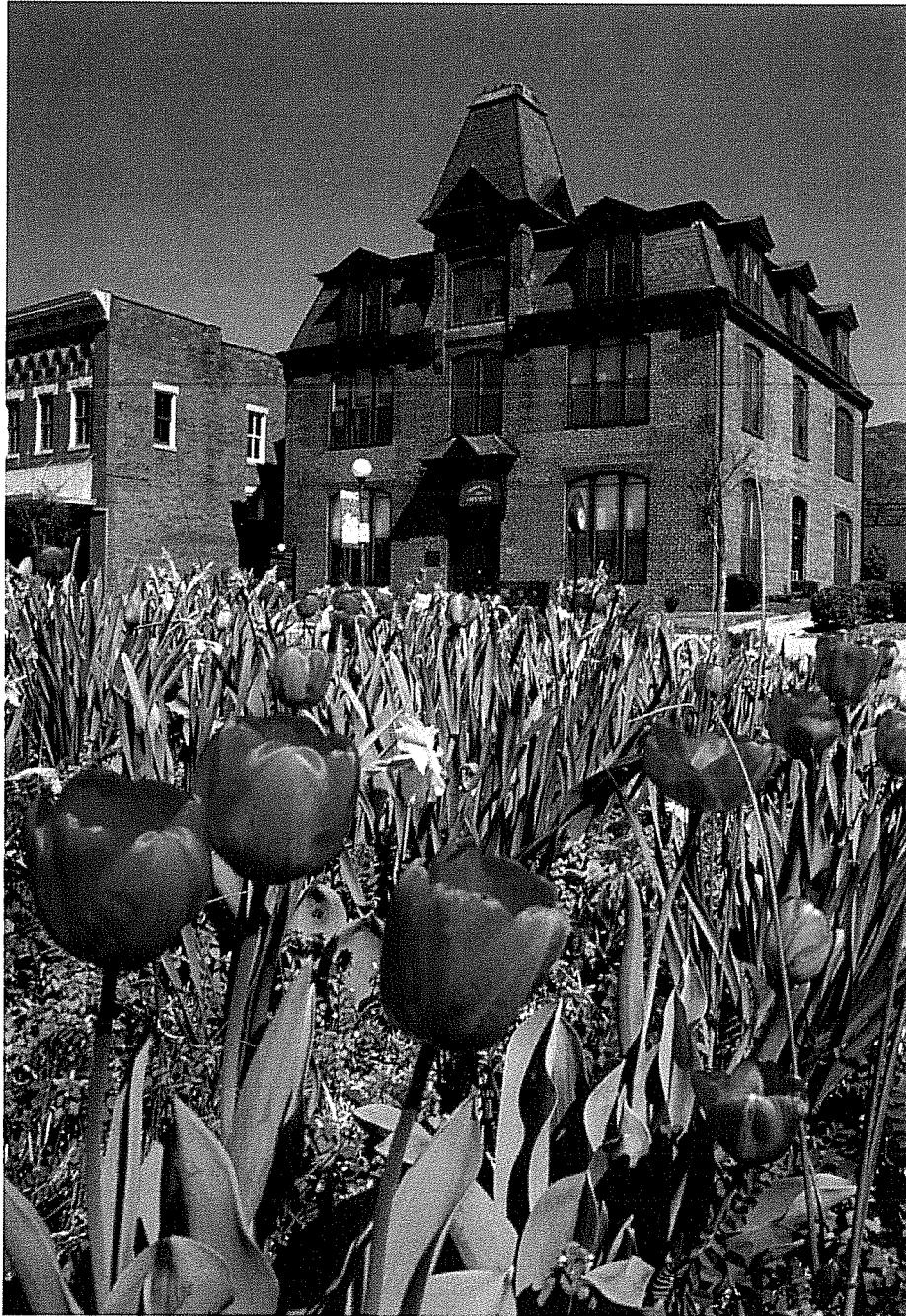


CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010



CITY OF BUENA VISTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2010**

Prepared by

John O'Grady, Director of Finance

Buena Vista, Virginia

**CITY OF BUENA VISTA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

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INTRODUCTORY SECTION

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



January 28, 2011

**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, 2010.

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 unqualified ("clean") opinion on the City of Buena Vista's financial statements for the year ended June 30, 2010. 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 complement 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 3,336 with 3,006 employed for an unemployment rate of 9.9 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 will protect the existing industrial facilities and permit reuse of two plants closed following the 1985 flood. This will result in protecting and creating many industrial jobs. The flood improvements will likely also protect the City's commercial district and assist in downtown redevelopment.

The City has purchased approximately 213 acres of land adjacent to Glen Maury Park for part of an economic development project. The first phase, the construction of an \$8.5 million championship golf course with areas available for residential development, is complete.

The grand opening was in August of 2004. The second phase is complete with the construction of the Dabney S. Lancaster Community College Regional Center. The building is approximately 14,500 sq. feet and has the best culinary school on this side of the state. A road system was built to connect this project to highway route 60, Glen Maury Park and the City's downtown area. Ten acres of land near the clubhouse site was sold by the City for single family housing. The City has for sale approximately 50 acres of additional land around the golf course.

Southern Virginia University (SVU) is a tremendous asset to the City. The college expects approximately 650 students this fall. SVU is investing approximately \$5 million building new dormitories and acquiring additional properties to accommodate the expected increase in students. A new church has also been constructed on the SVU grounds. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

The City's economic condition is stabilizing and the long-term economic prospects appear quite positive. The City anticipates significant growth in capital expenditures that will fuel local expenditures. As a result, a substantial increase in the City's tax base and corresponding local revenues should be attained benefiting its citizens and the surrounding geographic area.

Long-term Financial Planning

The City of Buena Vista's unreserved and undesignated fund balance in the general fund is 14 percent of budgeted general fund revenues. For planning purposes, the City would prefer a 20-25 percent fund balance that could reduce the amount of funds borrowed on future projects.

Major Initiatives and Accomplishments

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

The City has implemented a new financial management system and is in the process of customizing the software for the City and providing the training support.

The engineering/public works department oversaw an active program of projects related to water distribution, roads, sidewalks, drainage and sewers. The public works employees spent a great deal of time bringing two auxiliary wells on line. Dickinson well was shut down by the Virginia Health Department. If the city wants to use this asset we must implement a boil water notice. Through voluntary water conservation and the hard work of the Public Works Department, these auxiliary well were refurbished and brought on line. The City's sewer collection system is being repaired to help eliminate the inflow and infiltration (I&I) at our wastewater treatment facility.

The Commonwealth has implemented new regulations for water quality. The wastewater treatment plant was 20 years old in the year 2006. Our engineering consultant will prepare a preliminary engineering report that is needed to evaluate current trends and future requirements of the facility. The choice between refurbishing the current facility or upgrading to a different process will be determined after the engineering study. The overall cost of the project could approach \$15 million dollars that will be funded by Commonwealth funds and Rural Development funds.

The City of Buena Vista's primary water source, Dickinson Well, has been ordered closed by the Health Department. Dickinson Well is being influenced by surface water and a filtration system must be added before the well can be reopened. The cost of the project will be approximately \$4 million dollars funded primarily from secondary markets.

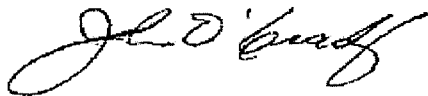
Awards and Acknowledgments

The Government Finance Officers Association (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, 2009. 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 black ink, appearing to read "John O'Grady", written in a cursive style.

John O'Grady
Finance Director

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



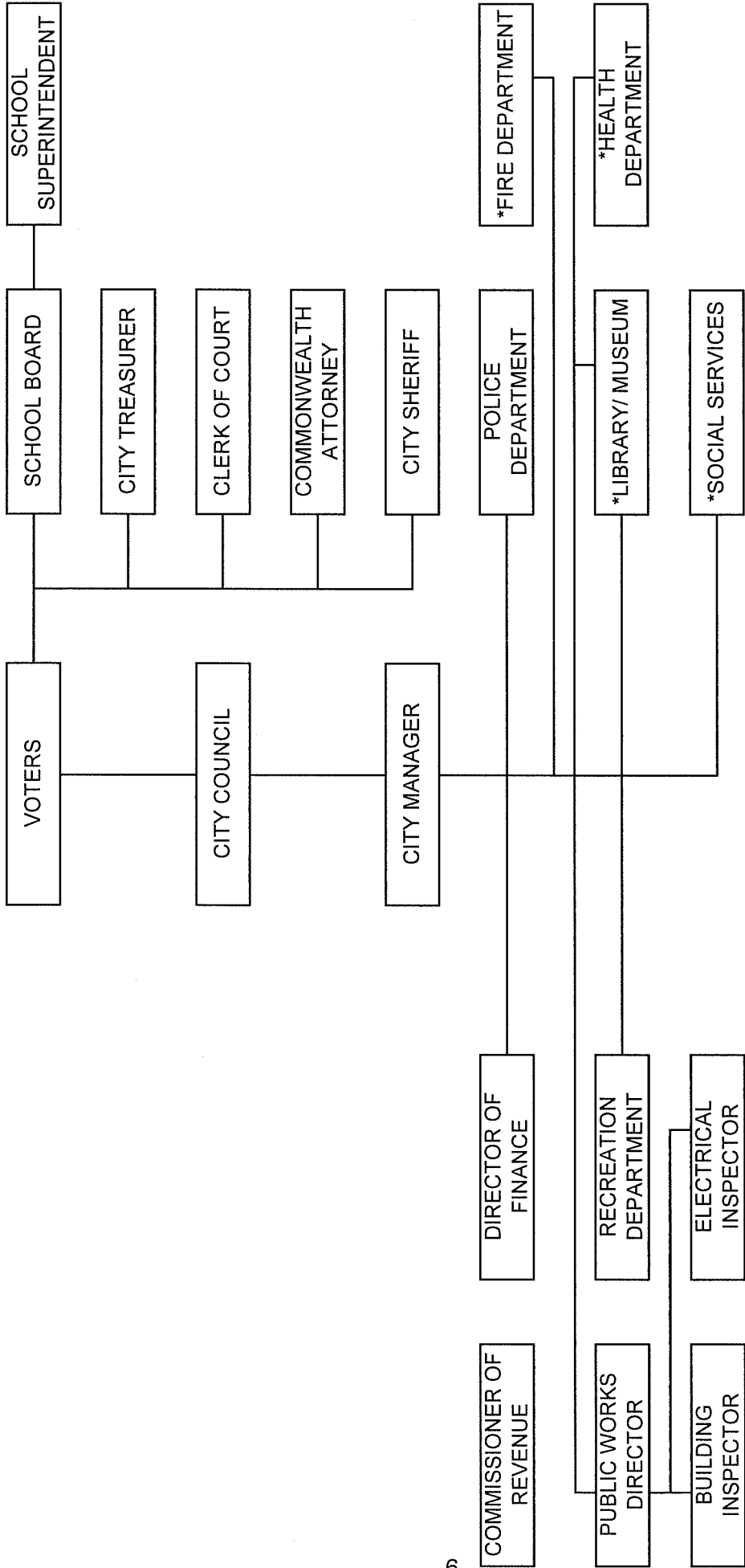
A stylized, handwritten signature in black ink, likely belonging to the President of the association.

President

A handwritten signature in black ink, reading 'Jeffrey R. Enner'.

Executive Director

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, 2010**

CITY COUNCIL

Lewis Plogger	Mike Clements	Samuel L. Mays
Larry Tolley		Frankie Hogan
Jane Armstrong		Michael E. Gibson

CITY OFFICIALS

Mike Clements.....	Mayor
Samuel L. Mays.....	Vice-Mayor
Timothy L. Dudley	City Manager
MarVita F. Flint	Commissioner of Revenue
John O'Grady	Director of Finance
Yolanda C. Boatwright	City Treasurer
A.J. Panebianco	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

THE HONORABLE MEMBERS OF THE CITY COUNCIL CITY OF BUENA VISTA, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Buena Vista, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2011, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison schedule, and the schedules of funding progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and schedules of funding progress. However, we did not audit the information and express no opinion on it.

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, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Buena Vista, Virginia. The budgetary comparison schedules, other supplementary information, supporting schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken 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 express no opinion on them.

Robinson, Fanner, Cox Associates

Verona, Virginia
January 14, 2011

Management's Discussion and Analysis

As management of the City of Buena Vista, 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, 2010. 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 assets of the City of Buena Vista's, Primary Government at the close of the current fiscal year were \$12,034,997 (net assets). Of this amount, \$1,411,997 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net assets decreased \$465,658 from the prior fiscal year.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,235,475, a decrease of \$320,119 in comparison with the prior year. Of this amount, \$2,235,475 is available for spending at the government's discretion (unrestricted fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,497,759, or 14 percent of total General Fund expenditures.

The City of Buena Vista's long-term debt decreased by \$864,051, or 7 percent. The long-term debt retirements included \$313,820 for the floodwall, \$131,082 for the education revenue bond for the athletic complex at Parry McClurer High School. \$16,800 of debt retirement went towards the Senior Citizen's Center which was provided by a lease revenue bond payable. The Literary Loan for the building of Parry McCluer High, was reduced by \$375,000. Also the 2.5 million dollar loans to finance the Dabney Lancaster Community College educational satellite was reduced by \$27,142. The capital lease for equipment dated May 20, 2005, was retired. The City also paid \$19,462 on a lease purchase for the garbage truck and \$54,939 for a lease purchase on 6 public safety vehicles. The total long term liabilities, for the City stands at \$10,596,482. Of this amount is a charge of \$113,615 for Other Post Employment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long term indebtedness is an increase of \$60,139 of employee compensated absences. The amount due within one year has been reduced from \$1,924,698 to \$949,459.

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 Assets presents information on all of the City of Buena Vista's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 eleven 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 the Flood Protection 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

During the year there was an increase in appropriations of \$382,165 through a budget amendment to the General Fund. Of this amount \$380,000 was to cover the increase in Welfare costs for the City. The down turn in the economy has caused a dramatic increase in the cost of welfare not only for the City but also for the region. This cost is expected to remain or even increase during the next year. The City also was awarded an increase of \$ 2,165 in grant funds for the Victim Witness Department by the Department of Criminal Justice.

The City experienced retirement of three long time employees. These retirements had an adverse affect on the administration costs for the City Manager and the City Police Department due to the cost accumulative leave. The City also made improvements to it's Information Technology Infrastructure to improve security guarding against identity theft. Improvements were also made to the accounting system.

The down turn in economy caused a reduction in revenues for the City. Because of this reduction the City was forced to down size its' workforce. Five employees from Public Works were laid off adding to the ten employees that were laid from the golf course in the budget of 2009. In the past, the City rarely laid off employees. Therefore the City's FUTA is self insured. Unemployment insurance costs were \$35,534 for the 2010 fiscal year. Management is expecting no further lay offs.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, assets exceeded liabilities by \$12,034,997 at the close of fiscal year 2010 for the primary government and \$1,421,089 for the Component Unit School Board.

The City of Buena Vista's governmental activities net assets of \$9,601,086 reflects its investment in capital assets of 74 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 assets of the governmental activities decreased \$561,811 during FY 2010. Key components of this change are discussed later in the MD&A.

The following is a condensed summary of the City's statement of net assets for the fiscal years ending June 30, 2009 and June 30, 2010:

CITY OF BUENA VISTA'S NET ASSETS
June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 3,635,944	\$ 4,037,753	\$ 2,324,007	\$ 2,180,848	\$ 5,959,951	\$ 6,218,601
Capital Assets	<u>17,430,183</u>	<u>18,815,740</u>	<u>14,046,820</u>	<u>14,468,607</u>	<u>31,477,003</u>	<u>33,284,347</u>
Total Assets	<u>\$ 21,066,127</u>	<u>\$ 22,853,493</u>	<u>\$ 16,370,827</u>	<u>\$ 16,649,455</u>	<u>\$ 37,436,954</u>	<u>\$ 39,502,948</u>
Long-term Liabilities	\$ 10,596,482	\$ 11,460,533	\$ 13,636,850	\$ 13,537,926	\$ 24,233,332	\$ 24,998,459
Other liabilities	<u>868,559</u>	<u>1,230,063</u>	<u>300,066</u>	<u>583,771</u>	<u>1,168,625</u>	<u>1,813,834</u>
Total Liabilities	<u>\$ 11,465,041</u>	<u>\$ 12,690,596</u>	<u>\$ 13,936,916</u>	<u>\$ 14,121,697</u>	<u>\$ 25,401,957</u>	<u>\$ 26,812,293</u>
Net Assets:						
Invested in capital assets, net or related debt	\$ 7,199,549	\$ 7,547,301	\$ 2,574,999	\$ 2,911,128	\$ 9,774,548	\$ 10,458,429
Reserved for debt service	-	-	848,452	848,559	848,452	848,559
Unrestricted (deficit)	<u>2,401,537</u>	<u>2,615,596</u>	<u>(989,540)</u>	<u>(1,231,929)</u>	<u>1,411,997</u>	<u>1,383,667</u>
Total Net Assets	<u>\$ 9,601,086</u>	<u>\$ 10,162,897</u>	<u>\$ 2,433,911</u>	<u>\$ 2,527,758</u>	<u>\$ 12,034,997</u>	<u>\$ 12,690,655</u>

Governmental Activities. Net assets of governmental activities decreased for the City of Buena Vista by \$561,811 or 5 percent for FY 2010, while net assets of business-type activities decreased by \$93,847 or 3.7% for the fiscal year.

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**CITY OF BUENA VISTA'S CHANGE IN NET ASSETS
YEARS ENDING JUNE 30, 2010 AND JUNE 30, 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 823,624	\$ 838,110	\$ 2,238,828	\$ 2,196,353	\$ 3,062,452	\$ 3,034,463
Operating grants	3,274,247	3,107,371	-	-	3,274,247	3,107,371
Capital grants	34,923	-	-	-	34,923	-
General Revenues:						
Property taxes	5,223,823	4,868,906	-	-	5,223,823	4,868,906
Other taxes	1,676,995	1,641,674	-	-	1,676,995	1,641,674
Grants and contributions not restricted to specific programs	675,957	684,393	-	-	675,957	684,393
Use of money and property	151,987	356,190	-	-	151,987	356,190
Miscellaneous	170,308	123,479	3,608	3,146	173,916	126,625
Total Revenue	<u>\$ 12,031,864</u>	<u>\$ 11,620,123</u>	<u>\$ 2,242,436</u>	<u>\$ 2,199,499</u>	<u>\$ 14,274,300</u>	<u>\$ 13,819,622</u>
Expenses:						
General Government						
admin	\$ 2,000,877	\$ 2,013,515	\$ -	\$ -	\$ 2,000,877	\$ 2,013,515
Judicial Admin	718,851	666,736	-	-	718,851	666,736
Public Safety	1,896,548	1,774,179	-	-	1,896,548	1,774,179
Public works	1,785,838	2,032,597	-	-	1,785,838	2,032,597
Health and Welfare	1,423,633	1,471,928	-	-	1,423,633	1,471,928
Education	2,540,852	2,225,190	-	-	2,540,852	2,225,190
Parks, Recreation, Culture	455,459	543,381	-	-	455,459	543,381
Community Development	532,525	477,741	-	-	532,525	477,741
Interest on long- term debt	370,086	374,344	-	-	370,086	374,344
Water and Sewer	-	-	1,826,382	1,840,673	1,826,382	1,840,673
Golf Course	-	-	1,188,907	1,454,701	1,188,907	1,454,701
Total Expenses	<u>\$ 11,724,669</u>	<u>\$ 11,579,611</u>	<u>\$ 3,015,289</u>	<u>\$ 3,295,374</u>	<u>\$ 14,739,958</u>	<u>\$ 14,874,985</u>
Increase (decrease) in net assets before transfers	\$ 307,195	\$ 40,512	\$ (772,853)	\$ (1,095,875)	\$ (465,658)	\$ (1,055,363)
Transfers	<u>(679,006)</u>	<u>(809,667)</u>	<u>679,006</u>	<u>809,667</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	\$ (371,811)	\$ (769,155)	\$ (93,847)	\$ (286,208)	\$ (465,658)	\$ (1,055,363)
Net assets, beginning as restated	<u>9,972,897</u>	<u>10,932,052</u>	<u>2,527,758</u>	<u>2,813,966</u>	<u>12,500,655</u>	<u>13,746,018</u>
Net assets, ending	<u>\$ 9,601,086</u>	<u>\$ 10,162,897</u>	<u>\$ 2,433,911</u>	<u>\$ 2,527,758</u>	<u>\$ 12,034,997</u>	<u>\$ 12,690,655</u>

Governmental Activities

Key factors contributing to the decrease of \$371,811 in net assets for governmental activities were:

- The City had a net change in fund balances- total governmental funds of \$(320,119). This is reflected by the transfer out of \$1,272,965 to other funds. The transfer to the golf course is discussed later in this review.
- Some revenues in the Statement of Activities do not provide current financial resources therefore they are not recorded as revenues. General property taxes in the Statement of Activities are higher by \$187,139 than in the fund activities statement. Delinquent Real Estate and land redemption are resources from a different period.
- Government funds report proceeds from debt issuance as current resources and records payment of long term debt as use of current resources. Government funds also report debt issuance costs when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.
- Some expenses reported in the statement of activities do not require current financial resources and are not reported as expenditures in Fund Statement. See note 2 page 46 for a list of compensated leave, OPEB liability and accrued interest totaling \$459,140.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$649,893. This is lower than the \$843,893 that was transferred in FY2009. Prior to this transfer, net assets of business-type activities decreased by \$772,853 to an amount of \$1,754,904. The enterprise funds received \$679,006 in net transfers. The golf course required a transfer of \$649,893. A Capital Improvement accounting correction resulted in a transfer of \$29,113 to the Water and Sewer Fund as noted in exhibit 8 of the financial report, both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) experienced operating losses. Additional information follows concerning the City's Business-Type Activities:

- Since the inception of the golf course in 2004, it has had a loss of \$1,631,615. 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 overall income before transfers is (\$4,533,314). The General Fund has subsidized the golf course with transfers totaling \$3,258,412 leaving the golf course with a (\$1,274,902) ending balance of assets. For the fiscal budget 2011, the City council did appropriate funds for the debt service. The council is interested in meeting with ACA Financial Guaranty Corp. to reach an acceptable compromise to restructuring the debt. The City has made plans for \$150,000 in the FY2011 budget to accommodate this restructuring.
- The Water/Sewer Fund posted a decrease in net assets of (\$146,168) for the fiscal year. Most of this decrease is due to a depreciation charge of \$387,443. City Council is aware of this depreciation charge. However, many of the City's citizens are on fixed income and the council will keep the rates the same for FY2011.
- There was an adjustment to the Capital Improvement Fund which included a transfer to the Water and Sewer Fund of \$29,311 in the Water & Sewer fund.

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, unreserved 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 2010, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,235,475, a decrease of \$320,119 in comparison with the prior year. Approximately 53 percent or \$1,497,759 constitutes unreserved and undesignated 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 committed for 1) for subsequent expenditure in the Flood Protection Revenue Fund of \$267,207; 2) for subsequent expenditure in capital project and special revenue funds totaling \$470,509.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2010, unreserved fund balance of the general fund was \$1,497,759. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to the general fund total expenditures. Unreserved fund balance represents 15 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 an operating loss of (\$146,168). As discussed earlier the \$387,443 charge for depreciation attributes to this loss. The cash position of the Water and Sewer fund had an increase of \$91,669. The fund began the year with \$470,161 unreserved cash. The fund ended the year with \$561,830 in unrestricted cash. The City 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 assets of (\$1,274,902), at June 30, 2010.

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

- The Floodwall Fund is funded 75 percent by food and lodging taxes and 5 percent of the real estate tax. This amounted to \$196,708 for the year. The fund balance decreased by \$402,628 in FY 10 due to the payment of debt service and various projects completed during the year.

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, 2010, amounts to \$31,477,003 (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 2010 was 5 percent. The following is a summary of the City's capital assets. Further information on the City's capital assets can be found in the notes to the financial statements.

**CITY OF BUENA VISTA'S CAPITAL ASSETS
NET OF DEPRECIATION
JUNE 30, 2010**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,108,097	\$ 2,072,144	\$ 1,360,000	\$ 1,360,000	\$ 3,468,097	\$ 3,432,144
Construction in Progress		-		-		-
Buildings & Improvements	11,196,754	11,680,825	572,858	471,046	11,769,612	12,151,871
Infrastructure	3,589,766	4,494,194	11,940,378	12,413,716	15,530,144	16,907,910
Machinery & Equipment	535,566	568,577	173,584	223,845	709,150	792,422
Total	<u>\$ 17,430,183</u>	<u>\$ 18,815,740</u>	<u>\$ 14,046,820</u>	<u>\$ 14,468,607</u>	<u>\$ 31,477,003</u>	<u>\$ 33,284,347</u>

Long-term debt. At the end of FY 2010, the City of Buena Vista primary government had total long-term debt outstanding of \$24,233,332. This represents a 4 percent decrease of \$1,048,807 over the last fiscal year.

**CITY OF BUENA VISTA'S LONG-TERM DEBT
JUNE 30, 2010**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 1,255,272	\$ 1,569,090	\$ -	\$ -	\$ 1,255,272	\$ 1,569,090
Lease-Revenue Bonds	-	-	13,217,005	13,377,137	13,217,005	13,377,137
Revenue Bonds	1,080,515	1,228,397	295,732	331,852	1,376,247	1,560,249
Literary Loans	4,500,000	4,875,000		-	4,500,000	4,875,000
Capital Leases	179,167	345,952		11,500	179,167	357,452
Loan Payable	3,215,680	3,250,000		-	3,215,680	3,250,000
Accrued OPEB liability	113,615	-	31,385	-	145,000	-
Compensated absences	252,233	192,094	92,728	101,117	344,961	293,211
Total	<u>\$ 10,596,482</u>	<u>\$ 11,460,533</u>	<u>\$ 13,636,850</u>	<u>\$ 13,821,606</u>	<u>\$ 24,233,332</u>	<u>\$ 25,282,139</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 limitation for the City of Buena Vista is approximately \$42,000,000.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2010.

- 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 decreased to \$.90 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 and sewer rate. This will result in a water rate of \$4.88 per 1000 gallons used and a sewer rate of \$5.39 per 1000 gallons used.

Requests for Information

This financial report is designed to provide a general overview of the City of Buena Vista'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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 1,327,252	\$ 562,903	\$ 1,890,155	\$ 127,181
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,184,564	-	1,184,564	-
Accounts receivable	287,564	379,969	667,533	1,223
Due from other governmental units	795,309	-	795,309	981,378
Due from component unit	41,255	-	41,255	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	181,764	181,764	-
Cash and cash equivalents (in custody of others)	-	666,688	666,688	-
Other assets:				
Unamortized bond issue costs	-	532,683	532,683	-
Capital assets (net of accumulated depreciation):				
Land	2,108,097	1,360,000	3,468,097	4,634
Buildings and improvements	11,196,754	572,858	11,769,612	2,991,526
Machinery and equipment	535,566	173,584	709,150	57,119
Infrastructure	3,589,766	11,940,378	15,530,144	-
Total assets	<u>\$ 21,066,127</u>	<u>\$ 16,370,827</u>	<u>\$ 37,436,954</u>	<u>\$ 4,163,061</u>
LIABILITIES				
Accounts payable	\$ 96,811	\$ 24,848	\$ 121,659	\$ 69,525
Accrued liabilities	31,260	17,725	48,985	869,918
Accrued interest payable	93,292	166,896	260,188	-
Due to component unit	-	-	-	41,255
Unearned revenue	647,196	28,887	676,083	-
Deposits held in escrow	-	61,710	61,710	-
Due within one year	949,459	454,780	1,404,239	191,543
Due in more than one year	9,647,023	13,182,070	22,829,093	248,848
Total liabilities	<u>\$ 11,465,041</u>	<u>\$ 13,936,916</u>	<u>\$ 25,401,957</u>	<u>\$ 1,421,089</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 7,199,549	\$ 2,574,999	\$ 9,774,548	\$ 3,053,279
Restricted for:				
Debt service and bond covenants	-	848,452	848,452	-
Unrestricted (deficit)	2,401,537	(989,540)	1,411,997	(311,307)
Total net assets	<u>\$ 9,601,086</u>	<u>\$ 2,433,911</u>	<u>\$ 12,034,997</u>	<u>\$ 2,741,972</u>

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

City of Buena Vista, Virginia

Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,000,877	\$ 65,834	\$ 172,255	\$ -
Judicial administration	718,851	341	347,118	-
Public safety	1,896,548	91,828	431,647	-
Public works	1,785,838	605,353	978,732	34,923
Health and welfare	1,423,633	-	990,402	-
Education	2,540,852	-	324,093	-
Parks, recreation, and cultural	455,459	60,268	-	-
Community development	532,525	-	30,000	-
Interest on long-term debt	370,086	-	-	-
Total governmental activities	<u>\$ 11,724,669</u>	<u>\$ 823,624</u>	<u>\$ 3,274,247</u>	<u>\$ 34,923</u>
Business-type activities:				
Water and Sewer	\$ 1,826,382	\$ 1,647,493	\$ -	\$ -
Golf Course	1,188,907	591,335	-	-
Total business-type activities	<u>\$ 3,015,289</u>	<u>\$ 2,238,828</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 14,739,958</u>	<u>\$ 3,062,452</u>	<u>\$ 3,274,247</u>	<u>\$ 34,923</u>
COMPONENT UNIT:				
School Board	\$ 10,921,410	\$ 256,983	\$ 10,414,008	\$ -
Total component unit	<u>\$ 10,921,410</u>	<u>\$ 256,983</u>	<u>\$ 10,414,008</u>	<u>\$ -</u>

General revenues:

- General property taxes
- Other local taxes:
 - Local sales and use taxes
 - Consumers' utility taxes
 - Meals taxes
 - Communication 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
- Change in net assets
- Net assets - beginning, as adjusted
- Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (1,762,788)	\$ -	\$ (1,762,788)	\$ -	-
(371,392)	-	(371,392)	-	-
(1,373,073)	-	(1,373,073)	-	-
(166,830)	-	(166,830)	-	-
(433,231)	-	(433,231)	-	-
(2,216,759)	-	(2,216,759)	-	-
(395,191)	-	(395,191)	-	-
(502,525)	-	(502,525)	-	-
(370,086)	-	(370,086)	-	-
<u>\$ (7,591,875)</u>	<u>\$ -</u>	<u>\$ (7,591,875)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (178,889)	\$ (178,889)	\$ -	-
-	(597,572)	(597,572)	-	-
<u>\$ -</u>	<u>\$ (776,461)</u>	<u>\$ (776,461)</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (7,591,875)</u>	<u>\$ (776,461)</u>	<u>\$ (8,368,336)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (250,419)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,419)</u>	<u>-</u>
\$ 5,223,823	\$ -	\$ 5,223,823	\$ -	-
345,773	-	345,773	-	-
294,001	-	294,001	-	-
196,708	-	196,708	-	-
330,009	-	330,009	-	-
175,694	-	175,694	-	-
126,257	-	126,257	-	-
208,553	-	208,553	-	-
151,987	-	151,987	563	-
170,308	3,608	173,916	-	-
675,957	-	675,957	-	-
(679,006)	679,006	-	-	-
<u>\$ 7,220,064</u>	<u>\$ 682,614</u>	<u>\$ 7,902,678</u>	<u>\$ 563</u>	<u>-</u>
<u>\$ (371,811)</u>	<u>\$ (93,847)</u>	<u>\$ (465,658)</u>	<u>\$ (249,856)</u>	<u>-</u>
9,972,897	2,527,758	12,500,655	2,991,828	-
<u>\$ 9,601,086</u>	<u>\$ 2,433,911</u>	<u>\$ 12,034,997</u>	<u>\$ 2,741,972</u>	<u>-</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2010

	General	Flood Protection Revenue Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 627,053	\$ 267,607	\$ 432,592	\$ 1,327,252
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,184,564	-	-	1,184,564
Accounts receivable	238,047	-	49,517	287,564
Due from component unit	41,255	-	-	41,255
Due from other governmental units	795,309	-	-	795,309
Total assets	<u>\$ 2,886,228</u>	<u>\$ 267,607</u>	<u>\$ 482,109</u>	<u>\$ 3,635,944</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 87,496	\$ -	\$ 9,315	\$ 96,811
Accrued liabilities	28,575	-	2,685	31,260
Deferred revenue	1,272,398	-	-	1,272,398
Total liabilities	<u>\$ 1,388,469</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 1,400,469</u>
Fund balances:				
Unreserved, reported in:				
General fund	\$ 1,497,759	\$ -	\$ -	\$ 1,497,759
Special revenue funds	-	-	73,167	73,167
Capital projects funds	-	267,607	396,942	664,549
Total fund balances	<u>\$ 1,497,759</u>	<u>\$ 267,607</u>	<u>\$ 470,109</u>	<u>\$ 2,235,475</u>
Total liabilities and fund balances	<u>\$ 2,886,228</u>	<u>\$ 267,607</u>	<u>\$ 482,109</u>	<u>\$ 3,635,944</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 Assets
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,235,475
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,430,183
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		625,202
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(10,689,774)</u>
Net assets of governmental activities	\$	<u>9,601,086</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
 For the Year Ended June 30, 2010

	General	Flood Protection Revenue Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 5,036,684	\$ -	\$ -	\$ 5,036,684
Other local taxes	1,676,995	-	-	1,676,995
Permits, privilege fees, and regulatory licenses	42,597	-	-	42,597
Fines and forfeitures	73,899	-	-	73,899
Revenue from the use of money and property	56,337	36	95,614	151,987
Charges for services	673,960	-	33,168	707,128
Miscellaneous	155,994	-	14,314	170,308
Recovered costs	68,211	-	6,522	74,733
Intergovernmental revenues:				
Local government	-	-	324,093	324,093
Commonwealth	3,443,597	-	-	3,443,597
Federal	187,437	-	30,000	217,437
Total revenues	\$ 11,415,711	\$ 36	\$ 503,711	\$ 11,919,458
EXPENDITURES				
Current:				
General government administration	\$ 1,075,470	\$ -	\$ -	\$ 1,075,470
Judicial administration	703,827	-	-	703,827
Public safety	1,804,153	-	-	1,804,153
Public works	1,668,940	-	-	1,668,940
Health and welfare	1,476,259	-	15,585	1,491,844
Education	2,350,852	-	-	2,350,852
Parks, recreation, and cultural	93,516	-	361,907	455,423
Community development	519,316	-	-	519,316
Capital projects	-	39,176	233	39,409
Debt service:				
Principal retirement	201,106	313,818	522,882	1,037,806
Interest and other fiscal charges	210,361	49,670	153,500	413,531
Total expenditures	\$ 10,103,800	\$ 402,664	\$ 1,054,107	\$ 11,560,571
Excess (deficiency) of revenues over (under) expenditures	\$ 1,311,911	\$ (402,628)	\$ (550,396)	\$ 358,887
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 47,639	\$ -	\$ 546,320	\$ 593,959
Transfers out	(1,215,553)	-	(57,412)	(1,272,965)
Issuance of refunding loan payable	750,000	-	-	750,000
Redemption of refunded loan	(750,000)	-	-	(750,000)
Total other financing sources (uses)	\$ (1,167,914)	\$ -	\$ 488,908	\$ (679,006)
Net change in fund balances	\$ 143,997	\$ (402,628)	\$ (61,488)	\$ (320,119)
Fund balances - beginning	1,353,762	670,235	531,597	2,555,594
Fund balances - ending	\$ 1,497,759	\$ 267,607	\$ 470,109	\$ 2,235,475

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$	(320,119)
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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.	(1,195,558)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	187,139
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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 assets. Also, governmental funds report the effect of issuance costs, 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.	1,037,805
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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>(81,078)</u>
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Change in net assets of governmental activities	\$ <u><u>(371,811)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Assets
 Proprietary Funds
 June 30, 2010

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 561,830	\$ 1,073	\$ 562,903
Accounts receivable, net of allowance for uncollectibles	378,619	1,350	379,969
Total current assets	<u>\$ 940,449</u>	<u>\$ 2,423</u>	<u>\$ 942,872</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 181,764	\$ -	\$ 181,764
Cash and cash equivalents (in custody of others)	-	666,688	666,688
Total restricted assets	<u>\$ 181,764</u>	<u>\$ 666,688</u>	<u>\$ 848,452</u>
Other assets:			
Unamortized bond issue costs	\$ -	\$ 532,683	\$ 532,683
Capital assets:			
Land	\$ -	\$ 1,360,000	\$ 1,360,000
Buildings	-	637,336	637,336
Equipment	247,792	424,769	672,561
Infrastructure	13,459,154	5,859,700	19,318,854
Accumulated Depreciation	(7,436,320)	(505,611)	(7,941,931)
Total capital assets	<u>\$ 6,270,626</u>	<u>\$ 7,776,194</u>	<u>\$ 14,046,820</u>
Total noncurrent assets	<u>\$ 6,452,390</u>	<u>\$ 8,975,565</u>	<u>\$ 15,427,955</u>
Total assets	<u>\$ 7,392,839</u>	<u>\$ 8,977,988</u>	<u>\$ 16,370,827</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 10,792	\$ 14,056	\$ 24,848
Accrued liabilities	13,950	3,775	17,725
Accrued interest payable	13,297	153,599	166,896
Deferred revenue	28,887	-	28,887
Deposits held in escrow	61,710	-	61,710
Bonds payable - current portion	78,266	306,968	385,234
Compensated absences - current portion	49,665	19,881	69,546
Total current liabilities	<u>\$ 256,567</u>	<u>\$ 498,279</u>	<u>\$ 754,846</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 3,387,926	\$ 9,739,577	\$ 13,127,503
Accrued OPEB liability	22,978	8,407	31,385
Compensated absences - net of current portion	16,555	6,627	23,182
Total noncurrent liabilities	<u>\$ 3,427,459</u>	<u>\$ 9,754,611</u>	<u>\$ 13,182,070</u>
Total liabilities	<u>\$ 3,684,026</u>	<u>\$ 10,252,890</u>	<u>\$ 13,936,916</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,804,434	\$ (229,435)	\$ 2,574,999
Restricted for debt service and bond covenants	181,764	666,688	848,452
Unrestricted	722,615	(1,712,155)	(989,540)
Total net assets	<u><u>\$ 3,708,813</u></u>	<u><u>\$ (1,274,902)</u></u>	<u><u>\$ 2,433,911</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2010

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
OPERATING REVENUES			
Charges for services: (security for revenue bonds)			
Water revenues	\$ 791,937	\$ -	\$ 791,937
Sewer revenues	764,337	-	764,337
Penalties	29,622	-	29,622
Course fees	-	282,797	282,797
Golf cart rentals	-	235,874	235,874
Golf clubs and balls	-	23,796	23,796
Meter service charges	47,932	-	47,932
Reconnection fees and other charges	13,665	-	13,665
Food and beverage sales	-	48,868	48,868
Miscellaneous	3,608	-	3,608
Total operating revenues	\$ 1,651,101	\$ 591,335	\$ 2,242,436
OPERATING EXPENSES			
Personal services	\$ 566,996	\$ 268,052	\$ 835,048
Fringe benefits	235,486	96,100	331,586
Contractual services	105,636	266	105,902
Other charges	364,691	180,437	545,128
Depreciation	387,443	80,548	467,991
Rentals and leases	1,519	41,144	42,663
Total operating expenses	\$ 1,661,771	\$ 666,547	\$ 2,328,318
Operating income (loss)	\$ (10,670)	\$ (75,212)	\$ (85,882)
NONOPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	\$ (164,611)	\$ (522,360)	\$ (686,971)
Total nonoperating revenues (expenses)	\$ (164,611)	\$ (522,360)	\$ (686,971)
Income before contributions and transfers	\$ (175,281)	\$ (597,572)	\$ (772,853)
Transfers in	\$ 29,113	\$ 649,893	\$ 679,006
Change in net assets	\$ (146,168)	\$ 52,321	\$ (93,847)
Total net assets - beginning	\$ 3,854,981	\$ (1,327,223)	\$ 2,527,758
Total net assets - ending	\$ 3,708,813	\$ (1,274,902)	\$ 2,433,911

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,606,233	\$ 592,294	\$ 2,198,527
Payments to suppliers	(467,021)	(222,516)	(689,537)
Payments to employees	(794,089)	(359,066)	(1,153,155)
Net cash provided by (used in) operating activities	\$ 348,731	\$ 10,712	\$ 359,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 29,113	\$ 649,893	\$ 679,006
Net cash provided by (used in) noncapital financing activities	\$ 29,113	\$ 649,893	\$ 679,006
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (46,203)	\$ 2	\$ (46,201)
Principal payments on bonds	(74,269)	(121,983)	(196,252)
Principal payments on lease obligations	-	(11,500)	(11,500)
Interest payments	(165,703)	(527,231)	(692,934)
Net cash provided by (used in) capital and related financing activities	\$ (286,175)	\$ (660,712)	\$ (946,887)
Net increase (decrease) in cash and cash equivalents	\$ 91,669	\$ (107)	\$ 91,562
Cash and cash equivalents - beginning, including restricted cash of \$181,764 and \$666,795, respectively	\$ 651,925	\$ 667,868	\$ 1,319,793
Cash and cash equivalents - ending, including restricted cash of \$181,764 and \$666,688, respectively	\$ 743,594	\$ 667,761	\$ 1,411,355
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (10,670)	\$ (75,212)	\$ (85,882)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	\$ 387,443	\$ 80,548	\$ 467,991
(Increase) decrease in accounts receivable	(87,017)	959	(86,058)
(Increase) decrease in intergovernmental receivables	34,461	-	34,461
Increase (decrease) in compensated absences	(11,959)	3,570	(8,389)
Increase (decrease) in net OPEB liability	14,539	2,077	16,616
Increase (decrease) in accounts payable	4,825	(669)	4,156
Increase (decrease) in deferred revenue	19,611	-	19,611
Increase (decrease) customer deposits	180	-	180
Increase (decrease) in due from other funds	(8,495)	-	(8,495)
Increase (decrease) accrued liabilities	5,813	(561)	5,252
Total adjustments	\$ 359,401	\$ 85,924	\$ 445,325
Net cash provided by (used in) operating activities	\$ 348,731	\$ 10,712	\$ 359,443

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ <u>358</u>
Total assets	\$ <u><u>358</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>358</u>
Total liabilities	\$ <u><u>358</u></u>

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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. 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 units, 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, 2010.

Discretely Presented Component Units – The component unit columns in the financial statements include the financial data of the City's discretely presented component units. They are 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.

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. Financial statements can be obtained from the Rockbridge Area Community Services Board.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. 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. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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 deferred 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 all financial resources of the general government, except those required to be accounted for in another fund.

Capital project funds accounts for 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 Flood Protection Fund.

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 the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. Senior Center, Park Activities, E-911, Park and Recreation, and Green Hill Cemetery funds are nonmajor special revenue funds of the City.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Community Development Block Grant, City Capital Improvements, and the School Construction funds are nonmajor capital projects funds of the City.

Fiduciary funds 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 Special Welfare fund is the sole fiduciary fund of the City and maintains funds belonging to individuals, primarily children, in the care of the local social services agency. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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.

Restricted cash in the water and sewer fund and the golf course fund of \$181,764 and \$666,688, respectively, consists of debt service reserves required by current bond issuances.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

2. 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 5th and December 5th. Personal property taxes are also payable in two installments on June 5th and December 5th. The City bills and collects its own property taxes.

3. 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 \$14,792 at June 30, 2010 and is comprised of property taxes.

4. 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**D. Assets, liabilities, and net assets or equity (continued)****5. 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 estimated fair market 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 assets lives 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 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:

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, liabilities, and net assets or equity (continued)

6. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported 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 Assets. 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.

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Net Assets*

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

10. *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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**D. Assets, liabilities, and net assets or equity (continued)****11. Restricted Assets**

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2010 the golf and water and sewer funds had restricted cash of \$666,688, and \$181,764, respectively.

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 assets**

The governmental fund balance sheet includes a reconciliation between *fund balances—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statements of net assets. 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 \$(10,689,774) and \$(440,391) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Bonds payable	\$ (2,335,787)	\$ -
Accrued interest payable	(93,292)	-
Net OPEB liability	(113,615)	(185,000)
Capital leases payable	(179,167)	-
Loan payable	(7,715,680)	-
Compensated absences	<u>(252,233)</u>	<u>(255,391)</u>
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ (10,689,774)</u>	<u>\$ (440,391)</u>

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 a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets 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 \$(1,195,558) and \$(103,859) differences for the primary government and discretely presented component unit, respectively, are shown on the next page:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 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)

	Primary Government	Component Unit
Capital outlay	\$ 125,654	\$ 57,754
Depreciation expense	(1,321,212)	(161,613)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (1,195,558)	\$ (103,859)

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 assets. Also, governmental funds report the effect of issuance costs, 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 \$1,037,805 difference in the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 313,818
Revenue bonds	147,882
Loans	1,159,320
Capital lease	166,785
Debt issued or incurred:	
Issuance of notes payable	(750,000)
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 1,037,805

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 \$(81,078) and \$(109,907) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Compensated absences	\$ (60,139)	\$ (41,907)
Net OPEB liability	(64,384)	(68,000)
Accrued interest	43,445	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (81,078)	\$ (109,907)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

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, 2010. 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 reserve that portion of the applicable appropriations, is not part of the City's accounting system.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2010, the following funds incurred expenditures exceeding appropriations:

<u>Fund</u>	<u>Excess Expenditures over Appropriations</u>
Senior Center Fund	\$ 3,860
Park Activities	2,180
Flood Protection	33,927
CDBG fund	233
Total All Funds	\$ <u>40,200</u>

C. Deficit fund equity

At June 30, 2010, the golf course and senior center funds had deficit fund equity of \$1,274,902 and \$5,312 respectively.

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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.

Locality's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Local Government Investment Pool	\$ 14,578	\$ -	\$ -	\$ -	\$ -
Total	\$ <u>14,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):External Investment Pool

The Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. The fair value of the positions in the external investment pool (LGIP) is the same as the value of the pool shares.

Interest Rate Risk

At year end, the City did not hold any investments that were subject to interest rate risk.

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

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

	Primary Government	Discretely Presented Component Unit School Board	Total Reporting Entity
<u>Federal Government:</u>			
Categorical aid - Welfare	\$ 6,360	\$ -	\$ 6,360
Categorical aid - IDEA Part B Section 611 special education	-	22,536	22,536
Categorical aid - IDEA Part B Section 511	-	44,927	44,927
Categorical aid - State fiscal stabilization funds	-	521,434	521,434
Categorical aid - Title I ARRA	-	5,884	5,884
Categorical aid - Title I	-	28,076	28,076
Categorical aid - Title II Part A	-	52,352	52,352
Categorical aid - Title II Part D	-	6,001	6,001
Categorical aid - School nutrition	-	12,665	12,665
<u>Commonwealth of Virginia:</u>			
Local sales tax	-	133,503	133,503
State sales tax	60,397	-	60,397
Personal property tax relief funds	374,445	-	374,445
Categorical aid - welfare	8,378	-	8,378
Categorical aid - criminal victim witness program	7,524	-	7,524
Comprehensive Service Act funds - Rockbridge County	224,087	-	224,087
Other state funds	114,118	154,000	268,118
Totals	\$ <u>795,309</u>	\$ <u>981,378</u>	\$ <u>1,776,687</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 6—INTERFUND OBLIGATIONS:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 41,255
Total Primary Government	\$ -	\$ 41,255
Component Unit-School Board:		
School Fund	\$ 41,255	\$ -
Total Component Unit	\$ 41,255	\$ -
Total reporting entity	\$ 41,255	\$ 41,255

The purpose of interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental activities:		
General Fund	\$ 47,639	\$ 1,215,553
Park and Recreation Fund	228,974	-
Capital Improvements Fund	-	8,494
E-911 Fund	-	37,639
Senior Center Fund	12,212	-
Park Activities Fund	-	1,279
School Construction Fund	305,134	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	\$ 593,959	\$ 1,272,965
Business-type activities:		
Golf Course Fund	\$ 649,893	\$ -
Water & Sewer Fund	29,113	-
Total business-type activities	\$ 679,006	\$ -
Total primary government	\$ 1,272,965	\$ 1,272,965

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, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES:Primary Government-Governmental Activity Indebtedness

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2011	\$ 313,818	\$ 38,488	\$ 154,223	\$ 49,068
2012	313,818	27,564	160,870	41,792
2013	313,818	16,521	167,839	34,197
2014	313,818	5,535	158,345	26,262
2015	-	-	166,004	18,603
2016	-	-	174,034	10,573
2017	-	-	99,200	9,051
Totals	\$ <u>1,255,272</u>	\$ <u>88,108</u>	\$ <u>1,080,515</u>	\$ <u>189,546</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)Primary Government-Governmental Activity Indebtedness (continued)

Year Ending June 30,	Literary Fund Loan		Capital Leases Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 375,000	\$ 90,000	\$ 77,308	\$ 6,619	\$ 29,110	\$ 189,997
2012	375,000	82,500	80,330	3,597	30,595	166,256
2013	375,000	75,000	21,529	457	781,246	130,980
2014	375,000	67,500	-	-	33,524	118,114
2015	375,000	60,000	-	-	35,232	116,406
2016	375,000	52,500	-	-	37,027	114,612
2017	375,000	45,000	-	-	38,913	112,725
2018	375,000	37,500	-	-	40,895	110,743
2019	375,000	30,000	-	-	42,979	108,659
2020	375,000	22,500	-	-	45,168	106,470
2021	375,000	15,000	-	-	47,470	104,169
2022	375,000	7,500	-	-	49,888	101,750
2023	-	-	-	-	52,429	99,209
2024	-	-	-	-	55,100	96,538
2025	-	-	-	-	57,908	93,731
2026	-	-	-	-	60,858	90,780
2027	-	-	-	-	63,958	87,680
2028	-	-	-	-	67,217	84,422
2029	-	-	-	-	70,641	80,997
2030	-	-	-	-	74,240	77,398
2031	-	-	-	-	78,022	73,616
2032	-	-	-	-	81,997	69,641
2033	-	-	-	-	86,174	65,464
2034	-	-	-	-	90,564	61,074
2035	-	-	-	-	95,178	56,460
2036	-	-	-	-	100,027	51,611
2037	-	-	-	-	105,123	46,515
2038	-	-	-	-	110,478	41,160
2039	-	-	-	-	116,107	35,531
2040	-	-	-	-	122,022	29,616
2041	-	-	-	-	128,238	23,400
2042	-	-	-	-	134,771	16,867
2043	-	-	-	-	141,637	10,001
2044	-	-	-	-	110,944	2,786
Totals	\$ <u>4,500,000</u>	\$ <u>585,000</u>	\$ <u>179,167</u>	\$ <u>10,673</u>	\$ <u>3,215,680</u>	\$ <u>2,775,378</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)

The following is a summary of long-term liabilities transactions for the City's governmental activities for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
<u>General long-term debt:</u>				
General obligation bonds	\$ 1,569,090	\$ -	\$ 313,818	\$ 1,255,272
Revenue bonds	1,228,397	-	147,882	1,080,515
Literary loan	4,875,000	-	375,000	4,500,000
Capital leases	345,952	-	166,785	179,167
Loans payable	3,250,000	750,000	784,320	3,215,680
Accrued OPEB liability	49,231	64,384	-	113,615
Compensated absences	192,094	204,210	144,071	252,233
Total general long-term debt	<u>\$ 11,464,826</u>	<u>\$ 1,018,594</u>	<u>\$ 1,931,876</u>	<u>\$ 10,596,482</u>

For governmental activities, compensated absences are generally liquidated in the General Fund.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)Primary Government-Governmental Activity Indebtedness (continued)

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness:</u>		
<u>General Obligation Refunding Bond:</u>		
\$3,452,000 Bonds, Series 2003, dated May 15, 2003 maturing annually with principal payments of \$313,818. Interest is payable semi-annually accruing at 3.50%, maturing September 1, 2008 through 2013.	\$ 1,255,272	\$ 313,818
<u>Education Revenue Bond Payable:</u>		
\$2,000,000 Education Revenue Bond issued December 1, 2000 through the Buena Vista Industrial Development Authority due in semi-annual installments of \$92,303 including interest at 4.78% through July 29, 2016.	\$ 1,030,115	\$ 137,423
<u>Lease Revenue Bond Payable:</u>		
\$168,000 Lease Revenue Bond issued November 15, 2002 through Buena Vista Industrial Development Authority due in annual installments of \$16,800 plus interest at 3.67% through December 3, 2012.	\$ 50,400	\$ 16,800
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 4,500,000	\$ 375,000
\$750,000 refinancing of loan payable for land purchased, dated August 26, 2009, due in full on August 26, 2012. Payments are due quarterly in the amount of \$13,514 including principal and interest at 6%.	749,819	229
\$1,800,000 loan payable dated March 5, 2009, used to refinance existing debt. Due in annual installments of \$109,179 including interest at 5% through 2044.	1,775,420	20,794
\$700,000 loan payable dated March 5, 2009, used to refinance existing debt. Due in annual installments of \$42,459 including interest at 5% through 2044.	690,441	8,087
Total loans payable	\$ 7,715,680	\$ 404,110

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)Primary Government-Governmental Activity Indebtedness (continued)

Details of Long-term Indebtedness (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness: (continued)</u>		
<u>Capital Leases Payable:</u>		
\$100,750 capital lease for equipment, dated March 19, 2008, due in annual payment of \$21,984, including interest at 3.38% through March 19, 2013.	\$ 62,473	\$ 20,128
\$171,632 capital lease for public safety vehicles, dated September 30, 2008, due in annual payment of \$61,941, including interest at 4.08%, through September 30, 2013.	<u>116,694</u>	<u>57,180</u>
Sub-total capital leases payable	\$ <u>179,167</u>	\$ <u>77,308</u>
Accrued OPEB Liability	\$ <u>113,615</u>	\$ -
Compensated absences (payable from the General and Park and Recreation Funds)	\$ <u>252,233</u>	\$ -
Total general obligation debt	<u>\$ 10,596,482</u>	<u>\$ 949,459</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)Primary Government-Enterprise Activity Indebtedness

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

Year Ending June 30,	Revenue Bonds/Notes Payable	
	Principal	Interest
2011	\$ 385,234	\$ 675,527
2012	399,403	658,619
2013	418,859	643,005
2014	433,615	621,429
2015	455,939	605,619
2016	480,603	577,193
2017	314,316	573,257
2018	304,626	537,263
2019	317,135	521,366
2020	334,760	504,698
2021	352,505	487,122
2022	370,377	468,631
2023	388,380	449,222
2024	406,522	428,886
2025	429,807	407,488
2026	453,244	384,889
2027	476,838	361,576
2028	495,598	337,691
2029	524,530	311,547
2030	548,644	282,958
2031	577,945	252,944
2032	612,445	221,219
2033	642,151	187,776
2034	677,074	152,602
2035	712,223	115,554
2036	752,608	76,481
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	40,416	290
Total	\$ <u>13,512,737</u>	\$ <u>11,092,024</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED**NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)****Primary Government-Enterprise Activity Indebtedness (continued)**

The following is a summary of changes in long-term debt transactions for the City's enterprise activities for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Enterprise debt:				
Revenue bonds payable	\$ 331,852	\$ -	\$ 36,120	\$ 295,732
Lease-revenue bonds payable	13,377,137	-	160,132	13,217,005
Capital leases	11,500	-	11,500	-
Accrued OPEB liability	14,769	16,616	-	31,385
Compensated absences	101,117	67,449	75,838	92,728
Total enterprise debt	<u>\$ 14,078,909</u>	<u>\$ 84,065</u>	<u>\$ 283,590</u>	<u>\$ 13,636,850</u>

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

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness:</u>		
<u>Revenue Bonds Payable:</u>		
\$632,100, Series 1996 Revenue Bond, dated August 15, 1996, maturing semi-annually through 2016 with interest payable at rates varying from 5.40% to 6.375%. Principal payments vary from \$15,802 to \$27,090.	\$ 295,732	\$ 38,377
\$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.	3,170,460	39,889
\$1,300,000 Lease-Revenue Bond, Series 2005, dated June 28, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at 4.00% per annum. Annual payments of \$160,655 consisting of principal and interest commence are due through July 15, 2015.	841,545	126,968
\$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. See Note 19 for information on subsequent events related to these bonds.	9,205,000	180,000
Sub-total revenue bonds payable	<u>\$ 13,512,737</u>	<u>\$ 385,234</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)Primary Government-Enterprise Activity Indebtedness (continued)

Details of Long-term Indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness: (continued)</u>		
Accrued OPEB liability	\$ 31,385	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 92,728	\$ 69,546
Total Enterprise Fund indebtedness	<u>\$ 13,636,850</u>	<u>\$ 454,780</u>

Discretely Presented Component Unit—School Board:

The following is a summary of long-term debt transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2010.

	<u>Balance June 30, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
<u>General Long-Term Debt</u>				
Accrued OPEB obligation	\$ 117,000	\$ 68,000	\$ -	\$ 185,000
Compensated absences	<u>213,484</u>	<u>202,020</u>	<u>160,113</u>	<u>255,391</u>
Total Long-Term Debt	<u>\$ 330,484</u>	<u>\$ 270,020</u>	<u>\$ 160,113</u>	<u>\$ 440,391</u>

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Accrued OPEB obligation	\$ 185,000	\$ -
Compensated absences (payable from the School Fund)	\$ 255,391	\$ 191,543
Total Long-term obligation debt, Discretely Presented Component Unit - School Board	<u>\$ 440,391</u>	<u>\$ 191,543</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 9—LEASES:

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and Equipment	\$ 272,383
Less: Accumulated depreciation	<u>(63,680)</u>
Total	<u>\$ 208,703</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, is as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2011	\$ 83,927
2012	83,927
2013	<u>21,987</u>
Total minimum lease payments	\$ 189,841
Less: Amount representing interest	<u>(10,674)</u>
Present value of minimum lease payments	<u>\$ 179,167</u>

NOTE 10—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/PDF/Publications/2009annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the City of Buena Vista, Virginia is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City of Buena Vista, Virginia's contribution rate for the fiscal year ended 2010 was 8.03% of annual covered payroll.

Discretely Presented Component Unit – School Board:

The School Board's contributions for professional employees were \$372,292, \$525,202, and \$569,820, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81 % for July 2009 through March 2010 and zero (0.00%) for April through June 2010, 8.81%, and 10.30% respectively, of current covered payroll.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**C. Annual Pension Cost**

For fiscal year 2010, the City of Buena Vista, Virginia's annual pension cost of \$281,399 and \$0 was equal to the City of Buena Vista, Virginia's required and actual contributions for the City and the School Board Non-Professionals employees, respectively.

Trend Information				
	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
City	6/30/08	\$ 281,399	100%	\$ -
	6/30/09	260,033	100%	-
	6/30/10	242,981	100%	-
Discretely Presented Component Unit:				
School Board Non Professional	6/30/08	\$ -	100%	\$ -
	6/30/09	-	100%	-
	6/30/10	-	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the City of Buena Vista, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.25% funded. The actuarial accrued liability for benefits was \$13,685,074, and the actuarial value of assets was \$11,803,893, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,881,181. The covered payroll (annual payroll of active employees covered by the plan) was \$3,218,132, and ratio of the UAAL to the covered payroll was 58.46%.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress (Continued):

As of June 30, 2009, the most recent actuarial valuation date, the School Board's non-professional plan was 129.12% funded. The actuarial accrued liability for benefits was \$1,229,318, and the actuarial value of assets was \$1,587,329, resulting in an unfunded actuarial accrued liability (UAAL) of \$(358,011). The covered payroll (annual payroll of active employees covered by the plan) was \$387,112, and ratio of the UAAL to the covered payroll was (92.48)%.

The schedule of funding progress, presented as Required Supplementary Information following the note to the financial statements presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

Beginning in fiscal year 2009, the City and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment 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 post-employment 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 post-employment 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. 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 (\$378.40 for fiscal year 2010). 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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.

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 post-employment 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 \$154,000 for fiscal year 2010. The City has paid \$73,000 towards this obligation during FY 10. 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	\$	154,000
Interest on net OPEB obligation		3,000
Adjustment to annual required contributions		(3,000)
Annual OPEB cost (expense)	\$	154,000
Contributions made		(73,000)
Increase in net OPEB obligation	\$	81,000
Net OPEB obligation-beginning of year		64,000
Net OPEB obligation-end of year	\$	<u>145,000</u>

Annual OPEB Cost

For 2010, the City's expected cash payment of \$73,000 was \$81,000 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 2010 are as follows:

<u>Fiscal Year Ending</u>		<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>		<u>Net OPEB Obligation</u>
6/30/10	\$	154,000	47.40%	\$	145,000
6/30/09		150,000	57.33%		64,000

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	1,674,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	1,674,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	3,294,000
UAAL as a percentage of covered payroll		50.80%

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**D. Funded Status and Funding Progress: (Continued)**

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:

Projects 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 10% for Pre-Medicare coverage in 2009. 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.

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. Data is net of any retiree contributions.

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (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. 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 post-employment benefits (OPEB) under GASB 45 is based on called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$339,000 for fiscal year 2010. The School Board has paid \$271,000 towards this obligation during FY 10. The School Board is required to contribute the annual required contribution of the employer (ARC) 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	\$ 339,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contributions	(5,000)
Annual OPEB cost (expense)	\$ 339,000
Contributions made	(271,000)
Increase in net OPEB obligation	\$ 68,000
Net OPEB obligation-beginning of year	117,000
Net OPEB obligation-end of year	\$ 185,000

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**School Board:****C. Annual OPEB Cost and Net OPEB Obligation:****Annual OPEB Cost**

For 2010, the School Board's expected cash payment of \$271,000 was \$68,000 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 2010 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 339,000	79.94%	\$ 185,000
6/30/09	330,000	64.55%	117,000

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 2,998,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 2,998,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	4,323,000
UAAL as a percentage of covered payroll	69.3%

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:

Projects 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 10% for Pre-Medicare coverage in 2009. 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 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (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. 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 the greater of \$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 10.

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$44,323, \$63,893, and \$64,174, respectively and equaled the required contributions for each year.

NOTE 12—UNEARNED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$647,196 is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$166,268 at June 30, 2010.
- B. Unbilled Property Taxes—Property taxes for the second half of 2010 that had not been billed as of June 30, 2010 amounted to \$480,928.

NOTE 13—CONTINGENT LIABILITIES:

Federal programs in which the City and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 14—SURETY BONDS:

Fidelity and Deposit Company of Maryland - Surety:	
John O Grady, *Finance Director	\$ 200,000
Yolanda C. Boatwright, *Treasurer	200,000
Chris Coleman, Clerk of Circuit Court	25,000
MarVita F. Flint, Commissioner of the Revenue	3,000
Randy Hamilton, Sheriff	30,000
Faithful Performance Blanket Bond, All subordinate employees of constitutional officers	50,000
Charles Lunsford & Associates:	
Blanket Bond-All City Employees	100,000
U.S. Fidelity and Guaranty Company:	
Blanket Bond-All School Board Employees	10,000

*This coverage extends only to loss of Commonwealth of Virginia monies.

NOTE 15—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,072,143	\$ 35,954	\$ -	\$ 2,108,097
Total capital assets not being depreciated	\$ 2,072,144	\$ 35,954	\$ -	\$ 2,108,097
Capital assets being depreciated:				
Buildings and improvements	\$ 13,984,577	\$ -	\$ -	\$ 13,984,577
Infrastructure	28,076,576	-	-	28,076,576
Machinery and Equipment	1,816,169	89,700	-	1,905,869
Total capital assets being depreciated	\$ 43,877,322	\$ 89,700	\$ -	\$ 43,967,022
Less: Accumulated depreciation for:				
Buildings and improvements	\$ (2,493,750)	\$ (294,073)	\$ -	\$ (2,787,823)
Infrastructure	(23,582,382)	(904,428)	-	(24,486,810)
Machinery and Equipment	(1,247,592)	(122,711)	-	(1,370,303)
Total accumulated depreciation	\$ (27,323,724)	\$ (1,321,212)	\$ -	\$ (28,644,936)
Capital assets being depreciated, net	\$ 16,553,598	\$ (1,231,512)	\$ -	\$ 15,322,086
Governmental activities capital assets, net	\$ 18,625,742	\$ (1,195,558)	\$ -	\$ 17,430,183

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED**NOTE 15—CAPITAL ASSETS: (CONTINUED)**

	Balance July 1, 2009	Transfers	Increases	Decreases	Balance June 30, 2010
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 5,468,500	\$ (4,108,500)	\$ -	\$ -	\$ 1,360,000
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	\$ 5,468,500	\$ (4,108,500)	\$ -	\$ -	\$ 1,360,000
Capital assets being depreciated:					
Infrastructure	\$ 15,164,150	\$ 4,108,500	\$ 46,204	\$ -	\$ 19,318,854
Buildings	637,336	-	-	-	637,336
Equipment	672,561	-	-	-	672,561
Total capital assets being depreciated	\$ 16,474,047	\$ 4,108,500	\$ 46,204	\$ -	\$ 20,628,751
Less: Accumulated depreciation for:					
Infrastructure	\$ (6,880,036)	\$ (93,456)	\$ (404,984)	\$ -	\$ (7,378,476)
Buildings	(136,103)	84,372	(12,747)	-	(64,478)
Equipment	(457,801)	9,084	(50,260)	-	(498,977)
Total accumulated depreciation	\$ (7,473,940)	\$ -	\$ (467,991)	\$ -	\$ (7,941,931)
Capital assets being depreciated, net	\$ 9,000,107	\$ 4,108,500	\$ (421,787)	\$ -	\$ 12,686,820
Business-type activities capital assets, net	\$ 14,468,607	\$ -	\$ (421,787)	\$ -	\$ 14,046,820

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

General government administration	\$ 973,377
Judicial Administration	5,988
Public safety	49,663
Public works	100,905
Education	190,000
Parks, recreation and cultural	1,279
Total depreciation expense - governmental activities	\$ 1,321,212
Business-type activities:	
Water and Sewer	\$ 387,443
Golf course	80,548
Total depreciation expenses-business-type activities	\$ 467,991

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED**NOTE 15—CAPITAL ASSETS: (CONTINUED)****Discretely Presented Component Unit**

	Balance July 1, 2009	Transfers	Increases	Decreases	Balance June 30, 2010
School Board					
Capital assets not being depreciated:					
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ -	\$ 4,634
Total capital assets not being depreciated	\$ 4,634	\$ -	\$ -	\$ -	\$ 4,634
Capital assets being depreciated:					
Buildings and improvements	\$ 5,624,089	\$ -	\$ 49,497	\$ -	\$ 5,673,586
Vehicles	755,635	-	8,257	-	763,892
Total capital assets being depreciated	\$ 6,379,724	\$ -	\$ 57,754	\$ -	\$ 6,437,478
Less: Accumulated depreciation for:					
Buildings and improvements	\$ (2,566,191)	\$ 6,131	\$ (122,000)	\$ -	\$ (2,682,060)
Vehicles	(661,029)	(6,131)	(39,613)	-	(706,773)
Total accumulated depreciation	\$ (3,227,220)	\$ -	\$ (161,613)	\$ -	\$ (3,388,833)
Capital assets being depreciated, net	\$ 3,152,504	\$ -	\$ (103,859)	\$ -	\$ 3,048,645
Governmental activities capital assets, net	\$ 3,157,138	\$ -	\$ (103,859)	\$ -	\$ 3,053,279

Depreciation expense for the Component Unit School Board was \$161,613 for the year ended June 30, 2010 and was charged to the education function.

During the year ending June 30, 2008, the City changed their method of accounting for School Board assets financed with general City debt. Prior to June 30, 2008, the City apportioned the value of these assets to the School Board based on the percentage of debt outstanding as compared to the total debt issued for each asset. Beginning, July 1, 2007 the City retained 100% of the value of these assets on their books until the related debt associated with each asset is fully defeased. During the fiscal year, no debt obligations were fully defeased and no assets were transferred to the Component-unit School Board.

NOTE 16—RISK MANAGEMENT:

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 CONTINUED

NOTE 17—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2010 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTE 18—RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

Beginning net assets have been restated in the government-wide financial statements as detailed below:

	Primary Governmental: Government Activities	Component- Unit School Board
Net assets as previously reported, July 1, 2009	\$ 10,162,897	\$ 2,801,828
To record allocation of depreciation for school assets financed with debt	(190,000)	190,000
Net assets as restated, July 1, 2009	<u>\$ 9,972,897</u>	<u>\$ 2,991,828</u>

NOTE 19—SUBSEQUENT EVENT:

On July 1, 2010 the City's semi-annual payment of principal and interest was due on the Series 2005A lease revenue bonds (\$9,205,000 outstanding), in the amount of \$422,731 including \$180,000 and \$242,731 in principal and interest, respectively. The payment was made on July 1, 2010 from the City's temporarily restricted debt service reserve funds. According to the bond agreement for the Series 2005A lease revenue bonds, the City is required to maintain the lesser of the maximum annual debt services on the 2005A bonds, or 10% of the stated principal amount of the series 2005A bonds in a debt service reserve account. Since the July 1, 2010 payment was made from the debt service reserve funds, the City has not complied with the bond agreement.

On January 1, 2011 the second semi-annual payment of interest only was due on the Series 2005A lease revenue bonds in the amount of \$239,019. This payment was also made from the debt service reserve funds for the 2005A lease revenue bonds. City Council is currently negotiating with the bond insurer in an effort to settle on new terms for repayment of the bonds, otherwise it is possible that the City would default on the payment of these bonds. The 2005 A bonds are secured by the City's municipal and police department buildings therefore, these departments would have to relocate if the City does not comply with the bond agreement. Additionally, defaulting on the payment of these bonds could impair the City's ability to obtain future financing needed for capital improvement projects.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 5,610,000	\$ 5,610,000	\$ 5,036,684	\$ (573,316)
Other local taxes	1,722,186	1,722,186	1,676,995	(45,191)
Permits, privilege fees, and regulatory licenses	38,950	38,950	42,597	3,647
Fines and forfeitures	61,800	61,800	73,899	12,099
Revenue from the use of money and property	46,000	46,573	56,337	9,764
Charges for services	631,300	631,300	673,960	42,660
Miscellaneous	146,940	146,800	155,994	9,194
Recovered costs	-	-	68,211	68,211
Intergovernmental revenues:				
Commonwealth	2,483,088	1,873,088	3,443,597	1,570,509
Federal	-	-	187,437	187,437
Total revenues	<u>\$ 10,740,264</u>	<u>\$ 10,130,697</u>	<u>\$ 11,415,711</u>	<u>\$ 1,285,014</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,060,793	\$ 1,057,793	\$ 1,075,470	\$ (17,677)
Judicial administration	701,456	701,456	703,827	(2,371)
Public safety	1,698,902	1,701,067	1,804,153	(103,086)
Public works	1,697,461	1,697,461	1,668,940	28,521
Health and welfare	1,056,377	1,425,352	1,476,259	(50,907)
Education	2,515,211	2,515,211	2,350,852	164,359
Parks, recreation, and cultural	89,587	89,587	93,516	(3,929)
Community development	467,056	467,056	519,316	(52,260)
Debt service:				
Principal retirement	323,058	323,058	201,106	121,952
Interest and other fiscal charges	206,606	206,606	210,361	(3,755)
Total expenditures	<u>\$ 9,816,507</u>	<u>\$ 10,184,647</u>	<u>\$ 10,103,800</u>	<u>\$ 80,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 923,757</u>	<u>\$ (53,950)</u>	<u>\$ 1,311,911</u>	<u>\$ 1,365,861</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ (923,757)	\$ 53,950	\$ 47,639	\$ (6,311)
Transfers out	-	-	(1,215,553)	(1,215,553)
Total other financing sources and uses	<u>\$ (923,757)</u>	<u>\$ 53,950</u>	<u>\$ (1,167,914)</u>	<u>\$ (1,221,864)</u>
Net change in fund balances	\$ -	\$ -	\$ 143,997	\$ 143,997
Fund balances - beginning	-	-	1,353,762	1,353,762
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,497,759</u>	<u>\$ 1,497,759</u>

Schedule of Pension Funding Progress
As of June 30, 2010

PRIMARY GOVERNMENT:

City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09 \$	11,803,893 \$	13,685,074 \$	1,881,181	86.25%	\$ 3,218,132	58.46%
06/30/08	11,749,435	12,914,273	1,164,838	90.98%	3,181,191	36.62%
06/30/07	10,833,474	11,804,213	970,739	91.78%	3,163,886	30.68%
06/30/06	9,699,791	10,332,570	632,779	93.88%	2,738,331	23.11%
06/30/05	9,037,735	10,472,414	1,434,679	86.30%	2,894,283	49.57%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09 \$	1,587,329 \$	1,229,318 \$	(358,011)	129.12%	\$ 387,112	-92.48%
06/30/08	1,625,061	1,193,054	(432,007)	136.21%	423,988	-101.89%
06/30/07	1,530,313	1,087,169	(443,144)	140.76%	433,113	-102.32%
06/30/06	1,382,116	987,511	(394,605)	139.96%	390,896	-100.95%
06/30/05	1,299,576	1,055,998	(243,578)	123.07%	394,593	-61.73%

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2010

PRIMARY GOVERNMENT:**City Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	- \$	1,674,000 \$	1,674,000 \$	0.00%	3,294,000 \$	50.8%
06/30/09	-	1,610,000	1,610,000	0.00%	3,214,000	50.1%

DISCRETELY PRESENTED COMPONENT UNIT:**School Board Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	- \$	2,988,000 \$	2,988,000 \$	0.00%	4,323,000	69.30%
06/30/09	-	2,880,000	2,880,000	0.00%	4,218,000	68.30%

Note:

Fiscal Year 2009 is the first year of implementation of GASB 45 for the Primary Government and Discretely Presented Component Unit School Board.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR CAPITAL PROJECT FUNDS

Flood Protection Revenue Fund – The Flood Protection Revenue Fund is a capital projects fund used to account for the financing and construction of capital projects aimed at reducing the effects of floods on the City's residents

Flood Protection Revenue Fund-Major Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 36	\$ 36
Total revenues	\$ -	\$ -	\$ 36	\$ 36
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 39,176	\$ (39,176)
Debt service:				
Principal retirement	368,737	368,737	313,818	54,919
Interest and other fiscal charges	-	-	49,670	(49,670)
Total expenditures	\$ 368,737	\$ 368,737	\$ 402,664	\$ (33,927)
Excess (deficiency) of revenues over (under) expenditures	\$ (368,737)	\$ (368,737)	\$ (402,628)	\$ (33,891)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 368,737	\$ 368,737	\$ -	\$ (368,737)
Total other financing sources and uses	\$ 368,737	\$ 368,737	\$ -	\$ (368,737)
Net change in fund balances	\$ -	\$ -	\$ (402,628)	\$ (402,628)
Fund balances - beginning	-	-	670,235	670,235
Fund balances - ending	\$ -	\$ -	\$ 267,607	\$ 267,607

Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2010

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 691	\$ 15,842	\$ 16,175	\$ 358
Total assets	<u>\$ 691</u>	<u>\$ 15,842</u>	<u>\$ 16,175</u>	<u>\$ 358</u>
LIABILITIES				
Amounts held for social services clients	\$ 691	\$ 15,842	\$ 16,175	\$ 358
Total liabilities	<u>\$ 691</u>	<u>\$ 15,842</u>	<u>\$ 16,175</u>	<u>\$ 358</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 71,090	\$ 361,502	\$ 432,592
Receivables (net of allowance for uncollectibles):			
Accounts receivable	14,077	35,440	49,517
Total assets	<u>\$ 85,167</u>	<u>\$ 396,942</u>	<u>\$ 482,109</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,315	\$ -	\$ 9,315
Accrued liabilities	2,685	-	2,685
Total liabilities	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 73,167	\$ 396,942	\$ 470,109
Total fund balances	<u>\$ 73,167</u>	<u>\$ 396,942</u>	<u>\$ 470,109</u>
Total liabilities and fund balances	<u>\$ 85,167</u>	<u>\$ 396,942</u>	<u>\$ 482,109</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 94,840	\$ 774	\$ 95,614
Charges for services	33,168	-	33,168
Miscellaneous	14,314	-	14,314
Recovered costs	6,522	-	6,522
Intergovernmental revenues:			
Local government	-	324,093	324,093
Federal	-	30,000	30,000
Total revenues	<u>\$ 148,844</u>	<u>\$ 354,867</u>	<u>\$ 503,711</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 15,585	\$ -	\$ 15,585
Parks, recreation, and cultural	361,907	-	361,907
Debt service:			
Principal retirement	16,800	506,082	522,882
Interest and other fiscal charges	2,475	151,025	153,500
Total expenditures	<u>\$ 396,767</u>	<u>\$ 657,340</u>	<u>\$ 1,054,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (247,923)</u>	<u>\$ (302,473)</u>	<u>\$ (550,396)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 241,186	\$ 305,134	\$ 546,320
Transfers out	(48,918)	(8,494)	(57,412)
Total other financing sources and uses	<u>\$ 192,268</u>	<u>\$ 296,640</u>	<u>\$ 488,908</u>
Net change in fund balances	\$ (55,655)	\$ (5,833)	\$ (61,488)
Fund balances - beginning	128,822	402,775	531,597
Fund balances - ending	<u>\$ 73,167</u>	<u>\$ 396,942</u>	<u>\$ 470,109</u>

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

Park and Recreation Fund—This fund is used 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.

E-911 Fund— This fund was created pursuant to the Code of Virginia, 1950 as amended to account for the receipt and expenditure of Emergency 911 funds. The fund receives reimbursements from the Regional Dispatch Board for qualifying expenses.

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

Park Activities Fund—This fund was created to account for fee based community activities in the Park. Charges generated by these activities are restricted and may be used only for future community activities.

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 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.

Capital Improvement Fund – The Capital Improvement Fund was created to account for City capital projects.

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

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2010

	Park and Recreation Fund	E-911 Fund	Senior Center Fund	Park Activities Fund	Green Hill Cemetery Fund	Total
ASSETS						
Cash and cash equivalents	\$ 575	\$ -	\$ -	\$ -	\$ 70,515	\$ 71,090
Receivables (net of allowance for uncollectibles):						
Accounts receivable	14,077	-	-	-	-	14,077
Total assets	<u>\$ 14,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,515</u>	<u>\$ 85,167</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,003	\$ -	\$ 5,312	\$ -	\$ -	\$ 9,315
Accrued liabilities	2,685	-	-	-	-	2,685
Total liabilities	<u>\$ 6,688</u>	<u>\$ -</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>
Fund balances:						
Unreserved:						
Designated for subsequent expenditure	\$ 7,964	\$ -	\$ (5,312)	\$ -	\$ 70,515	\$ 73,167
Total fund balances	<u>\$ 7,964</u>	<u>\$ -</u>	<u>\$ (5,312)</u>	<u>\$ -</u>	<u>\$ 70,515</u>	<u>\$ 73,167</u>
Total liabilities and fund balances	<u>\$ 14,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,515</u>	<u>\$ 85,167</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	Park and Recreation Fund	E-911 Fund	Senior Center Fund	Park Activities Fund	Green Hill Cemetery Fund	Total
REVENUES						
Revenue from the use of money and property	\$ 94,832	\$ -	\$ -	\$ -	\$ 8	\$ 94,840
Charges for services	28,968	-	-	-	4,200	33,168
Miscellaneous	14,314	-	-	-	-	14,314
Recovered costs	-	-	6,522	-	-	6,522
Total revenues	<u>\$ 138,114</u>	<u>\$ -</u>	<u>\$ 6,522</u>	<u>\$ -</u>	<u>\$ 4,208</u>	<u>\$ 148,844</u>
EXPENDITURES						
Current:						
Health and welfare	\$ -	\$ -	\$ 15,585	\$ -	\$ -	\$ 15,585
Parks, recreation, and cultural	359,727	-	-	2,180	-	361,907
Debt service:						
Principal retirement	-	-	16,800	-	-	16,800
Interest and other fiscal charges	-	-	2,475	-	-	2,475
Total expenditures	<u>\$ 359,727</u>	<u>\$ -</u>	<u>\$ 34,860</u>	<u>\$ 2,180</u>	<u>\$ -</u>	<u>\$ 396,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (221,613)</u>	<u>\$ -</u>	<u>\$ (28,338)</u>	<u>\$ (2,180)</u>	<u>\$ 4,208</u>	<u>\$ (247,923)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 228,974	\$ -	\$ 12,212	\$ -	\$ -	\$ 241,186
Transfers out	-	(37,639)	-	(1,279)	(10,000)	(48,918)
Total other financing sources and uses	<u>\$ 228,974</u>	<u>\$ (37,639)</u>	<u>\$ 12,212</u>	<u>\$ (1,279)</u>	<u>\$ (10,000)</u>	<u>\$ 192,268</u>
Net change in fund balances	\$ 7,361	\$ (37,639)	\$ (16,126)	\$ (3,459)	\$ (5,792)	\$ (55,655)
Fund balances - beginning	603	37,639	10,814	3,459	76,307	128,822
Fund balances - ending	<u>\$ 7,964</u>	<u>\$ -</u>	<u>\$ (5,312)</u>	<u>\$ -</u>	<u>\$ 70,515</u>	<u>\$ 73,167</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	Park & Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 93,000	\$ 93,000	\$ 94,832	\$ 1,832
Charges for services	65,190	65,190	28,968	(36,222)
Miscellaneous	1,200	1,200	14,314	13,114
Recovered costs	-	-	-	-
Total revenues	<u>\$ 159,390</u>	<u>\$ 159,390</u>	<u>\$ 138,114</u>	<u>\$ (21,276)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	402,579	402,479	359,727	42,752
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 402,579</u>	<u>\$ 402,479</u>	<u>\$ 359,727</u>	<u>\$ 42,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (243,189)</u>	<u>\$ (243,089)</u>	<u>\$ (221,613)</u>	<u>\$ 21,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 243,189	\$ 243,089	\$ 228,974	\$ (14,115)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 243,189</u>	<u>\$ 243,089</u>	<u>\$ 228,974</u>	<u>\$ (14,115)</u>
Net change in fund balances	\$ -	\$ -	\$ 7,361	\$ 7,361
Fund balances - beginning	-	-	603	603
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,964</u>	<u>\$ 7,964</u>

E-911 Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	(37,639)	(37,639)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,639)</u>	<u>\$ (37,639)</u>
\$ -	\$ -	\$ (37,639)	\$ (37,639)
-	-	37,639	37,639
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	Senior Center Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	6,522	6,522
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,522</u>	<u>\$ 6,522</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 31,000	\$ 31,000	\$ 15,585	\$ 15,415
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	16,800	(16,800)
Interest and other fiscal charges	-	-	2,475	(2,475)
Total expenditures	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 34,860</u>	<u>\$ (3,860)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (31,000)</u>	<u>\$ (31,000)</u>	<u>\$ (28,338)</u>	<u>\$ 2,662</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 12,212	\$ 12,212
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,212</u>	<u>\$ 12,212</u>
Net change in fund balances	<u>\$ (31,000)</u>	<u>\$ (31,000)</u>	<u>\$ (16,126)</u>	<u>\$ 14,874</u>
Fund balances - beginning	-	-	10,814	10,814
Fund balances - ending	<u>\$ (31,000)</u>	<u>\$ (31,000)</u>	<u>\$ (5,312)</u>	<u>\$ 25,688</u>

Exhibit 20
(continued)

Park Activities Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	2,180	(2,180)
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180</u>	<u>\$ (2,180)</u>
\$ -	\$ -	\$ (2,180)	\$ (2,180)
\$ -	\$ -	\$ -	\$ -
-	-	(1,279)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,279)</u>	<u>\$ -</u>
\$ -	\$ -	\$ (3,459)	\$ (2,180)
-	-	3,459	3,459
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,279</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	Green Hill Cemetery Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8	\$ 8
Charges for services	-	-	4,200	4,200
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Total revenues	\$ -	\$ -	\$ 4,208	\$ 4,208
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 4,208	\$ 4,208
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources and uses	\$ -	\$ -	\$ (10,000)	\$ (10,000)
Net change in fund balances	\$ -	\$ -	\$ (5,792)	\$ (5,792)
Fund balances - beginning	-	-	76,307	76,307
Fund balances - ending	\$ -	\$ -	\$ 70,515	\$ 70,515

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2010

	Community Development Block Grant	School Construction Fund	Total
ASSETS			
Cash and cash equivalents	\$ 39,447	\$ 322,055	\$ 361,502
Receivables (net of allowance for uncollectibles):			
Accounts receivable	35,440	-	35,440
Total assets	<u>\$ 74,887</u>	<u>\$ 322,055</u>	<u>\$ 396,942</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 74,887	\$ 322,055	\$ 396,942
Total fund balances	<u>\$ 74,887</u>	<u>\$ 322,055</u>	<u>\$ 396,942</u>
Total liabilities and fund balances	<u>\$ 74,887</u>	<u>\$ 322,055</u>	<u>\$ 396,942</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2010

	Community Development Block Grant	Capital Improvements Fund	School Construction Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 774	\$ -	\$ -	\$ 774
Intergovernmental revenues:				
Local government	-	-	324,093	324,093
Federal	30,000	-	-	30,000
Total revenues	<u>\$ 30,774</u>	<u>\$ -</u>	<u>\$ 324,093</u>	<u>\$ 354,867</u>
EXPENDITURES				
Current:				
Capital projects	\$ 233	\$ -	\$ -	\$ 233
Debt service:				
Principal retirement	-	-	506,082	506,082
Interest and other fiscal charges	-	-	151,025	151,025
Total expenditures	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 657,107</u>	<u>\$ 657,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,541</u>	<u>\$ -</u>	<u>\$ (333,014)</u>	<u>\$ (302,473)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 305,134	\$ 305,134
Transfers out	-	(8,494)	-	(8,494)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ (8,494)</u>	<u>\$ 305,134</u>	<u>\$ 296,640</u>
Net change in fund balances	\$ 30,541	\$ (8,494)	\$ (27,880)	\$ (5,833)
Fund balances - beginning	44,346	8,494	349,935	402,775
Fund balances - ending	<u>\$ 74,887</u>	<u>\$ -</u>	<u>\$ 322,055</u>	<u>\$ 396,942</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2010

	Community Development Block Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 774	\$ 774
Intergovernmental revenues:				
Local government	-	-	-	-
Federal	-	-	30,000	30,000
Total revenues	\$ -	\$ -	\$ 30,774	\$ 30,774
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 233	\$ (233)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 233	\$ (233)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 30,541	\$ 30,541
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 30,541	\$ 30,541
Fund balances - beginning	-	-	44,346	44,346
Fund balances - ending	\$ -	\$ -	\$ 74,887	\$ 74,887

Capital Improvements Fund				School Construction Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	324,093	324,093
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,093	\$ 324,093
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	506,082	506,082	506,082	-
-	-	-	-	151,025	151,025	151,025	-
\$ -	\$ -	\$ -	\$ -	\$ 657,107	\$ 657,107	\$ 657,107	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (657,107)	\$ (657,107)	\$ (333,014)	\$ 324,093
\$ -	\$ -	\$ -	\$ -	\$ 657,107	\$ 657,107	\$ 305,134	\$ (351,973)
-	-	(8,494)	(8,494)	-	-	-	-
\$ -	\$ -	\$ (8,494)	\$ (8,494)	\$ 657,107	\$ 657,107	\$ 305,134	\$ (351,973)
\$ -	\$ -	\$ (8,494)	\$ (8,494)	\$ -	\$ -	\$ (27,880)	\$ (27,880)
-	-	8,494	8,494	-	-	349,935	349,935
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322,055	\$ 322,055

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund – The School Operating Fund is a special revenue fund that 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

Cafeteria Fund – The 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.

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 44,913	\$ 82,268	\$ 127,181
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	1,223	1,223
Due from other governmental units	968,713	12,665	981,378
Total assets	<u>\$ 1,013,626</u>	<u>\$ 96,156</u>	<u>\$ 1,109,782</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 63,200	\$ 6,325	\$ 69,525
Contracts payable	864,258	5,660	869,918
Due to primary government	41,255	-	41,255
Total liabilities	<u>\$ 968,713</u>	<u>\$ 11,985</u>	<u>\$ 980,698</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 44,913	\$ 84,171	\$ 129,084
Total fund balances	<u>\$ 44,913</u>	<u>\$ 84,171</u>	<u>\$ 129,084</u>
Total liabilities and fund balances	<u>\$ 1,013,626</u>	<u>\$ 96,156</u>	<u>\$ 1,109,782</u>

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

Total fund balances per above	\$ 129,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,053,279
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(440,391)</u>
Net assets of governmental activities	<u>\$ 2,741,972</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 563	\$ -	\$ 563
Charges for services	42,067	214,916	256,983
Recovered costs	325,391	-	325,391
Intergovernmental revenues:			
Local government	2,320,444	-	2,320,444
Commonwealth	6,807,599	6,951	6,814,550
Federal	1,048,285	230,729	1,279,014
Total revenues	<u>\$ 10,544,349</u>	<u>\$ 452,596</u>	<u>\$ 10,996,945</u>
EXPENDITURES			
Current:			
Education	\$ 10,594,560	\$ 438,475	\$ 11,033,035
Total expenditures	<u>\$ 10,594,560</u>	<u>\$ 438,475</u>	<u>\$ 11,033,035</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (50,211)	\$ 14,121	\$ (36,090)
Net change in fund balances	\$ (50,211)	\$ 14,121	\$ (36,090)
Fund balances - beginning	95,124	70,050	165,174
Fund balances - ending	<u>\$ 44,913</u>	<u>\$ 84,171</u>	<u>\$ 129,084</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 \$ (36,090)

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. (103,859)

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. (109,907)

Change in net assets of governmental activities \$ (249,856)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 563	\$ 563
Charges for services	30,000	30,000	42,067	12,067
Recovered costs	198,695	198,695	325,391	126,696
Intergovernmental revenues:				
Local government	2,483,803	2,483,803	2,320,444	(163,359)
Commonwealth	7,342,774	7,342,774	6,807,599	(535,175)
Federal	1,057,734	1,057,734	1,048,285	(9,449)
Total revenues	\$ 11,113,006	\$ 11,113,006	\$ 10,544,349	\$ (568,657)
EXPENDITURES				
Current:				
Education	\$ 11,548,117	\$ 11,548,117	\$ 10,594,560	\$ 953,557
Total expenditures	\$ 11,548,117	\$ 11,548,117	\$ 10,594,560	\$ 953,557
Excess (deficiency) of revenues over (under) expenditures	\$ (435,111)	\$ (435,111)	\$ (50,211)	\$ 384,900
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 435,111	\$ 435,111	\$ -	\$ (435,111)
Total other financing sources and uses	\$ 435,111	\$ 435,111	\$ -	\$ (435,111)
Net change in fund balances	\$ -	\$ -	\$ (50,211)	\$ (50,211)
Fund balances - beginning	-	-	95,124	95,124
Fund balances - ending	\$ -	\$ -	\$ 44,913	\$ 44,913

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 262,815	\$ 262,815	\$ 214,916	\$ (47,899)
Intergovernmental revenues:				
Commonwealth	6,792	6,792	6,951	159
Federal	173,000	173,000	230,729	57,729
Total revenues	<u>\$ 442,607</u>	<u>\$ 442,607</u>	<u>\$ 452,596</u>	<u>\$ 9,989</u>
EXPENDITURES				
Current:				
Education	\$ 442,607	\$ 442,607	\$ 438,475	\$ 4,132
Total expenditures	<u>\$ 442,607</u>	<u>\$ 442,607</u>	<u>\$ 438,475</u>	<u>\$ 4,132</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 14,121	\$ 14,121
Net change in fund balances	\$ -	\$ -	\$ 14,121	\$ 14,121
Fund balances - beginning	-	-	70,050	70,050
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,171</u>	<u>\$ 84,171</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,469,000	\$ 3,469,000	\$ 3,708,808	\$ 239,808
Real and personal public service corporation taxes	100,000	100,000	101,070	1,070
Personal property taxes	1,968,000	1,968,000	1,127,647	(840,353)
Penalties	60,000	60,000	52,163	(7,837)
Interest	13,000	13,000	46,996	33,996
Total general property taxes	<u>\$ 5,610,000</u>	<u>\$ 5,610,000</u>	<u>\$ 5,036,684</u>	<u>\$ (573,316)</u>
Other local taxes:				
Local sales and use taxes	\$ 386,000	\$ 386,000	\$ 345,773	\$ (40,227)
Consumers' utility taxes	300,000	300,000	294,001	(5,999)
Meals taxes	165,000	165,000	196,708	31,708
Communications taxes	372,000	372,000	330,009	(41,991)
Lodging taxes	14,000	14,000	14,689	689
Business and professional license taxes	170,000	170,000	175,694	5,694
Motor vehicle licenses	130,000	130,000	126,257	(3,743)
Water utility taxes	92,186	92,186	100,709	8,523
Bank stock taxes	40,000	40,000	51,602	11,602
Recordation taxes	53,000	53,000	41,553	(11,447)
Total other local taxes	<u>\$ 1,722,186</u>	<u>\$ 1,722,186</u>	<u>\$ 1,676,995</u>	<u>\$ (45,191)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 2,138	\$ 138
Right of way fees	-	-	29,171	29,171
Transfer fees	200	200	202	2
Permits and other licenses	36,750	36,750	11,086	(25,664)
Total permits, privilege fees, and regulatory licenses	<u>\$ 38,950</u>	<u>\$ 38,950</u>	<u>\$ 42,597</u>	<u>\$ 3,647</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 73,269	\$ 13,269
Parking fines	1,800	1,800	630	(1,170)
Total fines and forfeitures	<u>\$ 61,800</u>	<u>\$ 61,800</u>	<u>\$ 73,899</u>	<u>\$ 12,099</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 31,000	\$ 31,573	\$ 7,963	\$ (23,610)
Revenue from use of property	-	-	6,017	6,017
Sale of property	-	-	30,607	30,607
Sale of cemetery lots	15,000	15,000	11,750	(3,250)
Total revenue from use of money and property	<u>\$ 46,000</u>	<u>\$ 46,573</u>	<u>\$ 56,337</u>	<u>\$ 9,764</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 240	\$ (260)
Commonwealth attorney fees	500	500	341	(159)
Charges for curb and gutter completions	15,000	15,000	3,690	(11,310)
Charges for waste collection and disposal	420,000	420,000	447,513	27,513
Landfill tipping fees	140,000	140,000	106,029	(33,971)
Grave Openings	25,000	25,000	27,100	2,100
Courthouse maintenance fees	4,500	4,500	5,524	1,024
Courthouse security fees	7,500	7,500	15,617	8,117

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Jail administration fees	\$ 1,200	\$ 1,200	\$ 2,072	\$ 872
Other charges for services	17,100	17,100	65,834	48,734
Total charges for services	<u>\$ 631,300</u>	<u>\$ 631,300</u>	<u>\$ 673,960</u>	<u>\$ 42,660</u>
Miscellaneous revenue:				
Regional Industrial Park	\$ -	\$ -	\$ 2,101	\$ 2,101
IDA tax payment	10,140	10,000	28,493	18,493
Dabney lease revenue	136,800	136,800	125,400	(11,400)
Total miscellaneous revenue	<u>\$ 146,940</u>	<u>\$ 146,800</u>	<u>\$ 155,994</u>	<u>\$ 9,194</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 50,346	\$ 50,346
Other recovered costs	-	-	17,865	17,865
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,211</u>	<u>\$ 68,211</u>
Total revenue from local sources	<u>\$ 8,257,176</u>	<u>\$ 8,257,609</u>	<u>\$ 7,784,677</u>	<u>\$ (472,932)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 5,000	\$ 5,000	\$ 212	\$ (4,788)
Rolling stock	4,600	4,600	23	(4,577)
Auto rental tax	400	400	-	(400)
State recordation tax	14,000	14,000	12,803	(1,197)
Personal property tax relief funds	-	-	662,919	662,919
Total noncategorical aid	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 675,957</u>	<u>\$ 651,957</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 163,145	\$ 163,145	\$ 157,400	\$ (5,745)
Sheriff	161,369	161,369	147,252	(14,117)
Commissioner of revenue	76,846	76,846	71,343	(5,503)
Treasurer	76,043	76,043	69,755	(6,288)
Registrar/electoral board	40,000	40,000	31,157	(8,843)
Police	195,475	195,475	176,687	(18,788)
Juror Expense	3,000	3,000	2,610	(390)
Clerk of the Circuit Court	128,768	128,768	136,388	7,620
Total shared expenses	<u>\$ 844,646</u>	<u>\$ 844,646</u>	<u>\$ 792,592</u>	<u>\$ (52,054)</u>
Other categorical aid:				
Welfare administration and assistance	\$ 610,000	\$ -	\$ 137,175	\$ 137,175
Comprehensive services act	-	-	737,389	737,389
Street and Highway Maintenance	978,000	978,000	978,732	732
Department of Criminal Justice Services Grant	-	-	50,720	50,720
DHCD Fiber Optic Grant	26,442	26,442	14,994	(11,448)
Local Law Enforcement Grant	-	-	2,752	2,752

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim-witness grant	\$ -	\$ -	\$ 28,507	\$ 28,507
Fire programs	-	-	17,516	17,516
Two for life	-	-	4,861	4,861
Seized funds	-	-	2,402	2,402
Total other categorical aid	\$ 1,614,442	\$ 1,004,442	\$ 1,975,048	\$ 970,606
Total categorical aid	\$ 2,459,088	\$ 1,849,088	\$ 2,767,640	\$ 918,552
Total revenue from the Commonwealth	\$ 2,483,088	\$ 1,873,088	\$ 3,443,597	\$ 1,570,509
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ -	\$ -	\$ 115,838	\$ 115,838
Ground transportation safety grant	-	-	12,679	12,679
NRCS grant	-	-	34,923	34,923
Byrne justice assistance grant ARRA	-	-	5,747	5,747
Terrorism preparation grant	-	-	18,250	18,250
Total categorical aid	\$ -	\$ -	\$ 187,437	\$ 187,437
Total revenue from the federal government	\$ -	\$ -	\$ 187,437	\$ 187,437
Total General Fund	\$ 10,740,264	\$ 10,130,697	\$ 11,415,711	\$ 1,285,014
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 93,000	\$ 93,000	\$ 94,832	\$ 1,832
Total revenue from use of money and property	\$ 93,000	\$ 93,000	\$ 94,832	\$ 1,832
Charges for services:				
Recreation fees	\$ 65,190	\$ 65,190	\$ 28,968	\$ (36,222)
Total charges for services	\$ 65,190	\$ 65,190	\$ 28,968	\$ (36,222)
Miscellaneous revenue:				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 14,314	\$ 13,114
Total miscellaneous revenue	\$ 1,200	\$ 1,200	\$ 14,314	\$ 13,114
Total revenue from local sources	\$ 159,390	\$ 159,390	\$ 138,114	\$ (21,276)
Total Park and Recreation Fund	\$ 159,390	\$ 159,390	\$ 138,114	\$ (21,276)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ -	\$ -	\$ 6,522	\$ 6,522
Total recovered costs	\$ -	\$ -	\$ 6,522	\$ 6,522
Total revenue from local sources	\$ -	\$ -	\$ 6,522	\$ 6,522
Total Senior Center Fund	\$ -	\$ -	\$ 6,522	\$ 6,522
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8	\$ 8
Total revenue from use of money and property	\$ -	\$ -	\$ 8	\$ 8
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 4,200	\$ 4,200
Total charges for services	\$ -	\$ -	\$ 4,200	\$ 4,200
Total revenue from local sources	\$ -	\$ -	\$ 4,208	\$ 4,208
Total Green Hill Cemetery Fund	\$ -	\$ -	\$ 4,208	\$ 4,208
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental revenue:				
Revenues from local governments:				
Contribution from City of Buena Vista School Board	\$ -	\$ -	\$ 324,093	\$ 324,093
Total revenues from local governments	\$ -	\$ -	\$ 324,093	\$ 324,093
Total School Construction Fund	\$ -	\$ -	\$ 324,093	\$ 324,093

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (continued)				
Flood Protection Fund:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 36	\$ 36
Total revenue from use of money and property	\$ -	\$ -	\$ 36	\$ 36
Total revenue from local sources	\$ -	\$ -	\$ 36	\$ 36
Total Flood Protection Fund	\$ -	\$ -	\$ 36	\$ 36
Community Development Block Grant:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 774	\$ 774
Total revenue from use of money and property	\$ -	\$ -	\$ 774	\$ 774
Total revenue from local sources	\$ -	\$ -	\$ 774	\$ 774
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	\$ -	\$ -	\$ 30,000	\$ 30,000
Total categorical aid	\$ -	\$ -	\$ 30,000	\$ 30,000
Total revenue from the federal government	\$ -	\$ -	\$ 30,000	\$ 30,000
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 30,774	\$ 30,774
Total Primary Government	\$ 10,899,654	\$ 10,290,087	\$ 11,919,458	\$ 1,629,371
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 563	\$ 563
Total revenue from use of money and property	\$ -	\$ -	\$ 563	\$ 563
Charges for services:				
Charges for education	\$ 30,000	\$ 30,000	\$ 42,067	\$ 12,067
Total charges for services	\$ 30,000	\$ 30,000	\$ 42,067	\$ 12,067
Recovered costs:				
Other recovered costs	\$ 198,695	\$ 198,695	\$ 325,391	\$ 126,696
Total recovered costs	\$ 198,695	\$ 198,695	\$ 325,391	\$ 126,696
Total revenue from local sources	\$ 228,695	\$ 228,695	\$ 368,021	\$ 139,326
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,483,803	\$ 2,483,803	\$ 2,320,444	\$ (163,359)
Total revenues from local governments	\$ 2,483,803	\$ 2,483,803	\$ 2,320,444	\$ (163,359)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 797,754	\$ 797,754	\$ 759,543	\$ (38,211)
Basic school aid	4,397,290	4,397,290	4,049,335	(347,955)
At-risk	42,704	42,704	42,289	(415)
Project graduation	-	-	14,081	14,081
Alternative education	36,684	36,684	35,607	(1,077)
Gifted and talented	41,236	41,236	41,689	453
Special Education	567,627	567,627	566,801	(826)
Remedial summer school	71,881	71,881	55,322	(16,559)
Remedial education	69,922	69,922	70,691	769
Vocational education	111,158	111,158	112,380	1,222
Technology funds	154,000	154,000	154,000	-
School construction	79,837	79,837	104,631	24,794
Fringe benefits	564,754	564,754	489,398	(75,356)
Adult education	4,092	4,092	17,394	13,302
Reduced class size (K-3)	135,953	135,953	127,408	(8,545)
Enrollment loss	69,076	69,076	27,749	(41,327)
Free textbooks	106,246	106,246	50,341	(55,905)
Early reading intervention	14,867	14,867	19,822	4,955
Special education - homebound	1,771	1,771	622	(1,149)
Vocational education - equipment	-	-	3,804	3,804
English as a second language	1,418	1,418	-	(1,418)
Vocational occupational preparedness	18,268	18,268	13,067	(5,201)
Standards of Learning algebra readiness	10,123	10,123	10,123	-
Other state funds	46,113	46,113	41,502	(4,611)
Total categorical aid	\$ 7,342,774	\$ 7,342,774	\$ 6,807,599	\$ (535,175)
Total revenue from the Commonwealth	\$ 7,342,774	\$ 7,342,774	\$ 6,807,599	\$ (535,175)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 195,967	\$ 195,967	\$ 89,575	\$ (106,392)
Title I ARRA	-	-	30,810	30,810
Title VI-B, special education	220,363	220,363	164,086	(56,277)
Title VI-B, pre-school	10,973	10,973	10,663	(310)
IDEA part B ARRA	-	-	153,733	153,733
Title IV, Drug Education	3,530	3,530	3,547	17
State fiscal stabilization funds ARRA	552,689	552,689	521,434	(31,255)
Vocational Education	21,500	21,500	16,084	(5,416)
Title II, Improving teacher quality	52,712	52,712	58,353	5,641
Total categorical aid	\$ 1,057,734	\$ 1,057,734	\$ 1,048,285	\$ (9,449)
Total revenue from the federal government	\$ 1,057,734	\$ 1,057,734	\$ 1,048,285	\$ (9,449)
Total School Operating Fund	\$ 11,113,006	\$ 11,113,006	\$ 10,544,349	\$ (568,657)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 262,815	\$ 262,815	\$ 214,916	\$ (47,899)
Total charges for services	<u>262,815</u>	<u>262,815</u>	<u>214,916</u>	<u>(47,899)</u>
Total revenue from local sources	<u>\$ 262,815</u>	<u>\$ 262,815</u>	<u>\$ 214,916</u>	<u>\$ (47,899)</u>
Revenues from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,792	\$ 6,792	\$ 6,951	\$ 159
Total categorical aid	<u>\$ 6,792</u>	<u>\$ 6,792</u>	<u>\$ 6,951</u>	<u>\$ 159</u>
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 25,930	\$ 25,930
School food program grant	<u>173,000</u>	<u>173,000</u>	<u>204,799</u>	<u>31,799</u>
Total categorical aid	<u>\$ 173,000</u>	<u>\$ 173,000</u>	<u>\$ 230,729</u>	<u>\$ 57,729</u>
Total revenue from the federal government	<u>\$ 173,000</u>	<u>\$ 173,000</u>	<u>\$ 230,729</u>	<u>\$ 57,729</u>
Total School Cafeteria Fund	<u>\$ 442,607</u>	<u>\$ 442,607</u>	<u>\$ 452,596</u>	<u>\$ 9,989</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,555,613</u>	<u>\$ 11,555,613</u>	<u>\$ 10,996,945</u>	<u>\$ (558,668)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 26,183	\$ 26,183	\$ 27,510	\$ (1,327)
General and financial administration:				
City Manager	\$ 132,107	\$ 132,107	\$ 148,754	\$ (16,647)
City Attorney/Legal Services	70,000	70,000	82,577	(12,577)
Finance	271,556	271,556	274,386	(2,830)
Independent Auditor	29,200	29,200	29,200	-
Commissioner of Revenue	171,863	171,863	170,214	1,649
City Treasurer	215,427	212,427	224,911	(12,484)
Reassessment	32,000	32,000	4,220	27,780
Other general and financial administration	53,500	53,500	53,313	187
Total general and financial administration	\$ 975,653	\$ 972,653	\$ 987,575	\$ (14,922)
Board of elections:				
Electoral board and officials	\$ 58,957	\$ 58,957	\$ 60,385	\$ (1,428)
Total general government administration	\$ 1,060,793	\$ 1,057,793	\$ 1,075,470	\$ (17,677)
Judicial administration:				
Courts:				
Circuit court	\$ 6,700	\$ 6,700	\$ 5,888	\$ 812
General district court	4,200	4,200	2,274	1,926
Juvenile/Domestic relations court	54,525	54,525	13,224	41,301
Clerk of the circuit court	189,046	189,046	214,861	(25,815)
Sheriff	238,469	238,469	259,347	(20,878)
Total courts	\$ 492,940	\$ 492,940	\$ 495,594	\$ (2,654)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 208,516	\$ 208,516	\$ 208,233	\$ 283
Total judicial administration	\$ 701,456	\$ 701,456	\$ 703,827	\$ (2,371)
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 26,442	\$ 28,607	\$ 30,374	\$ (1,767)
Police Department	1,029,365	1,029,365	1,121,454	(92,089)
Total law enforcement and traffic control	\$ 1,055,807	\$ 1,057,972	\$ 1,151,828	\$ (93,856)
Fire and rescue services:				
Fire department	\$ 114,400	\$ 114,400	\$ 136,730	\$ (22,330)
Rescue Squad	98,200	98,200	102,601	(4,401)
Central Shenandoah EMS Council	164,896	164,896	159,181	5,715
Total fire and rescue services	\$ 377,496	\$ 377,496	\$ 398,512	\$ (21,016)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 203	\$ 2,797
Magistrate	425	425	-	425
Regional Jail	170,000	170,000	166,045	3,955
Total correction and detention	\$ 173,425	\$ 173,425	\$ 166,248	\$ 7,177

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 92,024	\$ 92,024	\$ 87,565	\$ 4,459
Medical Examiner	150	150	-	150
Total other protection	<u>\$ 92,174</u>	<u>\$ 92,174</u>	<u>\$ 87,565</u>	<u>\$ 4,609</u>
Total public safety	<u>\$ 1,698,902</u>	<u>\$ 1,701,067</u>	<u>\$ 1,804,153</u>	<u>\$ (103,086)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 259,749	\$ 259,749	\$ 307,077	\$ (47,328)
Street Maintenance Department	614,399	614,399	600,611	13,788
Street Lights	65,000	65,000	58,098	6,902
Railroad Maintenance	1,800	1,800	1,800	-
Watershed Coordinator	-	-	39,583	(39,583)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 940,948</u>	<u>\$ 940,948</u>	<u>\$ 1,007,169</u>	<u>\$ (66,221)</u>
Sanitation and waste removal:				
Refuse Department	\$ 282,490	\$ 282,490	\$ 252,757	\$ 29,733
Refuse Disposal	200,000	200,000	162,513	37,487
Total sanitation and waste removal	<u>\$ 482,490</u>	<u>\$ 482,490</u>	<u>\$ 415,270</u>	<u>\$ 67,220</u>
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 168,577	\$ 168,577	\$ 153,148	\$ 15,429
Green Hill Cemetery Maintenance	105,446	105,446	93,353	12,093
Total maintenance of general buildings and grounds	<u>\$ 274,023</u>	<u>\$ 274,023</u>	<u>\$ 246,501</u>	<u>\$ 27,522</u>
Total public works	<u>\$ 1,697,461</u>	<u>\$ 1,697,461</u>	<u>\$ 1,668,940</u>	<u>\$ 28,521</u>
Health and welfare:				
Health:				
Health Services	\$ 52,721	\$ 52,721	\$ 34,513	\$ 18,208
Mental health and mental retardation:				
Mental Health	<u>\$ 39,406</u>	<u>\$ 39,406</u>	<u>\$ 39,406</u>	<u>\$ -</u>
Welfare:				
Property Tax Relief	\$ 61,000	\$ 61,000	\$ 67,692	\$ (6,692)
Social Services	850,000	1,230,000	1,288,010	(58,010)
VA Municipal League	4,112	4,112	-	4,112
Valley Program for Aging	35,413	35,413	35,413	-
Total Action Against Poverty	2,700	2,700	2,700	-
Rockbridge Area Hospice	1,000	-	-	-
Rockbridge Free Clinic	10,025	-	8,525	(8,525)
Total welfare	<u>\$ 964,250</u>	<u>\$ 1,333,225</u>	<u>\$ 1,402,340</u>	<u>\$ (69,115)</u>
Total health and welfare	<u>\$ 1,056,377</u>	<u>\$ 1,425,352</u>	<u>\$ 1,476,259</u>	<u>\$ (50,907)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to City School Board	\$ 2,483,803	\$ 2,483,803	\$ 2,320,444	\$ 163,359
Contribution to Community Colleges	30,408	30,408	30,408	-
Contribution to Buena Vista Colored School	1,000	1,000	-	1,000
Total education	<u>\$ 2,515,211</u>	<u>\$ 2,515,211</u>	<u>\$ 2,350,852</u>	<u>\$ 164,359</u>
Parks, recreation, and cultural:				
Library:				
Rockbridge/ Buena Vista Regional Library	\$ 89,587	\$ 89,587	\$ 93,516	\$ (3,929)
Total parks, recreation, and cultural	<u>\$ 89,587</u>	<u>\$ 89,587</u>	<u>\$ 93,516</u>	<u>\$ (3,929)</u>
Community development:				
Planning and community development:				
Community development administration	\$ 311,285	\$ 311,285	\$ 289,758	\$ 21,527
Economic Development	33,500	33,500	59,413	(25,913)
Central Shenandoah Planning District Commission	23,814	23,814	49,738	(25,924)
Rockbridge Area Occupation Center	12,543	12,543	12,543	-
Blue Ridge Legal Services	627	627	627	-
Beautification Committee	2,000	2,000	1,425	575
Visitor's Center	39,559	39,559	40,247	(688)
Project Horizon	2,140	2,140	2,140	-
Paxton House	10,000	10,000	10,000	-
Rockbridge Area transportation system	7,500	7,500	7,500	-
Virginia Institute of government	500	500	500	-
Food Bank	338	338	-	338
Official programs activities	-	-	24	(24)
Talking book center	4,250	4,250	4,250	-
Employee programs	17,000	17,000	39,151	(22,151)
Total planning and community development	<u>\$ 465,056</u>	<u>\$ 465,056</u>	<u>\$ 517,316</u>	<u>\$ (52,260)</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>\$ 467,056</u>	<u>\$ 467,056</u>	<u>\$ 519,316</u>	<u>\$ (52,260)</u>
Debt service:				
Principal retirement	\$ 323,058	\$ 323,058	\$ 201,106	\$ 121,952
Interest and other fiscal charges	206,606	206,606	210,361	(3,755)
Total debt service	<u>\$ 529,664</u>	<u>\$ 529,664</u>	<u>\$ 411,467</u>	<u>\$ 118,197</u>
Total General Fund	<u>\$ 9,816,507</u>	<u>\$ 10,184,647</u>	<u>\$ 10,103,800</u>	<u>\$ 80,847</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Park & Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Insurance	\$ -	\$ -	\$ 917	\$ (917)
Administration	-	-	2,898	(2,898)
Recreation	61,872	61,772	29,534	32,238
Parks and Ground Maintenance	181,024	181,024	200,093	(19,069)
Activities	111,609	111,609	80,843	30,766
Swimming Pool	48,074	48,074	45,442	2,632
Total Park and Recreation Fund	<u>\$ 402,579</u>	<u>\$ 402,479</u>	<u>\$ 359,727</u>	<u>\$ 42,752</u>
Senior Center Fund:				
Health and Welfare:				
Senior center	\$ 31,000	\$ 31,000	\$ 15,585	\$ 15,415
Debt Service				
Principal Retirement	\$ -	\$ -	\$ 16,800	\$ (16,800)
Interest and fiscal charges	-	-	2,475	(2,475)
Total Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,275</u>	<u>\$ (19,275)</u>
Total Senior Center Fund	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 34,860</u>	<u>\$ (3,860)</u>
Park Activities Fund:				
Parks, Recreation, and Cultural:				
Park activities	\$ -	\$ -	\$ 2,180	\$ (2,180)
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180</u>	<u>\$ (2,180)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180</u>	<u>\$ (2,180)</u>
Total Park Activities Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,180</u>	<u>\$ (2,180)</u>
Capital Projects Funds:				
School Construction Fund:				
Debt service:				
Principal retirement	\$ 506,082	\$ 506,082	\$ 506,082	\$ -
Interest and other fiscal charges	151,025	151,025	151,025	-
Total School Construction Fund	<u>\$ 657,107</u>	<u>\$ 657,107</u>	<u>\$ 657,107</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (continued)				
Flood Protection Fund:				
Capital Outlay:				
Flood control construction and maintenance	\$ -	\$ -	\$ 39,176	\$ (39,176)
Total capital outlay	\$ -	\$ -	\$ 39,176	\$ (39,176)
Debt service:				
Principal retirement	\$ 368,737	\$ 368,737	\$ 313,818	\$ 54,919
Interest and other fiscal charges	-	-	49,670	(49,670)
Total debt service	\$ 368,737	\$ 368,737	\$ 363,488	\$ 5,249
Total Flood Protection Fund	\$ 368,737	\$ 368,737	\$ 402,664	\$ (33,927)
Community Development Block Grant Fund:				
Capital projects expenditures:				
Community Development projects	\$ -	\$ -	\$ 233	\$ (233)
Total capital projects	\$ -	\$ -	\$ 233	\$ (233)
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 233	\$ (233)
Total Primary Government	\$ 11,275,930	\$ 11,643,970	\$ 11,560,571	\$ 83,399
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 9,125,221	\$ 9,125,221	\$ 8,206,755	\$ 918,466
Administration and Health Services	432,793	432,793	467,838	(35,045)
Transportation	385,771	385,771	321,206	64,565
Operation and Maintenance	1,235,499	1,235,499	878,201	357,298
Technology	368,833	368,833	396,467	(27,634)
Contribution to City of Buena Vista, Virginia	-	-	324,093	(324,093)
Total Education of Schools	11,548,117	11,548,117	10,594,560	953,557
Total School Operating Fund	\$ 11,548,117	\$ 11,548,117	\$ 10,594,560	\$ 953,557
Cafeteria Fund:				
Education:				
School food services:				
School Nutrition	\$ 442,607	\$ 442,607	\$ 438,475	\$ 4,132
Total Cafeteria Fund	\$ 442,607	\$ 442,607	\$ 438,475	\$ 4,132
Total Discretely Presented Component Unit - School Board	\$ 11,990,724	\$ 11,990,724	\$ 11,033,035	\$ 957,689

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

16-19

Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of Buena Vista, Virginia

Net Assets by Component

Last Eight Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,632,142	\$ 6,650,384	\$ 5,621,558	\$ 4,864,446
Unrestricted	<u>5,760,828</u>	<u>4,837,113</u>	<u>4,704,389</u>	<u>5,884,854</u>
Total governmental activities net assets	<u>\$ 13,392,970</u>	<u>\$ 11,487,497</u>	<u>\$ 10,325,947</u>	<u>\$ 10,749,300</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,098,509	\$ 4,745,428	\$ 4,517,398	\$ 4,140,571
Restricted	-	-	-	-
Unrestricted	<u>202,702</u>	<u>(100,394)</u>	<u>(608,496)</u>	<u>(738,884)</u>
Total business-type activities net assets	<u>\$ 5,301,211</u>	<u>\$ 4,645,034</u>	<u>\$ 3,908,902</u>	<u>\$ 3,401,687</u>
Primary government				
Invested in capital assets, net of related debt	\$ 12,730,651	\$ 11,395,812	\$ 10,138,956	\$ 9,005,017
Restricted	-	-	-	-
Unrestricted	<u>5,963,530</u>	<u>4,736,719</u>	<u>4,095,893</u>	<u>5,145,970</u>
Total primary government net assets	<u>\$ 18,694,181</u>	<u>\$ 16,132,531</u>	<u>\$ 14,234,849</u>	<u>\$ 14,150,987</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34

Table 1

Fiscal Year			
2007	2008	2009	2010
\$ 4,211,880	\$ 7,977,056	\$ 7,547,301	\$ 7,199,549
5,411,415	2,954,996	2,615,596	2,401,537
<u>\$ 9,623,295</u>	<u>\$ 10,932,052</u>	<u>\$ 10,162,897</u>	<u>\$ 9,601,086</u>
\$ 2,949,581	\$ 2,781,984	\$ 2,911,128	\$ 2,574,999
848,453	867,659	848,559	848,452
(1,312,012)	(656,977)	(1,231,929)	(989,540)
<u>\$ 2,486,022</u>	<u>\$ 2,992,666</u>	<u>\$ 2,527,758</u>	<u>\$ 2,433,911</u>
\$ 7,161,461	\$ 10,759,040	\$ 10,458,429	\$ 9,774,548
848,453	867,659	848,559	848,452
4,099,403	2,298,019	1,383,667	1,411,997
<u>\$ 12,109,317</u>	<u>\$ 13,924,718</u>	<u>\$ 12,690,655</u>	<u>\$ 12,034,997</u>

City of Buena Vista, Virginia

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government administration	\$ 1,507,923	\$ 1,846,040	\$ 1,880,818
Judicial administration	532,297	577,181	620,104
Public safety	1,573,120	1,641,183	1,633,240
Public works	1,844,909	1,923,082	2,456,980
Health and welfare	729,236	760,001	730,696
Education	3,052,566	3,402,007	2,988,982
Parks, recreation and cultural	370,436	534,681	472,463
Community development	207,410	246,095	232,135
Interest on long-term debt	599,949	392,520	273,304
Total governmental activities expenses	\$ 10,417,846	\$ 11,322,790	\$ 11,288,722
Business-type activities:			
Water and sewer	\$ 1,425,674	\$ 1,485,531	\$ 1,634,331
Golf course	-	479,076	1,232,628
Total business-type activities expenses	\$ 1,425,674	\$ 1,964,607	\$ 2,866,959
Total primary government expenses	\$ 11,843,520	\$ 13,287,397	\$ 14,155,681
Program Revenues			
Governmental activities:			
Charges for services:			
General government administration	\$ 525	\$ 363	\$ 55
Judicial administration	370	85,896	91,503
Public safety	35,735	865	22,595
Public works	472,978	546,460	639,748
Parks, recreation and cultural	25,350	93,155	62,299
Operating grants and contributions	2,343,164	2,394,339	2,200,825
Capital grants and contributions	97,855	157,311	322,323
Total governmental activities program revenues	\$ 2,975,977	\$ 3,278,389	\$ 3,339,348
Business-type activities:			
Charges for services:			
Water and sewer	\$ 1,389,828	\$ 1,430,339	\$ 1,641,310
Golf course	6,965	-	459,665
Capital grants and contributions	-	-	-
Total business-type activities program revenues	\$ 1,396,793	\$ 1,430,339	\$ 2,100,975
Total primary government program revenues	\$ 4,372,770	\$ 4,708,728	\$ 5,440,323
Net (expense) / revenue			
Governmental activities	\$ (7,441,869)	\$ (8,044,401)	\$ (7,949,374)
Business-type activities	(28,881)	(534,268)	(765,984)
Total primary government net expense	\$ (7,470,750)	\$ (8,578,669)	\$ (8,715,358)

Table 2

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 2,044,310	\$ 2,847,909	\$ 1,191,515	\$ 2,013,515	\$ 2,000,877	
643,104	659,781	596,948	666,736	718,851	
1,726,672	1,823,524	1,666,689	1,774,179	1,896,548	
2,245,520	2,147,185	2,994,946	2,032,597	1,785,838	
1,013,795	1,106,517	1,117,070	1,471,928	1,423,633	
2,977,818	1,966,991	554,187	2,225,190	2,540,852	
508,863	534,620	581,445	543,381	455,459	
319,041	194,075	544,350	477,741	532,525	
321,298	406,483	346,791	374,344	370,086	
<u>\$ 11,800,421</u>	<u>\$ 11,687,085</u>	<u>\$ 9,593,941</u>	<u>\$ 11,579,611</u>	<u>\$ 11,724,669</u>	
\$ 1,956,993	\$ 1,939,751	\$ 1,875,328	\$ 1,840,673	\$ 1,826,382	
1,387,292	1,440,095	1,645,137	1,454,701	1,188,907	
<u>\$ 3,344,285</u>	<u>\$ 3,379,846</u>	<u>\$ 3,520,465</u>	<u>\$ 3,295,374</u>	<u>\$ 3,015,289</u>	
<u>\$ 15,144,706</u>	<u>\$ 15,066,931</u>	<u>\$ 13,114,406</u>	<u>\$ 14,874,985</u>	<u>\$ 14,739,958</u>	
\$ -	\$ -	\$ 26,616	\$ 30,253	\$ 65,834	
87,866	76,263	644	667	341	
1,576	1,700	12,017	81,937	91,828	
615,851	675,923	557,235	634,775	605,353	
48,623	68,644	86,423	90,478	60,268	
2,419,602	2,586,567	2,897,897	3,107,371	3,274,247	
327,214	240,428	1,071,492	-	34,923	
<u>\$ 3,500,732</u>	<u>\$ 3,649,525</u>	<u>\$ 4,652,324</u>	<u>\$ 3,945,481</u>	<u>\$ 4,132,794</u>	
\$ 1,686,732	\$ 1,608,561	\$ 1,658,072	\$ 1,541,154	\$ 1,647,493	
629,808	747,703	835,938	655,199	591,335	
88,370	19,630	-	-	-	
<u>\$ 2,404,910</u>	<u>\$ 2,375,894</u>	<u>\$ 2,494,010</u>	<u>\$ 2,196,353</u>	<u>\$ 2,238,828</u>	
<u>\$ 5,905,642</u>	<u>\$ 6,025,419</u>	<u>\$ 7,146,334</u>	<u>\$ 6,141,834</u>	<u>\$ 6,371,622</u>	
\$ (8,299,689)	\$ (8,037,560)	\$ (4,941,617)	\$ (7,634,130)	\$ (7,591,875)	
(939,375)	(1,003,952)	(1,026,455)	(1,099,021)	(776,461)	
<u>\$ (9,239,064)</u>	<u>\$ (9,041,512)</u>	<u>\$ (5,968,072)</u>	<u>\$ (8,733,151)</u>	<u>\$ (8,368,336)</u>	

City of Buena Vista, Virginia

Changes in Net Assets

Last Eight Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	\$ 3,349,624	\$ 3,457,494	\$ 4,256,304
Local sales and use taxes	336,627	349,457	341,367
Consumer utility taxes	475,673	499,059	478,170
Meals taxes	135,736	139,830	139,969
Cellular phone taxes and right of ways	171,189	98,584	82,772
Business and professional licenses taxes	172,392	148,718	160,451
Franchise licenses taxes	63,606	69,332	62,330
Motor vehicle licenses taxes	105,566	106,374	136,064
E-911 taxes	59,327	71,897	95,564
Other local taxes	89,589	95,439	106,618
Permits, privilege fees, and regulatory licenses	18,803	-	-
Unrestricted grants and contributions	416,979	705,096	718,218
Unrestricted revenues from use of money and property	168,148	113,074	124,834
Miscellaneous	-	-	-
Recovered costs	118,657	68,170	85,163
Loss on disposition of assets	-	(83,254)	-
Transfers	415,645	299,658	-
Total governmental activities	\$ 6,097,561	\$ 6,138,928	\$ 6,787,824
Business-type activities:			
Unrestricted revenues from use of money and property	\$ 12,611	\$ 14,148	\$ 27,198
Miscellaneous	-	163,601	2,654
Loss on disposition of assets	-	-	-
Transfers	(415,645)	(299,658)	-
Total business-type activities	\$ (403,034)	\$ (121,909)	\$ 29,852
Total primary government	\$ 5,694,527	\$ 6,017,019	\$ 6,817,676
Change in Net Assets			
Governmental activities	\$ (1,344,308)	\$ (1,905,473)	\$ (1,161,550)
Business-type activities	(431,915)	(656,177)	(736,132)
Total primary government	\$ (1,776,223)	\$ (2,561,650)	\$ (1,897,682)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34

Table 2

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 6,102,424	\$ 5,468,056	\$ 5,003,837	\$ 4,868,906	\$ 5,223,823	
359,834	391,387	391,902	363,627	345,773	
462,224	566,100	276,078	274,681	294,001	
153,017	169,072	182,152	182,056	196,708	
77,065	55,886	361,701	328,652	330,009	
169,818	181,281	182,082	179,437	175,694	
78,560	41,681	-	-	-	
135,766	131,757	133,238	128,123	126,257	
92,702	58,332	-	-	-	
142,523	134,202	213,280	185,098	208,553	
-	-	-	-	-	
856,831	701,839	694,017	684,393	675,957	
113,964	186,796	209,473	356,190	151,987	
-	12,971	135,208	130,751	170,308	
84,926	203,641	-	-	-	
(17,330)	-	-	(7,272)	-	
(152,269)	-	(1,532,594)	(809,667)	(679,006)	
<u>\$ 8,660,055</u>	<u>\$ 8,303,001</u>	<u>\$ 6,250,374</u>	<u>\$ 6,864,975</u>	<u>\$ 7,220,064</u>	
\$ 39,020	\$ 37,181	\$ 15,278	\$ 3,146	\$ -	
240,871	168	-	-	3,608	
-	-	(14,773)	-	-	
152,269	-	1,532,594	809,667	679,006	
<u>\$ 432,160</u>	<u>\$ 37,349</u>	<u>\$ 1,533,099</u>	<u>\$ 812,813</u>	<u>\$ 682,614</u>	
<u>\$ 9,092,215</u>	<u>\$ 8,340,350</u>	<u>\$ 7,783,473</u>	<u>\$ 7,677,788</u>	<u>\$ 7,902,678</u>	
\$ 360,366	\$ 265,441	\$ 1,308,757	\$ (769,155)	\$ (371,811)	
(507,215)	(966,603)	506,644	(286,208)	(93,847)	
<u>\$ (146,849)</u>	<u>\$ (701,162)</u>	<u>\$ 1,815,401</u>	<u>\$ (1,055,363)</u>	<u>\$ (465,658)</u>	

City of Buena Vista, Virginia

Governmental Activities Tax Revenues by Source

Last Eight Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Meals Tax	Cell Phone Tax	Business License Tax	Franchise License Tax
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	-
2007	5,468,056	391,387	566,100	169,072	55,886	181,281	41,681
2006	6,102,424	359,834	462,224	153,017	77,065	169,818	78,560
2005	4,256,304	341,367	478,170	139,969	82,772	160,451	623,300
2004	3,457,494	349,457	499,059	139,830	98,584	148,718	69,332
2003	3,349,624	336,627	475,673	135,736	171,189	172,392	63,606

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34.

Table 3

Motor Vehicle License Tax	E-911 Tax	Other Local Tax	Total
\$ 126,257	\$ -	\$ 208,553	\$ 6,900,818
128,123	-	185,098	6,510,580
133,238	-	213,280	6,744,270
131,757	58,332	134,202	7,197,754
135,766	92,702	142,523	7,773,933
136,064	95,564	106,618	6,420,579
106,374	71,897	95,439	5,036,184
105,566	89,589	89,589	4,989,591

City of Buena Vista, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Unreserved	\$ 2,192,265	\$ 2,404,452	\$ 2,221,540	\$ 1,892,533
Total general fund	<u>\$ 2,192,265</u>	<u>\$ 2,404,452</u>	<u>\$ 2,221,540</u>	<u>\$ 1,892,533</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	\$ (125,543)	\$ 14,865	\$ 213,650	\$ 146,174
Capital projects funds	1,988,951	1,995,424	1,701,165	2,340,506
Debt service funds	-	-	1,054,043	-
Total all other governmental funds	<u>\$ 1,863,408</u>	<u>\$ 2,010,289</u>	<u>\$ 2,968,858</u>	<u>\$ 2,486,680</u>

Table 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 1,824,442	\$ 1,768,794	\$ 3,312,815	\$ 1,337,155	\$ 1,353,762	\$ 1,497,759
<u>\$ 1,824,442</u>	<u>\$ 1,768,794</u>	<u>\$ 3,312,815</u>	<u>\$ 1,337,155</u>	<u>\$ 1,353,762</u>	<u>\$ 1,497,759</u>
\$ 152,367	\$ 117,611	\$ (289,477)	\$ 115,176	\$ 128,822	\$ 73,167
1,918,648	1,826,421	1,456,981	1,260,164	1,073,011	664,549
-	-	-	-	-	-
<u>\$ 2,071,015</u>	<u>\$ 1,944,032</u>	<u>\$ 1,167,504</u>	<u>\$ 1,375,340</u>	<u>\$ 1,201,833</u>	<u>\$ 737,716</u>

City of Buena Vista, Virginia

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
General property taxes	\$ 3,180,886	\$ 3,241,127	\$ 3,375,457	\$ 3,470,266	\$ 4,037,659
Other local taxes	1,485,080	1,529,806	1,609,705	1,578,690	1,603,305
Permits, privilege fees and regulatory licenses	18,155	29,756	18,803	24,736	20,650
Fines and forfeitures	26,485	33,089	35,205	51,830	78,852
Revenue from use of money and property	274,354	170,473	168,148	113,074	124,834
Charges for services	614,576	596,386	533,539	650,173	730,509
Miscellaneous	139,671	134,433	118,657	68,333	85,163
Recovered costs	14,637	1,468	-	-	-
Intergovernmental:					
Local government	-	-	10,497	26,168	26,625
Commonwealth	2,508,975	2,804,700	2,895,662	3,018,564	3,041,985
Federal	210,618	655,653	224,205	224,340	151,155
Total revenues	\$ 8,473,437	\$ 9,196,891	\$ 8,989,878	\$ 9,226,174	\$ 9,900,737
Expenditures					
General government administration	\$ 749,736	\$ 813,539	\$ 802,268	\$ 890,337	\$ 924,489
Judicial administration	505,425	557,095	523,987	573,023	612,735
Public safety	1,357,827	1,540,018	1,420,923	1,572,006	1,617,431
Public works	1,521,651	1,221,051	1,588,323	1,831,342	2,174,628
Health and welfare	562,925	501,386	610,345	760,001	730,696
Education	5,733	2,174,046	2,880,355	2,556,977	2,249,647
Parks, recreation and cultural	333,032	361,180	363,050	522,720	469,725
Community development	190,873	262,711	207,410	207,997	232,135
Nondepartmental	-	-	-	6,461	23,075
Capital outlay	152,016	612,826	646,989	266,852	495,649
Debt service					
Principal	510,102	640,555	4,365,576	917,091	919,265
Interest and other fiscal charges	250,103	470,029	583,977	343,703	363,937
Total expenditures	\$ 6,139,423	\$ 9,154,436	\$ 13,993,203	\$ 10,448,510	\$ 10,813,412
Excess of revenues over (under) expenditures	\$ 2,334,014	\$ 42,455	\$ (5,003,325)	\$ (1,222,336)	\$ (912,675)
Other financing sources (uses)					
Transfers in	\$ 766,829	\$ 1,017,379	\$ 1,504,921	\$ 1,202,024	\$ 746,801
Transfers out	(2,694,713)	(700,766)	(1,089,276)	(902,366)	(746,801)
Refunding bonds issued	-	-	4,094,000	-	-
Issuance of long-term debt	-	-	-	-	-
Issuance of bond anticipation notes	-	-	-	-	-
Issuance of refunding loan payable	-	-	-	-	-
Redemption of refunded loan	-	-	-	-	-
Capital leases	-	-	-	111,493	428,919
Total other financing sources (uses)	\$ (1,927,884)	\$ 316,613	\$ 4,509,645	\$ 411,151	\$ 428,919
Net change in fund balances	\$ 406,130	\$ 359,068	\$ (493,680)	\$ (811,185)	\$ (483,756)
Debt service as a percentage of noncapital expenditures	12.70%	13.00%	37.09%	12.38%	12.44%

Table 5

Fiscal Year				
2006	2007	2008	2009	2010
\$ 4,767,410	\$ 5,468,056	\$ 5,050,037	\$ 4,982,364	\$ 5,036,684
1,671,509	1,729,698	1,740,433	1,641,674	1,676,995
19,805	49,651	82,399	42,008	42,597
73,895	65,062	67,218	68,608	73,899
113,964	186,796	209,473	356,190	151,987
652,084	707,817	682,935	727,494	707,128
84,926	203,641	135,208	130,751	170,308
-	12,971	54,075	74,215	74,733
20,308	10,033	-	-	324,093
3,364,439	3,243,926	3,438,185	3,677,754	3,443,597
218,900	274,875	1,225,221	114,010	217,437
\$ 10,987,240	\$ 11,952,526	\$ 12,685,184	\$ 11,815,068	\$ 11,919,458
\$ 1,044,406	\$ 1,982,241	\$ 1,177,680	\$ 1,073,527	\$ 985,770
660,811	654,829	659,675	656,622	703,827
1,657,427	1,780,266	1,709,107	1,914,522	1,804,153
2,148,466	2,085,456	3,237,176	1,867,050	1,672,395
1,013,795	1,106,517	1,138,437	1,491,952	1,491,844
2,279,712	1,966,991	2,532,423	2,225,190	2,350,852
505,527	533,729	585,231	537,994	455,423
319,041	194,075	489,732	491,300	519,316
27,676	-	-	-	-
255,672	138,013	2,022,976	520,898	125,654
1,007,188	1,072,553	1,081,207	1,017,383	1,037,806
330,868	420,363	359,111	374,344	413,531
\$ 11,250,589	\$ 11,935,033	\$ 14,992,755	\$ 12,170,782	\$ 11,560,571
\$ (263,349)	\$ 17,493	\$ (2,307,571)	\$ (355,714)	\$ 358,887
\$ 888,069	\$ 614,610	\$ 1,456,151	\$ 911,238	\$ 593,959
(1,040,338)	(614,610)	(2,988,745)	(1,720,905)	(1,272,965)
-	-	-	836,849	-
-	750,000	100,752	171,632	-
-	-	1,663,151	-	-
-	-	-	-	750,000
-	-	-	-	(750,000)
170,000	-	-	-	-
\$ 17,731	\$ 750,000	\$ 231,309	\$ 198,814	\$ (679,006)
\$ (245,618)	\$ 767,493	\$ (2,076,262)	\$ (156,900)	\$ (320,119)
12.17%	12.66%	12.16%	11.95%	12.69%

City of Buena Vista, Virginia

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business License Tax	Franchise License Tax	Motor Vehicle License Tax	Bank Stock Tax
2010	\$ 5,036,684	\$ 345,773	\$ 294,001	\$ 175,694	\$ -	\$ 126,257	\$ 51,602
2009	4,982,364	363,627	274,681	179,437	-	128,123	40,194
2008	5,050,037	391,902	276,078	182,082	-	133,238	47,515
2007	5,468,056	391,387	566,100	181,281	41,681	131,757	34,030
2006	4,767,410	359,834	462,224	169,818	78,560	135,766	38,717
2005	4,037,659	341,367	478,170	160,451	62,330	136,064	32,532
2004	3,470,266	349,457	499,059	148,718	69,332	106,374	29,731
2003	3,375,457	336,627	475,673	172,392	63,606	105,566	36,875
2002	3,241,127	318,102	473,019	151,461	55,462	104,404	42,853
2001	3,180,886	318,078	460,237	198,375	53,254	102,551	42,908

Table 6

Recordation and Wills Tax	Meals Tax	Other Local Tax	Total
\$ 41,553	\$ 196,708	\$ 445,407	\$ 6,713,679
36,102	182,056	437,454	6,624,038
53,119	182,152	474,347	6,790,470
63,641	169,072	92,417	7,139,422
68,056	153,017	205,517	6,438,919
40,080	139,969	212,342	5,640,964
30,270	139,830	205,919	5,048,956
30,410	135,736	252,820	4,985,162
21,376	149,970	213,159	4,770,933
19,385	150,689	139,603	4,665,966

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)
2010	\$ 395,269,480	\$ 35,257,670	\$ 11,824,822	\$ 442,351,972	\$ 476,159,281	92.90%
2009	393,844,500	40,035,676	11,349,391	445,229,567	549,666,132	81.00%
2008	363,681,730	41,593,194	12,193,672	417,468,596	592,995,165	70.40%
2007	357,475,000	49,458,248	10,351,192	417,284,440	577,156,902	72.30%
2006	290,043,800	57,045,516	11,791,726	358,881,042	467,902,271	76.70%
2005	270,017,543	42,152,162	10,406,172	322,575,877	354,478,986	91.00%
2004	252,817,505	37,910,249	12,044,574	302,772,328	384,228,843	78.80%
2003	252,135,520	39,465,608	10,943,615	302,544,743	353,853,501	85.50%
2002	206,538,080	40,190,609	10,204,490	256,933,179	272,174,978	94.40%
2001	203,517,995	39,821,499	10,752,747	254,092,241	260,874,991	97.40%

(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).

(5) Weighted average of direct rates for fiscal year 2010 is \$1.27. This is calculated by the total tax levy (Table 10) divided by the total taxable assessed value (Table 7.) See Table 8 for direct rates.

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

Fiscal Years	Direct Rates					Total (2) Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools		
2010	\$ 0.90	\$ 5.85	\$ 0.90	\$ 4.25	\$	1.27
2009	0.85	5.85	0.85	4.25		1.24
2008	0.89	5.85	0.89	4.25		1.34
2007	0.90	6.75	0.90	4.25		1.44
2006	0.90	6.75	0.90	4.25		1.40
2005	0.80	4.25	0.80	4.25		1.38
2004	0.89	4.25	0.89	4.25		1.34
2003	0.89	4.25	0.89	4.25		1.33
2002	0.95	4.25	0.95	4.25		1.47
2001	0.94	4.25	0.94	4.25		1.46

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.

(2) Weighted average of direct rates is calculated by the total tax levy (Table 10) divided by the total taxable assessed value (Table 7.) See Table 8 for direct rates. The City does not have any overlapping debt.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2010		Fiscal Year 2001	
		2010 Assessed Valuation	% of Total Assessed Valuation	2001 Assessed Valuation	% of Total Assessed Valuation
Modine	Manufacturing - heating supplies	\$ 7,768,485	1.80%	\$ 5,725,680	2.67%
Virginia Electric and Power	Utility	7,167,145	1.66%	5,613,582	2.62%
Eforay (1)	Manufacturing - HVAC	4,251,035	0.99%	-	0.00%
GPH Buena Vista LLC (2)	Nursing home	3,651,500	0.85%	3,591,020	1.68%
Everbrite	Manufacturing - signs	3,293,160	0.76%	3,345,565	1.56%
Rebkee (1)	Retail Merchants	3,165,500	0.73%	-	0.00%
Shenandoah Valley Investors (1)	Manufacturing	3,133,800	0.73%	-	0.00%
Daryl Limited Co (1)	Manufacturing	2,973,700	0.69%	-	0.00%
Buena Vista Place (1)	Apartment complex	2,874,700	0.67%	2,091,800	0.98%
Knopp Company (1)	Apartments	2,872,015	0.67%	-	0.00%
Dana Corporation	Manufacturing- Automobile Components	-	0.00%	10,092,095	4.71%
Bontex	Manufacturing- Paper Goods	-	0.00%	3,474,070	1.62%
Des Champs (3)	Research & Development	-	0.00%	2,445,290	1.14%
Central Telephone Company	Utility	-	0.00%	2,053,670	0.96%
Columbia Gas	Utility	-	0.00%	1,958,387	0.91%
		<u>\$ 41,151,040</u>	<u>9.55%</u>	<u>\$ 40,391,159</u>	<u>18.85%</u>

Source: Commissioner of Revenue

(1) Business not in operation in City in fiscal year 2001

(2) Operated under the name Beverly Enterprises in fiscal year 2001.

(3) Business not in operation in City in fiscal year 2010.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$	5,611,405	\$ 5,579,921	99.44%	\$ -	\$ 5,579,921	99.44%
2009		5,511,443	5,356,497	97.19%	138,291	5,494,788	99.70%
2008		5,609,091	5,420,981	96.65%	184,589	5,605,570	99.94%
2007		5,990,921	5,816,443	97.09%	116,533	5,932,976	99.03%
2006		5,028,745	4,882,933	97.10%	127,359	5,010,292	99.63%
2005		4,454,042	4,330,103	97.22%	42,643	4,372,746	98.17%
2004		4,049,434	3,835,983	94.73%	191,810	4,027,793	99.47%
2003		4,009,547	3,827,583	95.46%	167,863	3,995,446	99.65%
2002		3,767,047	3,604,907	95.70%	151,931	3,756,838	99.73%
2001		3,700,744	3,320,714	89.73%	373,932	3,694,646	99.84%

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
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
2007	2,196,728	5,625,000	1,497,244	750,000	525,673	14,076,078	146,257
2006	2,510,546	6,000,000	1,627,806	-	780,225	14,233,925	209,861
2005	2,824,364	6,375,000	1,753,119	-	803,283	14,261,015	271,119
2004	3,138,182	6,750,000	1,873,426	-	484,503	10,883,105	175,000
2003	3,452,000	7,125,000	1,988,957	-	474,000	10,907,937	-
2002	3,529,806	7,500,000	1,915,132	-	366,595	3,830,513	36,032
2001	3,695,000	-	38,888	-	-	3,853,088	-

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

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	23,743,371	13.78%	\$ 3,740
	24,988,928	14.50%	3,936
	25,254,225	14.66%	3,948
	24,816,980	14.40%	3,879
	25,362,363	17.08%	3,995
	26,287,900	17.71%	4,140
	23,304,216	15.70%	3,671
	23,947,894	16.50%	3,772
	17,178,078	12.38%	2,706
	7,586,976	6.07%	1,195

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
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
2007	7,821,728	-	7,821,728	1.87%	1,223
2006	8,510,546	-	8,510,546	2.37%	1,340
2005	9,199,364	-	9,199,364	2.85%	1,449
2004	9,888,182	-	9,888,182	3.27%	1,557
2003	10,577,000	-	10,577,000	3.50%	1,666
2002	11,029,806	-	11,029,806	4.29%	1,737
2001	3,695,000	-	3,695,000	1.45%	582

(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.

City of Buena Vista, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 25,409,224	\$ 25,693,318	\$ 30,254,474	\$ 30,277,233	\$ 32,257,588
Total net debt applicable to limit	7,586,976	17,178,078	23,947,894	23,304,216	26,287,900
Legal debt margin	\$ 17,822,248	\$ 8,515,240	\$ 6,306,580	\$ 6,973,017	\$ 5,969,688
Total net debt applicable to the limit as a percentage of debt limit	29.86%	66.86%	79.15%	76.97%	81.49%

Table 13

Fiscal Year				
2006	2007	2008	2009	2010
\$ 35,888,104	\$ 41,728,444	\$ 42,445,330	\$ 45,221,427	\$ 44,235,197
25,362,363	24,816,980	25,254,225	24,988,928	24,988,928
\$ <u>10,525,741</u>	\$ <u>16,911,464</u>	\$ <u>17,191,105</u>	\$ <u>20,232,499</u>	\$ <u>19,246,269</u>
70.67%	59.47%	59.50%	55.26%	56.49%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue Bonds											
Fiscal Year	Water/Sewer		Less:		Net		Coverage				
	Charges and Other		Operating Expenses		Available Revenue	Debt Service					
						Principal Interest					
2010	\$	1,651,101	\$	1,641,152	\$	9,949	\$	74,269	\$	164,611	4.16%
2009		1,541,154		1,682,258		(141,104)		70,338		167,591	-59.31%
2008		1,658,072		1,705,050		(46,978)		66,478		170,278	-19.84%
2007		1,608,729		1,760,267		(151,538)		51,648		179,484	-65.56%
2006		1,690,353		1,777,900		(87,547)		27,090		179,093	-42.46%
2005		1,641,310		1,468,690		172,620		27,090		165,641	89.57%
2004		1,592,355		1,394,118		198,237		24,833		91,413	170.53%
2003		1,389,825		1,336,795		53,030		22,575		88,879	47.58%
2002		1,471,836		1,268,434		203,402		22,575		38,655	332.19%
2001		1,221,138		1,109,639		111,499		22,575		42,200	172.13%

- (1) Golf course was a new operation for the city beginning in fiscal year 2003.
 (2) The golf course was under construction and not in full operation until fiscal year 2005. Limited operations began in fiscal year 2004.
 (3) All interest for the golf course debt was capitalized until construction was completed during fiscal year 2005.

Table 14

Golf Course Revenue Bonds (1,2)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 591,335	\$ 660,129	\$ (68,794)	\$ 121,983	\$ 524,134	-10.65%	
655,199	903,238	(248,039)	117,393	528,724	-38.39%	
835,938	1,088,193	(252,255)	178,973	556,944	-34.28%	
747,703	936,520	(188,817)	169,803	503,575	-28.04%	
867,058	932,558	(65,500)	-	454,734	-14.40%	
462,319	868,797	(406,478)	-	363,831	-111.72%	
1,585	479,076	(477,491)	-	257,560	-185.39%	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemploy- ment Rate</u>
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%
2007	6,397	172,309,592	26,936	39.3	1,133	3.40%
2006	6,349	148,458,997	23,383	36.5	1,128	3.00%
2005	6,349	148,458,997	23,383	36.5	1,122	3.00%
2004	6,349	148,458,997	23,383	36.5	1,081	3.90%
2003	6,349	145,157,187	22,863	36.5	948	4.20%
2002	6,349	138,789,140	21,860	36.5	1,099	2.70%
2001	6,349	125,081,649	19,701	36.5	1,113	1.70%

Source: Weldon Cooper Center, Annual school report - prepared by the county, www.fedstats.gov

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2010			Fiscal Year 2001 (1)		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Southern Virginia University	253	1	6.04%			0.00%
Modine Manufacturing	203	2	4.85%			0.00%
Buena Vista City Schools	198	3	4.73%			0.00%
Munters	175	4	4.18%			0.00%
Sayres	111	5	2.65%			0.00%
Everbrite	94	6	2.24%			0.00%
GGNSC - Shenandoah Valley Health	80	7	1.91%			0.00%
City of Buena Vista, VA	78	8	1.86%			0.00%
Mundet	46	9	1.10%			0.00%
ADS	38	10	0.91%			0.00%
Totals	1,276		30.47%	0		0.00%

Source: Individual city departments

(1) Data not available.

City of Buena Vista, Virginia

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

Function	Fiscal Year				
	2001	2002	2003	2004	2005
General government	14	14	14	14	15
Judicial administration	13	13	13	8	8
Public safety					
Police department	15	15	15	15	16
Building inspections	1	1	1	1	1
Animal control	1	1	1	1	1
Public works					
General maintenance	40	40	40	40	42
Culture and recreation					
Parks and recreation	2	2	2	6	10
Community development					
Planning	1	1	1	2	2
Totals	87	87	87	87	95

Source: Individual city departments

Table 17

Fiscal Year				
2006	2007	2008	2009	2010
15	13	13	13	12
8	8	8	8	8
17	13	13	13	12
1	1	1	1	1
1	1	1	1	1
42	42	42	42	38
11	11	11	5	3
		1	1	2
2	2	2	1	1
97	91	92	85	78

City of Buena Vista, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2001	2002	2003	2004	2005
Public safety					
Sheriffs department:					
Civil papers	2,465	2,345	4,107	2,347	2,300
Building inspections:					
Permits issued	146	152	128	142	113
Landfill:					
Recycling (tons/day)	-	-	8,861	8,905	16,337
Community development					
Planning:					
Zoning permits issued	38	31	42	40	60
Component Unit - School Board					
Education:					
School age population	1,113	1,099	948	1081	1,122
Number of teachers	91.50	95.80	93.21	93.28	94.65
Local expenditures per pupil	\$ 1,743	\$ 2,508	\$ 3,089	\$ 2,844	\$ 2,313

Source: Individual county departments

Table 18

Fiscal Year				
2006	2007	2008	2009	2010
3,214	3,400	3,970	3,569	4,171
106	128	91	84	73
8,992	8,992	9,101	8,585	9,751
52	54	41	35	48
1,128	1,219	1,136	1,211	1,101
97.07	99.00	102.00	111.00	108.00
\$ 2,450	\$ 1,878	\$ 2,219	\$ 2,051	\$ 2,347

City of Buena Vista, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year					
	2001	2002	2003	2004	2005	2006
General government						
Administration buildings	14	15	15	18	18	18
Vehicles	2	2	1	1	1	1
Public safety						
Police department:						
Patrol units	11	11	13	13	13	19
Building inspections:						
Vehicles	1	1	1	1	1	1
Animal control:						
Vehicles	1	1	1	1	1	1
Public works						
General maintenance:						
Trucks/vehicles	19	19	27	25	29	29
Culture and recreation						
Parks and recreation:						
Community centers	1	1	1	1	1	1
Vehicles	4	3	3	3	3	2
Parks acreage	415	415	415	615	615	615
Swimming pools	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1
Community development						
Planning:						
Vehicles	1	1	1	1	1	1
Component Unit - School Board						
Education:						
Schools	4	4	4	4	4	4
School buses	10	10	13	13	13	13

Source: Individual county departments

Table 19

2007	2008	2009	2010
18	18	18	18
1	1	1	1
19	19	19	19
1	1	1	1
1	1	1	1
30	31	29	28
1	1	1	1
2	2	2	2
615	615	615	615
1	1	1	1
1	1	1	1
1	1	1	1
4	4	4	4
13	13	13	13

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buena Vista, Virginia as of and for the year ended June 30, 2010, which collectively comprise the City of Buena Vista, Virginia's basic financial statements and have issued our report thereon dated January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Buena Vista, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Buena Vista, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Buena Vista, Virginia's internal control over financial reporting.

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 financial statements of the City of Buena Vista, Virginia will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Reference Findings 2010-1 and 2010-2). 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Buena Vista, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Buena Vista, Virginia in a separate letter dated January 14, 2011.

The City of Buena Vista, Virginia's response to the findings, identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Buena Vista, Virginia's response, and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of members of the Council, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Verona, Virginia
January 14, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 INDEPENDENT AUDITORS' REPORT

CITY COUNCIL
CITY OF BUENA VISTA, VIRGINIA

Compliance

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2010. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Buena Vista, Virginia's management. Our responsibility is to express an opinion on the City of Buena Vista, Virginia's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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. Our audit does not provide a legal determination on the City of Buena Vista, Virginia's compliance with those requirements.

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of City of Buena Vista, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Buena Vista, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, other within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, & Associates

Verona, Virginia
January 14, 2011

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 7,462
Temporary Assistance for Needy Families (TANF)	93.558		3,080
Child Care and Development Block Grant	93.575		29,421
ARRA Child Care and Development Block Grant	93.713		10,392
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		12,448
Chafee Education and Training Vouchers Program	93.599		927
Foster Care - Title IV-E	93.658		29,985
ARRA Foster Care - Title IV-E	93.658		3,718
Adoption Assistance	93.659		9,505
ARRA Adoption Assistance	93.659		1,179
Social Services Block Grant	93.667	86667	<u>7,536</u>
Total Department of Health and Human Services			\$ <u>115,653</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Community Development Block Grant	14.228		\$ <u>30,000</u>
Total Department of Housing and Urban Development			\$ <u>30,000</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Resource Conservation and Development	10.901		\$ 34,923
Food Distribution	10.555	40623	25,930
Department of Education:			
National school breakfast program	10.553	40591	36,685
National school lunch program	10.555	40623	168,115
Department of Social Services:			
State Admin Matching Grants for Food Stamp Program	10.561		<u>185</u>
Total Department of Agriculture - pass-through payments			\$ <u>265,838</u>
Total Department of Agriculture			\$ <u>265,838</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Recovery Act Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SU-B9-0033	\$ <u>5,747</u>
Total Department of Justice			\$ <u>5,747</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety Program	20.600		\$ <u>12,679</u>
Total Department of Transportation			\$ <u>12,679</u>

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant	97.064		\$ 18,250
Total Department of Homeland Security			\$ 18,250
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to local educational agencies	84.010	42,901	\$ 89,575
ARRA Title I: Grants to local educational agencies	84.389	42913	30,810
Title VI-B: Special education	84.027	43071	164,086
Title VI-B: Special education preschool incentive grant	84.173		10,663
ARRA Title VI-B: Special education grants to states	84.391	61245	153,733
Career and technical education: basic grants to states	84.048	61095	16,084
Drug free schools and communities	84.186		3,547
Education technology state grants	84.318	61600	6,001
ARRA State fiscal stabilization funds-education State grants	84.394		521,433
Title II: Part A, improving teacher quality	84.367	61480	52,352
Total Department of Education			\$ 1,048,284
Total Federal Assistance			\$ 1,496,451

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the City of Buena Vista, Virginia and is presented on the accrual basis of accounting, as described in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

Passthrough identifying numbers are presented where available.

NOTE B - FOOD DISTRIBUTION

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

NOTE C - 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	\$ 217,437
Total primary government	\$ 217,437
Discretely presented component unit - School Board:	
School operating fund	\$ 1,048,285
School cafeteria fund	230,729
Total discretely presented component unit - School Board	\$ 1,279,014
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 1,496,451

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no

- Significant deficiencies identified? x yes no

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? yes x no

- Significant deficiencies identified? yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA-State Fiscal Stabilization Fund-Education State Grants

Title I Cluster

84.010	Title I-Grants to Local Educational Agencies
84.389	ARRA-Title I-Grants to Local Educational Agencies

Special Education Cluster

84.027	Title VI-B: Special Education State Grants
84.391	ARRA-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: \$300,000

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

2010-1

Condition: The City's financial accounting software failed in January 2010 which resulted in the inability of the finance department to generate accurate financial reports. The City Manager and City Council were not able to perform appropriate monitoring of the financial data throughout the fiscal year.

Cause: During fiscal year 2010 the City utilized a custom in-house developed software to maintain it's accounting records. The accounting program was created and maintained by the City's technology consultant. The technology consultant left his position early in fiscal year 2010 and the City was unable to maintain the accounting software in his absence.

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010 (continued)

Section II-Financial Statement Findings (Continued)

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. With insufficient monitoring of the City's financial records, there is not reasonable assurance that the system will prevent, detect, and correct potential misstatements in the financial statements.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal controls over financial reporting.

Recommendation: It is recommended that the City repair or replace the current financial accounting software with a more reliable program. Once the data has been restored the financial data should be reviewed in detail by the City Manager and/or City Council to ensure accuracy of the financial reporting.

Management's Response: Management has hired a new technology consultant and has implemented new financial software. The City hired an accounting consultant to aid in the reconciliation of financial data. The monitoring function has been restored and the Finance Director has completed a month-by-month review of the fiscal year 2010 financial statements.

2010-2

Condition: The City's bank reconciliations were not performed in a timely fashion. The City's bank reconciliations for the entire fiscal year were not completed until after June 30, 2010.

Cause: Due to the financial accounting software failure, accurate month end reports could not be generated resulting in a lack of information necessary to complete the bank reconciliations. There was also a lack of communication noted between the City Treasurer and the Finance office.

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. With insufficient monitoring of the City's financial records, there is not reasonable assurance that the system will prevent, detect, and correct potential misstatements in the financial statements. Additionally, to safeguard the assets of the City, bank reconciliations must be prepared in a timely manner.

Effect: Numerous material journal entries were necessary subsequent to year end to correct errors that would have been corrected in a timely fashion if the bank reconciliations had been performed monthly. Most of these entries were completed prior to the final audit. Additionally, the June 30, 2010 cash balance could not be reconciled to the bank balance which resulted in an immaterial audit adjustment.

Recommendation: It is recommended and imperative that the City's cash accounts per the financial accounting system are reconciled with the bank statements monthly.

Management's Response: Management is confident they will be able to complete the bank reconciliations monthly.

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010 (continued)

Section III-Federal Award Findings and Questioned Costs

None

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

There were no prior audit findings related to federal awards.

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