| 2018                    | \$ 9,606,466                   | \$ 366,920   |
| 2019                    | 147,135                        | 359,091      |
| 2020                    | 254,760                        | 352,304      |
| 2021                    | 267,505                        | 339,565      |
| 2022                    | 280,377                        | 326,187      |
| 2023                    | 293,380                        | 312,165      |
| 2024                    | 306,522                        | 297,493      |
| 2025                    | 324,807                        | 280,107      |
| 2026                    | 343,244                        | 261,670      |
| 2027                    | 361,838                        | 242,176      |
| 2028                    | 385,598                        | 221,616      |
| 2029                    | 404,530                        | 198,184      |
| 2030                    | 433,644                        | 173,594      |
| 2031                    | 457,945                        | 147,193      |
| 2032                    | 716,008                        | 119,294      |
| 2033                    | 107,151                        | 74,613       |
| 2034                    | 112,074                        | 69,690       |
| 2035                    | 117,223                        | 64,541       |
| 2036                    | 122,608                        | 59,156       |
| 2037                    | 128,240                        | 53,524       |
| 2038                    | 134,132                        | 47,632       |
| 2039                    | 140,294                        | 41,470       |
| 2040                    | 146,739                        | 35,025       |
| 2041                    | 153,480                        | 28,284       |
| 2042                    | 160,531                        | 21,233       |
| 2043                    | 167,905                        | 13,859       |
| 2044                    | 175,619                        | 6,145        |
| 2045                    | 40,137                         | 290          |
| Total                   | \$ 16,289,892                  | \$ 4,513,021 |

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

|   | <u>Total<br/>Amount</u> | <u>Amount<br/>Due Within<br/>One Year</u> |
|---|-------------------------|---|
| <b><u>Business-type Activities Indebtedness:</u></b>  |                         |   |
| <b><u>Revenue Bonds:</u></b>  |                         |   |
| \$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.  | \$ 4,003,500            | \$ 115,000                                |
| \$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.  | 2,849,552               | 54,626                                    |
| \$9,205,000 Lease-Revenue Bond, Series 2005A, dated April 14, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at interest rates from 4.125% to 5.500% per annum. Semi-annual interest payments commence January 1, 2006 through maturity. Annual principal payments ranging from \$180,000 to \$630,000 commence July 1, 2010 through July 1, 2035. The City has ceased paying rent payments to the Public Recreational Facilities Authority of Buena Vista and the bonds are in default of the debt agreement. The full principal balance of the bonds is classified as current because violation of the debt agreement makes the full obligation callable by the lender. See Note 22 for additional information on events related to these bonds. | 8,235,000               | 8,235,000                                 |
| Sub-total revenue bonds   | \$ <u>15,088,052</u>    | \$ <u>8,404,626</u>                       |
| <b><u>Other Obligations:</u></b>  |                         |   |
| Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments commencing July 1, 2035 through January 1, 2040. See Note 22 for additional information on events related to this agreement.  | \$ 1,201,840            | \$ 1,201,840                              |
| Net OPEB obligation   | \$ 100,275              | \$ -                                      |
| Compensated absences (payable from the Water and Sewer and Golf Course Funds)   | \$ 81,624               | \$ 61,218                                 |
| Net pension liability   | \$ 560,876              | \$ -                                      |
| Total business-type activities indebtedness   | \$ <u>17,032,667</u>    | \$ <u>9,667,684</u>                       |

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**

Discretely Presented Component Unit—School Board:

The following is a summary of long-term obligation transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2017.

|                                      | Balance<br>July 1, 2016 | Increases/<br>Issuances | Decreases/<br>Retirements | Balance<br>June 30, 2017 |
|--------------------------------------|-------------------------|-------------------------|---------------------------|--------------------------|
| <u>General Long-Term Obligations</u> |                         |                         |                           |                          |
| Net OPEB obligation                  | \$ 435,000              | \$ 251,000              | \$ 190,000                | \$ 496,000               |
| Compensated absences                 | 374,955                 | 93,573                  | 281,216                   | 187,312                  |
| Net pension liability                | 8,615,000               | 2,166,000               | 1,148,000                 | 9,633,000                |
| Total Long-Term Obligations          | <u>\$ 9,424,955</u>     | <u>\$ 2,510,573</u>     | <u>\$ 1,619,216</u>       | <u>\$ 10,316,312</u>     |

Details of Long-term Indebtedness:

|  | Total<br>Amount      | Amount Due<br>Within<br>One Year |
|--|----------------------|----------------------------------|
| Net OPEB obligation  | \$ 496,000           | \$ -                             |
| Compensated absences (payable from the School Fund)                                | \$ 187,312           | \$ 140,484                       |
| Net pension liability  | \$ 9,633,000         | \$ -                             |
| Total Long-term obligations, Discretely Presented Component<br>Unit - School Board | <u>\$ 10,316,312</u> | <u>\$ 140,484</u>                |

**NOTE 11—CAPITAL LEASES:**

The government has entered into lease agreements as lessee for financing a street sweeper, general equipment, and school buses. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present values of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

| Asset:                         | Governmental<br>Activities |
|--------------------------------|----------------------------|
| Machinery and Equipment        | \$ 747,037                 |
| Less: Accumulated depreciation | (309,375)                  |
| Total                          | <u>\$ 437,662</u>          |

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2017, are as follows:

| Year Ended June 30,                     | Governmental<br>Activities |
|---|----------------------------|
| 2018                                    | \$ 137,510                 |
| 2019                                    | 137,510                    |
| 2020                                    | 137,510                    |
| 2021                                    | 53,474                     |
| 2022                                    | 53,474                     |
| Total minimum lease payments            | \$ 519,478                 |
| Less: Amount representing interest      | (41,842)                   |
| Present value of minimum lease payments | <u>\$ 477,636</u>          |

**NOTE 12—PENSION PLAN:*****Plan Description***

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

| RETIREMENT PLAN PROVISIONS  |   |  |
|---|---|--|
| PLAN 1  | PLAN 2  | HYBRID RETIREMENT PLAN   |
| <b>About Plan 1</b><br>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. | <b>About Plan 2</b><br>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. | <b>About the Hybrid Retirement Plan</b><br>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul> |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |   |  |
|---|---|--|
| PLAN 1  | PLAN 2  | HYBRID RETIREMENT PLAN   |
| <b>About Plan 1 (Cont.)</b>   | <b>About Plan 2 (Cont.)</b>   | <b>About the Hybrid Retirement Plan (Cont.)</b> <ul style="list-style-type: none"> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>  |
| <p><b>Eligible Members</b><br/>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b><br/>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p><b>Eligible Members</b><br/>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b><br/>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p><b>Eligible Members</b><br/>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees*</li> <li>School division employees</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b><br/>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |   |
|---|--|---|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN  |
| <p><b>Hybrid Opt-In Election (Cont.)</b><br/>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>  | <p><b>Hybrid Opt-In Election (Cont.)</b><br/>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>  | <p><b>*Non-Eligible Members (Cont.)</b><br/>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>  |
| <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> | <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p> | <p><b>Retirement Contributions</b><br/>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> |



## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |  |
|---|--|--|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <p><b>Creditable Service</b><br/>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | <p><b>Creditable Service</b><br/>Same as Plan 1.</p> | <p><b>Creditable Service</b><br/><b><u>Defined Benefit Component:</u></b><br/>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)   |   |   |
|--|---|---|
| PLAN 1   | PLAN 2                                    | HYBRID RETIREMENT PLAN  |
| <p><b>Vesting</b><br/>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p> | <p><b>Vesting</b><br/>Same as Plan 1.</p> | <p><b>Vesting</b><br/><b><u>Defined Benefit Component:</u></b><br/>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b><br/>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |   |  |
|---|---|--|
| PLAN 1  | PLAN 2  | HYBRID RETIREMENT PLAN   |
| Vesting (Cont.)   | Vesting (Cont.)   | <p><b>Vesting (Cont.)</b><br/> <b><u>Defined Contributions</u></b><br/> <b><u>Component: (Cont.)</u></b><br/>           Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p> |
| <p><b>Calculating the Benefit</b><br/>           The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> | <p><b>Calculating the Benefit</b><br/>           See definition under Plan 1.</p> | <p><b>Calculating the Benefit</b><br/> <b><u>Defined Benefit Component:</u></b><br/>           See definition under Plan 1</p>   |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |  |
|---|--|--|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <b>Calculating the Benefit (Cont.)</b><br>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.   | <b>Calculating the Benefit (Cont.)</b>   | <b>Calculating the Benefit (Cont.)</b><br><b><u>Defined Contribution Component:</u></b><br>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.  |
| <b>Average Final Compensation</b><br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.   | <b>Average Final Compensation</b><br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.  | <b>Average Final Compensation</b><br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.   |
| <b>Service Retirement Multiplier</b><br><b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.<br><br><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.<br><br><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. | <b>Service Retirement Multiplier</b><br><b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.<br><br><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.<br><br><b>Political subdivision hazardous duty employees:</b> Same as Plan 1. | <b>Service Retirement Multiplier</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.<br><br>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.<br><br><b>Sheriffs and regional jail superintendents:</b> Not applicable.<br><br><b>Political subdivision hazardous duty employees:</b> Not applicable.<br><br><b><u>Defined Contribution Component:</u></b><br>Not applicable. |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)   |  |  |
|--|--|--|
| PLAN 1   | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <b>Normal Retirement Age</b><br><b>VRS:</b> Age 65.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Age 60.  | <b>Normal Retirement Age</b><br><b>VRS:</b> Normal Social Security retirement age.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Same as Plan 1.   | <b>Normal Retirement Age</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Same as Plan 2.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Not applicable.<br><br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.  |
| <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service. | <b>Earliest Unreduced Retirement Eligibility</b><br><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Same as Plan 1. | <b>Earliest Unreduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.<br><br><b>Political subdivisions hazardous duty employees:</b><br>Not applicable.<br><br><b><u>Defined Contribution Component:</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.  | <b>Earliest Reduced Retirement Eligibility</b><br><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.   | <b>Earliest Reduced Retirement Eligibility</b><br><b><u>Defined Benefit Component:</u></b><br><b>VRS:</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.   |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |   |
|---|--|---|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN  |
| <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>   | <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>   | <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b><br/>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b><br/>Same as Plan 1.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Not applicable.</p> <p><b><u>Eligibility:</u></b><br/>Same as Plan 1 and Plan 2.</p>                               |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |   |
|---|--|---|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN  |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> Same as Plan 1.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> Same as Plan 1 and Plan 2.</p> |

## NOTE 12—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)   |  |  |
|--|--|--|
| PLAN 1   | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>  | <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p> | <p><b>Disability Coverage</b><br/>Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>  |
| <p><b>Purchase of Prior Service</b><br/>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p> | <p><b>Purchase of Prior Service</b><br/>Same as Plan 1.</p>  | <p><b>Purchase of Prior Service</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>•Hybrid Retirement Plan members are ineligible for ported service.</li> <li>•The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>•Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b><br/>Not applicable.</p> |



**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 12—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Employees Covered by Benefit Terms***

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <b>Primary<br/>Government</b> | <b>Component Unit<br/>School Board<br/>Nonprofessional</b> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 69                            | 21   |
| Inactive members:  |                               |  |
| Vested inactive members  | 6                             | 5  |
| Non-vested inactive members  | 8                             | 21   |
| Inactive members active elsewhere in VRS                             | 28                            | 8  |
| Total inactive members   | 42                            | 34   |
| Active members   | 73                            | 22   |
| Total covered employees  | 184                           | 77   |

***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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2017 was 13.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$433,392 and \$456,213 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 0.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

**NOTE 12—PENSION PLAN: (CONTINUED)*****Contributions (Continued)***

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 Component Unit School Board's nonprofessional employees were \$136 and \$7,034 for the years ended June 30, 2017 and June 30, 2016, respectively.

***Net Pension Liability/Asset***

The City's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

|                                       |  |
|---------------------------------------|--|
| Inflation                             | 2.5%   |
| Salary increases, including inflation | 3.5% – 5.35%   |
| Investment rate of return             | 7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

***Actuarial Assumptions – Public Safety Employees***

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

|                                       |  |
|---------------------------------------|--|
| Inflation                             | 2.5%   |
| Salary increases, including inflation | 3.5% – 4.75%   |
| Investment rate of return             | 7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

**NOTE 12—PENSION PLAN: (CONTINUED)**

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***Actuarial Assumptions – Public Safety Employees (Continued)***

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

**NOTE 12—PENSION PLAN: (CONTINUED)*****Long-Term Expected Rate of Return***

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

| <b>Asset Class (Strategy)</b> | <b>Target Allocation</b> | <b>Arithmetic Long-Term Expected Rate of Return</b> | <b>Weighted Average Long-Term Expected Rate of Return</b> |
|-------------------------------|--------------------------|---|---|
| U.S. Equity                   | 19.50%                   | 6.46%   | 1.26%   |
| Developed Non U.S. Equity     | 16.50%                   | 6.28%   | 1.04%   |
| Emerging Market Equity        | 6.00%                    | 10.00%  | 0.60%   |
| Fixed Income                  | 15.00%                   | 0.09%   | 0.01%   |
| Emerging Debt                 | 3.00%                    | 3.51%   | 0.11%   |
| Rate Sensitive Credit         | 4.50%                    | 3.51%   | 0.16%   |
| Non Rate Sensitive Credit     | 4.50%                    | 5.00%   | 0.23%   |
| Convertibles                  | 3.00%                    | 4.81%   | 0.14%   |
| Public Real Estate            | 2.25%                    | 6.12%   | 0.14%   |
| Private Real Estate           | 12.75%                   | 7.10%   | 0.91%   |
| Private Equity                | 12.00%                   | 10.41%  | 1.25%   |
| Cash                          | 1.00%                    | -1.50%  | -0.02%  |
| <b>Total</b>                  | <b>100.00%</b>           |   | <b>5.83%</b>  |
|                               |                          | Inflation   | 2.50%   |
|                               |                          | *Expected arithmetic nominal return                 | 8.33%   |

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

## NOTE 12—PENSION PLAN: (CONTINUED)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the City and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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**

|  | Primary Government                   |  |  |
|--|--------------------------------------|--|--|
|  | Increase (Decrease)                  |  |  |
|  | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2015  | \$ 17,530,647                        | \$ 14,671,111                            | \$ 2,859,536                             |
| Changes for the year:  |                                      |  |  |
| Service cost   | \$ 370,108                           | \$ -                                     | \$ 370,108                               |
| Interest   | 1,193,493                            | -  | 1,193,493                                |
| Differences between expected<br>and actual experience            | (234,737)                            | -  | (234,737)                                |
| Contributions - employer   | -                                    | 456,213                                  | (456,213)                                |
| Contributions - employee   | -                                    | 152,926                                  | (152,926)                                |
| Net investment income  | -                                    | 248,114                                  | (248,114)                                |
| Benefit payments, including refunds<br>of employee contributions | (961,506)                            | (961,506)                                | -  |
| Administrative expenses  | -                                    | (9,194)                                  | 9,194                                    |
| Other changes  | -                                    | (107)                                    | 107                                      |
| Net changes  | \$ 367,358                           | \$ (113,554)                             | \$ 480,912                               |
| Balances at June 30, 2016  | \$ 17,898,005                        | \$ 14,557,557                            | \$ 3,340,448                             |

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

## NOTE 12—PENSION PLAN: (CONTINUED)

*Changes in Net Pension (Asset)*

|  | Component School Board (nonprofessional) |  |  |
|--|--|--|--|
|  | Increase (Decrease)                      |  |  |
|  | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>(Asset)<br>(a) - (b) |
| Balances at June 30, 2015  | \$ 1,370,348                             | \$ 1,769,264                             | \$ (398,916)                           |
| Changes for the year:  |  |  |  |
| Service cost   | \$ 36,487                                | \$ -                                     | \$ 36,487                              |
| Interest   | 90,797                                   | -  | 90,797                                 |
| Differences between expected<br>and actual experience            | 38,859                                   | -  | 38,859                                 |
| Contributions - employer   | -  | 7,034                                    | (7,034)                                |
| Contributions - employee   | -  | 16,078                                   | (16,078)                               |
| Net investment income  | -  | 27,381                                   | (27,381)                               |
| Benefit payments, including refunds<br>of employee contributions | (146,497)                                | (146,497)                                | -                                      |
| Administrative expenses  | -  | (1,148)                                  | 1,148                                  |
| Other changes  | -  | (12)                                     | 12                                     |
| Net changes  | \$ 19,646                                | \$ (97,164)                              | \$ 116,810                             |
| Balances at June 30, 2016  | \$ 1,389,994                             | \$ 1,672,100                             | \$ (282,106)                           |

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

The following presents the net pension liability (asset) of the City and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what City's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

|   | Rate         |              |              |
|---|--------------|--------------|--------------|
|   | (6.00%)      | (7.00%)      | (8.00%)      |
| City of Buena Vista, Virginia                 |              |              |              |
| Net Pension Liability                         | \$ 5,592,719 | \$ 3,340,448 | \$ 1,464,082 |
| Component Unit School Board (nonprofessional) |              |              |              |
| Net Pension Liability (Asset)                 | \$ (143,358) | \$ (282,106) | \$ (400,955) |

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2017, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$461,180 and \$13,981 respectively. At June 30, 2017, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Primary Government</b>             |                                      | <b>Component Unit School Board (nonprofessional)</b> |                                      |
|--|---------------------------------------|--------------------------------------|--|--------------------------------------|
|  | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> | <b>Deferred Outflows of Resources</b>                | <b>Deferred Inflows of Resources</b> |
| Differences between expected and actual experience                               | \$ 209,993                            | \$ 168,239                           | \$ 16,654  | \$ -                                 |
| Net difference between projected and actual earnings on pension plan investments | 379,297                               | -                                    | 44,124   | -                                    |
| Employer contributions subsequent to the measurement date                        | 433,392                               | -                                    | 136  | -                                    |
| Total  | <u>\$ 1,022,682</u>                   | <u>\$ 168,239</u>                    | <u>\$ 60,914</u>                                     | <u>\$ -</u>                          |

\$433,392 and \$136 reported as deferred outflows of resources related to pensions resulting from the City's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <b>Year ended June 30,</b> | <b>Primary Government</b> | <b>Component Unit School Board (nonprofessional)</b> |
|----------------------------|---------------------------|--|
| 2018                       | \$ 55,524                 | \$ 16,072  |
| 2019                       | 25,521                    | (583)  |
| 2020                       | 186,764                   | 26,869   |
| 2021                       | 153,242                   | 18,420   |
| Thereafter                 | -                         | -  |



**NOTE 12—PENSION PLAN: (CONTINUED)**

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**Component Unit School Board (professional)**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

***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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$756,473 and \$736,862 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$9,633,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .06874% as compared to .06844% at June 30, 2016.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

## NOTE 12—PENSION PLAN: (CONTINUED)

**Component Unit School Board (professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

For the year ended June 30, 2017, the school division recognized pension expense of \$836,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ -   | \$ 312,000                                      |
| Net difference between projected and actual earnings on pension plan investments                              | 550,000  | -   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 75,000   | 46,000  |
| Employer contributions subsequent to the measurement date   | <u>756,473</u>                                   | <u>-</u>  |
| Total   | \$ <u><u>1,381,473</u></u>                       | \$ <u><u>358,000</u></u>                        |

\$756,473 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 fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <b><u>Year ended June 30,</u></b> |             |
|-----------------------------------|-------------|
| 2018                              | \$ (57,000) |
| 2019                              | (57,000)    |
| 2020                              | 245,000     |
| 2021                              | 156,000     |
| 2022                              | (20,000)    |
| Thereafter                        | -           |

**NOTE 12—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)*****Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

|                                       |  |
|---------------------------------------|--|
| Inflation                             | 2.5%   |
| Salary increases, including inflation | 3.5% – 5.95%   |
| Investment rate of return             | 7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

**Mortality rates:****Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

**Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

**Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

**NOTE 12—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)*****Long-Term Expected Rate of Return***

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

| <b>Asset Class (Strategy)</b> | <b>Target Allocation</b> | <b>Arithmetic Long-Term Expected Rate of Return</b> | <b>Weighted Average Long-Term Expected Rate of Return</b> |
|-------------------------------|--------------------------|---|---|
| U.S. Equity                   | 19.50%                   | 6.46%   | 1.26%   |
| Developed Non U.S. Equity     | 16.50%                   | 6.28%   | 1.04%   |
| Emerging Market Equity        | 6.00%                    | 10.00%  | 0.60%   |
| Fixed Income                  | 15.00%                   | 0.09%   | 0.01%   |
| Emerging Debt                 | 3.00%                    | 3.51%   | 0.11%   |
| Rate Sensitive Credit         | 4.50%                    | 3.51%   | 0.16%   |
| Non Rate Sensitive Credit     | 4.50%                    | 5.00%   | 0.23%   |
| Convertibles                  | 3.00%                    | 4.81%   | 0.14%   |
| Public Real Estate            | 2.25%                    | 6.12%   | 0.14%   |
| Private Real Estate           | 12.75%                   | 7.10%   | 0.91%   |
| Private Equity                | 12.00%                   | 10.41%  | 1.25%   |
| Cash                          | 1.00%                    | -1.50%  | -0.02%  |
| Total                         | <u>100.00%</u>           |   | <u>5.83%</u>  |
|                               |                          | Inflation   | <u>2.50%</u>  |
|                               |                          | *Expected arithmetic nominal return                 | <u>8.33%</u>  |

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**NOTE 12—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)*****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, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

|   |    | Teacher Employee<br>Retirement Plan |
|---|----|-------------------------------------|
| Total Pension Liability   | \$ | 44,182,326                          |
| Plan Fiduciary Net Position   |    | 30,168,211                          |
| Employer's Net Pension Liability (Asset)                                      | \$ | 14,014,115                          |
|   |    |                                     |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability |    | 68.28%                              |

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.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed 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.

***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 using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

|  | Rate          |              |              |
|--|---------------|--------------|--------------|
|  | (6.00%)       | (7.00%)      | (8.00%)      |
| School division's proportionate<br>share of the VRS Teacher<br>Employee Retirement Plan<br>Net Pension Liability | \$ 13,732,000 | \$ 9,633,000 | \$ 6,257,000 |

**NOTE 12—PENSION PLAN: (CONTINUED)**

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**Component Unit School Board (professional) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:**

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Beginning in fiscal year 2009, the City and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the City and School Board retiree health benefit subsidy. Historically, the City and School Board's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the City and School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the City and School Board. This funding methodology mirrors the funding approach used for pension benefits.

**City:**

**A. Plan Description:**

The City offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The City will pay a portion of the medical insurance for eligible retirees equal to that received by regular working full time employees (\$470.20 for fiscal year 2017). Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the City for retirees regardless of age if he/she has been employed by the City for at least 10 years immediately prior to the disability. The City reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

**B. Funding Policy:**

The City establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change, with the maximum City subsidy remaining at \$2,500 per year.

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****City: (continued)****C. Annual OPEB Cost and Net OPEB Obligation:**

The City's general fund has been used in prior years to liquidate the net other post-employment benefit obligation of the governmental funds. The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$76,000 for fiscal year 2017. The City has paid \$45,000 towards this obligation during fiscal year 2016. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the City's net OPEB obligation:

|   |    |          |
|---|----|----------|
| Annual Required Contribution                | \$ | 76,000   |
| Interest on net OPEB obligation             |    | 18,000   |
| Adjustment to annual required contributions |    | (19,000) |
| Annual OPEB cost (expense)                  | \$ | 75,000   |
| Contributions made                          |    | (45,000) |
| Increase in net OPEB obligation             | \$ | 30,000   |
| Net OPEB obligation-beginning of year       |    | 454,001  |
| Net OPEB obligation-end of year             | \$ | 484,001  |

For 2017, the City's expected cash payment of \$45,000 was \$30,000 short of the OPEB cost. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding two years are as follows:

| <b>Fiscal<br/>Year<br/>Ending</b> | <b>Annual<br/>OPEB<br/>Cost (ARC)</b> | <b>Percentage<br/>of ARC<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation</b> |
|-----------------------------------|---------------------------------------|--|------------------------------------|
| 6/30/17                           | \$ 75,000                             | 60.00%                                       | \$ 484,001                         |
| 6/30/16                           | 73,000                                | 64.38%                                       | 454,001                            |
| 6/30/15                           | 82,001                                | 57.32%                                       | 428,001                            |

**D. Funded Status and Funding Progress:**

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, rolled forward for the current year is as follows:

|  |    |           |
|--|----|-----------|
| Actuarial accrued liability (AAL)                  | \$ | 968,000   |
| Actuarial value of plan assets                     | \$ | -         |
| Unfunded actuarial accrued liability               | \$ | 968,000   |
| Funded ratio (actuarial value of plan assets/ AAL) |    | 0.00%     |
| Covered payroll (active plan members)              | \$ | 3,160,075 |
| UAAL as a percentage of covered payroll            |    | 30.63%    |

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

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**City: (continued)****E. Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 7.5% for Pre-Medicare coverage in 2017. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached. Additionally, the actuarial valuation uses 2.5% as a “general inflation rate” assumption for the OPEB plan. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**Cost Method**

The Entry Age Normal cost method is used to determine the Plan’s funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the Plan’s provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan’s total annual normal cost and actuarial liability are the sum of the individual participant amounts. An experienced gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. The actuarial assumptions included a 4.0% rate of return and a medical trend rate of 5.0%. The UAAL is being amortized on an increasing basis. The remaining open amortization at July 1, 2015 was 30 years. Data is net of any retiree contributions.

**Interest Assumptions**

|                                   |       |
|-----------------------------------|-------|
| Funding interest rate             | 4.00% |
| Annual amortization increase rate | 2.50% |



**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****School Board:****A. Plan Description:**

The School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan. The retiree shall pay the same rate as an active employee for coverage. Retirees shall have participated in the group insurance program for the ten years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change, with the maximum City subsidy remaining at \$2,500 per year.

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$252,000 for fiscal year 2017. The School Board has paid \$190,000 towards this obligation during FY17. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows components of the School Board's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the School Board's net OPEB obligation:

|   |            |
|---|------------|
| Annual Required Contribution                | \$ 252,000 |
| Interest on net OPEB obligation             | 17,000     |
| Adjustment to annual required contributions | (18,000)   |
| Annual OPEB cost (expense)                  | \$ 251,000 |
| Contributions made                          | (190,000)  |
| Increase in net OPEB obligation             | \$ 61,000  |
| Net OPEB obligation-beginning of year       | 435,000    |
| Net OPEB obligation-end of year             | \$ 496,000 |

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****School Board: (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

For 2017, the School Board's expected cash payment of \$190,000 was \$61,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding two years are as follows:

| <b>Fiscal<br/>Year<br/>Ending</b> | <b>Annual<br/>OPEB<br/>Cost (ARC)</b> | <b>Percentage<br/>of ARC<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation</b> |
|-----------------------------------|---------------------------------------|--|------------------------------------|
| 6/30/17                           | \$ 251,000                            | 75.70%                                       | \$ 496,000                         |
| 6/30/16                           | 247,000                               | 83.81%                                       | 435,000                            |
| 6/30/15                           | 292,000                               | 81.51%                                       | 395,000                            |

**D. Funded Status and Funding Progress:**

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, rolled forward for the current year is as follows:

|  |              |
|--|--------------|
| Actuarial accrued liability (AAL)                  | \$ 2,687,000 |
| Actuarial value of plan assets                     | \$ -         |
| Unfunded actuarial accrued liability               | \$ 2,687,000 |
| Funded ratio (actuarial value of plan assets/ AAL) | 0.00%        |
| Covered payroll (active plan members)              | \$ 4,932,300 |
| UAAL as a percentage of covered payroll            | 54.48%       |

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 7.5% for Pre-Medicare coverage in 2017. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****School Board: (continued)****E. Actuarial Methods and Assumptions: (Continued)****Cost Method**

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts. An experienced gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. The actuarial assumptions included a 4.0% rate of return and a medical trend rate of 5.0%. The UAAL is being amortized on an increasing basis. The remaining open amortization at July 1, 2015 was 30 years. Data is net of any retiree contributions.

**Interest Assumptions**

|                                   |       |
|-----------------------------------|-------|
| Funding interest rate             | 4.00% |
| Annual amortization increase rate | 2.50% |

**VRS Health Insurance Credit Program****A. Plan Description**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 12.

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

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**School Board: (continued)**

**VRS Health Insurance Credit Program (Continued)**

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016, and 2015 were \$59,755, \$55,577, and \$53,442, respectively and equaled the required contributions for each year.

**NOTE 14—DEFERRED, UNAVAILABLE, AND UNEARNED REVENUE:**

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Deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide financial statements and fund financial statements totaling \$803,720, and \$1,556,337, respectively is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2017 but paid in advance by the taxpayers totaled \$203,502 at June 30, 2017.
- B. Unbilled Property Taxes—Property taxes for the second half of 2017 that had not been billed as of June 30, 2017 amounted to \$600,218.
- C. Unavailable Property Taxes—Uncollected tax billings not available for funding of current expenditures totaled \$752,617.

Unearned revenue reported in the primary government and component unit school board represent lease revenue of \$118,698 and Non-resident tuition fees of \$525, neither of which are available to fund current expenditures.

**NOTE 15—CONTINGENT LIABILITIES:**

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Federal programs in which the City and its component unit participate were audited in accordance with the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Pursuant to the terms of an annexation agreement, the City is obligated to make certain improvements to the City infrastructure. While the exact cost of these improvements is unknown, the cost will be significant.

The City along with the City of Lexington and County of Rockbridge, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The County of Rockbridge is serving as fiscal agent for the radio upgrade project. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligation at June 30, 2017 was \$4,945,909 and an annual payment of \$435,327 will be paid by the Center through June 2030.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

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**NOTE 16—HEALTH INSURANCE FUND:**

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The Buena Vista City School Board maintains an internal service fund entitled Health Insurance Fund that has been included in the discretely presented component unit financial statements. The purpose of this fund is to disclose the School Board's self-insured health insurance transactions for the fiscal year as required by GASB 10. The School Board uses Piedmont Community Health as the administrator of their self-insured plan. The Health Insurance fund pays Piedmont Community Health an administrative fee for these services.

This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the City.

Significant losses, over \$80,000, are covered by commercial insurance. Stop loss insurance coverage began in October 2015. During fiscal year 2017, \$74,676 in settlement amounts exceeded coverage.

The School Board records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

Piedmont Community Health has established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2017 the plan liability was \$65,160. The net position of the Plan maintained by the School Board can be found on Exhibit 31. The following represents the change in approximate aggregate liabilities for the fund:

|              | Beginning of<br>Fiscal Year<br>(Surplus)<br>Liability | Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance at<br>Fiscal Year End<br>(Surplus)<br>Liability |
|--------------|---|---------------------------------------|-------------------|---|
| 2016-2017 \$ | 257,379 \$  | 1,400,789 \$                          | 1,592,558 \$      | 65,610  |
| 2015-2016    | -   | 791,019                               | 533,640           | 257,379   |

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**
**NOTE 17—CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2017 was as follows:

**Primary Government**

|  | Balance<br>July 1,<br>2016 | Increases    | Transfers/<br>Reclassifications | Balance<br>June 30,<br>2017 |
|--|----------------------------|--------------|---------------------------------|-----------------------------|
| <b>Governmental activities</b>               |                            |              |                                 |                             |
| Capital assets not being depreciated:        |                            |              |                                 |                             |
| Land   | \$ 2,108,097               | \$ -         | \$ -                            | \$ 2,108,097                |
| Construction in progress                     | -                          | 767,168      | -                               | 767,168                     |
| Total capital assets not being depreciated   | \$ 2,108,097               | \$ 767,168   | \$ -                            | \$ 2,875,265                |
| Capital assets being depreciated:            |                            |              |                                 |                             |
| Buildings and improvements                   | \$ 13,080,375              | \$ -         | \$ -                            | \$ 13,080,375               |
| Infrastructure                               | 28,138,633                 | -            | -                               | 28,138,633                  |
| Machinery and Equipment                      | 2,884,617                  | 197,057      | -                               | 3,081,674                   |
| Total capital assets being depreciated       | \$ 44,103,625              | \$ 197,057   | \$ -                            | \$ 44,300,682               |
| Accumulated depreciation:                    |                            |              |                                 |                             |
| Buildings and improvements                   | \$ (4,041,310)             | \$ (114,473) | \$ (175,499)                    | \$ (4,331,282)              |
| Infrastructure                               | (25,969,343)               | (164,831)    | -                               | (26,134,174)                |
| Machinery and Equipment                      | (2,137,732)                | (110,817)    | (64,964)                        | (2,313,513)                 |
| Total accumulated depreciation               | \$ (32,148,385)            | \$ (390,121) | \$ (240,463)                    | \$ (32,778,969)             |
| Capital assets being depreciated, net        | \$ 11,955,240              | \$ (193,064) | \$ (240,463)                    | \$ 11,521,713               |
| Governmental activities capital assets, net  | \$ 14,063,337              | \$ 574,104   | \$ (240,463)                    | \$ 14,396,978               |
| <b>Business-type activities</b>              |                            |              |                                 |                             |
| Capital assets not being depreciated:        |                            |              |                                 |                             |
| Land   | \$ 1,364,900               | \$ -         | \$ -                            | \$ 1,364,900                |
| Construction in progress                     | -                          | 7,750        | -                               | 7,750                       |
| Total capital assets not being depreciated   | \$ 1,364,900               | \$ 7,750     | \$ -                            | \$ 1,372,650                |
| Capital assets being depreciated:            |                            |              |                                 |                             |
| Infrastructure                               | \$ 22,434,114              | \$ 43,971    | \$ -                            | \$ 22,478,085               |
| Buildings                                    | 722,543                    | -            | -                               | 722,543                     |
| Machinery and equipment                      | 813,818                    | 32,497       | -                               | 846,315                     |
| Total capital assets being depreciated       | \$ 23,970,475              | \$ 76,468    | \$ -                            | \$ 24,046,943               |
| Accumulated depreciation:                    |                            |              |                                 |                             |
| Infrastructure                               | \$ (9,686,403)             | \$ (420,135) | \$ -                            | \$ (10,106,538)             |
| Buildings                                    | (205,015)                  | (15,587)     | -                               | (220,602)                   |
| Machinery and equipment                      | (698,400)                  | (21,664)     | -                               | (720,064)                   |
| Total accumulated depreciation               | \$ (10,589,818)            | \$ (457,386) | \$ -                            | \$ (11,047,204)             |
| Capital assets being depreciated, net        | \$ 13,380,657              | \$ (380,918) | \$ -                            | \$ 12,999,739               |
| Business-type activities capital assets, net | \$ 14,745,557              | \$ (373,168) | \$ -                            | \$ 14,372,389               |



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED**NOTE 17—CAPITAL ASSETS: (CONTINUED)****Primary Government (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                   |
|---|-------------------|
| Governmental activities:                              |                   |
| General government administration                     | \$ 266,403        |
| Judicial administration                               | 6,739             |
| Public safety   | 59,562            |
| Public works  | 45,297            |
| Health and welfare                                    | 2,502             |
| Education   | 240,463           |
| Parks, recreation and cultural                        | 9,618             |
| Total depreciation expense - governmental activities  | <u>\$ 630,584</u> |
| Business-type activities:                             |                   |
| Water and Sewer                                       | \$ 408,377        |
| Golf course   | 49,009            |
| Total depreciation expense - business-type activities | <u>\$ 457,386</u> |

**Discretely Presented Component Unit****School Board**

|   | Balance<br>July 1,<br>2016 | Increases           | Transfers/<br>Reclassifications | Balance<br>June 30,<br>2017 |
|---|----------------------------|---------------------|---------------------------------|-----------------------------|
| <b>Governmental activities</b>              |                            |                     |                                 |                             |
| Capital assets not being depreciated:       |                            |                     |                                 |                             |
| Land and land improvements                  | \$ 4,634                   | \$ -                | \$ -                            | \$ 4,634                    |
| Total capital assets not being depreciated  | <u>\$ 4,634</u>            | <u>\$ -</u>         | <u>\$ -</u>                     | <u>\$ 4,634</u>             |
| Capital assets being depreciated:           |                            |                     |                                 |                             |
| Buildings and improvements                  | \$ 7,875,411               | \$ 45,437           | \$ -                            | \$ 7,920,848                |
| Machinery and equipment                     | 529,638                    | 15,251              | -                               | 544,889                     |
| Total capital assets being depreciated      | <u>\$ 8,405,049</u>        | <u>\$ 60,688</u>    | <u>\$ -</u>                     | <u>\$ 8,465,737</u>         |
| Accumulated depreciation:                   |                            |                     |                                 |                             |
| Buildings and improvements                  | \$ (3,869,877)             | \$ (310,329)        | \$ 175,499                      | \$ (4,004,707)              |
| Machinery and equipment                     | (521,598)                  | (75,176)            | 64,964                          | (531,810)                   |
| Total accumulated depreciation              | <u>\$ (4,391,475)</u>      | <u>\$ (385,505)</u> | <u>\$ 240,463</u>               | <u>\$ (4,536,517)</u>       |
| Capital assets being depreciated, net       | <u>\$ 4,013,574</u>        | <u>\$ (324,817)</u> | <u>\$ 240,463</u>               | <u>\$ 3,929,220</u>         |
| Governmental activities capital assets, net | <u>\$ 4,018,208</u>        | <u>\$ (324,817)</u> | <u>\$ 240,463</u>               | <u>\$ 3,933,854</u>         |

Depreciation expense for the Component Unit School Board was \$145,042 for the year ended June 30, 2017 and was charged to the education function.

The City retains 100% of the value of School Board assets financed with general City debt on the City's books until the related debt associated with each asset is fully defeased.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

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**NOTE 18—RISK MANAGEMENT:**

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The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The City pays an annual premium to the association for its workers compensation, auto property, liability, flood, and crime coverage.

In the event of the loss, deficit or depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The City continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 19—ARBITRAGE REBATE COMPLIANCE:**

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As of June 30, 2017 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

**NOTE 20—LITIGATION:**

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In June 2016, ACA Financial Guaranty Corporation filed a State suit against the City for its default on \$9.2 million in lease revenue bonds issued in 2005 to refund debt the City had incurred building Vista Links, a municipal golf course. In February 2017, the State suit was nonsuited by ACA and refiled in Federal court. The new Federal suit requests damages of at least \$75,000 in addition to the City making its lease payments. The Series 2005A lease revenue bonds are secured by the City's municipal building and police station in addition to the Vista Links municipal golf course. It is anticipated that failure to pay the debt service on the bonds may result in the loss of these properties, and will likely have a negative impact on the City's ability to borrow funds in future years. The City Council has since filed a Motion to Dismiss the Federal suit that was filed by ACA. The Motion to Dismiss is under consideration.

**NOTE 21—UPCOMING PRONOUNCEMENTS:**

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Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.



**NOTE 21—UPCOMING PRONOUNCEMENTS: (CONTINUED)**

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Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 86, Certain Debt Extinguishment Issues, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

**NOTE 22—COMMITMENTS AND CONTINGENCIES:**

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The City's Public Recreational Facilities Authority issued Series 2005A lease revenue bonds dated April 14, 2005 to finance the procurement and construction of the Vista Links municipal golf course. The City entered into an agreement to lease the golf course from the Public Recreational Facilities Authority. Under the terms of the agreement, the City is responsible for the annual debt service on the Series 2005a lease revenue bonds issued in the Public Recreational Facilities Authority's name.

On July 1, 2011, City Council moved to accept a forbearance and reimbursement agreement for the repayment of the Series 2005A lease revenue bonds as scheduled, however, for a period of 5 years from the date of the agreement, the City would defer one half of the original amount due. At the conclusion of the scheduled debt payments, the City would repay the trustee the deferred amount over a 5 year period.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 CONTINUED**

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**NOTE 22—COMMITMENTS AND CONTINGENCIES: (CONTINUED)**

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On December 8, 2014, City Council passed an ordinance that redirected funds originally budgeted to pay the fiscal year 2015 golf course rent to the City's general operating fund. In the same meeting, City Council passed a resolution to discontinue rent payments to the Public Recreational Facilities Authority of the City of Buena Vista, Virginia and to enter into negotiations to resolve the debt associated with the Vista Links golf course.

In June 2016, the ACA filed a State suit against the City requesting the City honor its obligations by making its obligated payments related to the lease revenue bonds. In February 2017, the ACA refiled its suit against the City in Federal court, requesting specified damages and repayment of the City's obligations. The City subsequently filed a Motion to Dismiss the Federal suit; the Motion to Dismiss is currently under Consideration.

The Series 2005A lease revenue bonds are secured by the City's municipal building and police station in addition to the Vista Links golf course. It is anticipated that failure to pay the debt service on the bonds may result in the loss of these buildings, and it will likely have a negative impact on the City's ability to borrow funds in future years.

**NOTE 23—RESTATEMENT OF BEGINNING FUND BALANCE AND NET POSITION:**

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The City restated beginning fund balance in the General Fund in order to increase the accrual for comprehensive services act expenditures that were omitted from accounts payable as of June 30, 2016. The restatement is as follows:

|  | General Fund |
|--|--------------|
| Fund balance at 7/1/2016, as previously reported | \$ 3,288,097 |
| Accrual of expenses relating to FY2016           | (108,359)    |
| Fund balance at 7/1/2016, as restated            | \$ 3,179,738 |

The City restated beginning net position in the Governmental Activities as follows:

|  | Governmental<br>Activities |
|--|----------------------------|
| Net position at 7/1/2016, as previously reported | \$ 9,949,471               |
| Accrual of expenses relating to FY2016           | (108,359)                  |
| Net position at 7/1/2016, as restated            | \$ 9,841,112               |

## **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2017

|   | Budgeted Amounts     |                      |                      | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
|   | Original             | Final                | Actual<br>Amounts    |   |
| REVENUES  |                      |                      |                      |   |
| General property taxes                                    | \$ 5,543,810         | \$ 5,543,810         | \$ 5,803,302         | \$ 259,492  |
| Other local taxes   | 1,474,015            | 1,474,015            | 1,514,465            | 40,450  |
| Permits, privilege fees, and regulatory licenses          | 37,050               | 37,050               | 66,319               | 29,269  |
| Fines and forfeitures                                     | 60,700               | 60,700               | 57,544               | (3,156)   |
| Revenue from the use of money and property                | 88,450               | 88,450               | 48,430               | (40,020)  |
| Charges for services                                      | 739,530              | 739,530              | 746,505              | 6,975   |
| Miscellaneous   | 184,450              | 184,450              | 156,409              | (28,041)  |
| Recovered costs   | -                    | 102,106              | 23,173               | (78,933)  |
| Intergovernmental:  |                      |                      |                      |   |
| Commonwealth  | 3,687,955            | 5,159,040            | 5,102,195            | (56,845)  |
| Federal   | 50,000               | 50,000               | 204,766              | 154,766   |
| Total revenues  | <u>\$ 11,865,960</u> | <u>\$ 13,439,151</u> | <u>\$ 13,723,108</u> | <u>\$ 283,957</u>   |
| EXPENDITURES  |                      |                      |                      |   |
| Current:  |                      |                      |                      |   |
| General government administration                         | \$ 1,200,180         | \$ 1,213,659         | \$ 1,198,390         | \$ 15,269   |
| Judicial administration                                   | 865,166              | 865,166              | 844,801              | 20,365  |
| Public safety   | 2,439,448            | 2,583,798            | 2,647,082            | (63,284)  |
| Public works  | 1,926,162            | 3,101,192            | 2,843,347            | 257,845   |
| Health and welfare  | 1,498,568            | 1,897,215            | 2,105,861            | (208,646)   |
| Education   | 2,616,711            | 2,616,711            | 2,812,881            | (196,170)   |
| Parks, recreation, and cultural                           | 144,375              | 144,375              | 148,450              | (4,075)   |
| Community development                                     | 511,028              | 511,028              | 491,121              | 19,907  |
| Debt service:   |                      |                      |                      |   |
| Principal retirement                                      | 111,602              | 111,602              | 68,900               | 42,702  |
| Interest and other fiscal charges                         | 138,325              | 138,325              | 112,644              | 25,681  |
| Total expenditures  | <u>\$ 11,451,565</u> | <u>\$ 13,183,071</u> | <u>\$ 13,273,477</u> | <u>\$ (90,406)</u>  |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 414,395</u>    | <u>\$ 256,080</u>    | <u>\$ 449,631</u>    | <u>\$ 193,551</u>   |
| OTHER FINANCING SOURCES (USES)                            |                      |                      |                      |   |
| Transfers in  | \$ -                 | \$ -                 | \$ 10,000            | \$ 10,000   |
| Transfers out   | (414,395)            | (256,080)            | (870,786)            | (614,706)   |
| Issuance of capital leases                                | -                    | -                    | 232,742              | 232,742   |
| Total other financing sources (uses)                      | <u>\$ (414,395)</u>  | <u>\$ (256,080)</u>  | <u>\$ (628,044)</u>  | <u>\$ (371,964)</u>                                       |
| Net change in fund balances                               | \$ -                 | \$ -                 | \$ (178,413)         | \$ (178,413)  |
| Fund balances - beginning, as restated                    | -                    | -                    | 3,179,738            | 3,179,738   |
| Fund balances - ending                                    | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 3,001,325</u>  | <u>\$ 3,001,325</u>                                       |

Schedule of OPEB Funding Progress  
June 30, 2017

**PRIMARY GOVERNMENT:****City Other Postemployment Benefit Program**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>( a ) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>( b ) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll<br>( c ) | UAAL as<br>% of<br>Covered<br>Payroll<br>( (b-a)/c ) |
|--------------------------------|--|---|--|----------------------------|-----------------------------|--|
| 6/30/2016 (1)                  | \$ -                                     | \$ 968,000  | \$ 968,000   | 0.00%                      | \$ 3,160,075                | 30.63%   |
| 6/30/2015                      | -  | 938,000   | 938,000  | 0.00%                      | 3,083,000                   | 30.42%   |
| 6/30/2014 (2)                  | -  | 1,017,000   | 1,017,000  | 0.00%                      | 2,998,484                   | 33.92%   |

(1) Rollforward of valuation date results from June 30, 2015

(2) Rollforward of valuation date results from June 30, 2012

**DISCRETELY PRESENTED COMPONENT UNIT:****School Board Other Postemployment Benefit Program**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>( a ) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>( b ) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll<br>( c ) | UAAL as<br>% of<br>Covered<br>Payroll<br>( (b-a)/c ) |
|--------------------------------|--|---|--|----------------------------|-----------------------------|--|
| 6/30/2016 (1)                  | \$ -                                     | \$ 2,687,000  | \$ 2,687,000   | 0.00%                      | \$ 4,932,300                | 54.48%   |
| 6/30/2015                      | -  | 2,626,000   | 2,626,000  | 0.00%                      | 4,812,000                   | 54.57%   |
| 6/30/2014 (2)                  | -  | 3,289,001   | 3,289,001  | 0.00%                      | 5,118,645                   | 64.26%   |

(1) Rollforward of valuation date results from June 30, 2015

(2) Rollforward of valuation date results from June 30, 2012

Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
Years Ended June 30, 2015 through June 30, 2017

|   | 2016                 | 2015                 | 2014                 |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | \$ 370,108           | \$ 376,655           | \$ 357,099           |
| Interest  | 1,193,493            | 1,122,225            | 1,081,457            |
| Differences between expected and actual experience                                | (234,737)            | 449,987              | -                    |
| Benefit payments, including refunds of employee contributions                     | (961,506)            | (900,002)            | (812,332)            |
| <b>Net change in total pension liability</b>                                      | <b>\$ 367,358</b>    | <b>\$ 1,048,865</b>  | <b>\$ 626,224</b>    |
| <b>Total pension liability - beginning</b>  | <b>17,530,647</b>    | <b>16,481,782</b>    | <b>15,855,558</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 17,898,005</b> | <b>\$ 17,530,647</b> | <b>\$ 16,481,782</b> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |
| Contributions - employer  | \$ 456,213           | \$ 422,230           | \$ 421,903           |
| Contributions - employee  | 152,926              | 142,031              | 147,251              |
| Net investment income   | 248,114              | 649,744              | 1,976,108            |
| Benefit payments, including refunds of employee contributions                     | (961,506)            | (900,002)            | (812,332)            |
| Administrative expense  | (9,194)              | (9,098)              | (10,762)             |
| Other   | (107)                | (136)                | 104                  |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ (113,554)</b>  | <b>\$ 304,769</b>    | <b>\$ 1,722,272</b>  |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>14,671,111</b>    | <b>14,366,342</b>    | <b>12,644,070</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 14,557,557</b> | <b>\$ 14,671,111</b> | <b>\$ 14,366,342</b> |
| <b>City's net pension liability - ending (a) - (b)</b>                            | <b>\$ 3,340,448</b>  | <b>\$ 2,859,536</b>  | <b>\$ 2,115,440</b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>81.34%</b>        | <b>83.69%</b>        | <b>87.16%</b>        |
| <b>Covered payroll</b>  | <b>\$ 3,112,616</b>  | <b>\$ 2,867,942</b>  | <b>\$ 2,947,103</b>  |
| <b>City's net pension liability as a percentage of covered payroll</b>            | <b>107.32%</b>       | <b>99.71%</b>        | <b>71.78%</b>        |

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 Years Ended June 30, 2015 through June 30, 2017

|   | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |                     |
| Service cost  | \$ 36,487           | \$ 36,673           | \$ 35,849           |
| Interest  | 90,797              | 90,772              | 89,028              |
| Differences between expected and actual experience  | 38,859              | (1,342)             | -                   |
| Benefit payments, including refunds of employee contributions                             | (146,497)           | (105,003)           | (94,923)            |
| <b>Net change in total pension liability</b>  | \$ 19,646           | \$ 21,100           | \$ 29,954           |
| <b>Total pension liability - beginning</b>  | 1,370,348           | 1,349,248           | 1,319,294           |
| <b>Total pension liability - ending (a)</b>   | <u>\$ 1,389,994</u> | <u>\$ 1,370,348</u> | <u>\$ 1,349,248</u> |
| <b>Plan fiduciary net position</b>  |                     |                     |                     |
| Contributions - employer  | \$ 7,034            | \$ 7,976            | \$ 16,821           |
| Contributions - employee  | 16,078              | 17,257              | 16,427              |
| Net investment income   | 27,381              | 78,925              | 246,211             |
| Benefit payments, including refunds of employee contributions                             | (146,497)           | (105,003)           | (94,923)            |
| Administrative expense  | (1,148)             | (1,143)             | (1,367)             |
| Other   | (12)                | (17)                | 13                  |
| <b>Net change in plan fiduciary net position</b>  | \$ (97,164)         | \$ (2,005)          | \$ 183,182          |
| <b>Plan fiduciary net position - beginning</b>  | 1,769,264           | 1,771,269           | 1,588,087           |
| <b>Plan fiduciary net position - ending (b)</b>   | <u>\$ 1,672,100</u> | <u>\$ 1,769,264</u> | <u>\$ 1,771,269</u> |
| <b>School Division's net pension liability (asset) - ending (a) - (b)</b>                 | \$ (282,106)        | \$ (398,916)        | \$ (422,021)        |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>         | 120.30%             | 129.11%             | 131.28%             |
| <b>Covered payroll</b>  | \$ 337,453          | \$ 346,316          | \$ 328,542          |
| <b>School Division's net pension liability (asset) as a percentage of covered payroll</b> | -83.60%             | -115.19%            | -128.45%            |

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 Years Ended June 30, 2015 through June 30, 2017

|   | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|
| Employer's Proportion of the Net Pension Liability (Asset)  | 0.06874%     | 0.06844%     | 0.06896%     |
| Employer's Proportionate Share of the Net Pension Liability (Asset)   | \$ 9,633,000 | \$ 8,615,000 | \$ 8,334,000 |
| Employer's Covered Payroll  | \$ 5,140,491 | \$ 5,088,648 | \$ 5,027,238 |
| Employer's Proportionate Share of the Net Pension Liability (Asset)<br>as a Percentage of its Covered Payroll | 187.39%      | 169.30%      | 165.78%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                    | 70.68%       | 70.68%       | 70.88%       |

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



## Schedule of Employer Contributions

Years Ended June 30, 2008 through June 30, 2017

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| <b>Primary Government</b>                            |  |   |   |   |   |
| 2017   | \$ 433,392                                       | \$ 433,392  | \$ -  | \$ 3,343,997                            | 12.96%  |
| 2016   | 456,213  | 456,213   | -   | 3,112,616                               | 14.66%  |
| 2015   | 423,595  | 423,595   | -   | 2,867,942                               | 14.77%  |
| 2014   | 420,846  | 420,846   | -   | 2,947,103                               | 14.28%  |
| 2013   | 415,104  | 415,104   | -   | 2,906,889                               | 14.28%  |
| 2012   | 293,068  | 293,068   | -   | 2,864,790                               | 10.23%  |
| 2011   | 293,015  | 293,015   | -   | 2,864,273                               | 10.23%  |
| 2010   | 242,981  | 242,981   | -   | 3,025,911                               | 8.03%   |
| 2009   | 260,033  | 260,033   | -   | 3,238,274                               | 8.03%   |
| 2008   | 280,373  | 280,373   | -   | 3,136,160                               | 8.94%   |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |   |
| 2017   | \$ 136   | \$ 136  | \$ -  | \$ 340,987                              | 0.04%   |
| 2016   | 7,034  | 7,034   | -   | 337,453                                 | 2.08%   |
| 2015   | 8,035  | 8,035   | -   | 346,316                                 | 2.32%   |
| 2014   | 16,821   | 16,821  | -   | 328,542                                 | 5.12%   |
| 2013   | 16,769   | 16,769  | -   | 327,519                                 | 5.12%   |
| 2012   | -  | -   | -   | 385,558                                 | 0.00%   |
| 2011   | -  | -   | -   | 334,395                                 | 0.00%   |
| 2010   | -  | -   | -   | 361,393                                 | 0.00%   |
| 2009   | -  | -   | -   | 394,481                                 | 0.00%   |
| 2008   | -  | -   | -   | 459,574                                 | 0.00%   |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |   |
| 2017   | \$ 756,473                                       | \$ 756,473  | \$ -  | \$ 5,108,630                            | 14.81%  |
| 2016   | 736,862  | 736,862   | -   | 5,140,491                               | 14.33%  |
| 2015   | 737,854  | 737,854   | -   | 5,088,648                               | 14.50%  |
| 2014   | 586,176  | 586,176   | -   | 5,027,238                               | 11.66%  |
| 2013   | 532,330  | 532,330   | -   | 4,565,437                               | 11.66%  |
| 2012   | 324,200  | 324,200   | -   | 5,121,643                               | 6.33%   |
| 2011   | 211,283  | 211,283   | -   | 5,376,158                               | 3.93%   |
| 2010   | 372,292  | 372,292   | -   | 4,225,789                               | 8.81%   |
| 2009   | 525,202  | 525,202   | -   | 5,961,430                               | 8.81%   |
| 2008   | 569,820  | 569,820   | -   | 5,532,233                               | 10.30%  |

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

Notes to Required Supplementary Information  
Year Ended June 30, 2017

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**Changes of benefit terms** – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

## **OTHER SUPPLEMENTARY INFORMATION**

### **MAJOR CAPITAL PROJECT FUNDS**

School Construction Fund – The School Construction Fund was created to account for School capital projects constructed with funds from the City.

School Construction Fund-Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Year Ended June 30, 2017

|   | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with</b>  |
|---|-------------------------|---------------------|---------------------|-----------------------|
|   | <b>Original</b>         | <b>Final</b>        | <b>Amounts</b>      | <b>Final Budget -</b> |
|   |                         |                     |                     | <b>Positive</b>       |
|   |                         |                     |                     | <b>(Negative)</b>     |
| <b>REVENUES</b>   |                         |                     |                     |                       |
| Revenue from the use of money and property                | \$ 18,173               | \$ 18,173           | \$ 18,233           | \$ 60                 |
| Intergovernmental:  |                         |                     |                     |                       |
| Local government  | 139,457                 | 139,457             | 193,474             | 54,017                |
| Total revenues  | <u>\$ 157,630</u>       | <u>\$ 157,630</u>   | <u>\$ 211,707</u>   | <u>\$ 54,077</u>      |
| <b>EXPENDITURES</b>                                       |                         |                     |                     |                       |
| Capital projects  | \$ -                    | \$ -                | \$ 55               | \$ (55)               |
| Debt service:   |                         |                     |                     |                       |
| Principal retirement                                      | 398,181                 | 398,181             | 442,965             | (44,784)              |
| Interest and other fiscal charges                         | 64,583                  | 64,583              | 73,273              | (8,690)               |
| Total expenditures  | <u>\$ 462,764</u>       | <u>\$ 462,764</u>   | <u>\$ 516,293</u>   | <u>\$ (53,529)</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (305,134)</u>     | <u>\$ (305,134)</u> | <u>\$ (304,586)</u> | <u>\$ 548</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                     |                     |                       |
| Transfers in  | \$ 305,134              | \$ 305,134          | \$ 305,134          | \$ -                  |
| Total other financing sources (uses)                      | <u>\$ 305,134</u>       | <u>\$ 305,134</u>   | <u>\$ 305,134</u>   | <u>\$ -</u>           |
| Net change in fund balances                               | \$ -                    | \$ -                | \$ 548              | \$ 548                |
| Fund balances - beginning                                 | -                       | -                   | (14,375)            | (14,375)              |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>         | <u>\$ (13,827)</u>  | <u>\$ (13,827)</u>    |

## **FIDUCIARY FUND**

Special Welfare Fund – The Special Welfare Fund accounts for funds held in an agency capacity for social service recipients.

Statement of Changes in Assets and Liabilities  
 Agency Fund  
 Year Ended June 30, 2017

|  | <b>Balance<br/>Beginning<br/>of Year</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>End<br/>of Year</b> |
|--|--|------------------|------------------|------------------------------------|
| <b>Special Welfare Fund:</b>             |  |                  |                  |                                    |
| <b>ASSETS</b>                            |  |                  |                  |                                    |
| Cash and cash equivalents                | \$ 2,368                                 | \$ 1,602         | \$ 1,817         | \$ 2,153                           |
| Total assets                             | <u>\$ 2,368</u>                          | <u>\$ 1,602</u>  | <u>\$ 1,817</u>  | <u>\$ 2,153</u>                    |
| <b>LIABILITIES</b>                       |  |                  |                  |                                    |
| Amounts held for social services clients | \$ 2,368                                 | \$ 1,602         | \$ 1,817         | \$ 2,153                           |
| Total liabilities                        | <u>\$ 2,368</u>                          | <u>\$ 1,602</u>  | <u>\$ 1,817</u>  | <u>\$ 2,153</u>                    |

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **Nonmajor Governmental Funds**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report specific revenues that are legally restricted to expenditures for particular purposes.

Park and recreation fund – This fund is issued to account for activities related to the operation of the City's Parks and Recreation Department. Funds generated by the Department are restricted and used to support operations of the Department.

Senior Center fund – This fund was created to account for revenues and expenditures of the Senior Center pursuant to an operating agreement with Rockbridge County in which the City will reimburse certain expenditures of the funds.

Green Hill Cemetery – This fund was created to account for revenues received for the maintenance of the Green Hill Cemetery.

### **CAPITAL PROJECT FUNDS**

Capital projects funds are used to account for and report the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Community Development Block Grant Fund – The Community Development Block Grant Fund was created to account for Federal revenues earmarked for community development capital projects.

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

|   | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------|--|
| <b>ASSETS</b>   |                             |                             |  |
| Cash and cash equivalents                             | \$ 28,215                   | \$ 46,748                   | \$ 74,963                                  |
| Receivables (net of allowance<br>for uncollectibles): |                             |                             |  |
| Accounts receivable                                   | 7,750                       | 48,177                      | 55,927                                     |
| Prepaid items   | 818                         | -                           | 818  |
| Total assets  | <u>\$ 36,783</u>            | <u>\$ 94,925</u>            | <u>\$ 131,708</u>                          |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                             |                             |  |
| Liabilities:  |                             |                             |  |
| Accounts payable                                      | \$ 21,465                   | \$ -                        | \$ 21,465                                  |
| Accrued liabilities                                   | 2,220                       | -                           | 2,220                                      |
| Due to other funds                                    | 51,601                      | -                           | 51,601                                     |
| Total liabilities                                     | <u>\$ 75,286</u>            | <u>\$ -</u>                 | <u>\$ 75,286</u>                           |
| Fund balances:  |                             |                             |  |
| Nonspendable:   |                             |                             |  |
| Prepaid items   | \$ 818                      | \$ -                        | \$ 818                                     |
| Restricted:   |                             |                             |  |
| Community development block grant                     | -                           | 94,925                      | 94,925                                     |
| Assigned:   |                             |                             |  |
| Green Hill Cemetary                                   | 26,564                      | -                           | 26,564                                     |
| Senior citizens program                               | 5,715                       | -                           | 5,715                                      |
| Unassigned  | (71,600)                    | -                           | (71,600)                                   |
| Total fund balances                                   | <u>\$ (38,503)</u>          | <u>\$ 94,925</u>            | <u>\$ 56,422</u>                           |
| Total liabilities and fund balances                   | <u>\$ 36,783</u>            | <u>\$ 94,925</u>            | <u>\$ 131,708</u>                          |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2017

|   | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--------------------------------------|--|
| <b>REVENUES</b>   |                                      |                                      |  |
| Revenue from the use of money and property                | \$ 116,515                           | \$ 452                               | \$ 116,967   |
| Charges for services                                      | 45,853                               | -                                    | 45,853   |
| Miscellaneous   | 4,094                                | -                                    | 4,094  |
| Recovered costs   | 7,614                                | -                                    | 7,614  |
| Total revenues  | <u>\$ 174,076</u>                    | <u>\$ 452</u>                        | <u>\$ 174,528</u>                                    |
| <b>EXPENDITURES</b>                                       |                                      |                                      |  |
| Current:  |                                      |                                      |  |
| Health and welfare  | \$ 9,281                             | \$ -                                 | \$ 9,281   |
| Parks, recreation, and cultural                           | 466,666                              | -                                    | 466,666  |
| Total expenditures  | <u>\$ 475,947</u>                    | <u>\$ -</u>                          | <u>\$ 475,947</u>                                    |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (301,871)</u>                  | <u>\$ 452</u>                        | <u>\$ (301,419)</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                                      |                                      |  |
| Transfers in  | \$ 294,858                           | \$ -                                 | \$ 294,858   |
| Transfers out   | (10,000)                             | -                                    | (10,000)   |
| Total other financing sources (uses)                      | <u>\$ 284,858</u>                    | <u>\$ -</u>                          | <u>\$ 284,858</u>                                    |
| Net change in fund balances                               | \$ (17,013)                          | \$ 452                               | \$ (16,561)  |
| Fund balances - beginning                                 | (21,490)                             | 94,473                               | 72,983   |
| Fund balances - ending                                    | <u><u>\$ (38,503)</u></u>            | <u><u>\$ 94,925</u></u>              | <u><u>\$ 56,422</u></u>                              |

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2017

|   | <b>Park<br/>and<br/>Recreation<br/>Fund</b> | <b>Senior<br/>Center<br/>Fund</b> | <b>Green Hill<br/>Cemetery<br/>Fund</b> | <b>Total</b>       |
|---|---|-----------------------------------|---|--------------------|
| <b>ASSETS</b>   |   |                                   |   |                    |
| Cash and cash equivalents                             | \$ -  | \$ 6,983                          | \$ 26,564                               | \$ 33,547          |
| Receivables (net of allowance<br>for uncollectibles): |   |                                   |   |                    |
| Accounts receivable                                   | 7,750                                       | -                                 | -                                       | 7,750              |
| Prepaid items   | 818   | -                                 | -                                       | 818                |
| Total assets  | <u>\$ 8,568</u>                             | <u>\$ 6,983</u>                   | <u>\$ 26,564</u>                        | <u>\$ 42,115</u>   |
| <b>LIABILITIES AND FUND BALANCES</b>                  |   |                                   |   |                    |
| Liabilities:  |   |                                   |   |                    |
| Reconciled overdraft                                  | \$ 5,332                                    | \$ -                              | \$ -                                    | \$ 5,332           |
| Accounts payable                                      | 20,197                                      | 1,268                             | -                                       | 21,465             |
| Accrued liabilities                                   | 2,220                                       | -                                 | -                                       | 2,220              |
| Due to other funds                                    | 51,601                                      | -                                 | -                                       | 51,601             |
| Total liabilities                                     | <u>\$ 79,350</u>                            | <u>\$ 1,268</u>                   | <u>\$ -</u>                             | <u>\$ 80,618</u>   |
| Fund balances:  |   |                                   |   |                    |
| Nonspendable:   |   |                                   |   |                    |
| Prepaid items   | \$ 818                                      | \$ -                              | \$ -                                    | \$ 818             |
| Assigned:   |   |                                   |   |                    |
| Green Hill Cemetery                                   | -   | -                                 | 26,564                                  | 26,564             |
| Senior citizens program                               | -   | 5,715                             | -                                       | 5,715              |
| Unassigned  | (71,600)                                    | -                                 | -                                       | (71,600)           |
| Total fund balances                                   | <u>\$ (70,782)</u>                          | <u>\$ 5,715</u>                   | <u>\$ 26,564</u>                        | <u>\$ (38,503)</u> |
| Total liabilities and fund balances                   | <u>\$ 8,568</u>                             | <u>\$ 6,983</u>                   | <u>\$ 26,564</u>                        | <u>\$ 42,115</u>   |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2017

|   | <b>Park<br/>and<br/>Recreation<br/>Fund</b> | <b>Senior<br/>Center<br/>Fund</b> | <b>Green Hill<br/>Cemetery<br/>Fund</b> | <b>Total</b>              |
|---|---|-----------------------------------|---|---------------------------|
| <b>REVENUES</b>   |   |                                   |   |                           |
| Revenue from the use of money and property                | \$ 116,403                                  | \$ -                              | \$ 112                                  | \$ 116,515                |
| Charges for services                                      | 42,403                                      | -                                 | 3,450                                   | 45,853                    |
| Miscellaneous   | 4,094                                       | -                                 | -                                       | 4,094                     |
| Recovered costs   | -   | 7,614                             | -                                       | 7,614                     |
| Total revenues  | <u>\$ 162,900</u>                           | <u>\$ 7,614</u>                   | <u>\$ 3,562</u>                         | <u>\$ 174,076</u>         |
| <b>EXPENDITURES</b>                                       |   |                                   |   |                           |
| Current:  |   |                                   |   |                           |
| Health and welfare  | \$ -  | \$ 9,281                          | \$ -                                    | \$ 9,281                  |
| Parks, recreation, and cultural                           | 466,666                                     | -                                 | -                                       | 466,666                   |
| Total expenditures  | <u>\$ 466,666</u>                           | <u>\$ 9,281</u>                   | <u>\$ -</u>                             | <u>\$ 475,947</u>         |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (303,766)</u>                         | <u>\$ (1,667)</u>                 | <u>\$ 3,562</u>                         | <u>\$ (301,871)</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |   |                                   |   |                           |
| Transfers in  | \$ 294,858                                  | \$ -                              | \$ -                                    | \$ 294,858                |
| Transfers out   | -   | -                                 | (10,000)                                | (10,000)                  |
| Total other financing sources (uses)                      | <u>\$ 294,858</u>                           | <u>\$ -</u>                       | <u>\$ (10,000)</u>                      | <u>\$ 284,858</u>         |
| Net change in fund balances                               | \$ (8,908)                                  | \$ (1,667)                        | \$ (6,438)                              | \$ (17,013)               |
| Fund balances - beginning                                 | (61,874)                                    | 7,382                             | 33,002                                  | (21,490)                  |
| Fund balances - ending                                    | <u><u>\$ (70,782)</u></u>                   | <u><u>\$ 5,715</u></u>            | <u><u>\$ 26,564</u></u>                 | <u><u>\$ (38,503)</u></u> |

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**City of Buena Vista, Virginia**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2017

|   | Park and Recreation Fund |              |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------------|--------------|--------------|---|
|   | Budgeted Amounts         |              | Actual       |   |
|   | Original                 | Final        |              |   |
| REVENUES  |                          |              |              |   |
| Revenue from the use of money and property                | \$ 106,000               | \$ 106,000   | \$ 116,403   | \$ 10,403   |
| Charges for services                                      | 35,300                   | 35,300       | 42,403       | 7,103   |
| Miscellaneous   | 2,200                    | 2,200        | 4,094        | 1,894   |
| Recovered costs   | -                        | -            | -            | -   |
| Total revenues  | \$ 143,500               | \$ 143,500   | \$ 162,900   | \$ 19,400   |
| EXPENDITURES  |                          |              |              |   |
| Current:  |                          |              |              |   |
| Health and welfare  | \$ -                     | \$ -         | \$ -         | \$ -  |
| Parks, recreation, and cultural                           | 370,411                  | 370,411      | 466,666      | (96,255)  |
| Total expenditures  | \$ 370,411               | \$ 370,411   | \$ 466,666   | \$ (96,255)   |
| Excess (deficiency) of revenues over (under) expenditures | \$ (226,911)             | \$ (226,911) | \$ (303,766) | \$ (76,855)   |
| OTHER FINANCING SOURCES (USES)                            |                          |              |              |   |
| Transfers in  | \$ 226,911               | \$ 226,911   | \$ 294,858   | \$ 67,947   |
| Transfers out   | -                        | -            | -            | -   |
| Total other financing sources (uses)                      | \$ 226,911               | \$ 226,911   | \$ 294,858   | \$ 67,947   |
| Net change in fund balances                               | \$ -                     | \$ -         | \$ (8,908)   | \$ (8,908)  |
| Fund balances - beginning                                 | -                        | -            | (61,874)     | (61,874)  |
| Fund balances - ending                                    | \$ -                     | \$ -         | \$ (70,782)  | \$ (70,782)   |

| Senior Center Fund |                   |                 |   | Green Hill Cemetery Fund |             |                    |   |
|--------------------|-------------------|-----------------|---|--------------------------|-------------|--------------------|---|
| Budgeted Amounts   |                   | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts         |             | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original           | Final             |                 |   | Original                 | Final       |                    |   |
| \$ -               | \$ -              | \$ -            | \$ -  | \$ -                     | \$ -        | \$ 112             | \$ 112  |
| -                  | -                 | -               | -   | -                        | -           | 3,450              | 3,450   |
| -                  | -                 | -               | -   | -                        | -           | -                  | -   |
| 8,500              | 8,500             | 7,614           | (886)   | -                        | -           | -                  | -   |
| <u>\$ 8,500</u>    | <u>\$ 8,500</u>   | <u>\$ 7,614</u> | <u>\$ (886)</u>   | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ 3,562</u>    | <u>\$ 3,562</u>   |
|                    |                   |                 |   |                          |             |                    |   |
| \$ 3,900           | \$ 3,900          | \$ 9,281        | \$ (5,381)  | \$ -                     | \$ -        | \$ -               | \$ -  |
| -                  | -                 | -               | -   | -                        | -           | -                  | -   |
| <u>\$ 3,900</u>    | <u>\$ 3,900</u>   | <u>\$ 9,281</u> | <u>\$ (5,381)</u>                                       | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ -</u>        | <u>\$ -</u>   |
|                    |                   |                 |   |                          |             |                    |   |
| \$ 4,600           | \$ 4,600          | \$ (1,667)      | \$ (6,267)  | \$ -                     | \$ -        | \$ 3,562           | \$ 3,562  |
|                    |                   |                 |   |                          |             |                    |   |
| \$ -               | \$ -              | \$ -            | \$ -  | \$ -                     | \$ -        | \$ -               | \$ -  |
| (4,600)            | (4,600)           | -               | 4,600   | -                        | -           | (10,000)           | (10,000)  |
| <u>\$ (4,600)</u>  | <u>\$ (4,600)</u> | <u>\$ -</u>     | <u>\$ 4,600</u>   | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ (10,000)</u> | <u>\$ (10,000)</u>                                      |
|                    |                   |                 |   |                          |             |                    |   |
| \$ -               | \$ -              | \$ (1,667)      | \$ (1,667)  | \$ -                     | \$ -        | \$ (6,438)         | \$ (6,438)  |
| -                  | -                 | 7,382           | 7,382   | -                        | -           | 33,002             | 33,002  |
| <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 5,715</u> | <u>\$ 5,715</u>   | <u>\$ -</u>              | <u>\$ -</u> | <u>\$ 26,564</u>   | <u>\$ 26,564</u>  |



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Capital Projects Fund  
Year Ended June 30, 2017

|  | Community Development Block Grant |       |           |   |
|--|-----------------------------------|-------|-----------|---|
|  | Budgeted Amounts                  |       | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original                          | Final |           |   |
| <b>REVENUES</b>  |                                   |       |           |   |
| Revenue from the use of money and property                   | \$ -                              | \$ -  | \$ 452    | \$ 452  |
| Total revenues   | \$ -                              | \$ -  | \$ 452    | \$ 452  |
| Excess (deficiency) of revenues over (under)<br>expenditures | \$ -                              | \$ -  | \$ 452    | \$ 452  |
| Net change in fund balances                                  | \$ -                              | \$ -  | \$ 452    | \$ 452  |
| Fund balances - beginning                                    | -                                 | -     | 94,473    | 94,473  |
| Fund balances - ending                                       | \$ -                              | \$ -  | \$ 94,925 | \$ 94,925   |

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund – The School Operating Fund accounts for the operations of the City's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

### **NONMAJOR GOVERNMENTAL FUNDS**

School Cafeteria Fund – The School Cafeteria Fund is a special revenue fund that accounts for the City's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

### **INTERNAL SERVICE FUND**

Health Insurance Fund – The Health Insurance Fund is an internal service fund that accounts for the School Board's self-insured health insurance transactions. Financing is provided by employee and School Board contributions.

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2017

|   | <b>School<br/>Operating<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--|---|
| <b>ASSETS</b>   |                                      |  |   |
| Cash and cash equivalents                             | \$ 1,033,904                         | \$ 98,571  | \$ 1,132,475                            |
| Receivables (net of allowance<br>for uncollectibles): |                                      |  |   |
| Accounts receivable                                   | 9,504                                | 5,916  | 15,420                                  |
| Due from other governmental units                     | 391,895                              | -  | 391,895                                 |
| Inventories   | -                                    | 8,926  | 8,926                                   |
| Total assets  | <u>\$ 1,435,303</u>                  | <u>\$ 113,413</u>                                    | <u>\$ 1,548,716</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                                      |  |   |
| Liabilities:  |                                      |  |   |
| Accounts payable                                      | \$ 160,833                           | \$ 7,520   | \$ 168,353                              |
| Contracts payable                                     | 809,793                              | -  | 809,793                                 |
| Due to primary government                             | 246,076                              | -  | 246,076                                 |
| Unearned revenue                                      | 525                                  | -  | 525                                     |
| Total liabilities                                     | <u>\$ 1,217,227</u>                  | <u>\$ 7,520</u>                                      | <u>\$ 1,224,747</u>                     |
| Fund balances:  |                                      |  |   |
| Nonspendable:   |                                      |  |   |
| Inventories   | \$ -                                 | \$ 8,926   | \$ 8,926                                |
| Committed:  |                                      |  |   |
| School capital projects                               | 218,076                              | -  | 218,076                                 |
| School lunch program                                  | -                                    | 96,967   | 96,967                                  |
| Total fund balances                                   | <u>\$ 218,076</u>                    | <u>\$ 105,893</u>                                    | <u>\$ 323,969</u>                       |
| Total liabilities and fund balances                   | <u>\$ 1,435,303</u>                  | <u>\$ 113,413</u>                                    | <u>\$ 1,548,716</u>                     |

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

|  |                       |
|--|-----------------------|
| Total fund balances per above  | \$ 323,969            |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  | 3,933,854             |
| The net pension asset is not an available resource and, therefore, is not reported in the funds.   | 282,106               |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.  | (358,000)             |
| Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. | 756,473               |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.                                     | <u>(9,630,534)</u>    |
| Net position of governmental activities  | <u>\$ (4,692,132)</u> |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2017

|   | <b>School<br/>Operating<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--|---|
| <b>REVENUES</b>   |                                      |  |   |
| Revenue from the use of money and property                | \$ 149                               | \$ -   | \$ 149                                  |
| Charges for services                                      | 16,570                               | 105,714  | 122,284                                 |
| Miscellaneous   | 71,272                               | -  | 71,272                                  |
| Recovered costs   | 142,626                              | -  | 142,626                                 |
| Intergovernmental:  |                                      |  |   |
| Local government  | 2,779,973                            | -  | 2,779,973                               |
| Commonwealth  | 7,114,427                            | 12,372   | 7,126,799                               |
| Federal   | 856,339                              | 247,486  | 1,103,825                               |
| Total revenues  | <u>\$ 10,981,356</u>                 | <u>\$ 365,572</u>                                    | <u>\$ 11,346,928</u>                    |
| <b>EXPENDITURES</b>                                       |                                      |  |   |
| Current:  |                                      |  |   |
| Education   | \$ 10,991,486                        | \$ 367,740   | \$ 11,359,226                           |
| Total expenditures  | <u>\$ 10,991,486</u>                 | <u>\$ 367,740</u>                                    | <u>\$ 11,359,226</u>                    |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (10,130)</u>                   | <u>\$ (2,168)</u>                                    | <u>\$ (12,298)</u>                      |
| Net change in fund balances                               | \$ (10,130)                          | \$ (2,168)   | \$ (12,298)                             |
| Fund balances - beginning                                 | 228,206                              | 108,061  | 336,267                                 |
| Fund balances - ending                                    | <u>\$ 218,076</u>                    | <u>\$ 105,893</u>                                    | <u>\$ 323,969</u>                       |

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (12,298)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. (84,354)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 396,085

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. (354,498)

Change in net position of governmental activities \$ (55,065)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2017

|   | School Operating Fund |                      |                      | Variance with<br>Final Budget<br>Positive<br>Negative |
|---|-----------------------|----------------------|----------------------|---|
|   | Budgeted Amounts      |                      | Actual               |   |
|   | Original              | Final                |                      |   |
| REVENUES  |                       |                      |                      |   |
| Revenue from the use of money and property                | \$ -                  | \$ -                 | \$ 149               | \$ 149  |
| Charges for services                                      | 25,000                | 25,000               | 16,570               | (8,430)   |
| Miscellaneous   | -                     | -                    | 71,272               | 71,272  |
| Recovered costs   | 164,000               | 164,000              | 142,626              | (21,374)  |
| Intergovernmental:  |                       |                      |                      |   |
| Local government  | 2,583,803             | 2,583,803            | 2,779,973            | 196,170   |
| Commonwealth  | 7,572,453             | 7,572,453            | 7,114,427            | (458,026)   |
| Federal   | 805,425               | 805,425              | 856,339              | 50,914  |
| Total revenues  | <u>\$ 11,150,681</u>  | <u>\$ 11,150,681</u> | <u>\$ 10,981,356</u> | <u>\$ (169,325)</u>                                   |
| EXPENDITURES  |                       |                      |                      |   |
| Current:  |                       |                      |                      |   |
| Education   | <u>\$ 11,150,681</u>  | <u>\$ 11,150,681</u> | <u>\$ 10,991,486</u> | <u>\$ 159,195</u>                                     |
| Total expenditures  | <u>\$ 11,150,681</u>  | <u>\$ 11,150,681</u> | <u>\$ 10,991,486</u> | <u>\$ 159,195</u>                                     |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ (10,130)</u>   | <u>\$ (10,130)</u>                                    |
| Net change in fund balances                               | \$ -                  | \$ -                 | \$ (10,130)          | \$ (10,130)   |
| Fund balances - beginning                                 | -                     | -                    | 228,206              | 228,206   |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ 218,076</u>    | <u>\$ 218,076</u>                                     |

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board  
Year Ended June 30, 2017

|   | School Cafeteria Fund |                   |                   | Variance with<br>Final Budget<br>Positive<br>Negative |
|---|-----------------------|-------------------|-------------------|---|
|   | Budgeted Amounts      |                   | Actual            |   |
|   | Original              | Final             |                   |   |
| REVENUES  |                       |                   |                   |   |
| Charges for services                                      | \$ 20,000             | \$ 20,000         | \$ 105,714        | \$ 85,714   |
| Intergovernmental:  |                       |                   |                   |   |
| Commonwealth  | 45,000                | 45,000            | 12,372            | (32,628)  |
| Federal   | 410,043               | 410,043           | 247,486           | (162,557)   |
| Total revenues  | <u>\$ 475,043</u>     | <u>\$ 475,043</u> | <u>\$ 365,572</u> | <u>\$ (109,471)</u>                                   |
| EXPENDITURES  |                       |                   |                   |   |
| Current:  |                       |                   |                   |   |
| Education   | <u>\$ 475,043</u>     | <u>\$ 475,043</u> | <u>\$ 367,740</u> | <u>\$ 107,303</u>                                     |
| Total expenditures  | <u>\$ 475,043</u>     | <u>\$ 475,043</u> | <u>\$ 367,740</u> | <u>\$ 107,303</u>                                     |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ (2,168)</u> | <u>\$ (2,168)</u>                                     |
| Net change in fund balances                               | \$ -                  | \$ -              | \$ (2,168)        | \$ (2,168)  |
| Fund balances - beginning                                 | -                     | -                 | 108,061           | 108,061   |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ 105,893</u> | <u>\$ 105,893</u>                                     |

Statement of Net Position  
Internal Service Fund  
Discretely Presented Component Unit - School Board  
June 30, 2017

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|                                     | <b>Health<br/>Insurance<br/>Fund</b> |
|-------------------------------------|--------------------------------------|
|                                     | <hr/>                                |
| <b>ASSETS</b>                       |                                      |
| Cash and cash equivalents           | \$ 190,935                           |
| Total assets                        | <hr/> <hr/> \$ 190,935               |
| <b>LIABILITIES AND NET POSITION</b> |                                      |
| Liabilities:                        |                                      |
| Claims payable                      | \$ 65,160                            |
| Total liabilities                   | <hr/> \$ 65,160                      |
| Net position:                       |                                      |
| Unrestricted                        | \$ 125,775                           |
| Total net position                  | <hr/> \$ 125,775                     |
| Total liabilities and net position  | <hr/> <hr/> \$ 190,935               |

Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Fund  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2017

|   | <b>Health<br/>Insurance<br/>Fund</b> |
|---|--------------------------------------|
| <b>OPERATING REVENUES</b>               |                                      |
| Charges for services:                   |                                      |
| Insurance premiums                      | \$ 1,460,912                         |
| Total operating revenues                | <u>\$ 1,460,912</u>                  |
| <b>OPERATING EXPENSES</b>               |                                      |
| Insurance claims paid and expenses      | \$ 1,335,179                         |
| Total operating expenses                | <u>\$ 1,335,179</u>                  |
| Operating income (loss)                 | <u>\$ 125,733</u>                    |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                      |
| Interest income                         | \$ 42                                |
| Total nonoperating revenues (expenses)  | <u>\$ 42</u>                         |
| Change in net position                  | \$ 125,775                           |
| Total net position - beginning          | <u>-</u>                             |
| Total net position - ending             | <u><u>\$ 125,775</u></u>             |



Statement of Cash Flows  
Internal Service Fund  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2017

|  | <b>Health<br/>Insurance<br/>Fund</b> |
|--|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                      |
| Receipts for insurance premiums  | \$ 1,718,291                         |
| Payments for premiums  | (1,527,398)                          |
| Net cash provided by (used for) operating activities   | <u>\$ 190,893</u>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                      |
| Interest income  | \$ 42                                |
| Net cash provided by (used for) investing activities   | <u>\$ 42</u>                         |
| Net increase (decrease) in cash and cash equivalents   | \$ 190,935                           |
| Cash and cash equivalents - beginning  | -                                    |
| Cash and cash equivalents - ending   | <u><u>\$ 190,935</u></u>             |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by operating activities:</b> |                                      |
| Operating income (loss)  | \$ <u>125,733</u>                    |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities:  |                                      |
| (Increase) decrease in due from other funds  | \$ 257,379                           |
| Increase (decrease) in accounts payable  | (192,219)                            |
| Total adjustments  | <u>\$ 65,160</u>                     |
| Net cash provided by (used for) operating activities   | <u><u>\$ 190,893</u></u>             |

## **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017

| <b>Fund, Major and Minor Revenue Source</b>            | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|---------------|---|
| <b>General Fund:</b>                                   |                            |                         |               |   |
| Revenue from local sources:                            |                            |                         |               |   |
| General property taxes:                                |                            |                         |               |   |
| Real property taxes                                    | \$ 4,021,810               | \$ 4,021,810            | \$ 3,908,427  | \$ (113,383)  |
| Real and personal public service corporation taxes     | 115,000                    | 115,000                 | 254,811       | 139,811   |
| Personal property taxes                                | 1,058,000                  | 1,058,000               | 1,221,524     | 163,524   |
| Machinery and tools taxes                              | 280,000                    | 280,000                 | 334,921       | 54,921  |
| Penalties  | 48,000                     | 48,000                  | 58,611        | 10,611  |
| Interest   | 21,000                     | 21,000                  | 25,008        | 4,008   |
| Total general property taxes                           | \$ 5,543,810               | \$ 5,543,810            | \$ 5,803,302  | \$ 259,492  |
| Other local taxes:                                     |                            |                         |               |   |
| Local sales and use taxes                              | \$ 385,000                 | \$ 385,000              | \$ 377,061    | \$ (7,939)  |
| Consumers' utility taxes                               | 275,000                    | 275,000                 | 263,392       | (11,608)  |
| Meals taxes  | 312,764                    | 312,764                 | 319,870       | 7,106   |
| Lodging taxes  | 17,300                     | 17,300                  | 20,133        | 2,833   |
| Business and professional license taxes                | 170,000                    | 170,000                 | 184,093       | 14,093  |
| Motor vehicle licenses                                 | 159,000                    | 159,000                 | 168,992       | 9,992   |
| Water utility taxes                                    | 85,000                     | 85,000                  | 106,170       | 21,170  |
| Bank stock taxes                                       | 44,084                     | 44,084                  | 48,715        | 4,631   |
| Recordation taxes                                      | 25,867                     | 25,867                  | 26,039        | 172   |
| Total other local taxes                                | \$ 1,474,015               | \$ 1,474,015            | \$ 1,514,465  | \$ 40,450   |
| Permits, privilege fees, and regulatory licenses:      |                            |                         |               |   |
| Animal licenses  | \$ 1,900                   | \$ 1,900                | \$ 1,422      | \$ (478)  |
| Right of way fees                                      | 22,000                     | 22,000                  | 22,185        | 185   |
| Transfer fees  | 150                        | 150                     | 197           | 47  |
| Permits and other licenses                             | 13,000                     | 13,000                  | 42,515        | 29,515  |
| Total permits, privilege fees, and regulatory licenses | \$ 37,050                  | \$ 37,050               | \$ 66,319     | \$ 29,269   |
| Fines and forfeitures:                                 |                            |                         |               |   |
| Court fines and forfeitures                            | \$ 60,000                  | \$ 60,000               | \$ 57,224     | \$ (2,776)  |
| Parking fines  | 700                        | 700                     | 320           | (380)   |
| Total fines and forfeitures                            | \$ 60,700                  | \$ 60,700               | \$ 57,544     | \$ (3,156)  |
| Revenue from use of money and property:                |                            |                         |               |   |
| Revenue from use of money                              | \$ 2,000                   | \$ 2,000                | \$ 1,912      | \$ (88)   |
| Sale of property                                       | 26,000                     | 26,000                  | -             | (26,000)  |
| Sale of cemetery lots                                  | 32,000                     | 32,000                  | 19,950        | (12,050)  |
| Carilion lease revenue                                 | 28,450                     | 28,450                  | 26,568        | (1,882)   |
| Total revenue from use of money and property           | \$ 88,450                  | \$ 88,450               | \$ 48,430     | \$ (40,020)   |
| Charges for services:                                  |                            |                         |               |   |
| Sheriff fees   | \$ 500                     | \$ 500                  | \$ 950        | \$ 450  |
| Commonwealth attorney fees                             | 500                        | 500                     | 1,669         | 1,169   |
| Charges for waste collection and disposal              | 570,000                    | 570,000                 | 585,039       | 15,039  |
| Landfill tipping fees                                  | 85,000                     | 85,000                  | 85,502        | 502   |
| Grave openings   | 63,091                     | 63,091                  | 48,625        | (14,466)  |
| Courthouse maintenance fees                            | 4,000                      | 4,000                   | 7,550         | 3,550   |
| Courthouse security fees                               | 12,739                     | 12,739                  | 12,887        | 148   |
| Jail administration fees                               | 1,150                      | 1,150                   | 1,700         | 550   |
| Other charges for services                             | 2,550                      | 2,550                   | 2,583         | 33  |
| Total charges for services                             | \$ 739,530                 | \$ 739,530              | \$ 746,505    | \$ 6,975  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| <b>Fund, Major and Minor Revenue Source</b> | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>General Fund: (Continued)</b>            |                            |                         |                     |   |
| Revenue from local sources: (Continued)     |                            |                         |                     |   |
| Miscellaneous:                              |                            |                         |                     |   |
| Miscellaneous                               | \$ 47,650                  | \$ 47,650               | \$ 51,663           | \$ 4,013  |
| Regional Industrial Park                    | -                          | -                       | 94                  | 94  |
| Dabney lease revenue                        | 136,800                    | 136,800                 | 104,652             | (32,148)  |
| Total miscellaneous                         | <u>\$ 184,450</u>          | <u>\$ 184,450</u>       | <u>\$ 156,409</u>   | <u>\$ (28,041)</u>  |
| Recovered costs:                            |                            |                         |                     |   |
| Social service refunds                      | \$ -                       | \$ -                    | \$ 1,142            | \$ 1,142  |
| Other recovered costs                       | -                          | 102,106                 | 22,031              | (80,075)  |
| Total recovered costs                       | <u>\$ -</u>                | <u>\$ 102,106</u>       | <u>\$ 23,173</u>    | <u>\$ (78,933)</u>  |
| Total revenue from local sources            | <u>\$ 8,128,005</u>        | <u>\$ 8,230,111</u>     | <u>\$ 8,416,147</u> | <u>\$ 186,036</u>   |
| Intergovernmental:                          |                            |                         |                     |   |
| Revenue from the Commonwealth:              |                            |                         |                     |   |
| Noncategorical aid:                         |                            |                         |                     |   |
| Mobile home titling tax                     | \$ 500                     | \$ 500                  | \$ 480              | \$ (20)   |
| Communication tax                           | 326,000                    | 326,000                 | 297,496             | (28,504)  |
| Rolling stock                               | 4,000                      | 4,000                   | 6,045               | 2,045   |
| Auto rental tax                             | 10                         | 10                      | 33                  | 23  |
| State recordation tax                       | 12,000                     | 12,000                  | 6,843               | (5,157)   |
| Personal property tax relief funds          | 662,919                    | 662,919                 | 662,919             | -   |
| Total noncategorical aid                    | <u>\$ 1,005,429</u>        | <u>\$ 1,005,429</u>     | <u>\$ 973,816</u>   | <u>\$ (31,613)</u>  |
| Categorical aid:                            |                            |                         |                     |   |
| Shared expenses:                            |                            |                         |                     |   |
| Commonwealth's attorney                     | \$ 159,768                 | \$ 159,768              | \$ 158,041          | \$ (1,727)  |
| Sheriff                                     | 160,444                    | 160,444                 | 157,944             | (2,500)   |
| Commissioner of revenue                     | 67,073                     | 67,073                  | 76,952              | 9,879   |
| Treasurer                                   | 63,566                     | 63,566                  | 62,152              | (1,414)   |
| Registrar/electoral board                   | 29,000                     | 29,000                  | 32,240              | 3,240   |
| Police                                      | 176,732                    | 218,976                 | 182,424             | (36,552)  |
| Juror Expense                               | 3,000                      | 3,000                   | 1,710               | (1,290)   |
| Clerk of the Circuit Court                  | 131,871                    | 131,871                 | 140,769             | 8,898   |
| Total shared expenses                       | <u>\$ 791,454</u>          | <u>\$ 833,698</u>       | <u>\$ 812,232</u>   | <u>\$ (21,466)</u>  |
| Other categorical aid:                      |                            |                         |                     |   |
| Welfare administration and assistance       | \$ 120,000                 | \$ 120,000              | \$ 80,060           | \$ (39,940)   |
| Comprehensive services act                  | 586,000                    | 984,647                 | 1,199,262           | 214,615   |
| Street and Highway Maintenance              | 1,074,471                  | 2,104,665               | 1,959,310           | (145,355)   |
| Victim-witness grant                        | 69,317                     | 69,317                  | 16,700              | (52,617)  |
| Fire programs                               | 22,000                     | 22,000                  | 42,656              | 20,656  |
| Four for life                               | -                          | -                       | 12,463              | 12,463  |
| Other state grants                          | 12,284                     | 12,284                  | 441                 | (11,843)  |
| Seized funds                                | 7,000                      | 7,000                   | 5,255               | (1,745)   |
| Total other categorical aid                 | <u>\$ 1,891,072</u>        | <u>\$ 3,319,913</u>     | <u>\$ 3,316,147</u> | <u>\$ (3,766)</u>   |
| Total categorical aid                       | <u>\$ 2,682,526</u>        | <u>\$ 4,153,611</u>     | <u>\$ 4,128,379</u> | <u>\$ (25,232)</u>  |
| Total revenue from the Commonwealth         | <u>\$ 3,687,955</u>        | <u>\$ 5,159,040</u>     | <u>\$ 5,102,195</u> | <u>\$ (56,845)</u>  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| <b>Fund, Major and Minor Revenue Source</b>  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|---------------|---|
| <b>General Fund: (Continued)</b>             |                            |                         |               |   |
| Categorical aid:                             |                            |                         |               |   |
| Welfare administration and assistance        | \$ 50,000                  | \$ 50,000               | \$ 65,743     | \$ 15,743   |
| Ground transportation safety grant           | -                          | -                       | 12,600        | 12,600  |
| Seized funds                                 | -                          | -                       | 3,181         | 3,181   |
| Victim-witness grant                         | -                          | -                       | 50,105        | 50,105  |
| Byrne justice assistance grant               | -                          | -                       | 69,137        | 69,137  |
| USDA forestry grant                          | -                          | -                       | 4,000         | 4,000   |
| Total categorical aid                        | \$ 50,000                  | \$ 50,000               | \$ 204,766    | \$ 154,766  |
| Total revenue from the federal government    | \$ 50,000                  | \$ 50,000               | \$ 204,766    | \$ 154,766  |
| Total General Fund                           | \$ 11,865,960              | \$ 13,439,151           | \$ 13,723,108 | \$ 283,957  |
| <b>Special Revenue Funds:</b>                |                            |                         |               |   |
| <b>Park and Recreation Fund:</b>             |                            |                         |               |   |
| Revenue from local sources:                  |                            |                         |               |   |
| Revenue from use of money and property:      |                            |                         |               |   |
| Revenue from the use of property             | \$ 106,000                 | \$ 106,000              | \$ 116,403    | \$ 10,403   |
| Total revenue from use of money and property | \$ 106,000                 | \$ 106,000              | \$ 116,403    | \$ 10,403   |
| Charges for services:                        |                            |                         |               |   |
| Recreation fees                              | \$ 35,300                  | \$ 35,300               | \$ 42,403     | \$ 7,103  |
| Total charges for services                   | \$ 35,300                  | \$ 35,300               | \$ 42,403     | \$ 7,103  |
| Miscellaneous:                               |                            |                         |               |   |
| Miscellaneous                                | \$ 2,200                   | \$ 2,200                | \$ 4,094      | \$ 1,894  |
| Total miscellaneous                          | \$ 2,200                   | \$ 2,200                | \$ 4,094      | \$ 1,894  |
| Total revenue from local sources             | \$ 143,500                 | \$ 143,500              | \$ 162,900    | \$ 19,400   |
| Total Park and Recreation Fund               | \$ 143,500                 | \$ 143,500              | \$ 162,900    | \$ 19,400   |
| <b>Senior Center Fund:</b>                   |                            |                         |               |   |
| Revenue from local sources:                  |                            |                         |               |   |
| Recovered costs:                             |                            |                         |               |   |
| Payments from other localities               | \$ 8,500                   | \$ 8,500                | \$ 7,614      | \$ (886)  |
| Total recovered costs                        | \$ 8,500                   | \$ 8,500                | \$ 7,614      | \$ (886)  |
| Total revenue from local sources             | \$ 8,500                   | \$ 8,500                | \$ 7,614      | \$ (886)  |
| Total Senior Center Fund                     | \$ 8,500                   | \$ 8,500                | \$ 7,614      | \$ (886)  |
| <b>Green Hill Cemetery Fund:</b>             |                            |                         |               |   |
| Revenue from local sources:                  |                            |                         |               |   |
| Revenue from use of money and property:      |                            |                         |               |   |
| Revenue from the use of money                | \$ -                       | \$ -                    | \$ 112        | \$ 112  |
| Total revenue from use of money and property | \$ -                       | \$ -                    | \$ 112        | \$ 112  |
| Charges for services:                        |                            |                         |               |   |
| Cemetery perpetual care receipts             | \$ -                       | \$ -                    | \$ 3,450      | \$ 3,450  |
| Total charges for services                   | \$ -                       | \$ -                    | \$ 3,450      | \$ 3,450  |
| Total revenue from local sources             | \$ -                       | \$ -                    | \$ 3,562      | \$ 3,562  |
| Total Green Hill Cemetery Fund               | \$ -                       | \$ -                    | \$ 3,562      | \$ 3,562  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| <b>Fund, Major and Minor Revenue Source</b>                | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Capital Projects Funds:</b>                             |                            |                         |               |   |
| <b>School Construction Fund:</b>                           |                            |                         |               |   |
| Intergovernmental:   |                            |                         |               |   |
| Revenue from local governments:                            |                            |                         |               |   |
| Contribution from City of Buena Vista School Board         | \$ 139,457                 | \$ 139,457              | \$ 193,474    | \$ 54,017   |
| Total revenues from local governments                      | \$ 139,457                 | \$ 139,457              | \$ 193,474    | \$ 54,017   |
| Revenue from local sources:                                |                            |                         |               |   |
| Revenue from use of money and property:                    |                            |                         |               |   |
| Revenue from the use of money                              | \$ 18,173                  | \$ 18,173               | \$ 18,233     | \$ 60   |
| Total revenue from use of money and property               | \$ 18,173                  | \$ 18,173               | \$ 18,233     | \$ 60   |
| Total School Construction Fund                             | \$ 157,630                 | \$ 157,630              | \$ 211,707    | \$ 54,077   |
| <b>Community Development Block Grant:</b>                  |                            |                         |               |   |
| Revenue from local sources:                                |                            |                         |               |   |
| Revenue from the use of money                              | \$ -                       | \$ -                    | \$ 452        | \$ 452  |
| Total revenue from use of money and property               | \$ -                       | \$ -                    | \$ 452        | \$ 452  |
| Total Community Development Block Grant Fund               | \$ -                       | \$ -                    | \$ 452        | \$ 452  |
| Total Primary Government                                   | \$ 12,175,590              | \$ 13,748,781           | \$ 14,109,343 | \$ 360,562  |
| <b>Discretely Presented Component Unit - School Board:</b> |                            |                         |               |   |
| <b>School Operating Fund:</b>                              |                            |                         |               |   |
| Revenue from local sources:                                |                            |                         |               |   |
| Revenue from use of money and property:                    |                            |                         |               |   |
| Revenue from the use of money                              | \$ -                       | \$ -                    | \$ 149        | \$ 149  |
| Total revenue from use of money and property               | \$ -                       | \$ -                    | \$ 149        | \$ 149  |
| Charges for services:                                      |                            |                         |               |   |
| Charges for education                                      | \$ 25,000                  | \$ 25,000               | \$ 16,570     | \$ (8,430)  |
| Total charges for services                                 | \$ 25,000                  | \$ 25,000               | \$ 16,570     | \$ (8,430)  |
| Miscellaneous:   |                            |                         |               |   |
| Miscellaneous  | \$ -                       | \$ -                    | \$ 71,272     | \$ 71,272   |
| Total miscellaneous  | \$ -                       | \$ -                    | \$ 71,272     | \$ 71,272   |
| Recovered costs:   |                            |                         |               |   |
| Other recovered costs                                      | \$ 164,000                 | \$ 164,000              | \$ 142,626    | \$ (21,374)   |
| Total recovered costs                                      | \$ 164,000                 | \$ 164,000              | \$ 142,626    | \$ (21,374)   |
| Total revenue from local sources                           | \$ 189,000                 | \$ 189,000              | \$ 230,617    | \$ 41,617   |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| <u>Fund, Major and Minor Revenue Source</u>                            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Discretely Presented Component Unit - School Board: (continued)</b> |                            |                         |               |   |
| <b>School Operating Fund: (continued)</b>                              |                            |                         |               |   |
| Intergovernmental:   |                            |                         |               |   |
| Revenue from local governments:  |                            |                         |               |   |
| Contribution from City of Buena Vista, Virginia                        | \$ 2,583,803               | \$ 2,583,803            | \$ 2,779,973  | \$ 196,170  |
| Total revenue from local governments                                   | \$ 2,583,803               | \$ 2,583,803            | \$ 2,779,973  | \$ 196,170  |
| Revenue from the Commonwealth:   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| Share of state sales tax   | \$ 1,080,824               | \$ 1,080,824            | \$ 1,058,383  | \$ (22,441)   |
| Basic school aid   | 3,666,153                  | 3,666,153               | 3,338,002     | (328,151)   |
| At-risk  | 134,702                    | 134,702                 | 124,414       | (10,288)  |
| Project graduation   | -                          | -                       | 6,611         | 6,611   |
| Alternative education  | 44,260                     | 44,260                  | 79,762        | 35,502  |
| Gifted and talented  | 39,909                     | 39,909                  | 36,847        | (3,062)   |
| Special Education  | 588,050                    | 588,050                 | 542,924       | (45,126)  |
| Remedial summer school   | 57,292                     | 57,292                  | 32,974        | (24,318)  |
| Remedial education   | 193,845                    | 193,845                 | 178,969       | (14,876)  |
| Vocational education   | 125,429                    | 125,429                 | 115,804       | (9,625)   |
| Technology funds   | 180,000                    | 180,000                 | 179,970       | (30)  |
| Fringe benefits  | 798,184                    | 798,184                 | 736,932       | (61,252)  |
| Adult education  | 7,859                      | 7,859                   | 9,982         | 2,123   |
| Reduced class size (K-3)   | 211,600                    | 211,600                 | 190,631       | (20,969)  |
| Enrollment loss  | -                          | -                       | 99,574        | 99,574  |
| Free textbooks   | 89,413                     | 89,413                  | 82,552        | (6,861)   |
| Early reading intervention   | 24,177                     | 24,177                  | 21,490        | (2,687)   |
| Early reading specialist   | 26,783                     | 26,783                  | 38,897        | 12,114  |
| Math reading specialist  | 160,028                    | 160,028                 | 103,800       | (56,228)  |
| Special education - homebound  | 5,806                      | 5,806                   | 5,285         | (521)   |
| Salary supplement  | 60,816                     | 60,816                  | 39,524        | (21,292)  |
| English as a second language   | -                          | -                       | 1,064         | 1,064   |
| Vocational occupational preparedness                                   | 16,717                     | 16,717                  | 7,209         | (9,508)   |
| Standards of Learning algebra readiness                                | 16,556                     | 16,556                  | 16,556        | -   |
| Other state funds  | 44,050                     | 44,050                  | 66,271        | 22,221  |
| Total categorical aid  | \$ 7,572,453               | \$ 7,572,453            | \$ 7,114,427  | \$ (458,026)  |
| Total revenue from the Commonwealth                                    | \$ 7,572,453               | \$ 7,572,453            | \$ 7,114,427  | \$ (458,026)  |
| Revenue from the federal government:                                   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| Title I  | \$ 266,586                 | \$ 266,586              | \$ 251,583    | \$ (15,003)   |
| Title VI-B, special education  | 235,522                    | 235,522                 | 253,038       | 17,516  |
| Title VI-B, pre-school   | 10,210                     | 10,210                  | 13,311        | 3,101   |
| Title IV-B, 21st Century   | 177,645                    | 177,645                 | 223,098       | 45,453  |
| Vocational Education   | 16,500                     | 16,500                  | 35,206        | 18,706  |
| Title II, Improving teacher quality                                    | 72,112                     | 72,112                  | 69,609        | (2,503)   |
| Schools and roads - grants to states                                   | 26,850                     | 26,850                  | 10,494        | (16,356)  |
| Total categorical aid  | \$ 805,425                 | \$ 805,425              | \$ 856,339    | \$ 50,914   |
| Total revenue from the federal government                              | \$ 805,425                 | \$ 805,425              | \$ 856,339    | \$ 50,914   |
| Total School Operating Fund  | \$ 11,150,681              | \$ 11,150,681           | \$ 10,981,356 | \$ (169,325)  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| <u>Fund, Major and Minor Revenue Source</u>                            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| <b>Discretely Presented Component Unit - School Board: (continued)</b> |                            |                         |               |   |
| <b>Special Revenue Fund:</b>   |                            |                         |               |   |
| <b>School Cafeteria Fund:</b>  |                            |                         |               |   |
| Revenue from local sources:  |                            |                         |               |   |
| Charges for services:  |                            |                         |               |   |
| Cafeteria Sales  | \$ 20,000                  | \$ 20,000               | \$ 105,714    | \$ 85,714   |
| Total charges for services   | \$ 20,000                  | \$ 20,000               | \$ 105,714    | \$ 85,714   |
| Total revenue from local sources                                       | \$ 20,000                  | \$ 20,000               | \$ 105,714    | \$ 85,714   |
| Intergovernmental:   |                            |                         |               |   |
| Revenue from the Commonwealth:   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| School food program grant  | \$ 45,000                  | \$ 45,000               | \$ 12,372     | \$ (32,628)   |
| Total revenue from the commonwealth                                    | \$ 45,000                  | \$ 45,000               | \$ 12,372     | \$ (32,628)   |
| Revenue from the federal government:                                   |                            |                         |               |   |
| Categorical aid:   |                            |                         |               |   |
| USDA Commodities   | \$ -                       | \$ -                    | \$ 29,045     | \$ 29,045   |
| School food program grant  | 410,043                    | 410,043                 | 218,441       | (191,602)   |
| Total categorical aid  | \$ 410,043                 | \$ 410,043              | \$ 247,486    | \$ (162,557)  |
| Total revenue from the federal government                              | \$ 410,043                 | \$ 410,043              | \$ 247,486    | \$ (162,557)  |
| Total School Cafeteria Fund  | \$ 475,043                 | \$ 475,043              | \$ 365,572    | \$ (109,471)  |
| Total Discretely Presented Component Unit - School Board               | \$ 11,625,724              | \$ 11,625,724           | \$ 11,346,928 | \$ (278,796)  |



Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 Year Ended June 30, 2017

| Fund, Function, Activity, and Elements     | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>General Fund:</b>                       |                    |                 |              |   |
| General government administration:         |                    |                 |              |   |
| Legislative:                               |                    |                 |              |   |
| City Council                               | \$ 39,598          | \$ 39,598       | \$ 39,347    | \$ 251  |
| General and financial administration:      |                    |                 |              |   |
| City Manager                               | \$ 72,142          | \$ 72,142       | \$ 69,588    | \$ 2,554  |
| City Attorney/Legal Services               | 70,000             | 83,479          | 83,230       | 249   |
| Finance                                    | 288,928            | 288,928         | 269,444      | 19,484  |
| Independent Auditor                        | 38,000             | 38,000          | 52,957       | (14,957)  |
| Commissioner of Revenue                    | 219,875            | 219,875         | 197,797      | 22,078  |
| City Treasurer                             | 284,323            | 284,323         | 294,320      | (9,997)   |
| Reassessment                               | 36,000             | 36,000          | 4,724        | 31,276  |
| Other general and financial administration | 83,000             | 83,000          | 61,507       | 21,493  |
| Total general and financial administration | \$ 1,092,268       | \$ 1,105,747    | \$ 1,033,567 | \$ 72,180   |
| Board of elections:                        |                    |                 |              |   |
| Electoral board and officials              | \$ 68,314          | \$ 68,314       | \$ 125,476   | \$ (57,162)   |
| Total board of elections                   | \$ 68,314          | \$ 68,314       | \$ 125,476   | \$ (57,162)   |
| Total general government administration    | \$ 1,200,180       | \$ 1,213,659    | \$ 1,198,390 | \$ 15,269   |
| Judicial administration:                   |                    |                 |              |   |
| Courts:                                    |                    |                 |              |   |
| Circuit court                              | \$ 6,250           | \$ 6,250        | \$ 3,630     | \$ 2,620  |
| General district court                     | 6,650              | 6,650           | 4,120        | 2,530   |
| Juvenile/Domestic relations court          | 48,340             | 48,340          | 34,690       | 13,650  |
| Clerk of the circuit court                 | 241,250            | 241,250         | 237,105      | 4,145   |
| Sheriff                                    | 306,520            | 306,520         | 313,501      | (6,981)   |
| Total courts                               | \$ 609,010         | \$ 609,010      | \$ 593,046   | \$ 15,964   |
| Commonwealth's attorney:                   |                    |                 |              |   |
| Commonwealth's attorney                    | \$ 256,156         | \$ 256,156      | \$ 251,755   | \$ 4,401  |
| Total commonwealth's attorney              | \$ 256,156         | \$ 256,156      | \$ 251,755   | \$ 4,401  |
| Total judicial administration              | \$ 865,166         | \$ 865,166      | \$ 844,801   | \$ 20,365   |
| Public safety:                             |                    |                 |              |   |
| Law enforcement and traffic control:       |                    |                 |              |   |
| Criminal Justice Service Department        | \$ 69,317          | \$ 69,317       | \$ 68,038    | \$ 1,279  |
| Police Department                          | 1,453,130          | 1,597,480       | 1,667,125    | (69,645)  |
| Total law enforcement and traffic control  | \$ 1,522,447       | \$ 1,666,797    | \$ 1,735,163 | \$ (68,366)   |
| Fire and rescue services:                  |                    |                 |              |   |
| Fire department                            | \$ 153,500         | \$ 153,500      | \$ 182,139   | \$ (28,639)   |
| Rescue Squad                               | 109,103            | 109,103         | 104,287      | 4,816   |
| Central Shenandoah EMS Council             | 350,948            | 350,948         | 318,923      | 32,025  |
| Total fire and rescue services             | \$ 613,551         | \$ 613,551      | \$ 605,349   | \$ 8,202  |
| Correction and detention:                  |                    |                 |              |   |
| Probation Office                           | \$ 3,000           | \$ 3,000        | \$ 1,083     | \$ 1,917  |
| Magistrate                                 | 300                | 300             | 100          | 200   |
| Regional Jail                              | 300,000            | 300,000         | 305,307      | (5,307)   |
| Total correction and detention             | \$ 303,300         | \$ 303,300      | \$ 306,490   | \$ (3,190)  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| Fund, Function, Activity, and Elements                        | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|--------------|---|
| Public safety: (Continued)                                    |                    |                 |              |   |
| Other protection:   |                    |                 |              |   |
| Medical Examiner  | \$ 150             | \$ 150          | \$ 80        | \$ 70   |
| Total other protection  | \$ 150             | \$ 150          | \$ 80        | \$ 70   |
| Total public safety   | \$ 2,439,448       | \$ 2,583,798    | \$ 2,647,082 | \$ (63,284)   |
| Public works:   |                    |                 |              |   |
| Maintenance of highways, streets, bridges and sidewalks:      |                    |                 |              |   |
| Administrative and Engineering                                | \$ 143,476         | \$ 143,476      | \$ 125,213   | \$ 18,263   |
| Street Maintenance Department                                 | 681,065            | 1,711,259       | 1,462,500    | 248,759   |
| Storm Drainage Department                                     | 30,824             | 30,824          | 29,952       | 872   |
| Street Lights   | 66,000             | 66,000          | 63,699       | 2,301   |
| Street Improvements   | -                  | -               | 233          | (233)   |
| Total maintenance of highways, streets, bridges and sidewalks | \$ 921,365         | \$ 1,951,559    | \$ 1,681,597 | \$ 269,962  |
| Sanitation and waste removal:                                 |                    |                 |              |   |
| Refuse Department   | \$ 364,949         | \$ 364,949      | \$ 512,296   | \$ (147,347)  |
| Refuse Disposal   | 204,000            | 204,000         | 204,045      | (45)  |
| Total sanitation and waste removal                            | \$ 568,949         | \$ 568,949      | \$ 716,341   | \$ (147,392)  |
| Maintenance of general buildings and grounds:                 |                    |                 |              |   |
| Maintenance Buildings and Grounds                             | \$ 319,074         | \$ 463,910      | \$ 359,214   | \$ 104,696  |
| Green Hill Cemetary Maintenance                               | 116,774            | 116,774         | 86,195       | 30,579  |
| Total maintenance of general buildings and grounds            | \$ 435,848         | \$ 580,684      | \$ 445,409   | \$ 135,275  |
| Total public works  | \$ 1,926,162       | \$ 3,101,192    | \$ 2,843,347 | \$ 257,845  |
| Mental health and mental retardation:                         |                    |                 |              |   |
| Mental Health   | \$ 86,170          | \$ 86,170       | \$ 86,170    | \$ -  |
| Total mental health and mental retardation                    | \$ 86,170          | \$ 86,170       | \$ 86,170    | \$ -  |
| Welfare:  |                    |                 |              |   |
| Property Tax Relief   | \$ 81,000          | \$ 81,000       | \$ 75,765    | \$ 5,235  |
| Social Services   | 1,250,000          | 1,648,647       | 1,860,695    | (212,048)   |
| VA Municipal League   | 4,606              | 4,606           | 9,139        | (4,533)   |
| Valley Program for Aging                                      | 43,912             | 43,912          | 43,912       | -   |
| Total Action Against Poverty                                  | 2,700              | 2,700           | -            | 2,700   |
| Rockbridge Area Hospice                                       | 1,000              | 1,000           | 1,000        | -   |
| Rockbridge Area Rental Assistance                             | 11,180             | 11,180          | 11,180       | -   |
| Rockbridge Free Clinic  | 18,000             | 18,000          | 18,000       | -   |
| Total welfare   | \$ 1,412,398       | \$ 1,811,045    | \$ 2,019,691 | \$ (208,646)  |
| Total health and welfare                                      | \$ 1,498,568       | \$ 1,897,215    | \$ 2,105,861 | \$ (208,646)  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| Fund, Function, Activity, and Elements          | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>General Fund: (Continued)</b>                |                      |                      |                      |   |
| Education:                                      |                      |                      |                      |   |
| Other instructional costs:                      |                      |                      |                      |   |
| Contribution to City School Board               | \$ 2,583,803         | \$ 2,583,803         | \$ 2,779,973         | \$ (196,170)  |
| Contribution to Community Colleges              | 30,408               | 30,408               | 30,408               | -   |
| Contribution to Buena Vista Colored School      | 2,500                | 2,500                | 2,500                | -   |
| Total education                                 | <u>\$ 2,616,711</u>  | <u>\$ 2,616,711</u>  | <u>\$ 2,812,881</u>  | <u>\$ (196,170)</u>                                       |
| Library:  |                      |                      |                      |   |
| Rockbridge/ Buena Vista Regional Library        | \$ 144,375           | \$ 144,375           | \$ 148,450           | \$ (4,075)  |
| Total library                                   | <u>\$ 144,375</u>    | <u>\$ 144,375</u>    | <u>\$ 148,450</u>    | <u>\$ (4,075)</u>   |
| Total parks, recreation, and cultural           | <u>\$ 144,375</u>    | <u>\$ 144,375</u>    | <u>\$ 148,450</u>    | <u>\$ (4,075)</u>   |
| Community development:                          |                      |                      |                      |   |
| Planning and community development:             |                      |                      |                      |   |
| Community development administration            | \$ 345,773           | \$ 345,773           | \$ 340,013           | \$ 5,760  |
| Central Shenandoah Planning District Commission | 20,315               | 20,315               | 20,315               | -   |
| Rockbridge Area Occupation Center               | 12,543               | 12,543               | 12,543               | -   |
| Blue Ridge Legal Services                       | 1,293                | 1,293                | 1,293                | -   |
| Beautification Committee                        | 2,000                | 2,000                | 1,000                | 1,000   |
| Arts Council                                    | -                    | -                    | 10,000               | (10,000)  |
| Visitor's Center                                | 45,800               | 45,800               | 45,800               | -   |
| Project Horizon                                 | 2,140                | 2,140                | 2,140                | -   |
| Paxton House                                    | 10,000               | 10,000               | 10,000               | -   |
| Rockbridge Area transportation system           | 25,000               | 25,000               | 19,443               | 5,557   |
| VEPGA   | 500                  | 500                  | 429                  | 71  |
| Rockbridge Area Relief Association              | 1,500                | 1,500                | -                    | 1,500   |
| Food Bank                                       | 500                  | 500                  | 500                  | -   |
| Talking book center                             | 1,664                | 1,664                | 1,664                | -   |
| Employee programs                               | 40,000               | 40,000               | 23,981               | 16,019  |
| Total planning and community development        | <u>\$ 509,028</u>    | <u>\$ 509,028</u>    | <u>\$ 489,121</u>    | <u>\$ 19,907</u>  |
| Environmental management:                       |                      |                      |                      |   |
| Soil and Water Conservation                     | \$ 2,000             | \$ 2,000             | \$ 2,000             | \$ -  |
| Total environmental management                  | <u>\$ 2,000</u>      | <u>\$ 2,000</u>      | <u>\$ 2,000</u>      | <u>\$ -</u>   |
| Total community development                     | <u>\$ 511,028</u>    | <u>\$ 511,028</u>    | <u>\$ 491,121</u>    | <u>\$ 19,907</u>  |
| Debt service:                                   |                      |                      |                      |   |
| Principal retirement                            | \$ 111,602           | \$ 111,602           | \$ 68,900            | \$ 42,702   |
| Interest and other fiscal charges               | 138,325              | 138,325              | 112,644              | 25,681  |
| Total debt service                              | <u>\$ 249,927</u>    | <u>\$ 249,927</u>    | <u>\$ 181,544</u>    | <u>\$ 68,383</u>  |
| Total General Fund                              | <u>\$ 11,451,565</u> | <u>\$ 13,183,071</u> | <u>\$ 13,273,477</u> | <u>\$ (90,406)</u>  |
| <b>Special Revenue Fund:</b>                    |                      |                      |                      |   |
| <b>Park &amp; Recreation Fund:</b>              |                      |                      |                      |   |
| Parks, recreation, and cultural:                |                      |                      |                      |   |
| Parks and recreation:                           |                      |                      |                      |   |
| Insurance                                       | \$ 3,000             | \$ 3,000             | \$ 2,200             | \$ 800  |
| Administration                                  | 107,415              | 107,415              | 132,163              | (24,748)  |
| Recreation                                      | 95,852               | 95,852               | 105,576              | (9,724)   |
| Parks and Ground Maintenance                    | 87,872               | 87,872               | 126,696              | (38,824)  |
| Activities                                      | 17,800               | 17,800               | 23,072               | (5,272)   |
| Swimming Pool                                   | 58,472               | 58,472               | 76,959               | (18,487)  |
| Total Parks and Recreation                      | <u>\$ 370,411</u>    | <u>\$ 370,411</u>    | <u>\$ 466,666</u>    | <u>\$ (96,255)</u>  |
| Total Park and Recreation Fund                  | <u>\$ 370,411</u>    | <u>\$ 370,411</u>    | <u>\$ 466,666</u>    | <u>\$ (96,255)</u>  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (Continued)

| Fund, Function, Activity, and Elements                    | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>Special Revenue Funds: (continued)</b>                 |                      |                      |                      |   |
| <b>Senior Center Fund:</b>                                |                      |                      |                      |   |
| Health and Welfare:                                       |                      |                      |                      |   |
| Senior center   | \$ 3,900             | \$ 3,900             | \$ 9,281             | \$ (5,381)  |
| Total health and welfare                                  | <u>3,900</u>         | <u>3,900</u>         | <u>9,281</u>         | <u>(5,381)</u>  |
| Total Senior Center Fund                                  | <u>\$ 3,900</u>      | <u>\$ 3,900</u>      | <u>\$ 9,281</u>      | <u>\$ (5,381)</u>   |
| <b>Capital Projects Funds:</b>                            |                      |                      |                      |   |
| <b>School Construction Fund:</b>                          |                      |                      |                      |   |
| Capital Outlay:   |                      |                      |                      |   |
| School construction                                       | \$ -                 | \$ -                 | \$ 55                | \$ (55)   |
| Total capital outlay                                      | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 55</u>         | <u>\$ (55)</u>  |
| Debt service:   |                      |                      |                      |   |
| Principal retirement                                      | \$ 398,181           | \$ 398,181           | \$ 442,965           | \$ (44,784)   |
| Interest and other fiscal charges                         | <u>64,583</u>        | <u>64,583</u>        | <u>73,273</u>        | <u>(8,690)</u>  |
| Other debt service  |                      |                      |                      | -   |
| Total debt service  | <u>\$ 462,764</u>    | <u>\$ 462,764</u>    | <u>\$ 516,238</u>    | <u>\$ (53,474)</u>  |
| Total School Construction Fund                            | <u>\$ 462,764</u>    | <u>\$ 462,764</u>    | <u>\$ 516,293</u>    | <u>\$ (53,529)</u>  |
| Total Primary Government                                  | <u>\$ 12,288,640</u> | <u>\$ 14,020,146</u> | <u>\$ 14,265,717</u> | <u>\$ (245,571)</u>                                       |
| <b>Discretely Presented Component Unit - School Board</b> |                      |                      |                      |   |
| <b>Special revenue funds:</b>                             |                      |                      |                      |   |
| <b>School Operating Fund:</b>                             |                      |                      |                      |   |
| Education:  |                      |                      |                      |   |
| Instruction   | \$ 8,406,861         | \$ 8,406,861         | \$ 8,083,135         | \$ 323,726  |
| Administration and Health Services                        | 528,951              | 528,951              | 545,108              | (16,157)  |
| Transportation  | 323,741              | 323,741              | 383,754              | (60,013)  |
| Operation and Maintenance                                 | 920,082              | 920,082              | 1,210,232            | (290,150)   |
| Technology  | 593,479              | 593,479              | 575,783              | 17,696  |
| Contribution to City of Buena Vista, Virginia             | <u>377,567</u>       | <u>377,567</u>       | <u>193,474</u>       | <u>184,093</u>  |
| Total Education of Schools                                | <u>\$ 11,150,681</u> | <u>\$ 11,150,681</u> | <u>\$ 10,991,486</u> | <u>\$ 159,195</u>   |
| Total education   | <u>11,150,681</u>    | <u>11,150,681</u>    | <u>10,991,486</u>    | <u>159,195</u>  |
| Total School Operating Fund                               | <u>\$ 11,150,681</u> | <u>\$ 11,150,681</u> | <u>\$ 10,991,486</u> | <u>\$ 159,195</u>   |
| <b>Special Revenue Fund:</b>                              |                      |                      |                      |   |
| <b>School Cafeteria Fund:</b>                             |                      |                      |                      |   |
| Education:  |                      |                      |                      |   |
| School food services:                                     |                      |                      |                      |   |
| School Nutrition  | \$ 475,043           | \$ 475,043           | \$ 367,740           | \$ 107,303  |
| Total education   | <u>\$ 475,043</u>    | <u>\$ 475,043</u>    | <u>\$ 367,740</u>    | <u>\$ 107,303</u>   |
| Total School Cafeteria Fund                               | <u>\$ 475,043</u>    | <u>\$ 475,043</u>    | <u>\$ 367,740</u>    | <u>\$ 107,303</u>   |
| Total Discretely Presented Component Unit - School Board  | <u>\$ 11,625,724</u> | <u>\$ 11,625,724</u> | <u>\$ 11,359,226</u> | <u>\$ 266,498</u>   |

## **STATISTICAL SECTION**

## STATISTICAL SECTION

### Contents

### Tables

#### Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 1-6

#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. 7-10

#### Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future. 11-14

#### Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 15

#### Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs. 16-19

#### Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

**City of Buena Vista, Virginia**

Net Position by Component

Last Ten Fiscal Years

*(accrual basis of accounting)*

|   | Fiscal Year          |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2008                 | 2009                 | 2010                 | 2011                 |
| Governmental activities                     |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 7,977,056         | \$ 7,547,301         | \$ 7,199,549         | \$ 7,461,749         |
| Restricted                                  | -                    | -                    | -                    | 104,685              |
| Unrestricted                                | 2,954,996            | 2,615,596            | 2,401,537            | 1,955,998            |
| Total governmental activities net position  | <u>\$ 10,932,052</u> | <u>\$ 10,162,897</u> | <u>\$ 9,601,086</u>  | <u>\$ 9,522,432</u>  |
| Business-type activities                    |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 2,781,984         | \$ 2,911,128         | \$ 2,574,999         | \$ 1,304,944         |
| Restricted                                  | 867,659              | 848,559              | 848,452              | 186,704              |
| Unrestricted                                | (656,977)            | (1,231,929)          | (989,540)            | 548,085              |
| Total business-type activities net position | <u>\$ 2,992,666</u>  | <u>\$ 2,527,758</u>  | <u>\$ 2,433,911</u>  | <u>\$ 2,039,733</u>  |
| Primary government                          |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 10,759,040        | \$ 10,458,429        | \$ 9,774,548         | \$ 8,766,693         |
| Restricted                                  | 867,659              | 848,559              | 848,452              | 291,389              |
| Unrestricted                                | 2,298,019            | 1,383,667            | 1,411,997            | 2,504,083            |
| Total primary government net position       | <u>\$ 13,924,718</u> | <u>\$ 12,690,655</u> | <u>\$ 12,034,997</u> | <u>\$ 11,562,165</u> |

Table 1

| Fiscal Year          |                      |                      |                     |                     |                       |
|----------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|
| 2012                 | 2013                 | 2014                 | 2015                | 2016                | 2017                  |
| \$ 7,825,868         | \$ 8,383,865         | \$ 8,787,455         | \$ 7,963,203        | \$ 8,551,947        | \$ 9,164,709          |
| 107,314              | 191,002              | 203,321              | 204,585             | 205,881             | 207,337               |
| 1,602,552            | 1,991,915            | 2,535,594            | 482,642             | 1,191,643           | 941,248               |
| <u>\$ 9,535,734</u>  | <u>\$ 10,566,782</u> | <u>\$ 11,526,370</u> | <u>\$ 8,650,430</u> | <u>\$ 9,949,471</u> | <u>\$ 10,313,294</u>  |
|                      |                      |                      |                     |                     |                       |
| \$ (2,890,305)       | \$ (1,603,483)       | \$ (805,396)         | \$ 49,145           | \$ (125,963)        | \$ (271,422)          |
| 3,211,557            | 814,994              | 849,815              | 839,260             | 815,382             | 782,330               |
| 1,288,213            | 1,225,491            | 994,498              | (702,747)           | (1,226,666)         | (1,760,050)           |
| <u>\$ 1,609,465</u>  | <u>\$ 437,002</u>    | <u>\$ 1,038,917</u>  | <u>\$ 185,658</u>   | <u>\$ (537,247)</u> | <u>\$ (1,249,142)</u> |
|                      |                      |                      |                     |                     |                       |
| \$ 4,935,563         | \$ 6,780,382         | \$ 7,982,059         | \$ 8,012,348        | \$ 8,425,984        | \$ 8,893,287          |
| 3,318,871            | 1,005,996            | 1,053,136            | 1,043,845           | 1,021,263           | 989,667               |
| 2,890,765            | 3,217,406            | 3,530,092            | (220,105)           | (35,023)            | (818,802)             |
| <u>\$ 11,145,199</u> | <u>\$ 11,003,784</u> | <u>\$ 12,565,287</u> | <u>\$ 8,836,088</u> | <u>\$ 9,412,224</u> | <u>\$ 9,064,152</u>   |



**City of Buena Vista, Virginia**

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|   | Fiscal Year    |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008           | 2009           | 2010           | 2011           |
| <b>Expenses</b>                                 |                |                |                |                |
| Governmental activities:                        |                |                |                |                |
| General government administration               | \$ 1,191,515   | \$ 2,013,515   | \$ 2,000,877   | \$ 1,488,136   |
| Judicial administration                         | 596,948        | 666,736        | 718,851        | 698,976        |
| Public safety                                   | 1,666,689      | 1,774,179      | 1,896,548      | 1,853,412      |
| Public works                                    | 2,994,946      | 2,032,597      | 1,785,838      | 1,645,418      |
| Health and welfare                              | 1,117,070      | 1,471,928      | 1,423,633      | 1,373,423      |
| Education                                       | 554,187        | 2,225,190      | 2,540,852      | 2,429,651      |
| Parks, recreation and cultural                  | 581,445        | 543,381        | 455,459        | 470,587        |
| Community development                           | 544,350        | 477,741        | 532,525        | 440,144        |
| Interest on long-term debt                      | 346,791        | 374,344        | 370,086        | 340,654        |
| Total governmental activities expenses          | \$ 9,593,941   | \$ 11,579,611  | \$ 11,724,669  | \$ 10,740,401  |
| Business-type activities:                       |                |                |                |                |
| Water and sewer                                 | \$ 1,875,328   | \$ 1,840,673   | \$ 1,826,382   | \$ 1,734,258   |
| Golf course                                     | 1,645,137      | 1,454,701      | 1,188,907      | 1,191,768      |
| Total business-type activities expenses         | \$ 3,520,465   | \$ 3,295,374   | \$ 3,015,289   | \$ 2,926,026   |
| Total primary government expenses               | \$ 13,114,406  | \$ 14,874,985  | \$ 14,739,958  | \$ 13,666,427  |
| <b>Program Revenues</b>                         |                |                |                |                |
| Governmental activities:                        |                |                |                |                |
| Charges for services:                           |                |                |                |                |
| General government administration               | \$ 26,616      | \$ 30,253      | \$ 65,834      | \$ 8,441       |
| Judicial administration                         | 644            | 667            | 341            | 2,041          |
| Public safety                                   | 12,017         | 81,937         | 91,828         | 71,311         |
| Public works                                    | 557,235        | 634,775        | 605,353        | 471,529        |
| Parks, recreation and cultural                  | 86,423         | 90,478         | 60,268         | 69,415         |
| Operating grants and contributions              | 2,897,897      | 3,107,371      | 3,274,247      | 2,913,191      |
| Capital grants and contributions                | 1,071,492      | -              | 34,923         | -              |
| Total governmental activities program revenues  | \$ 4,652,324   | \$ 3,945,481   | \$ 4,132,794   | \$ 3,535,928   |
| Business-type activities:                       |                |                |                |                |
| Charges for services:                           |                |                |                |                |
| Water and sewer                                 | \$ 1,658,072   | \$ 1,541,154   | \$ 1,647,493   | \$ 1,587,034   |
| Golf course                                     | 835,938        | 655,199        | 591,335        | 418,580        |
| Capital grants and contributions                | -              | -              | -              | -              |
| Total business-type activities program revenues | \$ 2,494,010   | \$ 2,196,353   | \$ 2,238,828   | \$ 2,005,614   |
| Total primary government program revenues       | \$ 7,146,334   | \$ 6,141,834   | \$ 6,371,622   | \$ 5,541,542   |
| Net (expense) / revenue                         |                |                |                |                |
| Governmental activities                         | \$ (4,941,617) | \$ (7,634,130) | \$ (7,591,875) | \$ (7,204,473) |
| Business-type activities                        | (1,026,455)    | (1,099,021)    | (776,461)      | (920,412)      |
| Total primary government net expense            | \$ (5,968,072) | \$ (8,733,151) | \$ (8,368,336) | \$ (8,124,885) |

Table 2

| Fiscal Year    |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
| \$ 1,555,693   | \$ 1,434,120   | \$ 1,352,667   | \$ 1,331,648   | \$ 1,433,595   | \$ 1,451,815   |
| 834,369        | 781,762        | 744,136        | 739,630        | 784,356        | 860,720        |
| 1,974,531      | 2,094,716      | 2,421,580      | 2,078,802      | 2,265,851      | 2,631,032      |
| 1,532,334      | 1,528,167      | 1,543,028      | 1,710,983      | 1,960,690      | 2,064,999      |
| 1,387,794      | 1,262,700      | 1,430,280      | 1,515,132      | 1,487,186      | 2,094,471      |
| 2,388,442      | 2,678,335      | 2,507,520      | 3,987,920      | 2,461,405      | 3,053,399      |
| 493,121        | 502,721        | 512,800        | 467,036        | 541,016        | 616,884        |
| 524,202        | 380,195        | 476,304        | 443,371        | 437,882        | 483,507        |
| 329,680        | 328,515        | 244,753        | 237,479        | 195,175        | 180,959        |
| \$ 11,020,166  | \$ 10,991,231  | \$ 11,233,068  | \$ 12,512,001  | \$ 11,567,156  | \$ 13,437,786  |
| \$ 2,057,106   | \$ 2,147,225   | \$ 2,164,971   | \$ 2,111,346   | \$ 2,309,955   | \$ 2,298,746   |
| 1,201,667      | 1,060,556      | 1,041,770      | 1,171,247      | 1,072,226      | 1,061,779      |
| \$ 3,258,773   | \$ 3,207,781   | \$ 3,206,741   | \$ 3,282,593   | \$ 3,382,181   | \$ 3,360,525   |
| \$ 14,278,939  | \$ 14,199,012  | \$ 14,439,809  | \$ 15,794,594  | \$ 14,949,337  | \$ 16,798,311  |
| \$ 19,321      | \$ 12,854      | \$ 3,129       | \$ 2,418       | \$ 6,111       | \$ 2,583       |
| 1,488          | 894            | 1,413          | 1,082          | 1,657          | 1,669          |
| 107,031        | 92,936         | 101,687        | 65,546         | 72,387         | 73,081         |
| 526,476        | 594,270        | 732,987        | 716,207        | 714,462        | 744,410        |
| 97,802         | 103,445        | 92,251         | 85,177         | 86,880         | 94,478         |
| 3,042,330      | 2,952,688      | 3,287,030      | 2,869,831      | 3,330,959      | 4,526,619      |
| -              | -              | -              | -              | -              | -              |
| \$ 3,794,448   | \$ 3,757,087   | \$ 4,218,497   | \$ 3,740,261   | \$ 4,212,456   | \$ 5,442,840   |
| \$ 1,975,335   | \$ 2,006,397   | \$ 2,064,255   | \$ 2,113,865   | \$ 2,065,614   | \$ 2,044,753   |
| 487,851        | 471,885        | 439,807        | 385,436        | 352,310        | 331,401        |
| -              | 190,455        | 813,106        | 38,901         | 100            | -              |
| \$ 2,463,186   | \$ 2,668,737   | \$ 3,317,168   | \$ 2,538,202   | \$ 2,418,024   | \$ 2,376,154   |
| \$ 6,257,634   | \$ 6,425,824   | \$ 7,535,665   | \$ 6,278,463   | \$ 6,630,480   | \$ 7,818,994   |
| \$ (7,225,718) | \$ (7,234,144) | \$ (7,014,571) | \$ (8,771,740) | \$ (7,354,700) | \$ (7,994,946) |
| (795,587)      | (539,044)      | 110,427        | (744,391)      | (964,157)      | (984,371)      |
| \$ (8,021,305) | \$ (7,773,188) | \$ (6,904,144) | \$ (9,516,131) | \$ (8,318,857) | \$ (8,979,317) |

**City of Buena Vista, Virginia**

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

|   | Fiscal Year  |                |              |              |
|---|--------------|----------------|--------------|--------------|
|   | 2008         | 2009           | 2010         | 2011         |
| <b>General Revenues and Other Changes in Net Position</b> |              |                |              |              |
| Governmental activities:                                  |              |                |              |              |
| Taxes   |              |                |              |              |
| Property taxes  | \$ 5,003,837 | \$ 4,868,906   | \$ 5,223,823 | \$ 5,009,886 |
| Local sales and use taxes                                 | 391,902      | 363,627        | 345,773      | 397,404      |
| Consumer utility taxes                                    | 276,078      | 274,681        | 294,001      | 248,874      |
| Meals taxes   | 182,152      | 182,056        | 196,708      | 167,780      |
| Cellular phone taxes and right of ways                    | 361,701      | 328,652        | 330,009      | 328,377      |
| Business and professional licenses taxes                  | 182,082      | 179,437        | 175,694      | 174,242      |
| Motor vehicle licenses taxes                              | 133,238      | 128,123        | 126,257      | 127,561      |
| Other local taxes   | 213,280      | 185,098        | 208,553      | 171,758      |
| Unrestricted grants and contributions                     | 694,017      | 684,393        | 675,957      | 736,104      |
| Unrestricted revenues from use of money and property      | 209,473      | 356,190        | 151,987      | 139,688      |
| Miscellaneous   | 135,208      | 130,751        | 170,308      | 146,107      |
| Loss on disposition of assets                             | -            | (7,272)        | -            | -            |
| Transfers   | (1,532,594)  | (809,667)      | (679,006)    | (521,962)    |
| Total governmental activities                             | \$ 6,250,374 | \$ 6,864,975   | \$ 7,220,064 | \$ 7,125,819 |
| Business-type activities:                                 |              |                |              |              |
| Unrestricted revenues from use of money and property      | \$ 15,278    | \$ 3,146       | \$ -         | \$ -         |
| Miscellaneous   | -            | -              | 3,608        | 4,272        |
| Loss on disposition of assets                             | (14,773)     | -              | -            | -            |
| Transfers   | 1,532,594    | 809,667        | 679,006      | 521,962      |
| Total business-type activities                            | \$ 1,533,099 | \$ 812,813     | \$ 682,614   | \$ 526,234   |
| Total primary government                                  | \$ 7,783,473 | \$ 7,677,788   | \$ 7,902,678 | \$ 7,652,053 |
| <b>Change in Net Position</b>                             |              |                |              |              |
| Governmental activities                                   | \$ 1,308,757 | \$ (769,155)   | \$ (371,811) | \$ (78,654)  |
| Business-type activities                                  | 506,644      | (286,208)      | (93,847)     | (394,178)    |
| Total primary government                                  | \$ 1,815,401 | \$ (1,055,363) | \$ (465,658) | \$ (472,832) |

Table 2

| Fiscal Year  |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
| \$ 4,948,762 | \$ 5,777,309 | \$ 5,655,373 | \$ 5,600,403 | \$ 5,974,703 | \$ 5,905,508 |
| 378,736      | 407,119      | 366,318      | 396,151      | 378,543      | 377,061      |
| 256,535      | 269,962      | 264,219      | 264,454      | 263,677      | 263,392      |
| 192,920      | 290,324      | 297,771      | 326,384      | 340,008      | 319,870      |
| 321,702      | -            | -            | -            | -            | -            |
| 177,887      | 175,858      | 172,418      | 174,344      | 174,412      | 184,093      |
| 125,579      | 170,345      | 170,032      | 166,550      | 166,467      | 168,992      |
| 177,095      | 171,903      | 195,495      | 203,309      | 196,196      | 201,057      |
| 675,434      | 1,007,441    | 994,313      | 1,039,468    | 982,759      | 973,816      |
| 160,234      | 136,639      | 168,566      | 190,386      | 182,946      | 183,630      |
| 189,394      | 186,182      | 180,254      | 214,621      | 235,226      | 160,503      |
| -            | -            | -            | -            | -            | -            |
| (365,258)    | (327,890)    | (490,600)    | (441,351)    | (241,196)    | (270,794)    |
| \$ 7,239,020 | \$ 8,265,192 | \$ 7,974,159 | \$ 8,134,719 | \$ 8,653,741 | \$ 8,467,128 |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ 40        | \$ 902       |
| 61           | 8,653        | 888          | 447          | 16           | 780          |
| -            | -            | -            | -            | -            | -            |
| 365,258      | 327,890      | 490,600      | 441,351      | 241,196      | 270,794      |
| \$ 365,319   | \$ 336,543   | \$ 491,488   | \$ 441,798   | \$ 241,252   | \$ 272,476   |
| \$ 7,604,339 | \$ 8,601,735 | \$ 8,465,647 | \$ 8,576,517 | \$ 8,894,993 | \$ 8,739,604 |
| \$ 13,302    | \$ 1,031,048 | \$ 959,588   | \$ (637,021) | \$ 1,299,041 | \$ 472,182   |
| (430,268)    | (202,501)    | 601,915      | (302,593)    | (722,905)    | (711,895)    |
| \$ (416,966) | \$ 828,547   | \$ 1,561,503 | \$ (939,614) | \$ 576,136   | \$ (239,713) |

**City of Buena Vista, Virginia**

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

*(accrual basis of accounting)*

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| <b>Fiscal<br/>Year</b> | <b>Property<br/>Tax</b> | <b>Local sales<br/>and use<br/>Tax</b> | <b>Consumer<br/>Utility<br/>Tax</b> | <b>Meals<br/>Tax</b> | <b>Cell<br/>Phone<br/>Tax</b> | <b>Business<br/>License<br/>Tax</b> |
|------------------------|-------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------------------------|
| 2017                   | \$ 5,905,508            | \$ 377,061                             | \$ 263,392                          | \$ 319,870           | \$ -                          | \$ 184,093                          |
| 2016                   | 5,974,703               | 378,543                                | 263,677                             | 340,008              | -                             | 174,412                             |
| 2015                   | 5,600,403               | 396,151                                | 264,454                             | 326,384              | -                             | 174,344                             |
| 2014                   | 5,655,373               | 366,318                                | 264,219                             | 297,771              | -                             | 172,418                             |
| 2013                   | 5,777,309               | 407,119                                | 269,962                             | 290,324              | -                             | 175,858                             |
| 2012                   | 4,948,762               | 378,736                                | 256,535                             | 192,920              | 321,702                       | 177,887                             |
| 2011                   | 5,009,886               | 397,404                                | 248,874                             | 167,780              | 328,377                       | 174,242                             |
| 2010                   | 5,223,823               | 345,773                                | 294,001                             | 196,708              | 330,009                       | 175,694                             |
| 2009                   | 4,868,906               | 363,627                                | 274,681                             | 182,056              | 328,652                       | 179,437                             |
| 2008                   | 5,003,837               | 391,902                                | 276,078                             | 182,152              | 361,701                       | 182,082                             |

**Table 3**

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| <b>Motor<br/>Vehicle<br/>License<br/>Tax</b> | <b>Other<br/>Local<br/>Tax</b> | <b>Total</b> |
|--|--------------------------------|--------------|
| \$ 168,992                                   | \$ 201,057                     | \$ 7,419,973 |
| 166,467                                      | 196,196                        | 7,494,006    |
| 166,550                                      | 203,309                        | 7,131,595    |
| 170,032                                      | 195,495                        | 7,121,626    |
| 170,345                                      | 171,903                        | 7,262,820    |
| 125,579                                      | 177,095                        | 6,579,216    |
| 127,561                                      | 171,758                        | 6,625,882    |
| 126,257                                      | 208,553                        | 6,900,818    |
| 128,123                                      | 185,098                        | 6,510,580    |
| 133,238                                      | 213,280                        | 6,744,270    |

**City of Buena Vista, Virginia**

Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

|                                    | Fiscal Year         |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 2008                | 2009                | 2010                | 2011                |
| General fund                       |                     |                     |                     |                     |
| Nonspendable                       | \$ -                | \$ -                | \$ -                | \$ -                |
| Restricted                         | -                   | -                   | -                   | 104,685             |
| Unassigned                         | 1,337,155           | 1,353,762           | 1,497,759           | 1,178,003           |
| Total general fund                 | <u>\$ 1,337,155</u> | <u>\$ 1,353,762</u> | <u>\$ 1,497,759</u> | <u>\$ 1,282,688</u> |
| All other governmental funds       |                     |                     |                     |                     |
| Nonspendable                       |                     |                     |                     |                     |
| Prepaid items                      | \$ -                | \$ -                | \$ -                | \$ -                |
| Restricted:                        |                     |                     |                     |                     |
| Community development block grant  | -                   | -                   | -                   | 74,784              |
| School capital projects            | -                   | -                   | -                   | -                   |
| Assigned:                          |                     |                     |                     |                     |
| Debt service                       | -                   | -                   | -                   | 614,525             |
| Senior Center                      | -                   | -                   | -                   | -                   |
| Green Hill Cemetary                | -                   | -                   | -                   | 61,627              |
| Unassigned, reported in:           |                     |                     |                     |                     |
| Special revenue funds              | 115,176             | 128,822             | 73,167              | (50,987)            |
| Capital projects funds             | 1,260,164           | 1,073,011           | 664,549             | -                   |
| Total all other governmental funds | <u>\$ 1,375,340</u> | <u>\$ 1,201,833</u> | <u>\$ 737,716</u>   | <u>\$ 699,949</u>   |

Note: GASB 54 was implemented during fiscal year 2011

Table 4

| Fiscal Year         |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
| \$ 23,647           | \$ 24,741           | \$ 26,568           | \$ 27,924           | \$ 132,433          | \$ 98,341           |
| 107,314             | 108,540             | 109,520             | 110,509             | 111,408             | 112,412             |
| 1,028,297           | 1,392,969           | 2,297,349           | 2,698,796           | 3,044,256           | 2,790,572           |
| <u>\$ 1,159,258</u> | <u>\$ 1,526,250</u> | <u>\$ 2,433,437</u> | <u>\$ 2,837,229</u> | <u>\$ 3,288,097</u> | <u>\$ 3,001,325</u> |
|                     |                     |                     |                     |                     |                     |
| \$ -                | \$ -                | \$ 1,075            | \$ -                | \$ 818              | \$ 818              |
| 87,128              | 82,462              | 93,801              | 94,076              | 94,473              | 94,925              |
| -                   | 222,846             | 223,184             | 214,496             | -                   | -                   |
| 565,546             | 486,693             | 255,195             | -                   | -                   | -                   |
| 7,806               | 9,529               | 5,761               | 4,512               | 7,382               | 5,715               |
| 60,481              | 51,536              | 46,188              | 38,305              | 33,002              | 26,564              |
| (64,781)            | (66,009)            | (80,744)            | (66,610)            | (62,692)            | (71,600)            |
| -                   | -                   | -                   | (228,900)           | (14,375)            | (13,827)            |
| <u>\$ 656,180</u>   | <u>\$ 787,057</u>   | <u>\$ 544,460</u>   | <u>\$ 55,879</u>    | <u>\$ 58,608</u>    | <u>\$ 42,595</u>    |



**City of Buena Vista, Virginia**

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

|   | Fiscal Year    |               |               |               |
|---|----------------|---------------|---------------|---------------|
|   | 2008           | 2009          | 2010          | 2011          |
| <b>Revenues</b>   |                |               |               |               |
| General property taxes                                    | \$ 5,050,037   | \$ 4,982,364  | \$ 5,036,684  | \$ 5,000,774  |
| Other local taxes   | 1,740,433      | 1,641,674     | 1,676,995     | 1,615,996     |
| Permits, privilege fees and regulatory licenses           | 82,399         | 42,008        | 42,597        | 32,548        |
| Fines and forfeitures                                     | 67,218         | 68,608        | 73,899        | 56,870        |
| Revenue from use of money and property                    | 209,473        | 356,190       | 151,987       | 139,688       |
| Charges for services                                      | 682,935        | 727,494       | 707,128       | 532,071       |
| Miscellaneous   | 135,208        | 130,751       | 170,308       | 146,107       |
| Recovered costs   | 54,075         | 74,215        | 74,733        | 30,537        |
| Intergovernmental:  |                |               |               |               |
| Local government  | -              | -             | 324,093       | 324,093       |
| Commonwealth  | 3,438,185      | 3,677,754     | 3,443,597     | 3,201,924     |
| Federal   | 1,225,221      | 114,010       | 217,437       | 123,278       |
| Total revenues  | \$ 12,685,184  | \$ 11,815,068 | \$ 11,919,458 | \$ 11,203,886 |
| <b>Expenditures</b>                                       |                |               |               |               |
| General government administration                         | \$ 1,177,680   | \$ 1,073,527  | \$ 985,770    | \$ 1,111,062  |
| Judicial administration                                   | 659,675        | 656,622       | 703,827       | 683,819       |
| Public safety   | 1,709,107      | 1,914,522     | 1,804,153     | 1,775,565     |
| Public works  | 3,237,176      | 1,867,050     | 1,672,395     | 1,494,922     |
| Health and welfare  | 1,138,437      | 1,491,952     | 1,491,844     | 1,386,566     |
| Education   | 2,532,423      | 2,225,190     | 2,350,852     | 2,239,651     |
| Parks, recreation and cultural                            | 585,231        | 537,994       | 455,423       | 478,682       |
| Community development                                     | 489,732        | 491,300       | 519,316       | 450,938       |
| Capital outlay  | 2,022,976      | 520,898       | 125,654       | 48,384        |
| Debt service  |                |               |               |               |
| Principal   | 1,081,207      | 1,017,383     | 1,037,806     | 942,103       |
| Interest and other fiscal charges                         | 359,111        | 374,344       | 413,531       | 323,070       |
| Total expenditures  | \$ 14,992,755  | \$ 12,170,782 | \$ 11,560,571 | \$ 10,934,762 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (2,307,571) | \$ (355,714)  | \$ 358,887    | \$ 269,124    |
| <b>Other financing sources (uses)</b>                     |                |               |               |               |
| Transfers in  | \$ 1,456,151   | \$ 911,238    | \$ 593,959    | \$ 951,086    |
| Transfers out   | (2,988,745)    | (1,720,905)   | (1,272,965)   | (1,473,048)   |
| Refunding bonds issued                                    | -              | 836,849       | -             | -             |
| Issuance of long-term debt                                | 100,752        | 171,632       | -             | -             |
| Issuance of general obligation bonds                      | -              | -             | -             | -             |
| Issuance of bond anticipation notes                       | 1,663,151      | -             | -             | -             |
| Issuance of refunding loan payable                        | -              | -             | 750,000       | 750,000       |
| Redemption of refunded loan                               | -              | -             | (750,000)     | (750,000)     |
| Total other financing sources (uses)                      | \$ 231,309     | \$ 198,814    | \$ (679,006)  | \$ (521,962)  |
| Net change in fund balances                               | \$ (2,076,262) | \$ (156,900)  | \$ (320,119)  | \$ (252,838)  |
| Debt service as a percentage of noncapital expenditures   | 12.16%         | 11.95%        | 12.69%        | 11.62%        |

Table 5

| Fiscal Year   |               |               |               |               |               |  |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| 2012          | 2013          | 2014          | 2015          | 2016          | 2017          |  |
| \$ 5,128,101  | \$ 5,566,575  | \$ 5,816,792  | \$ 5,687,818  | \$ 5,741,167  | \$ 5,803,302  |  |
| 1,630,454     | 1,485,511     | 1,466,253     | 1,531,192     | 1,519,303     | 1,514,465     |  |
| 43,497        | 35,195        | 56,039        | 44,163        | 40,924        | 66,319        |  |
| 88,951        | 78,145        | 85,102        | 52,441        | 57,242        | 57,544        |  |
| 160,234       | 136,639       | 168,566       | 190,386       | 182,946       | 183,630       |  |
| 619,670       | 691,059       | 790,326       | 773,826       | 783,331       | 792,358       |  |
| 211,218       | 186,182       | 180,254       | 214,621       | 235,226       | 160,503       |  |
| 43,878        | 26,142        | 38,313        | 6,062         | 10,776        | 30,787        |  |
| 372,953       | 372,953       | 372,953       | 48,860        | 193,474       | 193,474       |  |
| 3,226,557     | 3,481,495     | 3,865,603     | 3,805,864     | 4,053,919     | 5,102,195     |  |
| 118,254       | 105,681       | 42,787        | 54,575        | 66,325        | 204,766       |  |
| \$ 11,643,767 | \$ 12,165,577 | \$ 12,882,988 | \$ 12,409,808 | \$ 12,884,633 | \$ 14,109,343 |  |
| \$ 1,182,731  | \$ 1,069,263  | \$ 1,040,690  | \$ 1,087,930  | \$ 1,171,159  | \$ 1,198,390  |  |
| 813,087       | 768,349       | 730,301       | 750,287       | 789,640       | 844,801       |  |
| 2,104,240     | 2,012,328     | 2,344,890     | 2,108,910     | 2,205,651     | 2,647,082     |  |
| 1,500,611     | 1,452,948     | 1,466,101     | 1,933,435     | 2,193,090     | 2,843,347     |  |
| 1,408,127     | 1,268,530     | 1,468,281     | 1,512,651     | 1,487,742     | 2,115,142     |  |
| 2,160,872     | 2,469,550     | 2,283,301     | 2,286,258     | 2,220,877     | 2,812,881     |  |
| 521,591       | 490,914       | 510,236       | 457,666       | 531,499       | 615,116       |  |
| 542,077       | 399,905       | 480,235       | 759,790       | 444,948       | 491,121       |  |
| 51,483        | 328,280       | 15,583        | 223,186       | 294,357       | 55            |  |
| 1,000,969     | 1,246,281     | 1,104,081     | 1,003,427     | 928,069       | 511,865       |  |
| 335,920       | 343,443       | 284,099       | 229,706       | 217,100       | 185,917       |  |
| \$ 11,621,708 | \$ 11,849,791 | \$ 11,727,798 | \$ 12,353,246 | \$ 12,484,132 | \$ 14,265,717 |  |
| \$ 22,059     | \$ 315,786    | \$ 1,155,190  | \$ 56,562     | \$ 400,501    | \$ (156,374)  |  |
| \$ 950,648    | \$ 879,436    | \$ 698,134    | \$ 880,904    | \$ 587,788    | \$ 609,992    |  |
| (1,315,906)   | (1,207,326)   | (1,188,734)   | (1,322,255)   | (828,984)     | (880,786)     |  |
| -             | -             | -             | 300,000       | -             | -             |  |
| 176,000       | -             | -             | -             | 294,292       | 232,742       |  |
| -             | 509,973       | -             | -             | -             | -             |  |
| -             | -             | -             | -             | -             | -             |  |
| -             | -             | -             | -             | -             | -             |  |
| -             | -             | -             | -             | -             | -             |  |
| \$ (189,258)  | \$ 182,083    | \$ (490,600)  | \$ (141,351)  | \$ 53,096     | \$ (38,052)   |  |
| \$ (167,199)  | \$ 497,869    | \$ 664,590    | \$ (84,789)   | \$ 453,597    | \$ (194,426)  |  |
| 11.82%        | 13.79%        | 11.84%        | 10.65%        | 9.39%         | 5.25%         |  |

**City of Buena Vista, Virginia**

## General Governmental Tax Revenues by Source

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

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| <b>Fiscal<br/>Year</b> | <b>Property<br/>Tax</b> | <b>Local sales<br/>and use<br/>Tax</b> | <b>Consumer<br/>Utility<br/>Tax</b> | <b>Business<br/>License<br/>Tax</b> | <b>Motor<br/>Vehicle<br/>License<br/>Tax</b> | <b>Bank<br/>Stock<br/>Tax</b> | <b>Recordation<br/>and Wills<br/>Tax</b> |
|------------------------|-------------------------|--|-------------------------------------|-------------------------------------|--|-------------------------------|--|
| 2017                   | \$ 5,803,302            | \$ 377,061                             | \$ 263,392                          | \$ 184,093                          | \$ 168,992                                   | \$ 48,715                     | \$ 26,039                                |
| 2016                   | 5,741,167               | 378,543                                | 263,677                             | 174,412                             | 166,467                                      | 44,278                        | 25,412                                   |
| 2015                   | 5,687,818               | 396,151                                | 264,454                             | 174,344                             | 166,550                                      | 48,115                        | 24,724                                   |
| 2014                   | 5,816,792               | 366,318                                | 264,219                             | 172,418                             | 170,032                                      | 38,430                        | 25,949                                   |
| 2013                   | 5,566,575               | 407,119                                | 269,962                             | 175,858                             | 170,345                                      | 26,755                        | 27,607                                   |
| 2012                   | 5,128,101               | 378,736                                | 256,535                             | 177,887                             | 125,579                                      | 47,100                        | 25,867                                   |
| 2011                   | 5,000,774               | 397,404                                | 248,874                             | 174,242                             | 127,561                                      | 54,919                        | 23,283                                   |
| 2010                   | 5,036,684               | 345,773                                | 294,001                             | 175,694                             | 126,257                                      | 51,602                        | 41,553                                   |
| 2009                   | 4,982,364               | 363,627                                | 274,681                             | 179,437                             | 128,123                                      | 40,194                        | 36,102                                   |
| 2008                   | 5,050,037               | 391,902                                | 276,078                             | 182,082                             | 133,238                                      | 47,515                        | 53,119                                   |

**Table 6**

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|    | <b>Meals</b> |    | <b>Other</b> |    |              |
|----|--------------|----|--------------|----|--------------|
|    | <b>Tax</b>   |    | <b>Local</b> |    | <b>Total</b> |
|    |              |    | <b>Tax</b>   |    |              |
| \$ | 319,870      | \$ | 126,303      | \$ | 7,317,767    |
|    | 340,008      |    | 126,506      |    | 7,260,470    |
|    | 326,384      |    | 130,470      |    | 7,219,010    |
|    | 297,771      |    | 131,116      |    | 7,283,045    |
|    | 290,324      |    | 117,541      |    | 7,052,086    |
|    | 192,920      |    | 425,830      |    | 6,758,555    |
|    | 167,780      |    | 421,933      |    | 6,616,770    |
|    | 196,708      |    | 445,407      |    | 6,713,679    |
|    | 182,056      |    | 437,454      |    | 6,624,038    |
|    | 182,152      |    | 474,347      |    | 6,790,470    |

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal Year | Real Estate (1) | Personal Property (3) | Public Service (2) | Total Taxable Assessed Value | Estimated Actual Taxable Value | State Sales Assessment Ratio (4) | Total Direct Rate |
|-------------|-----------------|-----------------------|--------------------|------------------------------|--------------------------------|----------------------------------|-------------------|
| 2017        | \$ 327,313,460  | \$ 40,865,214         | \$ 23,005,034      | \$ 391,183,708               | \$ 341,704,846                 | 114.48%                          | \$ 12.52          |
| 2016        | 364,742,820     | 41,387,341            | 21,978,142         | 428,108,303                  | 372,203,359                    | 115.02%                          | 12.30             |
| 2015        | 370,299,700     | 38,823,781            | 16,226,569         | 425,350,050                  | 340,388,964                    | 124.96%                          | 12.30             |
| 2014        | 369,965,100     | 37,597,333            | 14,908,769         | 460,953,526                  | 379,448,079                    | 121.48%                          | 12.24             |
| 2013        | 369,766,300     | 38,482,324            | 14,824,925         | 460,318,115                  | 395,836,370                    | 116.29%                          | 12.24             |
| 2012        | 398,252,780     | 37,244,566            | 13,617,540         | 484,629,216                  | 422,040,596                    | 114.83%                          | 11.96             |
| 2011        | 396,922,080     | 35,514,330            | 13,884,688         | 446,321,098                  | 432,314,120                    | 103.24%                          | 11.90             |
| 2010        | 395,269,480     | 35,506,375            | 11,824,822         | 442,600,677                  | 476,159,281                    | 92.90%                           | 11.90             |
| 2009        | 393,844,500     | 35,257,670            | 11,349,391         | 440,451,561                  | 543,767,359                    | 81.00%                           | 11.79             |
| 2008        | 363,681,730     | 40,035,676            | 12,193,672         | 415,911,078                  | 590,782,781                    | 70.40%                           | 11.88             |

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

(4) Source: Virginia Department of Taxation (Public Service Corporations).

Property Tax Rates (1)  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years

| Fiscal<br>Years | Direct Rates   |                      |                 |                        | Total<br>Direct Rate |
|-----------------|----------------|----------------------|-----------------|------------------------|----------------------|
|                 | Real<br>Estate | Personal<br>Property | Mobile<br>Homes | Machinery<br>and Tools |                      |
| 2017            | \$ 1.21        | \$ 5.85              | \$ 1.21         | \$ 4.25                | \$ 12.52             |
| 2016            | 1.10           | 5.85                 | 1.10            | 4.25                   | 12.30                |
| 2015            | 1.10           | 5.85                 | 1.10            | 4.25                   | 12.30                |
| 2014            | 1.07           | 5.85                 | 1.07            | 4.25                   | 12.24                |
| 2013            | 1.07           | 5.85                 | 1.07            | 4.25                   | 12.24                |
| 2012            | 0.93           | 5.85                 | 0.93            | 4.25                   | 11.96                |
| 2011            | 0.90           | 5.85                 | 0.90            | 4.25                   | 11.90                |
| 2010            | 0.90           | 5.85                 | 0.90            | 4.25                   | 11.90                |
| 2009            | 0.85           | 5.85                 | 0.85            | 4.25                   | 11.79                |
| 2008            | 0.89           | 5.85                 | 0.89            | 4.25                   | 11.88                |

Amounts shown above are the City's total direct rates.

(1) Per \$100 of assessed value, there are no restrictions on the City's ability to raise tax rates.

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

| Taxpayer                          | Type<br>Business            | Fiscal Year 2017              |                                     | Fiscal Year 2008              |                                     |
|-----------------------------------|-----------------------------|-------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
|                                   |                             | 2017<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation | 2008<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |
| Virginia Electric and Power       | Utility                     | 13,810,679                    | 3.53%                               | 5,998,833                     | 1.44%                               |
| Modine                            | Manufacturing               | 5,848,700                     | 1.50%                               | 6,297,490                     | 1.51%                               |
| Stag Buena Vista LLC (1)          | Manufacturing               | 5,156,000                     | 1.32%                               | -                             | 0.00%                               |
| Columbia Gas                      | Utility                     | 4,584,029                     | 1.17%                               | 2,286,486                     | 0.55%                               |
| GPH Buena Vista LLC               | Nursing Home                | 3,625,000                     | 0.93%                               | 5,879,830                     | 1.41%                               |
| Eforay                            | Research & Develop-Air Cond | 3,128,400                     | 0.80%                               | 3,603,460                     | 0.87%                               |
| Rebkee Partners Hilltop LLC       | Retail Merchants            | 3,115,500                     | 0.80%                               | 3,146,300                     | 0.76%                               |
| Treemont Village Preservation (1) | Apartments                  | 3,026,200                     | 0.77%                               | -                             | 0.00%                               |
| Everbrite                         | Manufacturing               | 2,972,700                     | 0.76%                               | 3,248,820                     | 0.78%                               |
| Knopp Company                     | Apartments                  | 2,818,300                     | 0.72%                               | 2,372,300                     | 0.57%                               |
| Daryl Limited Co (1)              | Manufacturing               | 2,215,200                     | 0.57%                               | -                             | 0.00%                               |
| Roy & June Southers Trust (1)     | Real Estate                 | 2,199,500                     | 0.56%                               | -                             | 0.00%                               |
| Beans Bottom LLC (1)              | Real Estate                 | 2,160,800                     | 0.55%                               | -                             | 0.00%                               |
| Hillcrest Manor LLC               | Apartments                  | 2,088,400                     | 0.53%                               | 2,628,800                     | 0.63%                               |
| Norfolk & Western Railway (1)     | Railroad                    | 1,925,933                     | 0.49%                               | -                             | 0.00%                               |
|                                   |                             | <u>58,675,341</u>             | <u>15.00%</u>                       | <u>35,462,319</u>             | <u>8.53%</u>                        |

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2008

Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal<br>Year | Total Tax<br>Levy for<br>Fiscal Year (1) |           | Collected within the Fiscal<br>Year of the Levy (1) |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|----------------|--|-----------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                |  |           | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2017           | \$                                       | 6,500,078 | \$ 6,044,153  | 92.99%                | \$ -                                  | \$ 6,044,153              | 92.99%                |
| 2016           |  | 6,521,393 | 6,102,140   | 93.57%                | 221,727                               | 6,323,867                 | 96.97%                |
| 2015           |  | 6,374,749 | 6,032,482   | 94.63%                | 234,169                               | 6,266,651                 | 98.30%                |
| 2014           |  | 6,229,683 | 5,829,158   | 93.57%                | 323,411                               | 6,152,569                 | 98.76%                |
| 2013           |  | 6,195,432 | 5,838,533   | 94.24%                | 297,994                               | 6,136,527                 | 99.05%                |
| 2012           |  | 5,849,241 | 5,475,831   | 93.62%                | 342,905                               | 5,818,736                 | 99.48%                |
| 2011           |  | 5,661,547 | 5,377,064   | 94.98%                | 280,582                               | 5,657,646                 | 99.93%                |
| 2010           |  | 5,611,405 | 5,244,565   | 93.46%                | 364,295                               | 5,608,860                 | 99.95%                |
| 2009           |  | 5,511,443 | 5,356,497   | 97.19%                | 152,653                               | 5,509,150                 | 99.96%                |
| 2008           |  | 5,609,091 | 5,420,981   | 96.65%                | 186,422                               | 5,607,403                 | 99.97%                |

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia



**City of Buena Vista, Virginia**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Years | Governmental Activities  |                     |               |               |                | Business-type Activities |                |                   |
|--------------|--------------------------|---------------------|---------------|---------------|----------------|--------------------------|----------------|-------------------|
|              | General Obligation Bonds | Literary Fund Loans | Revenue Bonds | Notes Payable | Capital Leases | Revenue Bonds            | Capital Leases | Other Obligations |
| 2017         | \$ 417,249               | \$ 1,875,000        | \$ -          | \$ 2,462,382  | \$ 477,636     | \$ 15,088,052            | \$ -           | \$ 1,201,840      |
| 2016         | 440,430                  | 2,250,000           | -             | 2,531,282     | 289,678        | 15,315,298               | -              | 1,201,840         |
| 2015         | 463,611                  | 2,625,000           | -             | 3,009,116     | 47,437         | 15,535,249               | -              | 1,201,840         |
| 2014         | 486,792                  | 3,000,000           | 444,864       | 2,760,658     | 156,279        | 15,953,006               | -              | 983,874           |
| 2013         | 823,774                  | 3,375,000           | 602,188       | 2,892,176     | 259,536        | 16,323,696               | -              | 655,318           |
| 2012         | 627,636                  | 3,750,000           | 765,422       | 3,163,754     | 382,170        | 16,692,334               | -              | 424,019           |
| 2011         | 941,454                  | 4,125,000           | 926,292       | 3,193,926     | 101,859        | 13,127,451               | -              | -                 |
| 2010         | 1,255,272                | 4,500,000           | 1,080,515     | 3,215,680     | 179,167        | 13,512,737               | -              | -                 |
| 2009         | 1,569,090                | 4,875,000           | 1,228,397     | 3,250,000     | 345,952        | 13,708,989               | 11,500         | -                 |
| 2008         | 1,882,910                | 5,250,000           | 1,368,860     | 2,413,151     | 362,420        | 13,896,720               | 80,164         | -                 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 15

Table 11

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|    | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income (1)</b> | <b>Per<br/>Capita (1)</b> |
|----|---|--|---------------------------|
| \$ | 21,522,159                              | 21.07%   | \$ 3,310                  |
|    | 22,028,528                              | 18.51%   | 3,231                     |
|    | 22,882,253                              | 18.06%   | 3,332                     |
|    | 23,785,473                              | 18.30%   | 3,479                     |
|    | 24,931,688                              | 20.33%   | 3,713                     |
|    | 25,805,335                              | 16.37%   | 3,889                     |
|    | 22,415,982                              | 13.01%   | 3,464                     |
|    | 23,743,371                              | 13.78%   | 3,740                     |
|    | 24,988,928                              | 14.50%   | 3,936                     |
|    | 25,254,225                              | 14.66%   | 3,948                     |

Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>Gross Bonded Debt</b> | <b>Less: Amounts Reserved for Debt Service</b> | <b>Net Bonded Debt (3)</b> | <b>Ratio of Net General Obligation Debt to Assessed Value (2)</b> | <b>Net Bonded Debt per Capita (1)</b> |
|--------------------|--------------------------|--|----------------------------|---|---------------------------------------|
| 2017               | \$ 2,292,249             | \$ -   | \$ 2,292,249               | 0.59%   | \$ 353                                |
| 2016               | 2,690,430                | -  | 2,690,430                  | 0.63%   | 395                                   |
| 2015               | 3,088,611                | -  | 3,088,611                  | 0.73%   | 450                                   |
| 2014               | 3,486,792                | -  | 3,486,792                  | 0.76%   | 510                                   |
| 2013               | 4,198,774                | -  | 4,198,774                  | 0.91%   | 625                                   |
| 2012               | 4,377,636                | -  | 4,377,636                  | 0.90%   | 660                                   |
| 2011               | 5,066,454                | -  | 5,066,454                  | 1.14%   | 783                                   |
| 2010               | 5,755,272                | -  | 5,755,272                  | 1.30%   | 906                                   |
| 2009               | 6,444,090                | -  | 6,444,090                  | 1.45%   | 1,015                                 |
| 2008               | 7,132,910                | -  | 7,132,910                  | 1.71%   | 1,115                                 |

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 15

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, literary fund loans, and excludes revenue bonds, capital leases, and compensated absences. The School Board does not have taxing authority, therefore the literary loan funds are included as they are to be repaid from general government resources.

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**City of Buena Vista, Virginia**Legal Debt Margin Information  
Last Ten Fiscal Years

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|   | <b>Fiscal Year</b>   |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2008</b>          | <b>2009</b>          | <b>2010</b>          | <b>2011</b>          |
| Debt limit (1)  | \$ 36,368,173        | \$ 39,384,450        | \$ 39,526,948        | \$ 39,692,208        |
| Total net debt applicable to limit (2)                                  | <u>25,254,225</u>    | <u>24,988,928</u>    | <u>23,743,371</u>    | <u>22,415,982</u>    |
| Legal debt margin   | <u>\$ 11,113,948</u> | <u>\$ 14,395,522</u> | <u>\$ 15,783,577</u> | <u>\$ 20,814,660</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 69.44%               | 63.45%               | 60.07%               | 51.85%               |

(1) The debt limit is calculated on Table 7

(2) The total net debt applicable to limit is calculated on Table 11

Table 13

| Fiscal Year   |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2012          | 2013          | 2014          | 2015          | 2016          | 2017          |
| \$ 39,825,278 | \$ 36,976,630 | \$ 36,996,510 | \$ 37,029,970 | \$ 36,474,282 | \$ 32,731,346 |
| 25,805,335    | 24,931,688    | 23,785,473    | 22,882,353    | 22,028,528    | 21,522,159    |
| \$ 14,019,943 | \$ 12,044,942 | \$ 13,211,037 | \$ 14,147,717 | \$ 14,445,754 | \$ 11,209,187 |
| 64.80%        | 67.43%        | 64.29%        | 61.79%        | 60.39%        | 65.75%        |

**City of Buena Vista, Virginia**

Pledged-Revenue Coverage  
Last Ten Fiscal Years

| Water and Sewer Revenue Bonds (1) |                                     |                                |                             |              |            |          |  |
|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------|--------------|------------|----------|--|
| Fiscal<br>Year                    | Water/Sewer<br>Charges<br>and Other | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            | Coverage |  |
|                                   |                                     |                                |                             | Principal    | Interest   |          |  |
| 2017 (2)                          | \$ 2,045,288                        | \$ 1,919,514                   | \$ 125,774                  | \$ 195,081   | \$ 329,004 | 24.00%   |  |
| 2016                              | 2,065,614                           | 1,926,450                      | 139,164                     | 188,768      | 337,798    | 26.43%   |  |
| 2015                              | 2,113,865                           | 1,767,302                      | 346,563                     | 178,349      | 345,431    | 66.17%   |  |
| 2014                              | 2,064,255                           | 1,777,994                      | 286,261                     | 172,201      | 333,967    | 56.55%   |  |
| 2013                              | 2,014,987                           | 1,689,750                      | 325,237                     | 125,258      | 403,401    | 61.52%   |  |
| 2012                              | 1,975,335                           | 1,664,180                      | 311,155                     | 299,091      | 333,964    | 49.15%   |  |
| 2011                              | 1,591,284                           | 1,575,252                      | 16,032                      | 78,266       | 159,006    | 6.76%    |  |
| 2010                              | 1,651,101                           | 1,661,771                      | (10,670)                    | 74,269       | 164,611    | -4.47%   |  |
| 2009                              | 1,541,154                           | 1,682,258                      | (141,104)                   | 70,338       | 158,415    | -59.31%  |  |
| 2008                              | 1,658,072                           | 1,705,050                      | (46,978)                    | 66,478       | 170,278    | -19.84%  |  |

(1) Increase in principal and interest paid is due to the refinancing of several issues with the 2011A issue.

(2) The amount reported as 2017 principal and interest for the Golf Course Revenue Bonds reflects the amount of debt service owed in 2017 rather than the amount actually paid. Reference note 22 to the financial statements for additional information regarding the reason for this difference.

Table 14

| Golf Course Revenue Bonds (1)       |                                |                             |              |            |          |  |
|-------------------------------------|--------------------------------|-----------------------------|--------------|------------|----------|--|
| Golf Course<br>Charges<br>and Other | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            | Coverage |  |
|                                     |                                |                             | Principal    | Interest   |          |  |
| \$ 331,646                          | \$ 523,001                     | \$ (191,355)                | \$ 267,165   | \$ 538,778 | -23.74%  |  |
| 352,326                             | 554,531                        | (202,205)                   | 256,246      | 517,695    | -26.13%  |  |
| 385,443                             | 523,442                        | (137,999)                   | 239,408      | 610,843    | -16.23%  |  |
| 440,695                             | 506,793                        | (66,098)                    | 228,489      | 534,977    | -8.66%   |  |
| 471,948                             | 508,621                        | (36,673)                    | 213,380      | 551,935    | -4.79%   |  |
| 487,912                             | 617,024                        | (129,112)                   | 899,525      | 584,643    | -8.70%   |  |
| 418,602                             | 662,568                        | (243,966)                   | 307,020      | 529,200    | -29.17%  |  |
| 591,335                             | 666,547                        | (75,212)                    | 121,983      | 521,956    | -11.68%  |  |
| 655,199                             | 903,238                        | (248,039)                   | 117,393      | 548,856    | -38.39%  |  |
| 835,938                             | 1,088,193                      | (252,255)                   | 112,880      | 551,765    | -37.95%  |  |



Demographic and Economic Statistics  
Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>Population</b> | <b>Personal<br/>Income</b> | <b>Per Capita<br/>Personal<br/>Income</b> | <b>Median<br/>Age</b> | <b>School<br/>Enrollment</b> | <b>Unemploy-<br/>ment Rate</b> |
|------------------------|-------------------|----------------------------|---|-----------------------|------------------------------|--------------------------------|
| 2017                   | 6,502             | \$ 102,126,914             | \$ 15,707                                 | 38.1                  | 990                          | 5.20%                          |
| 2016                   | 6,817             | 119,024,820                | 17,460                                    | 38.1                  | 966                          | 5.20%                          |
| 2015                   | 6,867             | 126,716,751                | 18,453                                    | 36.8                  | 1,046                        | 6.40%                          |
| 2014                   | 6,836             | 129,979,704                | 19,014                                    | 36.8                  | 1,046                        | 6.30%                          |
| 2013                   | 6,714             | 122,651,352                | 18,268                                    | 36.8                  | 1,198                        | 7.70%                          |
| 2012                   | 6,636             | 157,624,908                | 23,753                                    | 37.6                  | 1,198                        | 7.40%                          |
| 2011                   | 6,471             | 172,309,592                | 26,628                                    | 39.3                  | 1,104                        | 8.60%                          |
| 2010                   | 6,349             | 172,309,592                | 27,140                                    | 39.3                  | 1,120                        | 8.70%                          |
| 2009                   | 6,349             | 172,309,592                | 27,140                                    | 39.3                  | 1,211                        | 5.60%                          |
| 2008                   | 6,397             | 172,309,592                | 26,936                                    | 39.3                  | 1,133                        | 4.10%                          |

Source: Weldon Cooper Center, Annual school report - prepared by the county, United States Census Bureau, United States Department of Labor Bureau of Labor Statistics

## Principal Employers

Current Year and Nine Years Ago

| Employer                         | Fiscal Year 2017 |      |                                  | Fiscal Year 2008 |      |                                  |
|----------------------------------|------------------|------|----------------------------------|------------------|------|----------------------------------|
|                                  | Employees        | Rank | % of Total<br>City<br>Employment | Employees        | Rank | % of Total<br>City<br>Employment |
| Buena Vista City Schools         | 198              | 1    | 8.43%                            | 243              | 2    | 7.57%                            |
| Southern Virginia University     | 173              | 2    | 7.37%                            | 250              | 1    | 7.76%                            |
| Modine Manufacturing             | 162              | 3    | 6.90%                            | 203              | 3    | 6.50%                            |
| Munters                          | 137              | 4    | 5.83%                            | -                | -    | 0.00%                            |
| Sayres                           | 112              | 5    | 4.77%                            | -                | -    | 0.00%                            |
| Everbrite                        | 112              | 6    | 4.77%                            | 76               | 6    | 2.86%                            |
| GGNSC - Shenandoah Valley Health | 77               | 7    | 3.28%                            | 80               | 5    | 2.58%                            |
| City of Buena Vista, VA          | 77               | 8    | 3.28%                            | 128              | 4    | 4.11%                            |
| Mundet                           | 37               | 9    | 1.58%                            | -                | -    | 0.00%                            |
| ADS                              | 37               | 10   | 1.58%                            | 25               | 10   | 2.07%                            |
| Bontex                           | -                | -    | 0.00%                            | 62               | 7    | 2.32%                            |
| Fitzgerald Lumber                | -                | -    | -                                | 50               | 8    | 1.63%                            |
| Shenandoah Hardwood              | -                | -    | 0.00%                            | 49               | 9    | 1.70%                            |
| Totals                           | 1,122            |      | 47.79%                           | 1,166            |      | 39.10%                           |

Source: Individual City departments

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

| Function                | Fiscal Year |           |           |           |           |           |           |           |           |           |
|-------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | 2008        | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      |
| General government      | 13          | 13        | 12        | 12        | 12        | 11        | 11        | 12        | 12        | 12        |
| Judicial administration | 8           | 8         | 8         | 8         | 8         | 8         | 8         | 8         | 8         | 9         |
| Public safety           |             |           |           |           |           |           |           |           |           |           |
| Police department       | 13          | 13        | 12        | 16        | 15        | 15        | 15        | 15        | 17        | 18        |
| Building inspections    | 1           | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| Animal control          | 1           | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 0         |
| Public works            |             |           |           |           |           |           |           |           |           |           |
| General maintenance     | 42          | 42        | 38        | 33        | 33        | 33        | 34        | 34        | 32        | 33        |
| Culture and recreation  |             |           |           |           |           |           |           |           |           |           |
| Parks and recreation    | 11          | 5         | 3         | 5         | 5         | 3         | 4         | 4         | 4         | 4         |
| Community development   |             |           |           |           |           |           |           |           |           |           |
| Planning                | 3           | 2         | 3         | 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| Totals                  | <u>97</u>   | <u>91</u> | <u>92</u> | <u>78</u> | <u>77</u> | <u>74</u> | <u>76</u> | <u>77</u> | <u>77</u> | <u>79</u> |

Source: Individual City departments

Operating Indicators by Function  
Last Ten Fiscal Years

| Function                      | Fiscal Year |          |          |          |          |          |          |          |          |          |
|-------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|                               | 2008        | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     |
| Public safety                 |             |          |          |          |          |          |          |          |          |          |
| Sheriffs department:          |             |          |          |          |          |          |          |          |          |          |
| Civil papers                  | 3,970       | 3,569    | 4,171    | 3,888    | 4,021    | 4004     | 4004     | 4004     | 4004     | 4004     |
| Building inspections:         |             |          |          |          |          |          |          |          |          |          |
| Permits issued                | 91          | 84       | 73       | 62       | 61       | 66       | 61       | 71       | 71       | 61       |
| Public works                  |             |          |          |          |          |          |          |          |          |          |
| Landfill:                     |             |          |          |          |          |          |          |          |          |          |
| Recycling (tons/year)         | 0           | 248      | 327      | 367      | 377      | 343      | 343      | 343      | 343      | 343      |
| Community development         |             |          |          |          |          |          |          |          |          |          |
| Planning:                     |             |          |          |          |          |          |          |          |          |          |
| Zoning permits issued         | 41          | 35       | 48       | 63       | 64       | 46       | 48       | 36       | 36       | 50       |
| Component Unit - School Board |             |          |          |          |          |          |          |          |          |          |
| Education:                    |             |          |          |          |          |          |          |          |          |          |
| School age population         | 1,136       | 1,211    | 1,101    | 1,135    | 1,175    | 1,035    | 1,046    | 1,046    | 965      | 930      |
| Number of teachers            | 102         | 111      | 108      | 98       | 88       | 86       | 80       | 80       | 79       | 75       |
| Local expenditures per pupil  | \$ 1,878    | \$ 2,219 | \$ 2,051 | \$ 2,276 | \$ 2,114 | \$ 1,944 | \$ 9,238 | \$ 9,709 | \$ 9,709 | \$ 9,709 |

Source: Individual City departments

Capital Asset Statistics by Function  
Last Ten Fiscal Years

| Function                      | Fiscal Year |      |      |      |      |      |      |      |      |      |
|-------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                               | 2008        | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General government            |             |      |      |      |      |      |      |      |      |      |
| Administration buildings      | 18          | 18   | 18   | 18   | 18   | 18   | 18   | 18   | 18   | 18   |
| Vehicles                      | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Public safety                 |             |      |      |      |      |      |      |      |      |      |
| Police department:            |             |      |      |      |      |      |      |      |      |      |
| Patrol units                  | 19          | 19   | 19   | 19   | 19   | 16   | 16   | 16   | 21   | 21   |
| Building inspections:         |             |      |      |      |      |      |      |      |      |      |
| Vehicles                      | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Animal control:               |             |      |      |      |      |      |      |      |      |      |
| Vehicles                      | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Public works                  |             |      |      |      |      |      |      |      |      |      |
| General maintenance:          |             |      |      |      |      |      |      |      |      |      |
| Trucks/vehicles               | 31          | 29   | 28   | 28   | 29   | 30   | 27   | 27   | 28   | 28   |
| Culture and recreation        |             |      |      |      |      |      |      |      |      |      |
| Parks and recreation:         |             |      |      |      |      |      |      |      |      |      |
| Community centers             | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles                      | 2           | 2    | 2    | 2    | 2    | 5    | 6    | 6    | 6    | 6    |
| Parks acreage                 | 615         | 615  | 615  | 615  | 615  | 615  | 615  | 615  | 615  | 615  |
| Swimming pools                | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Tennis courts                 | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Community development         |             |      |      |      |      |      |      |      |      |      |
| Planning:                     |             |      |      |      |      |      |      |      |      |      |
| Vehicles                      | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Component Unit - School Board |             |      |      |      |      |      |      |      |      |      |
| Education:                    |             |      |      |      |      |      |      |      |      |      |
| Schools                       | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| School buses                  | 13          | 13   | 13   | 13   | 12   | 12   | 12   | 12   | 12   | 12   |

Source: Individual City departments

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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TO THE CITY COUNCIL  
CITY OF BUENA VISTA, VIRGINIA  
BUENA VISTA, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Buena Vista, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Buena Vista, Virginia's internal control over financial reporting (internal control) to determine the 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 City of Buena Vista, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Buena Vista, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 City of Buena Vista, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 30, 2017



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

TO THE CITY COUNCIL  
CITY OF BUENA VISTA, VIRGINIA  
BUENA VISTA, VIRGINIA

### Report on Compliance for Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2017. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of City of Buena Vista, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Buena Vista, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Buena Vista, Virginia's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control over Compliance

Management of City of Buena Vista, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Buena Vista, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Buena Vista, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Fanner, Cox Associates*

Staunton, Virginia  
November 30, 2017

**City of Buena Vista, Virginia**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

| <b>Federal Grantor/State Pass - Through Grantor/<br/>Program Title or Cluster Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-through<br/>Entity Identifying<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|
| Department of Health and Human Services:  |                                    |   |                                 |
| Pass Through Payments:  |                                    |   |                                 |
| Department of Social Services:  |                                    |   |                                 |
| Promoting Safe and Stable Families  | 93.556                             | Not available   | \$ 5,590                        |
| Temporary Assistance for Needy Families   | 93.558                             | Not available   | 786                             |
| Child Care and Development Block Grant  | 93.575                             | Not available   | (200)                           |
| Foster Care - Title IV-E  | 93.658                             | Not available   | 8,208                           |
| Adoption Assistance   | 93.659                             | Not available   | 49,946                          |
| Social Services Block Grant   | 93.667                             | 86667   | <u>1,413</u>                    |
| Total Department of Health and Human Services   |                                    |   | \$ <u>65,743</u>                |
| Department of Agriculture:  |                                    |   |                                 |
| Pass Through Payments:  |                                    |   |                                 |
| Cooperative Forestry Assistance   | 10.664                             | Not available   | \$ 4,000                        |
| Child Nutrition Cluster:  |                                    |   |                                 |
| Department of Agriculture:  |                                    |   |                                 |
| Food Distribution   | 10.555                             | 40623   | \$ 29,045                       |
| Department of Education:  |                                    |   |                                 |
| National School Lunch Program   | 10.555                             | 40623   | <u>161,902</u>                  |
| School Breakfast Program  | 10.553                             | 40591   | <u>\$ 190,947</u>               |
| Total Child Nutrition Cluster   |                                    |   | <u>56,539</u>                   |
| Total Department of Agriculture   |                                    |   | \$ <u>251,486</u>               |
| Department of Justice:  |                                    |   |                                 |
| Pass Through Payments:  |                                    |   |                                 |
| Department of Criminal Justice Service:   |                                    |   |                                 |
| Crime Victim Assistance   | 16.575                             | Not available   | \$ 50,105                       |
| Edward Byrne Memorial Justice Assistance Grant Program                                  | 16.738                             | Not available   | 69,137                          |
| Equitable Sharing Program   | 16.922                             | Not available   | <u>3,181</u>                    |
| Total Department of Justice   |                                    |   | \$ <u>122,423</u>               |
| Department of Transportation:   |                                    |   |                                 |
| Pass Through Payments:  |                                    |   |                                 |
| Department of Motor Vehicles:   |                                    |   |                                 |
| State and Community Highway Safety  | 20.600                             | Not available   | \$ <u>12,600</u>                |
| Total Department of Transportation  |                                    |   | \$ <u>12,600</u>                |
| Department of Education:  |                                    |   |                                 |
| Pass Through Payments:  |                                    |   |                                 |
| Department of Education:  |                                    |   |                                 |
| Title I: Grants to Local Educational Agencies   | 84.010                             | 42901   | \$ 251,583                      |
| Career and Technical Education: Basic Grants to States                                  | 84.048                             | 61095   | 35,206                          |
| Special Education Cluster:  |                                    |   |                                 |
| Title VI-B: Special Education - Grants to States  | 84.027                             | 43071   | 253,038                         |
| Title VI-B: Special Education Preschool Grants  | 84.173                             | Not available   | 13,311                          |
| Twenty-first Century Community Learning Centers   | 84.287                             | Not available   | 223,098                         |
| Rural Education   | 84.358                             | Not available   | 10,494                          |
| Supporting Effective Instruction State Grant  | 84.367                             | 61480   | <u>69,609</u>                   |
| Total Department of Education   |                                    |   | \$ <u>856,339</u>               |
| Total Expenditures of Federal Awards  |                                    |   | \$ <u><u>1,308,591</u></u>      |

## City of Buena Vista, Virginia

### Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

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Notes to Schedule of Expenditures of Federal Awards:

#### NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Buena Vista, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of Buena Vista, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers are presented where available.

#### NOTE C - FOOD DISTRIBUTION

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

#### NOTE D - SUBRECIPIENTS

No awards were passed through to subrecipients.

#### NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

|                          |                   |
|--------------------------|-------------------|
| Governmental funds       | \$ 204,766        |
| Total primary government | <u>\$ 204,766</u> |

Discretely presented component unit - School Board:

|  |                     |
|--|---------------------|
| School operating fund                                    | \$ 856,339          |
| School cafeteria fund                                    | <u>247,486</u>      |
| Total discretely presented component unit - School Board | <u>\$ 1,103,825</u> |

Total federal expenditures per the Schedule of Expenditures of  
Federal awards

\$ 1,308,591

**CITY OF BUENA VISTA, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2017**

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**Section I-Summary of Auditors' Results**

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Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        yes   x   no
- Significant deficiency(ies) identified?        yes   x   none reported

Noncompliance material to financial statements noted?        yes   x   no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?        yes   x   no
- Significant deficiency(ies) identified?        yes   x   none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported  
in accordance with section 2 CFR section 200.516(a)?        yes   x   no

Identification of major programs:

|                     |   |
|---------------------|---|
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|

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**Child Nutrition Cluster**

|        |       |                               |
|--------|-------|-------------------------------|
| 10.553 | ..... | School Breakfast Program      |
| 10.555 | ..... | National School Lunch Program |
| 10.555 | ..... | Food Distribution             |

**Special Education Cluster**

|        |       |   |
|--------|-------|---|
| 84.027 | ..... | Title VI-B: Special Education State Grants              |
| 84.173 | ..... | Title VI-B: Special Education Preschool Incentive Grant |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   x   yes        no

**Section II-Financial Statement Findings**

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None

**Section III-Federal Award Findings and Questioned Costs**

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None

**Section IV-Status of Prior Year Audit Findings and Questioned Costs**

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There were no prior year audit findings.