

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014



CITY OF BUENA VISTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2014**

Prepared by

Timothy Dudley, Director of Finance

Buena Vista, Virginia

CITY OF BUENA VISTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF BUENA VISTA

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



December 15, 2014

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, 2014.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Buena Vista's financial statements for the year ended June 30, 2014. 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 3,443 with 3,212 employed for an unemployment rate of 6.4 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 900 students next year. SVU is investing approximately \$53 million building new dormitories, classroom space, athletic facilities 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 unassigned fund balance in the general fund is 23.3 percent of budgeted general fund revenues. For planning purposes, this meets the City plan of 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 a continuing 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. 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, auxiliary wells were refurbished and brought on line. The cost of the new project to bring the well back on line will be approximately \$4,765,000 million dollars funded primarily from selling bonds that was completed and closed in July 2011. The well is scheduled to be placed back on line in the spring of 2015.

The City's ancient sewer collection system is constantly 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 28 years old in the year 2014. 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.

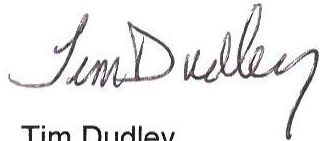
Awards and Acknowledgments

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, 2013. 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 cursive script that reads "Tim Dudley". The signature is written in dark ink and is positioned above the printed name and title.

Tim Dudley
Finance Director



Government Finance Officers Association

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

Presented to

**City of Buena Vista
Virginia**

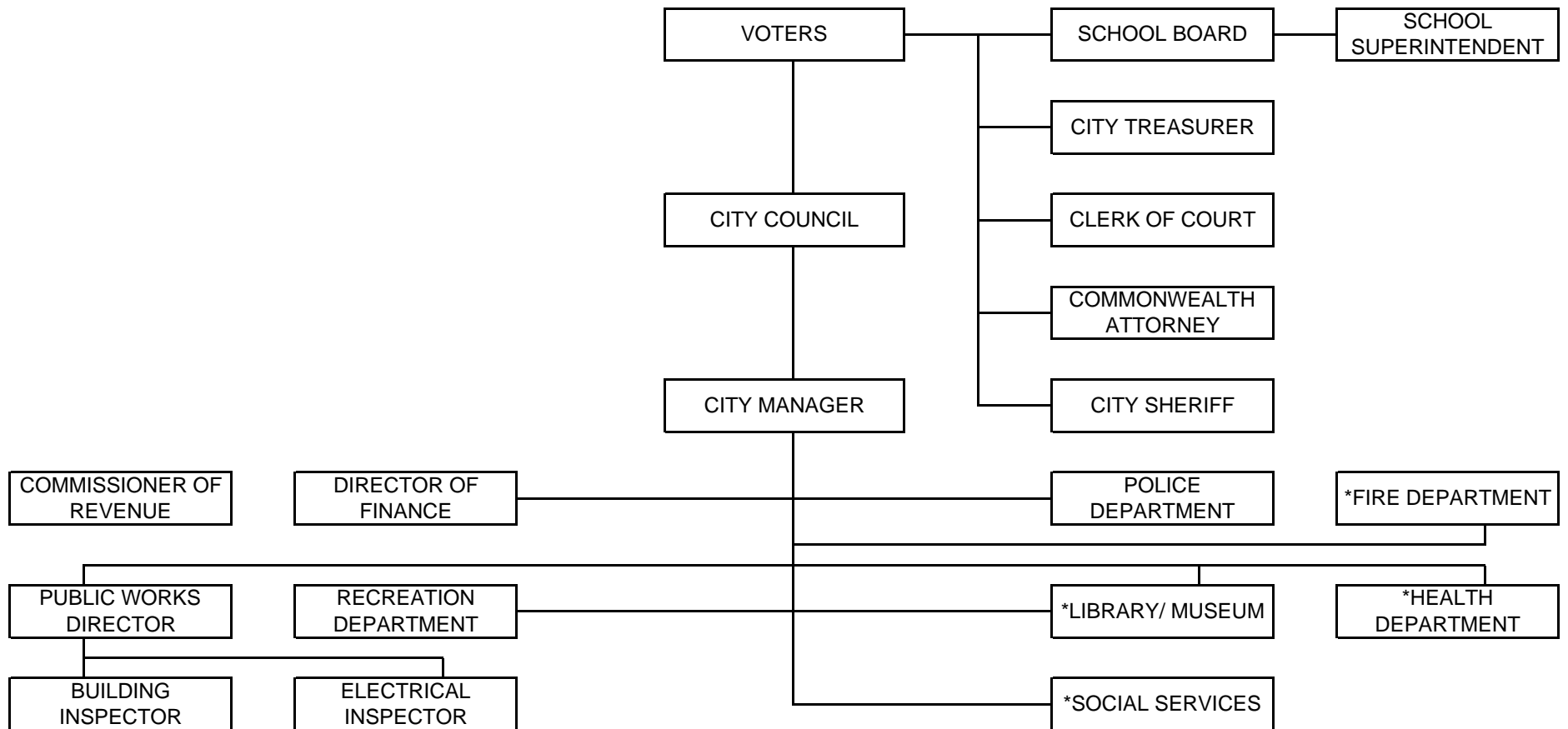
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

**CITY OF BUENA VISTA
ORGANIZATION CHART**



*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

CITY OF BUENA VISTA, VIRGINIA

**DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2014**

CITY COUNCIL

Lewis Plogger	Frankie Hogan	Lisa Clark
Larry Tolley		Steve Baldridge
Jane Armstrong		Melvin Henson

CITY OFFICIALS

Frankie Hogan	Mayor
Larry Tolley.	Vice-Mayor
Jay Scudder	City Manager
MarVita F. Flint	Commissioner of Revenue
Timothy Dudley	Director of Finance
Yolanda C. Boatwright	City Treasurer
Garth Wheeler	Interim Chief of Police
Chris Coleman	Clerk of Court
Randy Hamilton	Sheriff
Chris Russell	Commonwealth's Attorney
Brian Kearney	City Attorney

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 11-19, and 78-80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buena Vista, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Buena Vista, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal that can be found on pages 1-4 of this report.

Financial Highlights

The net position of the City of Buena Vista's, Primary Government at the close of the current fiscal year was \$12,565,287 (net position). Of this amount, \$3,530,092 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased \$1,561,503 from the prior fiscal year largely due to the increase in collection of delinquent taxes, charges for services, capital grants and contributions and local tax collections.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,977,897, an increase of \$664,590 in comparison with the prior year. Of this amount, \$2,216,605 is unassigned and available for spending at the government's discretion (unassigned fund balance). The difference is mainly an increase in collection of delinquent property taxes, charges for services and local taxes collected in the General Fund.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,297,349, or 22.3 percent of total General Fund expenditures.

The City of Buena Vista's long-term debt decreased \$1,176,813, or 4.6 percent due to the Long-term debt retirements included \$313,818 for the floodwall, \$152,000 for the education revenue bond for the athletic complex at Parry McCluer High School. 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 \$33,000. The City also paid \$58,546 for a lease purchase on 6 public safety vehicles. The total long-term debt for the City stands at \$24,393,816. Of this amount, there is a charge of \$393,000 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is a decrease of \$41,597 for employee compensated absences. The amount of debt service due within one year decreased \$306,184.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

The FY 2014 General Fund Budget required a \$93,315 or 0.08% increase over FY 2013 expenditures. The schools budget increased \$100,000 and there was level funding for many of our departmental service operations. Some areas of the budget include both increases and reductions as a result of accurate budgeting adjustments that reflect the true cost of the activity or commodity.

There were some increases in the budget this year that were not in our control. These were primarily mandated Virginia Retirement System costs, insurances increases, Rockbridge Regional Jail per diem increases and Regional 911 communications costs. Our current level of services was maintained without a budget increase in the Real Estate Property Rate. The rate remained at \$1.07 cents per \$100 assessed value.

It included additional revenue enhancement measures such as increased commercial waste collection fees and Glen Maury Park fees. These alternative taxing areas reduce the pressure on increasing the real property rate and capture a broader population of tax payers.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, assets exceeded liabilities by \$12,565,287 at the close of fiscal year 2014 for the primary government and \$2,349,606 for the Component Unit School Board.

The City of Buena Vista's governmental activities net position of \$11,526,370 reflects its investment in capital assets of 76 percent (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Buena Vista uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City of Buena Vista's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net position of the governmental activities increased \$959,588 during FY 2014. Key components of this change are discussed on page 16 in the MD&A.

The following is a condensed summary of the City's statement of net position for the fiscal years ending June 30, 2014 and June 30, 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,404,959	\$ 4,495,500	\$ 3,600,049	\$ 4,800,251	\$ 9,005,008	\$ 9,295,751
Capital Assets	15,412,864	16,113,694	14,900,730	13,178,680	30,313,594	29,292,374
Total Assets	<u>\$ 20,817,823</u>	<u>\$ 20,609,194</u>	<u>\$ 18,500,779</u>	<u>\$ 17,978,931</u>	<u>\$ 39,318,602</u>	<u>\$ 38,588,125</u>
Long-term Liabilities	\$ 7,318,319	\$ 8,436,221	\$ 17,075,497	\$ 17,134,409	\$ 24,393,816	\$ 25,570,630
Other liabilities	1,258,467	873,348	386,365	407,520	1,644,832	1,280,868
Total Liabilities	<u>\$ 8,576,786</u>	<u>\$ 9,309,569</u>	<u>\$ 17,461,862</u>	<u>\$ 17,541,929</u>	<u>\$ 26,038,648</u>	<u>\$ 26,851,498</u>
Deferred inflows of resources	\$ 714,667	\$ 732,843	\$ -	\$ -	\$ 714,667	\$ 732,843
Net Position:						
Net investment in capital assets	\$ 8,787,455	\$ 8,383,865	\$ (805,396)	\$ (1,603,483)	\$ 7,982,059	\$ 6,780,382
Restricted	203,321	191,002	849,815	814,994	1,053,136	1,005,996
Unrestricted (deficit)	2,535,594	1,991,915	994,498	1,225,491	3,530,092	3,217,406
Total Net Position	<u>\$ 11,526,370</u>	<u>\$ 10,566,782</u>	<u>\$ 1,038,917</u>	<u>\$ 437,002</u>	<u>\$ 12,565,287</u>	<u>\$ 11,003,784</u>

Governmental Activities. Net position of governmental activities increased for the City of Buena Vista by \$959,588 for FY 2014, while net position of business-type activities increased by \$601,915 or 137% for the fiscal year. Key components of the change are discussed on page 16 of the MD&A.

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**CITY OF BUENA VISTA'S CHANGE IN NET POSITION
YEARS ENDING JUNE 30, 2014 AND JUNE 30, 2013**

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 931,467	\$ 804,399	\$ 2,504,062	\$ 2,478,282	\$ 3,435,529	\$ 3,282,681
Operating grants	3,287,030	2,952,688	-	-	3,287,030	2,952,688
Capital grants	-	-	813,106	190,455	813,106	190,455
General Revenues:						
Property taxes	5,655,373	5,777,309	-	-	5,655,373	5,777,309
Other taxes	1,466,253	1,485,511	-	-	1,466,253	1,485,511
Grants and contributions not restricted to specific programs	994,313	1,007,441	-	-	994,313	1,007,441
Use of money and property	168,566	136,639	-	-	168,566	136,639
Miscellaneous	180,254	186,182	888	8,653	181,142	194,835
Total Revenue	<u>\$ 12,683,256</u>	<u>\$ 12,350,169</u>	<u>\$ 3,318,056</u>	<u>\$ 2,677,390</u>	<u>\$ 16,001,312</u>	<u>\$ 15,027,559</u>
Expenses:						
General Government						
admin	\$ 1,352,667	\$ 1,434,120	\$ -	\$ -	\$ 1,352,667	\$ 1,434,120
Judicial Admin	744,136	781,762	-	-	744,136	781,762
Public Safety	2,421,580	2,094,716	-	-	2,421,580	2,094,716
Public works	1,543,028	1,528,167	-	-	1,543,028	1,528,167
Health and Welfare	1,430,280	1,262,700	-	-	1,430,280	1,262,700
Education	2,507,520	2,678,335	-	-	2,507,520	2,678,335
Parks, Recreation, Culture	512,800	502,721	-	-	512,800	502,721
Community Development	476,304	380,195	-	-	476,304	380,195
Interest on long-term debt	244,753	328,515	-	-	244,753	328,515
Water and Sewer	-	-	2,164,971	2,147,225	2,164,971	2,147,225
Golf Course	-	-	1,041,770	1,060,556	1,041,770	1,060,556
Total Expenses	<u>\$ 11,233,068</u>	<u>\$ 10,991,231</u>	<u>\$ 3,206,741</u>	<u>\$ 3,207,781</u>	<u>\$ 14,439,809</u>	<u>\$ 14,199,012</u>
Increase (decrease) in net position before transfers	\$ 1,450,188	\$ 1,358,938	\$ 111,315	\$ (530,391)	\$ 1,561,503	\$ 828,547
Transfers	(490,600)	(327,890)	490,600	327,890	-	-
Increase (decrease) in net position	\$ 959,588	\$ 1,031,048	\$ 601,915	\$ (202,501)	\$ 1,561,503	\$ 828,547
Net position, begininng	10,566,782	9,535,734	437,002	639,503	11,003,784	10,175,237
Net position, ending	<u>\$ 11,526,370</u>	<u>\$ 10,566,782</u>	<u>\$ 1,038,917</u>	<u>\$ 437,002</u>	<u>\$ 12,565,287</u>	<u>\$ 11,003,784</u>

Governmental Activities

Key factors contributing to the increase of \$959,588 in net position for governmental activities were:

- The City had an increase in its delinquent real estate tax collections and local tax collections that increased the cash, fund balance and revenues for the year. Accounts receivable and charges for services also increased for the fiscal year.
- Total liabilities decreased \$979,932 or 10.5% for FY 2014. The long-term liabilities due within one year decreased \$326,964 and due more than one year decreased \$790,938. This decrease is due to the City's increased emphasis on reducing its debt position.
- Net investment in capital assets also increased \$403,590 for the fiscal year due to construction and the purchase of capital assets.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$490,600. This is higher than the \$328,281 that was transferred in FY2013. Prior to this transfer, net position of business-type activities decreased by \$594,905. The golf course required a transfer of \$490,600. Both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) combined, experienced an increase in net position of \$601,915, mainly due to the increase in construction in progress of the Dickinson Well project. Additional information follows concerning the City's Business-type Activities:

- Since the inception of the golf course in 2004, it has had an operating loss of \$2,795,065. The golf course was originally planned to bring development to the community of Buena Vista. It was hoped that both single family dwellings and commercial development would offset some of the cost of the course through a higher tax base and user fees. The recent economical climate in both the national and regional economies has had a detrimental effect on both the rounds of golf being played and the development of the area. The golf course revenues are not able to support both the operational expenditures and the interest and fiscal charges. The General Fund has subsidized the golf course with transfers totaling \$4,980,681 leaving the golf course with a (\$2,795,065) ending balance of assets. For the fiscal budget 2014, the City council did appropriate funds for the debt service. The council met with ACA Financial Guaranty Corp. and reached an acceptable compromise to restructuring the debt. The City funded \$329,611 in the FY2014 budget to accommodate this restructuring.
- The Water/Sewer Fund posted an increase in net position of \$706,220 for the fiscal year. Most of this increase is due to an increase in construction in progress of the Dickinson Well project.

Financial Analysis of the Government's Funds

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

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

As of the end of FY 2014, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,977,897, an increase of \$664,590 in comparison with the prior year. The main reasons for the increase are the additional actual delinquent property taxes and local taxes collected over the budgeted amounts for FY 2014. Approximately 74.4 percent or \$2,216,605 constitutes unassigned fund balance that is available for spending at the government's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been assigned toward such items as 1) for subsequent expenditure in the School Construction Fund 2) for subsequent expenditure in capital projects and special revenue funds totaling 3) for debt service and prepaid expense in the general fund.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2014, unassigned fund balance of the general fund was \$2,297,349. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to the general fund total expenditures. Unassigned fund balance represents 22.3 percent of total general fund expenditures.

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

- The Water and Sewer fund had a gain of \$706,220. As discussed earlier, the gain is due to an increase in the construction in progress of the Dickinson Well Project. The cash position of the Water and Sewer fund had a decrease of \$155,339. The fund began the year with \$1,298,538 unreserved cash. The fund ended the year with \$1,143,199 in unrestricted cash. The City increased water rates \$2.55 in FY 2012 to cover debt service on the new bond financing and anticipates that water and sewer rates will cover depreciation and other operational expenses for the foreseeable future. For grant purposes, the City keeps the water rate at a level that will not impact households and therefore disqualify the City from grant revenue.
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (\$2,795,065), at June 30, 2014.

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 \$126,093 for the year. The interest and fiscal charges were \$319,537 and Capital items on the Flood Wall were \$15,460. As a result of these expenditures, the fund balance decreased \$208,904 in FY 14. The School Construction Fund balance decreased \$22,256 for FY 2014. The main reason for the decrease was debt service charges increased \$17,069.

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, 2014, amounts to \$30,313,594 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure. The total increase in the City of Buena Vista's capital assets for FY 2014 was \$1,021,220 or 3.5 percent. The main reason was the increase in the construction in progress of the Dickinson Well project that offset the depreciation costs.

The City completed a variety of public works projects to include, pavement of City streets, curb and guttering, and water and sewer line replacement. The following is a summary of the City's capital assets. Further information on the City's capital assets can be found at (Note 15-Capital Assets) to the financial statements.

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION JUNE 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,108,097	\$ 2,108,097	\$ 1,364,900	\$ 1,364,900	\$ 3,472,997	\$ 3,472,997
Construction in Progress	303,809	295,895	2,553,731	420,603	2,857,540	716,498
Buildings and Improvements	10,081,557	10,385,202	463,495	476,242	10,545,052	10,861,444
Infrastructure	2,483,091	2,755,175	10,482,734	10,869,019	12,965,825	13,624,194
Machinery and Equipment	436,310	569,325	35,870	47,916	472,180	617,241
Total	\$ 15,412,864	\$ 16,113,694	\$ 14,900,730	\$ 13,178,680	\$ 30,313,594	\$ 29,292,374

Long – term debt. At the end of FY 2014, the City of Buena Vista primary government had total long-term debt outstanding of \$24,393,816. This represents a 4.6 percent decrease or \$1,176,813 from the last fiscal year. Further information on the City's long-term debt can be found at (Note 9-Long-term Liabilities) to the financial statements.

CITY OF BUENA VISTA'S LONG-TERM DEBT JUNE 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 486,792	\$ 823,774	\$ -	\$ -	\$ 486,792	\$ 823,774
Lease-Revenue Bonds	-	-	11,444,506	11,690,196	11,444,506	11,690,196
Revenue Bonds	444,864	602,188	4,508,500	4,663,500	4,953,364	5,265,688
Literary Loans	3,000,000	3,375,000	-	-	3,000,000	3,375,000
Capital Leases	156,279	259,536	-	-	156,279	259,536
Loan Payable	2,760,658	2,892,176	983,874	655,318	3,744,532	3,547,494
OPEB	310,700	278,012	82,300	73,989	393,000	352,001
Compensated absences	159,026	205,534	56,317	51,406	215,343	256,940
Total	\$ 7,318,319	\$ 8,436,220	\$ 17,075,497	\$ 17,134,409	\$ 24,393,816	\$ 25,570,629

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 \$36,996,510.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2015.

- 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 increased from \$1.07 to \$1.10 per \$100 of assessed valuation. The City's personal property tax rate is \$5.85 per \$100 of assessed valuation.
- The City did not make any adjustments to the operation portion of the water rate or the sewer rate. The water rate is \$7.43 per 1000 gallons used and the sewer rate is \$7.39 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 2,792,634	\$ 1,149,137	\$ 3,941,771	\$ 314,936
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,158,424	-	1,158,424	-
Accounts receivable	191,632	411,474	603,106	6,966
Due from primary government	-	-	-	686,594
Due from other governmental units	860,791	-	860,791	209,516
Internal balances	41,131	(41,131)	-	-
Inventories	-	-	-	11,553
Prepaid items	27,643	-	27,643	-
Restricted assets:				
Cash and cash equivalents	332,704	2,037,909	2,370,613	-
Cash and cash equivalents (in custody of others)	-	42,660	42,660	-
Capital assets (net of accumulated depreciation):				
Land	2,108,097	1,364,900	3,472,997	4,634
Buildings and improvements	10,081,557	463,495	10,545,052	2,575,887
Machinery and equipment	436,310	35,870	472,180	5,452
Infrastructure	2,483,091	10,482,734	12,965,825	-
Construction in progress	303,809	2,553,731	2,857,540	-
Total assets	<u>\$ 20,817,823</u>	<u>\$ 18,500,779</u>	<u>\$ 39,318,602</u>	<u>\$ 3,815,538</u>
LIABILITIES				
Accounts payable	\$ 139,690	\$ 66,838	\$ 206,528	\$ 135,316
Accrued liabilities	152,232	33,703	185,935	762,604
Accrued interest payable	50,362	216,963	267,325	-
Due to other governmental units	229,589	-	229,589	-
Due to component unit	686,594	-	686,594	-
Deposits held in escrow	-	68,861	68,861	-
Long-term liabilities:				
Due within one year	834,291	459,977	1,294,268	170,259
Due in more than one year	6,484,028	16,615,520	23,099,548	397,753
Total liabilities	<u>\$ 8,576,786</u>	<u>\$ 17,461,862</u>	<u>\$ 26,038,648</u>	<u>\$ 1,465,932</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 714,667	\$ -	\$ 714,667	\$ -
NET POSITION				
Net investment in capital assets	\$ 8,787,455	\$ (805,396)	\$ 7,982,059	\$ 2,585,973
Restricted:				
Community development block grant	93,801	-	93,801	-
Debt service and bond covenants	109,520	849,815	959,335	-
Unrestricted (deficit)	2,535,594	994,498	3,530,092	(236,367)
Total net position	<u>\$ 11,526,370</u>	<u>\$ 1,038,917</u>	<u>\$ 12,565,287</u>	<u>\$ 2,349,606</u>

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

City of Buena Vista, Virginia

Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,352,667	\$ 3,129	\$ 147,333	\$ -
Judicial administration	744,136	1,413	297,547	-
Public safety	2,421,580	101,687	400,949	-
Public works	1,543,028	732,987	1,134,943	-
Health and welfare	1,430,280	-	867,290	-
Education	2,507,520	-	428,019	-
Parks, recreation, and cultural	512,800	92,251	-	-
Community development	476,304	-	10,949	-
Interest on long-term debt	244,753	-	-	-
Total governmental activities	<u>\$ 11,233,068</u>	<u>\$ 931,467</u>	<u>\$ 3,287,030</u>	<u>\$ -</u>
Business-type activities:				
Water and Sewer	\$ 2,164,971	\$ 2,064,255	\$ -	\$ 806,936
Golf Course	1,041,770	439,807	-	6,170
Total business-type activities	<u>\$ 3,206,741</u>	<u>\$ 2,504,062</u>	<u>\$ -</u>	<u>\$ 813,106</u>
Total primary government	<u>\$ 14,439,809</u>	<u>\$ 3,435,529</u>	<u>\$ 3,287,030</u>	<u>\$ 813,106</u>
COMPONENT UNIT:				
School Board	\$ 10,727,398	\$ 156,347	\$ 7,974,410	\$ -
Total component unit	<u>\$ 10,727,398</u>	<u>\$ 156,347</u>	<u>\$ 7,974,410</u>	<u>\$ -</u>

General revenues:

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

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (1,202,205)	\$ -	\$ (1,202,205)	\$ -	-
(445,176)	-	(445,176)	-	-
(1,918,944)	-	(1,918,944)	-	-
324,902	-	324,902	-	-
(562,990)	-	(562,990)	-	-
(2,079,501)	-	(2,079,501)	-	-
(420,549)	-	(420,549)	-	-
(465,355)	-	(465,355)	-	-
(244,753)	-	(244,753)	-	-
<u>\$ (7,014,571)</u>	<u>\$ -</u>	<u>\$ (7,014,571)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ 706,220	\$ 706,220	\$ -	-
-	(595,793)	(595,793)	-	-
<u>\$ -</u>	<u>\$ 110,427</u>	<u>\$ 110,427</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (7,014,571)</u>	<u>\$ 110,427</u>	<u>\$ (6,904,144)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (2,596,641)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,596,641)</u>	<u>-</u>
\$ 5,655,373	\$ -	\$ 5,655,373	\$ -	-
366,318	-	366,318	-	-
264,219	-	264,219	-	-
297,771	-	297,771	-	-
172,418	-	172,418	-	-
170,032	-	170,032	-	-
195,495	-	195,495	-	-
168,566	-	168,566	211	-
180,254	888	181,142	-	-
994,313	-	994,313	2,476,239	-
(490,600)	490,600	-	-	-
<u>\$ 7,974,159</u>	<u>\$ 491,488</u>	<u>\$ 8,465,647</u>	<u>\$ 2,476,450</u>	<u>-</u>
\$ 959,588	\$ 601,915	\$ 1,561,503	\$ (120,191)	-
10,566,782	437,002	11,003,784	2,469,797	-
<u>\$ 11,526,370</u>	<u>\$ 1,038,917</u>	<u>\$ 12,565,287</u>	<u>\$ 2,349,606</u>	<u>-</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,402,533	\$ 257,933	\$ 132,168	\$ 2,792,634
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,158,424	-	-	1,158,424
Accounts receivable	164,821	-	26,811	191,632
Due from other funds	106,660	-	-	106,660
Due from other governmental units	860,791	-	-	860,791
Prepaid items	26,568	-	1,075	27,643
Restricted assets:				
Cash and cash equivalents	109,520	223,184	-	332,704
Total assets	<u>\$ 4,829,317</u>	<u>\$ 481,117</u>	<u>\$ 160,054</u>	<u>\$ 5,470,488</u>
LIABILITIES				
Accounts payable	\$ 122,899	\$ 14,795	\$ 1,996	\$ 139,690
Accrued liabilities	137,841	-	14,391	152,232
Due to other funds	-	-	65,529	65,529
Due to other governmental units	229,589	-	-	229,589
Due to component unit	686,594	-	-	686,594
Total liabilities	<u>\$ 1,176,923</u>	<u>\$ 14,795</u>	<u>\$ 81,916</u>	<u>\$ 1,273,634</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 1,218,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,218,957</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid items	\$ 26,568	\$ -	\$ 1,075	\$ 27,643
Restricted:				
Debt Service	109,520	-	-	109,520
School capital projects	-	223,184	-	223,184
Community development block grant	-	-	93,801	93,801
Assigned:				
Senior Center	-	-	5,761	5,761
Debt service	-	243,138	12,057	255,195
Green Hill Cemetary	-	-	46,188	46,188
Unassigned:				
General fund	2,297,349	-	-	2,297,349
Parks and recreation	-	-	(80,744)	(80,744)
Total fund balances	<u>\$ 2,433,437</u>	<u>\$ 466,322</u>	<u>\$ 78,138</u>	<u>\$ 2,977,897</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,829,317</u>	<u>\$ 481,117</u>	<u>\$ 160,054</u>	<u>\$ 5,470,488</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,977,897
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		15,412,864
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.		504,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(7,368,681)</u>
Net position of governmental activities	\$	<u><u>11,526,370</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014

	General	School Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 5,816,792	\$ -	\$ -	\$ 5,816,792
Other local taxes	1,466,253	-	-	1,466,253
Permits, privilege fees, and regulatory licenses	56,039	-	-	56,039
Fines and forfeitures	85,102	-	-	85,102
Revenue from the use of money and property	51,156	18,511	98,899	168,566
Charges for services	751,100	-	39,226	790,326
Miscellaneous	177,556	-	2,698	180,254
Recovered costs	34,285	-	4,028	38,313
Intergovernmental:				
Local government	-	372,953	-	372,953
Commonwealth	3,865,603	-	-	3,865,603
Federal	31,838	-	10,949	42,787
Total revenues	\$ 12,335,724	\$ 391,464	\$ 155,800	\$ 12,882,988
EXPENDITURES				
Current:				
General government administration	\$ 1,040,690	\$ -	\$ -	\$ 1,040,690
Judicial administration	730,301	-	-	730,301
Public safety	2,344,890	-	-	2,344,890
Public works	1,466,101	-	-	1,466,101
Health and welfare	1,461,560	-	6,721	1,468,281
Education	2,283,301	-	-	2,283,301
Parks, recreation, and cultural	102,813	-	407,423	510,236
Community development	480,235	-	-	480,235
Capital projects	-	123	15,460	15,583
Debt service:				
Principal retirement	190,061	600,219	313,801	1,104,081
Interest and other fiscal charges	159,851	118,512	5,736	284,099
Total expenditures	\$ 10,259,803	\$ 718,854	\$ 749,141	\$ 11,727,798
Excess (deficiency) of revenues over (under) expenditures	\$ 2,075,921	\$ (327,390)	\$ (593,341)	\$ 1,155,190
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 305,134	\$ 383,000	\$ 698,134
Transfers out	(1,178,734)	-	(10,000)	(1,188,734)
Total other financing sources (uses)	\$ (1,168,734)	\$ 305,134	\$ 373,000	\$ (490,600)
Net change in fund balances	\$ 907,187	\$ (22,256)	\$ (220,341)	\$ 664,590
Fund balances - beginning	1,526,250	488,578	298,479	2,313,307
Fund balances - ending	\$ 2,433,437	\$ 466,322	\$ 78,138	\$ 2,977,897

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
Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ 664,590
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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 depreciation exceeded capital outlays in the current period.	(700,830)
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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.	(161,419)
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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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,104,081
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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>53,166</u>
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Change in net position of governmental activities	<u>\$ 959,588</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds		
	Water & Sewer Fund	Golf Course Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,143,199	\$ 5,938	\$ 1,149,137
Accounts receivable, net of allowance for uncollectibles	409,875	1,599	411,474
Total current assets	<u>\$ 1,553,074</u>	<u>\$ 7,537</u>	<u>\$ 1,560,611</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 2,037,909	\$ -	\$ 2,037,909
Cash and cash equivalents (in custody of others)	-	42,660	42,660
Total restricted assets	<u>\$ 2,037,909</u>	<u>\$ 42,660</u>	<u>\$ 2,080,569</u>
Capital assets:			
Land	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	637,336	637,336
Equipment	247,792	455,722	703,514
Infrastructure	13,523,431	5,854,800	19,378,231
Construction in progress	2,475,772	77,959	2,553,731
Accumulated depreciation	(8,936,447)	(800,535)	(9,736,982)
Total capital assets	<u>\$ 7,310,548</u>	<u>\$ 7,590,182</u>	<u>\$ 14,900,730</u>
Total noncurrent assets	<u>\$ 9,348,457</u>	<u>\$ 7,632,842</u>	<u>\$ 16,981,299</u>
Total assets	<u>\$ 10,901,531</u>	<u>\$ 7,640,379</u>	<u>\$ 18,541,910</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 59,416	\$ 7,422	\$ 66,838
Accrued liabilities	24,068	9,635	33,703
Retainage payable			-
Due to other funds	30,122	11,009	41,131
Accrued interest payable	93,382	123,581	216,963
Customer deposits	68,861	-	68,861
Bonds payable - current portion	178,331	239,408	417,739
Compensated absences - current portion	34,553	7,685	42,238
Total current liabilities	<u>\$ 488,733</u>	<u>\$ 398,740</u>	<u>\$ 887,473</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 6,501,076	\$ 9,034,191	\$ 15,535,267
Leases and other obligations - net of current portion	-	983,874	983,874
Net OPEB obligation	66,222	16,078	82,300
Compensated absences - net of current portion	11,518	2,561	14,079
Total noncurrent liabilities	<u>\$ 6,578,816</u>	<u>\$ 10,036,704</u>	<u>\$ 16,615,520</u>
Total liabilities	<u>\$ 7,067,549</u>	<u>\$ 10,435,444</u>	<u>\$ 17,502,993</u>
NET POSITION			
Net investment in capital assets	\$ 1,861,895	\$ (2,667,291)	\$ (805,396)
Restricted for debt service and bond covenants	807,155	42,660	849,815
Unrestricted	1,164,932	(170,434)	994,498
Total net position	<u>\$ 3,833,982</u>	<u>\$ (2,795,065)</u>	<u>\$ 1,038,917</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2014

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,048,404	\$ -	\$ 1,048,404
Sewer revenues	900,415	-	900,415
Penalties	54,429	-	54,429
Course fees	-	201,620	201,620
Golf cart rentals	-	189,102	189,102
Golf clubs and balls	-	15,885	15,885
Meter service charges	44,597	-	44,597
Reconnection fees and other charges	16,410	-	16,410
Food and beverage sales	-	33,200	33,200
Miscellaneous	-	888	888
Total operating revenues	<u>\$ 2,064,255</u>	<u>\$ 440,695</u>	<u>\$ 2,504,950</u>
OPERATING EXPENSES			
Personal services	\$ 700,495	\$ 214,462	\$ 914,957
Fringe benefits	231,955	58,343	290,298
Contractual services	22,082	-	22,082
Other charges	459,823	166,637	626,460
Depreciation	363,639	67,351	430,990
Total operating expenses	<u>\$ 1,777,994</u>	<u>\$ 506,793</u>	<u>\$ 2,284,787</u>
Operating income (loss)	<u>\$ 286,261</u>	<u>\$ (66,098)</u>	<u>\$ 220,163</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (333,967)	\$ (534,977)	\$ (868,944)
Nutrient credit purchase	(53,010)	-	(53,010)
Total nonoperating revenues (expenses)	<u>\$ (386,977)</u>	<u>\$ (534,977)</u>	<u>\$ (921,954)</u>
Income before contributions and transfers	<u>\$ (100,716)</u>	<u>\$ (601,075)</u>	<u>\$ (701,791)</u>
Capital contributions and construction grants	\$ 806,936	\$ 6,170	\$ 813,106
Transfers in	<u>-</u>	<u>490,600</u>	<u>490,600</u>
Change in net position	\$ 706,220	\$ (104,305)	\$ 601,915
Total net position - beginning	3,127,762	(2,690,760)	437,002
Total net position - ending	<u>\$ 3,833,982</u>	<u>\$ (2,795,065)</u>	<u>\$ 1,038,917</u>

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,095,414	\$ 456,972	\$ 2,552,386
Payments to suppliers	(437,662)	(172,323)	(609,985)
Payments to employees	(916,475)	(274,949)	(1,191,424)
Net cash provided by (used for) operating activities	\$ 741,277	\$ 9,700	\$ 750,977
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 490,600	\$ 490,600
Net cash provided by (used for) noncapital financing activities	\$ -	\$ 490,600	\$ 490,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (2,090,155)	\$ (62,885)	\$ (2,153,040)
Purchase of nutrient credits	(53,010)	-	(53,010)
Principal payments on bonds	(172,201)	(228,489)	(400,690)
Capital grants and contributions	806,936	6,170	813,106
Proceeds from indebtedness	-	328,556	328,556
Interest	(354,127)	(547,446)	(901,573)
Net cash provided by (used for) capital and related financing activities	\$ (1,862,557)	\$ (504,094)	\$ (2,366,651)
Net increase (decrease) in cash and cash equivalents	\$ (1,121,280)	\$ (3,794)	\$ (1,125,074)
Cash and cash equivalents - beginning, including restricted cash of \$3,003,850 and \$37,995, respectively	\$ 4,302,388	\$ 52,392	\$ 4,354,780
Cash and cash equivalents - ending, including restricted cash of \$2,037,909 and \$42,660, respectively	\$ 3,181,108	\$ 48,598	\$ 3,229,706
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 286,261	\$ (66,098)	\$ 220,163
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 363,639	\$ 67,351	\$ 430,990
(Increase) decrease in accounts receivable	28,729	5,268	33,997
Increase (decrease) in compensated absences	7,918	(3,007)	4,911
Increase (decrease) in net OPEB obligation	7,202	1,109	8,311
Increase (decrease) in accounts payable	44,243	(5,686)	38,557
Increase (decrease) in unearned revenue	(26,798)	-	(26,798)
Increase (decrease) in customer deposits	(894)	-	(894)
Increase (decrease) in due from other funds	30,122	11,009	41,131
Increase (decrease) in accrued liabilities	855	(246)	609
Total adjustments	\$ 455,016	\$ 75,798	\$ 530,814
Net cash provided by (used for) operating activities	\$ 741,277	\$ 9,700	\$ 750,977

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ <u>2,622</u>
Total assets	\$ <u><u>2,622</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>2,622</u>
Total liabilities	\$ <u><u>2,622</u></u>

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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. Financial Reporting Entity

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

Blended Component Units – The City has no blended component units for the year ended June 30, 2014.

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

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

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 City 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.

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

A. Financial Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The Cities of Buena Vista and Lexington and the City 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.

Rockbridge County Regional Jail Commission:

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

B. Government-wide and fund financial statements

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

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

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.

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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.

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

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

Additionally, the government reports the following fund types:

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

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

Fiduciary funds (Trust and Agency) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The 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.

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.

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

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

1. Cash and Cash Equivalents

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

Investments for the government, as well as for its component unit, 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 noncurrent 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 nonspendable fund balance 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 \$237,918 at June 30, 2014 and is comprised of a property tax and water and sewer receivables of \$184,000, and \$53,918, respectively.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (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 the asset's life are not capitalized.

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

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

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

<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 and infrastructure 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

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

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

6. *Compensated Absences*

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

7. *Long-term obligations*

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

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

8. *Fund equity*

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

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

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

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

8. Fund equity (continued)

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

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

9. Net Position

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

10. Net Position Flow Assumption

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

11. 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.

12. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2014 the general, golf, and water and sewer funds had restricted cash for debt service of \$109,520, \$42,660, and \$807,155, respectively. Additionally, the school construction fund had restricted cash for school capital projects of \$223,184 and the water and sewer fund had unspent bond proceeds of \$1,230,754.

As of June 30, 2014 the City was not in compliance with the bond agreement for the Series 2005A lease revenue bonds for the golf course fund. The 2005A bond agreement indicates that the City is required to maintain the lesser of the maximum annual debt services on the bonds or 10% of the stated principal amount of the bonds in a debt service reserve account. At year end the balance in the restricted debt service account was \$42,660.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

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

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balances—total governmental funds* and *net position—governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these \$(7,368,681) and \$(568,012) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Bonds payable	\$ (931,656)	\$ -
Accrued interest payable	(50,362)	-
Net OPEB obligation	(310,700)	(341,000)
Capital leases	(156,279)	-
Loans payable	(5,760,658)	-
Compensated absences	(159,026)	(227,012)
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net position—governmental activities</i>	\$ (7,368,681)	\$ (568,012)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these \$(700,830) and \$(75,783) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Capital outlay	\$ 7,914	\$ 5,559
Depreciation expense	(708,744)	(81,342)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (700,830)	\$ (75,783)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,104,081 difference in the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 336,982
Revenue bonds	157,324
Loans payable	506,518
Capital leases	103,257
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 1,104,081

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

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these \$53,166 and \$(31,371) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Compensated absences	\$ 46,508	\$ (24,371)
Net OPEB obligation	(32,688)	(7,000)
Accrued interest payable	39,346	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>53,166</u>	\$ <u>(31,371)</u>

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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, 2014. Several supplemental appropriations were necessary during the year.
9. The following funds have legally adopted budgets: General, Park and Recreation, Emergency 911, Senior Center, School Construction, Flood Protection, Water and Sewer, Golf Course, School Operating and School Cafeteria Funds. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the departmental level.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2014, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
Park and Recreation	\$ 32,285
Flood Protection	10,193
School Construction	123
Total All Funds	\$ <u>42,601</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

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

C. Deficit fund equity

At June 30, 2014, the parks and recreation and golf course funds had deficit fund equity of \$80,744 and \$2,795,065 respectively.

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

Custodial Credit Risk (Investments)

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

City's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government	
Investment Pool	\$ 14,670
SNAP	223,184
Total	\$ 237,854

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 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.

The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

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 GOVERNMENTS:

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

	Primary Government	Discretely Presented Component Unit School Board
<u>Federal Government:</u>		
Categorical aid - welfare	\$ 1,923	\$ -
Categorical aid - highway safety grant	1,949	-
Categorical aid - IDEA Part B Section 611 special education	-	19,209
Categorical aid - title I	-	15,466
Categorical aid - title II Part A	-	8,087
Categorical aid - Title VI	-	1,224
Categorical aid - School nutrition	-	5,921
<u>Commonwealth of Virginia:</u>		
Local sales tax	-	159,609
State sales tax	64,323	-
Personal property tax relief funds	374,445	-
Categorical aid - stormwater grant	12,747	-
Categorical aid - fire program funds	20,000	-
Communications tax	53,428	-
Comprehensive Service Act funds - Rockbridge County	241,939	-
Other state funds	90,037	-
Totals	<u>\$ 860,791</u>	<u>\$ 209,516</u>

NOTE 6—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the City entered into an agreement with the County of Rockbridge, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2014 the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$229,589.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 7—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	\$ 686,594	\$ 106,660
Park and Recreation Fund	65,529	-
Golf Course	11,009	-
Water and Sewer Fund	30,122	-
Total Primary Government	<u>\$ 793,254</u>	<u>\$ 106,660</u>
Component Unit-School Board:		
School Fund	\$ -	\$ 686,594
Total Component Unit	<u>\$ -</u>	<u>\$ 686,594</u>
Total reporting entity	<u><u>\$ 793,254</u></u>	<u><u>\$ 793,254</u></u>

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

NOTE 8—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 1,178,734
Park and Recreation Fund	256,919	-
Flood Protection Fund	126,081	-
School Construction Fund	305,134	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 698,134</u>	<u>\$ 1,188,734</u>
Business-type activities:		
Golf Course Fund	\$ 490,600	\$ -
Total business-type activities	<u>\$ 490,600</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 1,188,734</u></u>	<u><u>\$ 1,188,734</u></u>

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, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS:

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligation transactions for the City's governmental activities for the year ended June 30, 2014.

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
<u>General long-term obligations:</u>				
General obligation bonds	\$ 823,774	\$ -	\$ 336,982	\$ 486,792
Revenue bond	602,188	-	157,324	444,864
Literary loan	3,375,000	-	375,000	3,000,000
Capital leases	259,536	-	103,257	156,279
Loans payable	2,892,176	-	131,518	2,760,658
Net OPEB obligation	278,012	63,088	30,400	310,700
Compensated absences	205,534	107,643	154,151	159,026
Total general long-term obligations \$	<u>8,436,220</u>	<u>170,731</u>	<u>1,288,632</u>	<u>7,318,319</u>

For governmental activities, compensated absences and the net OPEB obligation are generally liquidated in the General Fund.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (Continued)

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

Year Ending June 30,	General Obligation Bonds		Revenue Bond	
	Principal	Interest	Principal	Interest
2015	\$ 23,181	\$ 19,583	\$ 166,004	\$ 18,603
2016	23,181	19,583	174,034	10,573
2017	23,181	19,583	104,826	9,051
2018	23,181	19,583	-	-
2019	23,181	19,583	-	-
2020	23,181	19,583	-	-
2021	23,181	19,583	-	-
2022	23,181	19,583	-	-
2023	23,181	19,583	-	-
2024	23,181	19,583	-	-
2025	23,181	19,583	-	-
2026	23,181	19,583	-	-
2027	23,181	19,583	-	-
2028	23,181	19,583	-	-
2029	23,181	19,583	-	-
2030	23,181	19,583	-	-
2031	23,181	19,583	-	-
2032	23,181	19,583	-	-
2033	23,181	19,583	-	-
2034	23,181	19,583	-	-
2035	23,172	9,791	-	-
Totals	\$ <u>486,792</u>	\$ <u>401,451</u>	\$ <u>444,864</u>	\$ <u>38,227</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Year Ending June 30,	Literary Fund Loan		Capital Leases Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 375,000	\$ 60,000	\$ 108,842	\$ 7,368	\$ 41,994	\$ 124,293
2016	375,000	52,500	47,437	1,432	464,992	99,290
2017	375,000	45,000	-	-	45,429	89,765
2018	375,000	37,500	-	-	47,253	87,941
2019	375,000	30,000	-	-	49,152	86,042
2020	375,000	22,500	-	-	51,129	84,065
2021	375,000	15,000	-	-	53,187	82,006
2022	375,000	7,500	-	-	55,330	79,863
2023	-	-	-	-	57,562	77,632
2024	-	-	-	-	59,885	75,308
2025	-	-	-	-	62,305	72,889
2026	-	-	-	-	64,825	70,369
2027	-	-	-	-	67,449	67,745
2028	-	-	-	-	70,181	65,012
2029	-	-	-	-	73,027	62,166
2030	-	-	-	-	75,992	59,202
2031	-	-	-	-	79,079	56,114
2032	-	-	-	-	82,295	52,898
2033	-	-	-	-	85,645	49,548
2034	-	-	-	-	89,135	46,058
2035	-	-	-	-	92,770	42,423
2036	-	-	-	-	96,558	38,636
2037	-	-	-	-	100,504	34,690
2038	-	-	-	-	104,615	30,579
2039	-	-	-	-	108,898	26,295
2040	-	-	-	-	113,361	21,832
2041	-	-	-	-	118,012	17,182
2042	-	-	-	-	122,858	12,335
2043	-	-	-	-	127,909	7,285
2044	-	-	-	-	99,327	2,021
Totals	\$ <u>3,000,000</u>	\$ <u>270,000</u>	\$ <u>156,279</u>	\$ <u>8,800</u>	\$ <u>2,760,658</u>	\$ <u>1,721,484</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness:</u>		
<u>General Obligation Bonds:</u>		
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at rates of 1.9%. Interest is reimbursed by a federal interest subsidy.	\$ 486,792	\$ 23,181
Total general obligation bonds	\$ 486,792	\$ 23,181
<u>Education Revenue Bond:</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.	\$ 444,864	\$ 166,004
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 3,000,000	\$ 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%.	421,316	-
\$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.	1,683,848	32,129
\$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.	655,494	9,865
Total loans payable	\$ 5,760,658	\$ 416,994

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness: (continued)</u>		
<u>Capital Leases:</u>		
\$225,421 capital lease for school buses, dated November 8, 2010, due in annual payment of \$48,860, including interest at 3% through August 1, 2015.	\$ 93,493	\$ 46,056
\$176,000 capital lease for public safety vehicles, dated February 7, 2012, due in annual payment of \$67,196, including interest at 7%, through February 7, 2015.	62,786	62,786
Sub-total capital leases	\$ 156,279	\$ 108,842
Net OPEB Obligation	\$ 310,700	\$ -
Compensated absences (payable from the General and Park and Recreation Funds)	\$ 159,026	\$ 119,270
Total general obligations	\$ 7,318,319	\$ 834,291

Primary Government-Enterprise Fund Obligations

The following is a summary of changes in long-term obligation transactions for the City's enterprise funds for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2014</u>
<u>Enterprise Fund obligations:</u>				
Revenue bonds	\$ 4,663,500	\$ -	\$ 155,000	\$ 4,508,500
Lease-revenue bonds	11,690,196	-	245,690	11,444,506
Other obligations	655,318	328,556	-	983,874
Net OPEB obligations	73,989	15,912	7,601	82,300
Compensated absences	51,406	43,466	38,555	56,317
Total enterprise funds obligation	\$ 17,134,409	\$ 387,934	\$ 446,846	\$ 17,075,497

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)Primary Government-Enterprise Fund Obligations (Continued)

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

Year Ending June 30,	Revenue Bonds/Notes Payable	
	Principal	Interest
2015	\$ 417,739	\$ 841,912
2016	444,933	822,500
2017	462,226	800,269
2018	419,626	777,045
2019	407,135	755,829
2020	529,760	734,998
2021	557,505	707,427
2022	585,377	678,431
2023	613,380	648,003
2024	641,522	616,136
2025	679,807	580,638
2026	718,244	543,039
2027	756,838	503,826
2028	795,598	463,141
2029	839,530	417,496
2030	888,644	368,432
2031	937,945	316,319
2032	1,225,945	261,194
2033	642,151	187,775
2034	677,074	152,603
2035	712,223	115,554
2036	1,082,219	76,481
2037	453,947	53,524
2038	462,688	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	40,256	290
Total	\$ 16,936,880	\$ 11,616,510

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness:</u>		
<u>Revenue Bonds:</u>		
\$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.	\$ 4,508,500	\$ 160,000
\$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.	2,999,506	47,739
\$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 21 for information on subsequent events related to these bonds.	8,445,000	210,000
Sub-total revenue bonds	\$ <u>15,953,006</u>	\$ <u>417,739</u>
<u>Other Obligations:</u>		
Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments comencing July 1, 2035 through January 1, 2040. See Note 21 for information on subsequent events related to this agreement.	\$ 983,874	\$ -
Net OPEB obligation	\$ 82,300	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 56,317	\$ 42,238
Total Enterprise Fund indebtedness	<u>\$ 17,075,497</u>	<u>\$ 459,977</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit—School Board:

The following is a summary of long-term obligation transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2014.

	Balance July 1, 2013	Increases/	Decreases/	Balance June 30, 2014
<u>General Long-Term Obligation</u>				
Net OPEB obligation	\$ 334,000	\$ 280,000	\$ 273,000	\$ 341,000
Compensated absences	202,641	176,352	151,981	227,012
Total Long-Term Obligation	<u>\$ 536,641</u>	<u>\$ 456,352</u>	<u>\$ 424,981</u>	<u>\$ 568,012</u>

Details of Long-term Indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB obligation	\$ 341,000	\$ -
Compensated absences (payable from the School Fund)	\$ 227,012	\$ 170,259
Total Long-term obligations, Discretely Presented Component Unit - School Board	<u>\$ 568,012</u>	<u>\$ 170,259</u>

NOTE 10—CAPITAL LEASES:

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

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and Equipment	\$ 429,576
Less: Accumulated depreciation	(190,341)
Total	<u>\$ 239,235</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 10—CAPITAL LEASES: (CONTINUED)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, are as follows:

Year Ended June 30,		Governmental Activities
2015	\$	116,057
2016		48,869
Total minimum lease payments	\$	164,926
Less: Amount representing interest		(8,647)
Present value of minimum lease payments	\$	<u>156,279</u>

NOTE 11—PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
- Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
14. **Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.

5. **Creditable Service** – Same as VRS Plan 1— Refer to Section 5.

6. **Vesting** – Same as VRS Plan 1—Refer to Section 6.

7. **Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.

8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. **Normal Retirement Age** - Normal Social Security retirement age.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
- 14. Eligibility** – Same as VRS Plan 1—Refer to Section 14.
- 15. Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- 17. Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- 2. Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

- 3. *Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

- 4. Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- 8. Average Final Compensation** – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 11—PENSION PLAN: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

14. Eligibility – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—PENSION PLAN: (Continued)**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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's and School's contribution rates, for the fiscal year ended 2014, were 14.28%, and 5.12%, respectively, of annual covered payroll.

Discretely Presented Component Unit – School Board:

The School Board's contributions for professional employees were \$717,889, \$532,330, and \$324,200, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013 and 2012, respectively and these contributions represented 14.28%, 12.66% for July 2013 through August, 2013 and 11.66% for September 2013 through June 2013, and 6.33% of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the City's and School Board's annual pension costs of \$424,618 and \$16,742 were equal to the City's and School Board'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) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:					
City	6/30/12	\$	293,068	100%	\$ -
	6/30/13		415,104	100%	-
	6/30/14		424,618	100%	-
Discretely Presented					
Component Unit:					
School Board Non Professional	6/30/12	\$	-	100%	\$ -
	6/30/13		15,238	100%	-
	6/30/14		16,742	100%	-

(1) Employer portion only

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 11—PENSION PLAN: (Continued)

C. Annual Pension Cost (Continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.2% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the City'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 unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 75.82% funded. The actuarial accrued liability for benefits was \$15,855,558, and the actuarial value of assets was \$12,021,745, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,833,813. The covered payroll (annual payroll of active employees covered by the plan) was \$2,752,746, and ratio of the UAAL to the covered payroll was 139.27%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's non-professional plan was 114.45% funded. The actuarial accrued liability for benefits was \$1,319,294, and the actuarial value of assets was \$1,509,923, resulting in an unfunded actuarial accrued liability (UAAL) of (\$190,629). The covered payroll (annual payroll of active employees covered by the plan) was \$315,093, and ratio of the UAAL to the covered payroll was (60.50)%.

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 12—OTHER POSTEMPLOYMENT BENEFITS:

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**City:****A. Plan Description:**

The City offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The City will pay a portion of the medical insurance for eligible retirees equal to that received by regular working full time employees (\$378.40 for fiscal year 2014). Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the City for retirees regardless of age if he/she has been employed by the City for at least 10 years immediately prior to the disability. The City reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The City's general fund has been used in prior years to liquidate the net other post employment benefit obligation of the governmental funds. The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$79,000 for fiscal year 2014. The City has paid \$38,001 towards this obligation during fiscal year 2014. 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	\$	80,000
Interest on net OPEB obligation		14,000
Adjustment to annual required contributions		(15,000)
Annual OPEB cost (expense)	\$	79,000
Contributions made		(38,001)
Increase in net OPEB obligation	\$	40,999
Net OPEB obligation-beginning of year		352,001
Net OPEB obligation-end of year	\$	<u>393,000</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

City: (continued)

For 2014, the City's expected cash payment of \$38,001 was \$40,999 short of the OPEB cost. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/14	\$ 79,000	48.10%	\$ 393,000
6/30/13	75,000	34.67%	352,001
6/30/12	139,000	44.60%	303,001

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, rolled forward for the current year is as follows:

Actuarial accrued liability (AAL)	\$ 982,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 982,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 2,925,350
UAAL as a percentage of covered payroll	33.57%

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

E. Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 10% for Pre-Medicare coverage in 2010. 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 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts. An experienced gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. The actuarial assumptions included a 4.0% rate of return and a medical trend rate of 5.0%. The UAAL is being amortized on an increasing basis. The remaining open amortization at July 1, 2012 was 30 years. Data is net of any retiree contributions.

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

School Board:**A. Plan Description:**

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**School Board: (continued)****B. Funding Policy:**

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$280,000 for fiscal year 2014. The School Board has paid \$273,000 towards this obligation during FY14. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows components of the School Board's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual Required Contribution	\$ 288,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contributions	<u>(21,000)</u>
Annual OPEB cost (expense)	\$ 280,000
Contributions made	<u>(273,000)</u>
Increase in net OPEB obligation	\$ 7,000
Net OPEB obligation-beginning of year	334,000
Net OPEB obligation-end of year	<u><u>\$ 341,000</u></u>

For 2014, the School Board's expected cash payment of \$273,000 was \$7,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/14	\$ 280,000	97.50%	\$ 341,000
6/30/13	337,000	87.24%	334,000
6/30/12	337,000	87.24%	291,000

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**School Board: (continued)****D. Funded Status and Funding Progress:**

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, rolled forward for the current year is as follows:

Actuarial accrued liability (AAL)	\$	3,235,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	3,235,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	4,993,800
UAAL as a percentage of covered payroll		64.8%

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

E. Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 10% for Pre-Medicare coverage in 2010. 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. The actuarial assumptions included a 4.0% rate of return and a medical trend rate of 5.0%. The UAAL is being amortized on an increasing basis. The remaining open amortization at July 1, 2012 was 30 years. Data is net of any retiree contributions.

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

School Board: (continued)

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

VRS Health Insurance Credit Program

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$55,802, \$50,552, and \$30,730, respectively and equaled the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 13—DEFERRED AND UNAVAILABLE REVENUE:

Deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide financial statements and fund financial statements totaling \$714,667, and \$1,218,957, respectively is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$149,788 at June 30, 2014.
- B. Unbilled Property Taxes—Property taxes for the second half of 2014 that had not been billed as of June 30, 2014 amounted to \$564,879.
- C. Unavailable Property Taxes—Uncollected tax billings not available for funding of current expenditures totaled \$504,290.

NOTE 14—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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 15—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,108,097	\$ -	\$ -	\$ 2,108,097
Construction in progress	295,895	7,914	-	303,809
Total capital assets not being depreciated	<u>\$ 2,403,992</u>	<u>\$ 7,914</u>	<u>\$ -</u>	<u>\$ 2,411,906</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 14,062,548	\$ -	\$ -	\$ 14,062,548
Infrastructure	28,076,576	-	-	28,076,576
Machinery and Equipment	2,303,935	-	-	2,303,935
Total capital assets being depreciated	<u>\$ 44,443,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,443,059</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,677,346)	\$ (303,645)	\$ -	\$ (3,980,991)
Infrastructure	(25,321,401)	(272,084)	-	(25,593,485)
Machinery and Equipment	(1,734,610)	(133,015)	-	(1,867,625)
Total accumulated depreciation	<u>\$ (30,733,357)</u>	<u>\$ (708,744)</u>	<u>\$ -</u>	<u>\$ (31,442,101)</u>
Capital assets being depreciated, net	<u>\$ 13,709,702</u>	<u>\$ (708,744)</u>	<u>\$ -</u>	<u>\$ 13,000,958</u>
Governmental activities capital assets, net	<u>\$ 16,113,694</u>	<u>\$ (700,830)</u>	<u>\$ -</u>	<u>\$ 15,412,864</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 15—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Construction in progress	420,603	2,133,128	-	2,553,731
Total capital assets not being depreciated	\$ 1,785,503	\$ 2,133,128	\$ -	\$ 3,918,631
Capital assets being depreciated:				
Infrastructure	\$ 19,378,231	\$ -	\$ -	\$ 19,378,231
Buildings	637,336	-	-	637,336
Machinery and equipment	683,602	19,912	-	703,514
Total capital assets being depreciated	\$ 20,699,169	\$ 19,912	\$ -	\$ 20,719,081
Accumulated depreciation:				
Infrastructure	\$ (8,509,212)	\$ (386,285)	\$ -	\$ (8,895,497)
Buildings	(161,094)	(12,747)	-	(173,841)
Machinery and equipment	(635,686)	(31,958)	-	(667,644)
Total accumulated depreciation	\$ (9,305,992)	\$ (430,990)	\$ -	\$ (9,736,982)
Capital assets being depreciated, net	\$ 11,393,177	\$ (411,078)	\$ -	\$ 10,982,099
Business-type activities capital assets, net	\$ 13,178,680	\$ 1,722,050	\$ -	\$ 14,900,730

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

Governmental activities:	
General government administration	\$ 330,961
Judicial administration	8,372
Public safety	73,996
Public works	56,274
Health and welfare	3,108
Education	224,096
Parks, recreation and cultural	11,937
Total depreciation expense - governmental activities	\$ 708,744
Business-type activities:	
Water and Sewer	\$ 363,639
Golf course	67,351
Total depreciation expense - business-type activities	\$ 430,990

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

NOTE 15—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit

School Board

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities				
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	\$ 5,703,236	\$ -	\$ -	\$ 5,703,236
Machinery and equipment	511,174	5,559	-	516,733
Total capital assets being depreciated	\$ 6,214,410	\$ 5,559	\$ -	\$ 6,219,969
Accumulated depreciation:				
Buildings and improvements	\$ (3,051,531)	\$ (75,818)	\$ -	\$ (3,127,349)
Machinery and equipment	(505,757)	(5,524)	-	(511,281)
Total accumulated depreciation	\$ (3,557,288)	\$ (81,342)	\$ -	\$ (3,638,630)
Capital assets being depreciated, net	\$ 2,657,122	\$ (75,783)	\$ -	\$ 2,581,339
Governmental activities capital assets, net	\$ 2,661,756	\$ (75,783)	\$ -	\$ 2,585,973

Depreciation expense for the Component Unit School Board was \$81,342 for the year ended June 30, 2014 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 CONTINUED

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.

NOTE 17—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2014 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTE 18—LITIGATION:

At June 30, 2014, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 19—CONSTRUCTION CONTRACTS OUTSTANDING:

The Component Unit School Board had the following material contract outstanding at June 30, 2014:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2014	Funding Source
Middle School Energy Project	\$ 510,000	\$ 228,900	General Obligation Bonds
Dickenson Well Project	1,735,000	618,301	General Obligation Bonds

NOTE 20—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that area administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The City has not determined the impact of this pronouncement on its financial statements.

NOTE 21—SUBSEQUENT EVENT:

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

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

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

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

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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
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 5,423,489	\$ 5,423,489	\$ 5,816,792	\$ 393,303
Other local taxes	1,408,667	1,408,667	1,466,253	57,586
Permits, privilege fees, and regulatory licenses	32,950	32,950	56,039	23,089
Fines and forfeitures	60,700	60,700	85,102	24,402
Revenue from the use of money and property	62,000	62,000	51,156	(10,844)
Charges for services	732,159	732,209	751,100	18,891
Miscellaneous	151,800	151,800	177,556	25,756
Recovered costs	-	28,821	34,285	5,464
Intergovernmental:				
Commonwealth	3,554,697	3,565,997	3,865,603	299,606
Federal	90,000	94,260	31,838	(62,422)
Total revenues	<u>\$ 11,516,462</u>	<u>\$ 11,560,893</u>	<u>\$ 12,335,724</u>	<u>\$ 774,831</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,122,115	\$ 1,138,955	\$ 1,040,690	\$ 98,265
Judicial administration	808,288	813,288	730,301	82,987
Public safety	2,056,226	2,074,486	2,344,890	(270,404)
Public works	1,632,294	1,661,115	1,466,101	195,014
Health and welfare	1,479,155	1,479,155	1,461,560	17,595
Education	2,415,211	2,415,211	2,283,301	131,910
Parks, recreation, and cultural	101,957	101,957	102,813	(856)
Community development	481,289	511,289	480,235	31,054
Debt service:				
Principal retirement	197,735	197,735	190,061	7,674
Interest and other fiscal charges	165,783	165,783	159,851	5,932
Total expenditures	<u>\$ 10,460,053</u>	<u>\$ 10,558,974</u>	<u>\$ 10,259,803</u>	<u>\$ 299,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,056,409</u>	<u>\$ 1,001,919</u>	<u>\$ 2,075,921</u>	<u>\$ 1,074,002</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers out	(1,056,409)	(1,001,919)	(1,178,734)	(176,815)
Total other financing sources (uses)	<u>\$ (1,056,409)</u>	<u>\$ (1,001,919)</u>	<u>\$ (1,168,734)</u>	<u>\$ (166,815)</u>
Net change in fund balances	\$ -	\$ -	\$ 907,187	\$ 907,187
Fund balances - beginning	-	-	1,526,250	1,526,250
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,433,437</u>	<u>\$ 2,433,437</u>

Schedule of Pension Funding Progress
June 30, 2014

PRIMARY GOVERNMENT:

City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13 \$	12,021,745 \$	15,855,558 \$	3,833,813	75.82% \$	2,752,746	139.27%
06/30/12	11,621,561	15,951,627	4,330,066	72.86%	2,894,098	149.62%
06/30/11	11,777,419	15,449,913	3,672,494	76.23%	2,895,929	126.82%
06/30/10	11,683,528	15,119,873	3,436,345	77.27%	3,017,810	113.87%
06/30/09	11,803,893	13,685,074	1,881,181	86.25%	3,218,132	58.46%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13 \$	1,509,923 \$	1,319,294 \$	(190,629)	114.45% \$	315,093	-60.50%
06/30/12	1,490,730	1,346,647	(144,083)	110.70%	371,923	-38.74%
06/30/11	1,537,944	1,415,167	(122,777)	108.68%	281,102	-43.68%
06/30/10	1,546,165	1,288,089	(258,076)	120.04%	361,826	-71.33%
06/30/09	1,587,329	1,229,318	(358,011)	129.12%	387,112	-92.48%

Schedule of OPEB Funding Progress
June 30, 2014

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2012 ® \$	- \$	982,000	\$ 982,000	0.00%	\$ 2,925,350	33.57%
6/30/2012	-	903,000	903,000	0.00%	2,854,000	31.64%
6/30/2010 ®	-	1,557,000	1,557,000	0.00%	2,731,000	57.01%
6/30/2010	-	1,478,000	1,478,000	0.00%	2,731,000	54.12%
6/30/2009	-	1,674,000	1,674,000	0.00%	3,294,000	50.82%

® Roll-forward of valuation date results

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2012 ® \$	- \$	3,235,000	\$ 3,235,000	0.00%	\$ 4,993,800	64.78%
6/30/2012	-	3,221,000	3,221,000	0.00%	4,872,000	66.11%
6/30/2011 ®	-	3,648,000	3,648,000	0.00%	5,126,000	71.17%
6/30/2010	-	3,592,000	3,592,000	0.00%	5,126,000	70.10%
6/30/2009	-	2,988,000	2,988,000	0.00%	4,323,000	69.30%

® Roll-forward of valuation date results

OTHER SUPPLEMENTARY INFORMATION

MAJOR CAPITAL PROJECT FUNDS

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

School Construction Fund-Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 19,583	\$ 19,583	\$ 18,511	\$ (1,072)
Intergovernmental:				
Local government	372,953	372,953	372,953	-
Total revenues	<u>\$ 392,536</u>	<u>\$ 392,536</u>	<u>\$ 391,464</u>	<u>\$ (1,072)</u>
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 123	\$ (123)
Debt service:				
Principal retirement	594,181	594,181	600,219	(6,038)
Interest and other fiscal charges	124,550	124,550	118,512	6,038
Total expenditures	<u>\$ 718,731</u>	<u>\$ 718,731</u>	<u>\$ 718,854</u>	<u>\$ (123)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (326,195)</u>	<u>\$ (326,195)</u>	<u>\$ (327,390)</u>	<u>\$ (1,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 326,195	\$ 326,195	\$ 305,134	\$ (21,061)
Total other financing sources (uses)	<u>\$ 326,195</u>	<u>\$ 326,195</u>	<u>\$ 305,134</u>	<u>\$ (21,061)</u>
Net change in fund balances	\$ -	\$ -	\$ (22,256)	\$ (22,256)
Fund balances - beginning	-	-	488,578	488,578
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,322</u>	<u>\$ 466,322</u>

FIDUCIARY FUND

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

Statement of Changes in Assets and Liabilities
 Agency Fund
 Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 1,975	\$ 647	\$ -	\$ 2,622
Total assets	<u>\$ 1,975</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ 2,622</u>
LIABILITIES				
Amounts held for social services clients	\$ 1,975	\$ 647	\$ -	\$ 2,622
Total liabilities	<u>\$ 1,975</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ 2,622</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

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

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

CAPITAL PROJECT FUNDS

Capital projects funds are used to account for 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.

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.

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 52,278	\$ 79,890	\$ 132,168
Receivables (net of allowance for uncollectibles):			
Accounts receivable	843	25,968	26,811
Prepaid items	1,075	-	1,075
Total assets	<u>\$ 54,196</u>	<u>\$ 105,858</u>	<u>\$ 160,054</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,996	\$ -	\$ 1,996
Accrued liabilities	14,391	-	14,391
Due to other funds	65,529	-	65,529
Total liabilities	<u>\$ 81,916</u>	<u>\$ -</u>	<u>\$ 81,916</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 1,075	\$ -	\$ 1,075
Restricted:			
Community development block grant	-	93,801	93,801
Assigned:			
Debt service	-	12,057	12,057
Green Hill Cemetery	46,188	-	46,188
Designated for other	5,761	-	5,761
Unassigned	(80,744)	-	(80,744)
Total fund balances	<u>\$ (27,720)</u>	<u>\$ 105,858</u>	<u>\$ 78,138</u>
Total liabilities and fund balances	<u>\$ 54,196</u>	<u>\$ 105,858</u>	<u>\$ 160,054</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 98,497	\$ 402	\$ 98,899
Charges for services	39,226	-	39,226
Miscellaneous	2,698	-	2,698
Recovered costs	4,028	-	4,028
Intergovernmental:			
Federal	-	10,949	10,949
Total revenues	<u>\$ 144,449</u>	<u>\$ 11,351</u>	<u>\$ 155,800</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 6,721	\$ -	\$ 6,721
Parks, recreation, and cultural	407,423	-	407,423
Capital projects	-	15,460	15,460
Debt service:			
Principal retirement	-	313,801	313,801
Interest and other fiscal charges	-	5,736	5,736
Total expenditures	<u>\$ 414,144</u>	<u>\$ 334,997</u>	<u>\$ 749,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (269,695)</u>	<u>\$ (323,646)</u>	<u>\$ (593,341)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 256,919	\$ 126,081	\$ 383,000
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>\$ 246,919</u>	<u>\$ 126,081</u>	<u>\$ 373,000</u>
Net change in fund balances	\$ (22,776)	\$ (197,565)	\$ (220,341)
Fund balances - beginning	(4,944)	303,423	298,479
Fund balances - ending	<u><u>\$ (27,720)</u></u>	<u><u>\$ 105,858</u></u>	<u><u>\$ 78,138</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2014

	<u>Park and Recreation Fund</u>	<u>Senior Center Fund</u>	<u>Green Hill Cemetery Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 329	\$ 5,761	\$ 46,188	\$ 52,278
Receivables (net of allowance for uncollectibles):				
Accounts receivable	843	-	-	843
Prepaid items	-	1,075	-	1,075
Total assets	<u>\$ 1,172</u>	<u>\$ 6,836</u>	<u>\$ 46,188</u>	<u>\$ 54,196</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,996	\$ -	\$ -	\$ 1,996
Accrued liabilities	14,391	-	-	14,391
Due to other funds	65,529	-	-	65,529
Total liabilities	<u>\$ 81,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,916</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ -	\$ 1,075	\$ -	\$ 1,075
Assigned:				
Green Hill Cemetery	-	-	46,188	46,188
Senior citizens program	-	5,761	-	5,761
Debt service	-	-	-	-
Unassigned	(80,744)	-	-	(80,744)
Total fund balances	<u>\$ (80,744)</u>	<u>\$ 6,836</u>	<u>\$ 46,188</u>	<u>\$ (27,720)</u>
Total liabilities and fund balances	<u>\$ 1,172</u>	<u>\$ 6,836</u>	<u>\$ 46,188</u>	<u>\$ 54,196</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2014

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 98,494	\$ -	\$ 3	\$ 98,497
Charges for services	34,577	-	4,649	39,226
Miscellaneous	2,698	-	-	2,698
Recovered costs	-	4,028	-	4,028
Total revenues	<u>\$ 135,769</u>	<u>\$ 4,028</u>	<u>\$ 4,652</u>	<u>\$ 144,449</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 6,721	\$ -	\$ 6,721
Parks, recreation, and cultural	407,423	-	-	407,423
Total expenditures	<u>\$ 407,423</u>	<u>\$ 6,721</u>	<u>\$ -</u>	<u>\$ 414,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (271,654)</u>	<u>\$ (2,693)</u>	<u>\$ 4,652</u>	<u>\$ (269,695)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 256,919	\$ -	\$ -	\$ 256,919
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ 256,919</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 246,919</u>
Net change in fund balances	\$ (14,735)	\$ (2,693)	\$ (5,348)	\$ (22,776)
Fund balances - beginning	(66,009)	9,529	51,536	(4,944)
Fund balances - ending	<u><u>\$ (80,744)</u></u>	<u><u>\$ 6,836</u></u>	<u><u>\$ 46,188</u></u>	<u><u>\$ (27,720)</u></u>

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City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2014

	Park & Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 89,300	\$ 89,300	\$ 98,494	\$ 9,194
Charges for services	49,300	49,300	34,577	(14,723)
Miscellaneous	5,700	5,700	2,698	(3,002)
Recovered costs	-	-	-	-
Total revenues	<u>\$ 144,300</u>	<u>\$ 144,300</u>	<u>\$ 135,769</u>	<u>\$ (8,531)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	342,638	375,138	407,423	(32,285)
Total expenditures	<u>\$ 342,638</u>	<u>\$ 375,138</u>	<u>\$ 407,423</u>	<u>\$ (32,285)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (198,338)</u>	<u>\$ (230,838)</u>	<u>\$ (271,654)</u>	<u>\$ (40,816)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 198,338	\$ 230,838	\$ 256,919	\$ 26,081
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 198,338</u>	<u>\$ 230,838</u>	<u>\$ 256,919</u>	<u>\$ 26,081</u>
Net change in fund balances	\$ -	\$ -	\$ (14,735)	\$ (14,735)
Fund balances - beginning	-	-	(66,009)	(66,009)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,744)</u>	<u>\$ (80,744)</u>

Senior Center Fund				Green Hill Cemetery Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3
-	-	-	-	-	-	4,649	4,649
-	-	-	-	-	-	-	-
9,100	9,100	4,028	(5,072)	-	-	-	-
<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ 4,028</u>	<u>\$ (5,072)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 4,652</u>
\$ 13,600	\$ 13,600	\$ 6,721	\$ 6,879	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 13,600</u>	<u>\$ 13,600</u>	<u>\$ 6,721</u>	<u>\$ 6,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (4,500)	\$ (4,500)	\$ (2,693)	\$ 1,807	\$ -	\$ -	\$ 4,652	\$ 4,652
\$ 4,500	\$ 4,500	\$ -	\$ (4,500)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(10,000)	(10,000)
<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
\$ -	\$ -	\$ (2,693)	\$ (2,693)	\$ -	\$ -	\$ (5,348)	\$ (5,348)
-	-	9,529	9,529	-	-	51,536	51,536
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,836</u>	<u>\$ 6,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,188</u>	<u>\$ 46,188</u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2014

	Community Development Block Grant	Flood Protection Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 67,833	\$ 12,057	\$ 79,890
Receivables (net of allowance for uncollectibles):			
Accounts receivable	25,968	-	25,968
Total assets	<u>\$ 93,801</u>	<u>\$ 12,057</u>	<u>\$ 105,858</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Restricted:			
Community development block grant	\$ 93,801	\$ -	\$ 93,801
Assigned:			
Debt service	-	12,057	12,057
Total fund balances	<u>\$ 93,801</u>	<u>\$ 12,057</u>	<u>\$ 105,858</u>
Total liabilities and fund balances	<u>\$ 93,801</u>	<u>\$ 12,057</u>	<u>\$ 105,858</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2014

	Community Development Block Grant	Flood Protection Revenue Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 390	\$ 12	\$ 402
Intergovernmental:			
Federal	10,949	-	10,949
Total revenues	<u>\$ 11,339</u>	<u>\$ 12</u>	<u>\$ 11,351</u>
EXPENDITURES			
Current:			
Capital projects	\$ -	\$ 15,460	\$ 15,460
Debt service:			
Principal retirement	-	313,801	313,801
Interest and other fiscal charges	-	5,736	5,736
Total expenditures	<u>\$ -</u>	<u>\$ 334,997</u>	<u>\$ 334,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,339</u>	<u>\$ (334,985)</u>	<u>\$ (323,646)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 126,081	\$ 126,081
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 126,081</u>	<u>\$ 126,081</u>
Net change in fund balances	\$ 11,339	\$ (208,904)	\$ (197,565)
Fund balances - beginning	82,462	220,961	303,423
Fund balances - ending	<u><u>\$ 93,801</u></u>	<u><u>\$ 12,057</u></u>	<u><u>\$ 105,858</u></u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Funds
Year Ended June 30, 2014

	Community Development Block Grant			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 390	\$ 390
Intergovernmental:				
Federal	-	-	10,949	10,949
Total revenues	\$ -	\$ -	\$ 11,339	\$ 11,339
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 11,339	\$ 11,339
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 11,339	\$ 11,339
Fund balances - beginning	-	-	82,462	82,462
Fund balances - ending	\$ -	\$ -	\$ 93,801	\$ 93,801

Exhibit 23

Flood Protection Revenue Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 12	\$ 12
-	-	-	-
\$ -	\$ -	\$ 12	\$ 12
\$ -	\$ -	\$ 15,460	\$ (15,460)
\$ 313,818	\$ 313,818	\$ 313,801	\$ 17
10,986	10,986	5,736	5,250
\$ 324,804	\$ 324,804	\$ 334,997	\$ (10,193)
\$ (324,804)	\$ (324,804)	\$ (334,985)	\$ (10,181)
\$ 324,804	\$ 324,804	\$ 126,081	\$ (198,723)
\$ 324,804	\$ 324,804	\$ 126,081	\$ (198,723)
\$ -	\$ -	\$ (208,904)	\$ (208,904)
-	-	220,961	220,961
\$ -	\$ -	\$ 12,057	\$ 12,057

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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, 2014

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 275,509	\$ 39,427	\$ 314,936
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,966	-	6,966
Due from primary government	686,594	-	686,594
Due from other governmental units	203,595	5,921	209,516
Inventories	-	11,553	11,553
Total assets	<u>\$ 1,172,664</u>	<u>\$ 56,901</u>	<u>\$ 1,229,565</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 134,551	\$ 765	\$ 135,316
Contracts payable	762,604	-	762,604
Total liabilities	<u>\$ 897,155</u>	<u>\$ 765</u>	<u>\$ 897,920</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 11,553	\$ 11,553
Committed:			
School capital projects	275,509	-	275,509
School lunch program	-	44,583	44,583
Total fund balances	<u>\$ 275,509</u>	<u>\$ 56,136</u>	<u>\$ 331,645</u>
Total liabilities and fund balances	<u>\$ 1,172,664</u>	<u>\$ 56,901</u>	<u>\$ 1,229,565</u>

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

Total fund balances per above \$ 331,645

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 2,585,973

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (568,012)

Net position of governmental activities \$ 2,349,606

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2014

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 211	\$ -	\$ 211
Charges for services	27,267	129,080	156,347
Recovered costs	303,121	-	303,121
Intergovernmental:			
Local government	2,252,143	-	2,252,143
Commonwealth	7,180,734	7,707	7,188,441
Federal	519,779	266,190	785,969
Total revenues	<u>\$ 10,283,255</u>	<u>\$ 402,977</u>	<u>\$ 10,686,232</u>
EXPENDITURES			
Current:			
Education	\$ 10,302,388	\$ 396,881	\$ 10,699,269
Total expenditures	<u>\$ 10,302,388</u>	<u>\$ 396,881</u>	<u>\$ 10,699,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,133)</u>	<u>\$ 6,096</u>	<u>\$ (13,037)</u>
Net change in fund balances	\$ (19,133)	\$ 6,096	\$ (13,037)
Fund balances - beginning	294,642	50,040	344,682
Fund balances - ending	<u>\$ 275,509</u>	<u>\$ 56,136</u>	<u>\$ 331,645</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 \$ (13,037)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. (75,783)

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. (31,371)

Change in net position of governmental activities \$ (120,191)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 211	\$ 211
Charges for services	40,000	40,000	27,267	(12,733)
Recovered costs	256,397	256,397	303,121	46,724
Intergovernmental:				
Local government	2,383,803	2,383,803	2,252,143	(131,660)
Commonwealth	7,232,012	7,232,012	7,180,734	(51,278)
Federal	562,837	562,837	519,779	(43,058)
Total revenues	<u>\$ 10,475,049</u>	<u>\$ 10,475,049</u>	<u>\$ 10,283,255</u>	<u>\$ (191,794)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 10,475,049</u>	<u>\$ 10,475,049</u>	<u>\$ 10,302,388</u>	<u>\$ 172,661</u>
Total expenditures	<u>\$ 10,475,049</u>	<u>\$ 10,475,049</u>	<u>\$ 10,302,388</u>	<u>\$ 172,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,133)</u>	<u>\$ (19,133)</u>
Net change in fund balances	\$ -	\$ -	\$ (19,133)	\$ (19,133)
Fund balances - beginning	-	-	294,642	294,642
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,509</u>	<u>\$ 275,509</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
Year Ended June 30, 2014

	School Cafeteria Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 150,000	\$ 150,000	\$ 129,080	\$ (20,920)
Intergovernmental:				
Commonwealth	6,443	6,443	7,707	1,264
Federal	312,998	312,998	266,190	(46,808)
Total revenues	<u>\$ 469,441</u>	<u>\$ 469,441</u>	<u>\$ 402,977</u>	<u>\$ (66,464)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 469,441</u>	<u>\$ 469,441</u>	<u>\$ 396,881</u>	<u>\$ 72,560</u>
Total expenditures	<u>\$ 469,441</u>	<u>\$ 469,441</u>	<u>\$ 396,881</u>	<u>\$ 72,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,096</u>	<u>\$ 6,096</u>
Net change in fund balances	\$ -	\$ -	\$ 6,096	\$ 6,096
Fund balances - beginning	-	-	50,040	50,040
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,136</u>	<u>\$ 56,136</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

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	\$ 3,916,489	\$ 3,916,489	\$ 4,176,400	\$ 259,911
Real and personal public service corporation taxes	115,000	115,000	99,789	(15,211)
Personal property taxes	1,053,000	1,053,000	1,128,161	75,161
Machinery and tools taxes	270,000	270,000	306,176	36,176
Penalties	48,000	48,000	62,024	14,024
Interest	21,000	21,000	44,242	23,242
Total general property taxes	\$ 5,423,489	\$ 5,423,489	\$ 5,816,792	\$ 393,303
Other local taxes:				
Local sales and use taxes	\$ 380,000	\$ 380,000	\$ 366,318	\$ (13,682)
Consumers' utility taxes	275,000	275,000	264,219	(10,781)
Meals taxes	270,000	270,000	297,771	27,771
Lodging taxes	17,300	17,300	21,412	4,112
Business and professional license taxes	170,000	170,000	172,418	2,418
Motor vehicle licenses	159,000	159,000	170,032	11,032
Water utility taxes	85,000	85,000	109,704	24,704
Bank stock taxes	26,500	26,500	38,430	11,930
Recordation taxes	25,867	25,867	25,949	82
Total other local taxes	\$ 1,408,667	\$ 1,408,667	\$ 1,466,253	\$ 57,586
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,810	\$ (90)
Right of way fees	22,000	22,000	28,315	6,315
Transfer fees	150	150	224	74
Permits and other licenses	8,900	8,900	25,690	16,790
Total permits, privilege fees, and regulatory licenses	\$ 32,950	\$ 32,950	\$ 56,039	\$ 23,089
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 84,917	\$ 24,917
Parking fines	700	700	185	(515)
Total fines and forfeitures	\$ 60,700	\$ 60,700	\$ 85,102	\$ 24,402
Revenue from use of money and property:				
Revenue from use of money	\$ 4,000	\$ 4,000	\$ 2,006	\$ (1,994)
Sale of property	26,000	26,000	25,000	(1,000)
Sale of cemetery lots	32,000	32,000	24,150	(7,850)
Total revenue from use of money and property	\$ 62,000	\$ 62,000	\$ 51,156	\$ (10,844)
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	1,413	913
Charges for waste collection and disposal	550,000	550,000	585,184	35,184
Landfill tipping fees	97,000	97,000	83,724	(13,276)
Grave Openings	63,720	63,720	53,025	(10,695)
Courthouse maintenance fees	4,000	4,000	8,040	4,040
Courthouse security fees	12,739	12,739	14,242	1,503
Jail administration fees	1,150	1,150	1,829	679
Other charges for services	2,550	2,600	3,129	529
Total charges for services	\$ 732,159	\$ 732,209	\$ 751,100	\$ 18,891

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

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)				
Miscellaneous revenue:				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 40,605	\$ 25,605
Regional Industrial Park	-	-	151	151
Dabney lease revenue	136,800	136,800	136,800	-
Total miscellaneous revenue	<u>\$ 151,800</u>	<u>\$ 151,800</u>	<u>\$ 177,556</u>	<u>\$ 25,756</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 795	\$ 795
Other recovered costs	-	28,821	33,490	4,669
Total recovered costs	<u>\$ -</u>	<u>\$ 28,821</u>	<u>\$ 34,285</u>	<u>\$ 5,464</u>
Total revenue from local sources	<u>\$ 7,871,765</u>	<u>\$ 7,900,636</u>	<u>\$ 8,438,283</u>	<u>\$ 537,647</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 420	\$ (80)
Communication tax	326,000	326,000	317,067	(8,933)
Rolling stock	4,000	4,000	6,614	2,614
Auto rental tax	10	10	2	(8)
State recordation tax	12,000	12,000	7,291	(4,709)
Personal property tax relief funds	662,919	662,919	662,919	-
Total noncategorical aid	<u>\$ 1,005,429</u>	<u>\$ 1,005,429</u>	<u>\$ 994,313</u>	<u>\$ (11,116)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 154,620	\$ 154,620	\$ 154,809	\$ 189
Sheriff	152,332	152,332	155,608	3,276
Commissioner of revenue	64,604	64,604	58,676	(5,928)
Treasurer	61,440	61,440	60,789	(651)
Registrar/electoral board	29,000	29,000	27,868	(1,132)
Police	176,732	176,732	176,732	-
Juror Expense	3,000	3,000	4,410	1,410
Clerk of the Circuit Court	127,791	132,791	138,328	5,537
Total shared expenses	<u>\$ 769,519</u>	<u>\$ 774,519</u>	<u>\$ 777,220</u>	<u>\$ 2,701</u>
Other categorical aid:				
Welfare administration and assistance	\$ 120,000	\$ 120,000	\$ 95,509	\$ (24,491)
Comprehensive services act	586,000	586,000	748,112	162,112
Street and Highway Maintenance	1,020,104	1,020,104	1,103,709	83,605
School resource officer grant	-	-	55,066	55,066
Victim-witness grant	28,645	28,645	27,725	(920)
Fire programs	-	-	20,000	20,000
Two for life	-	-	5,029	5,029
Other state grants	25,000	25,000	31,234	6,234
Seized funds	-	6,300	7,686	1,386
Total other categorical aid	<u>\$ 1,779,749</u>	<u>\$ 1,786,049</u>	<u>\$ 2,094,070</u>	<u>\$ 308,021</u>
Total categorical aid	<u>\$ 2,549,268</u>	<u>\$ 2,560,568</u>	<u>\$ 2,871,290</u>	<u>\$ 310,722</u>
Total revenue from the Commonwealth	<u>\$ 3,554,697</u>	<u>\$ 3,565,997</u>	<u>\$ 3,865,603</u>	<u>\$ 299,606</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

<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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 90,000	\$ 90,000	\$ 23,669	\$ (66,331)
Ground transportation safety grant	-	4,260	8,169	3,909
Total categorical aid	<u>\$ 90,000</u>	<u>\$ 94,260</u>	<u>\$ 31,838</u>	<u>\$ (62,422)</u>
Total revenue from the federal government	<u>\$ 90,000</u>	<u>\$ 94,260</u>	<u>\$ 31,838</u>	<u>\$ (62,422)</u>
Total General Fund	<u>\$ 11,516,462</u>	<u>\$ 11,560,893</u>	<u>\$ 12,335,724</u>	<u>\$ 774,831</u>
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 89,300	\$ 89,300	\$ 98,494	\$ 9,194
Total revenue from use of money and property	<u>\$ 89,300</u>	<u>\$ 89,300</u>	<u>\$ 98,494</u>	<u>\$ 9,194</u>
Charges for services:				
Recreation fees	\$ 49,300	\$ 49,300	\$ 34,577	\$ (14,723)
Total charges for services	<u>\$ 49,300</u>	<u>\$ 49,300</u>	<u>\$ 34,577</u>	<u>\$ (14,723)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 5,700	\$ 5,700	\$ 2,698	\$ (3,002)
Total miscellaneous revenue	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ 2,698</u>	<u>\$ (3,002)</u>
Total revenue from local sources	<u>\$ 144,300</u>	<u>\$ 144,300</u>	<u>\$ 135,769</u>	<u>\$ (8,531)</u>
Total Park and Recreation Fund	<u>\$ 144,300</u>	<u>\$ 144,300</u>	<u>\$ 135,769</u>	<u>\$ (8,531)</u>
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 9,100	\$ 9,100	\$ 4,028	\$ (5,072)
Total recovered costs	<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ 4,028</u>	<u>\$ (5,072)</u>
Total revenue from local sources	<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ 4,028</u>	<u>\$ (5,072)</u>
Total Senior Center Fund	<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ 4,028</u>	<u>\$ (5,072)</u>
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 4,649	\$ 4,649
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,649</u>	<u>\$ 4,649</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 4,652</u>
Total Green Hill Cemetery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 4,652</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista School Board	\$ 372,953	\$ 372,953	\$ 372,953	\$ -
Total revenues from local governments	\$ 372,953	\$ 372,953	\$ 372,953	\$ -
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 19,583	\$ 19,583	\$ 18,511	\$ (1,072)
Total revenue from use of money and property	\$ 19,583	\$ 19,583	\$ 18,511	\$ (1,072)
Total School Construction Fund	\$ 392,536	\$ 392,536	\$ 391,464	\$ (1,072)
Flood Protection Fund:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 12	\$ 12
Total revenue from use of money and property	\$ -	\$ -	\$ 12	\$ 12
Total Flood Protection Fund	\$ -	\$ -	\$ 12	\$ 12
Community Development Block Grant:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 390	\$ 390
Total revenue from use of money and property	\$ -	\$ -	\$ 390	\$ 390
Total revenue from local sources	\$ -	\$ -	\$ 390	\$ 390
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
USDA Small Business Grant	\$ -	\$ -	\$ 10,949	\$ 10,949
Total revenue from the federal government	\$ -	\$ -	\$ 10,949	\$ 10,949
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 11,339	\$ 11,339
Total Primary Government	\$ 12,062,398	\$ 12,106,829	\$ 12,882,988	\$ 776,159
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 211	\$ 211
Total revenue from use of money and property	\$ -	\$ -	\$ 211	\$ 211
Charges for services:				
Charges for education	\$ 40,000	\$ 40,000	\$ 27,267	\$ (12,733)
Total charges for services	\$ 40,000	\$ 40,000	\$ 27,267	\$ (12,733)
Recovered costs:				
Other recovered costs	\$ 256,397	\$ 256,397	\$ 303,121	\$ 46,724
Total recovered costs	\$ 256,397	\$ 256,397	\$ 303,121	\$ 46,724
Total revenue from local sources	\$ 296,397	\$ 296,397	\$ 330,599	\$ 34,202

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

<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>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,383,803	\$ 2,383,803	\$ 2,252,143	\$ (131,660)
Total revenue from local governments	\$ 2,383,803	\$ 2,383,803	\$ 2,252,143	\$ (131,660)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 965,999	\$ 965,999	\$ 928,934	\$ (37,065)
Basic school aid	3,791,838	3,791,838	3,735,890	(55,948)
At-risk	77,568	77,568	76,136	(1,432)
Project graduation	-	-	5,597	5,597
Alternative education	38,713	38,713	38,713	-
Gifted and talented	39,122	39,122	38,459	(663)
Special Education	616,819	616,819	621,547	4,728
Remedial summer school	46,004	46,004	38,720	(7,284)
Remedial education	109,875	109,875	108,012	(1,863)
Vocational education	118,198	118,198	116,195	(2,003)
Technology funds	258,000	258,000	257,863	(137)
Fringe benefits	677,560	677,560	666,074	(11,486)
Adult education	7,859	7,859	9,837	1,978
Reduced class size (K-3)	72,315	72,315	73,630	1,315
Free textbooks	74,690	74,690	73,424	(1,266)
Early reading intervention	27,835	27,835	43,018	15,183
Special education - homebound	9,254	9,254	4,759	(4,495)
Vocational education - equipment	-	-	3,566	3,566
Salary supplement	91,239	91,239	89,693	(1,546)
Vocational occupational preparedness	17,917	17,917	10,787	(7,130)
Standards of Learning algebra readiness	13,013	13,013	12,893	(120)
Other state funds	178,194	178,194	226,987	48,793
Total categorical aid	\$ 7,232,012	\$ 7,232,012	\$ 7,180,734	\$ (51,278)
Total revenue from the Commonwealth	\$ 7,232,012	\$ 7,232,012	\$ 7,180,734	\$ (51,278)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 211,000	\$ 211,000	\$ 193,090	\$ (17,910)
Title VI-B, special education	235,522	235,522	223,344	(12,178)
Title VI-B, pre-school	10,210	10,210	9,930	(280)
Vocational Education	21,500	21,500	20,897	(603)
Title II, Improving teacher quality	63,243	63,243	58,018	(5,225)
Schools and roads - grants to states	21,362	21,362	6,300	(15,062)
School construction	-	-	8,200	8,200
Total categorical aid	\$ 562,837	\$ 562,837	\$ 519,779	\$ (43,058)
Total revenue from the federal government	\$ 562,837	\$ 562,837	\$ 519,779	\$ (43,058)
Total School Operating Fund	\$ 10,475,049	\$ 10,475,049	\$ 10,283,255	\$ (191,794)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

<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>
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 150,000	\$ 150,000	\$ 129,080	\$ (20,920)
Total charges for services	\$ 150,000	\$ 150,000	\$ 129,080	\$ (20,920)
Total revenue from local sources	\$ 150,000	\$ 150,000	\$ 129,080	\$ (20,920)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,443	\$ 6,443	\$ 7,707	\$ 1,264
Total revenue from the commonwealth	\$ 6,443	\$ 6,443	\$ 7,707	\$ 1,264
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 33,185	\$ 33,185
School food program grant	312,998	312,998	233,005	(79,993)
Total categorical aid	\$ 312,998	\$ 312,998	\$ 266,190	\$ (46,808)
Total revenue from the federal government	\$ 312,998	\$ 312,998	\$ 266,190	\$ (46,808)
Total School Cafeteria Fund	\$ 469,441	\$ 469,441	\$ 402,977	\$ (66,464)
Total Discretely Presented Component Unit - School Board	\$ 10,944,490	\$ 10,944,490	\$ 10,686,232	\$ (258,258)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2014

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 39,598	\$ 39,598	\$ 38,270	\$ 1,328
General and financial administration:				
City Manager	\$ 67,601	\$ 84,441	\$ 79,936	\$ 4,505
City Attorney/Legal Services	70,000	70,000	71,591	(1,591)
Finance	275,154	275,154	217,308	57,846
Independent Auditor	34,200	34,200	51,186	(16,986)
Commissioner of Revenue	202,501	202,501	190,287	12,214
City Treasurer	272,637	272,637	269,072	3,565
Reassessment	10,000	10,000	3,500	6,500
Other general and financial administration	87,050	87,050	61,089	25,961
Total general and financial administration	\$ 1,019,143	\$ 1,035,983	\$ 943,969	\$ 92,014
Board of elections:				
Electoral board and officials	\$ 63,374	\$ 63,374	\$ 58,451	\$ 4,923
Total general government administration	\$ 1,122,115	\$ 1,138,955	\$ 1,040,690	\$ 98,265
Judicial administration:				
Courts:				
Circuit court	\$ 6,250	\$ 6,250	\$ 6,238	\$ 12
General district court	5,570	5,570	3,726	1,844
Juvenile/Domestic relations court	47,280	47,280	18,050	29,230
Clerk of the circuit court	220,098	225,098	223,294	1,804
Sheriff	289,911	289,911	245,364	44,547
Total courts	\$ 569,109	\$ 574,109	\$ 496,672	\$ 77,437
Commonwealth's attorney:				
Commonwealth's attorney	\$ 239,179	\$ 239,179	\$ 233,629	\$ 5,550
Total judicial administration	\$ 808,288	\$ 813,288	\$ 730,301	\$ 82,987
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 29,077	\$ 29,077	\$ 28,656	\$ 421
Police Department	1,264,179	1,274,739	1,256,537	18,202
Total law enforcement and traffic control	\$ 1,293,256	\$ 1,303,816	\$ 1,285,193	\$ 18,623
Fire and rescue services:				
Fire department	\$ 120,280	\$ 124,280	\$ 126,181	\$ (1,901)
Rescue Squad	102,203	105,903	105,926	(23)
Central Shenandoah EMS Council	237,022	237,022	228,525	8,497
Total fire and rescue services	\$ 459,505	\$ 467,205	\$ 460,632	\$ 6,573
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 947	\$ 2,053
Magistrate	315	315	115	200
Regional Jail	300,000	300,000	597,963	(297,963)
Total correction and detention	\$ 303,315	\$ 303,315	\$ 599,025	\$ (295,710)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2014

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical Examiner	\$ 150	\$ 150	\$ 40	\$ 110
Total other protection	\$ 150	\$ 150	\$ 40	\$ 110
Total public safety	\$ 2,056,226	\$ 2,074,486	\$ 2,344,890	\$ (270,404)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 187,373	\$ 187,373	\$ 185,894	\$ 1,479
Street Maintenance Department	625,894	625,894	519,236	106,658
Storm Drainage Department	38,668	38,668	15,405	23,263
Street Lights	60,000	60,000	66,578	(6,578)
Total maintenance of highways, streets, bridges & sidewalks	\$ 911,935	\$ 911,935	\$ 787,113	\$ 124,822
Sanitation and waste removal:				
Refuse Department	\$ 294,968	\$ 294,968	\$ 269,791	\$ 25,177
Refuse Disposal	160,000	160,000	130,687	29,313
Total sanitation and waste removal	\$ 454,968	\$ 454,968	\$ 400,478	\$ 54,490
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 153,231	\$ 182,052	\$ 164,348	\$ 17,704
Green Hill Cemetary Maintenance	112,160	112,160	114,162	(2,002)
Total maintenance of general buildings and grounds	\$ 265,391	\$ 294,212	\$ 278,510	\$ 15,702
Total public works	\$ 1,632,294	\$ 1,661,115	\$ 1,466,101	\$ 195,014
Health and welfare:				
Mental health and mental retardation:				
Mental Health	\$ 89,578	\$ 89,578	\$ 86,145	\$ 3,433
Welfare:				
Property Tax Relief	\$ 79,000	\$ 79,000	\$ 91,517	\$ (12,517)
Social Services	1,250,000	1,250,000	1,225,521	24,479
VA Municipal League	4,464	4,464	4,464	-
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	1,000	1,500	(500)
Rockbridge Area Rental Assistance	5,000	5,000	5,000	-
Rockbridge Free Clinic	12,000	12,000	12,000	-
Total welfare	\$ 1,389,577	\$ 1,389,577	\$ 1,375,415	\$ 14,162
Total health and welfare	\$ 1,479,155	\$ 1,479,155	\$ 1,461,560	\$ 17,595

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2014

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	\$ 2,383,803	\$ 2,383,803	\$ 2,252,143	\$ 131,660
Contribution to Community Colleges	30,408	30,408	30,408	-
Contribution to Buena Vista Colored School	1,000	1,000	750	250
Total education	<u>\$ 2,415,211</u>	<u>\$ 2,415,211</u>	<u>\$ 2,283,301</u>	<u>\$ 131,910</u>
Parks, recreation, and cultural:				
Library:				
Rockbridge/ Buena Vista Regional Library	\$ 101,957	\$ 101,957	\$ 102,813	\$ (856)
Total parks, recreation, and cultural	<u>\$ 101,957</u>	<u>\$ 101,957</u>	<u>\$ 102,813</u>	<u>\$ (856)</u>
Community development:				
Planning and community development:				
Community development administration	\$ 317,605	\$ 347,605	\$ 329,190	\$ 18,415
Economic Development	-	-	-	-
Central Shenandoah Planning District Commission	19,972	19,972	19,972	-
Rockbridge Area Occupation Center	12,543	12,543	12,543	-
Blue Ridge Legal Services	961	961	961	-
Beautification Committee	2,000	2,000	1,368	632
Visitor's Center	41,216	41,216	42,611	(1,395)
Project Horizon	2,200	2,200	2,200	-
Paxton House	10,000	10,000	10,000	-
Rockbridge Area transportation system	25,000	25,000	23,250	1,750
Virginia Institute of government	500	500	-	500
VEPGA	-	-	217	(217)
Rockbridge Area Relief Association	200	200	-	200
Food Bank	500	500	500	-
Talking book center	1,400	1,400	1,400	-
Employee programs	45,192	45,192	34,023	11,169
Total planning and community development	<u>\$ 479,289</u>	<u>\$ 509,289</u>	<u>\$ 478,235</u>	<u>\$ 31,054</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>\$ 481,289</u>	<u>\$ 511,289</u>	<u>\$ 480,235</u>	<u>\$ 31,054</u>
Debt service:				
Principal retirement	\$ 197,735	\$ 197,735	\$ 190,061	\$ 7,674
Interest and other fiscal charges	165,783	165,783	159,851	5,932
Total debt service	<u>\$ 363,518</u>	<u>\$ 363,518</u>	<u>\$ 349,912</u>	<u>\$ 13,606</u>
Total General Fund	<u>\$ 10,460,053</u>	<u>\$ 10,558,974</u>	<u>\$ 10,259,803</u>	<u>\$ 299,171</u>
Special Revenue Fund:				
Park & Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Insurance	\$ 3,910	\$ 3,910	\$ 4,324	\$ (414)
Administration	77,986	86,486	86,574	(88)
Recreation	32,140	32,140	34,396	(2,256)
Parks and Ground Maintenance	87,372	87,372	87,931	(559)
Activities	89,764	113,764	127,337	(13,573)
Swimming Pool	51,466	51,466	66,861	(15,395)
Total Park and Recreation Fund	<u>\$ 342,638</u>	<u>\$ 375,138</u>	<u>\$ 407,423</u>	<u>\$ (32,285)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2014

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (continued)				
Senior Center Fund:				
Health and Welfare:				
Senior center	\$ 13,600	\$ 13,600	\$ 6,721	\$ 6,879
Total Senior Center Fund	<u>\$ 13,600</u>	<u>\$ 13,600</u>	<u>\$ 6,721</u>	<u>\$ 6,879</u>
Capital Projects Funds:				
School Construction Fund:				
Capital Outlay:				
School construction	\$ -	\$ -	\$ 123	\$ (123)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ (123)</u>
Debt service:				
Principal retirement	\$ 594,181	\$ 594,181	\$ 600,219	\$ (6,038)
Interest and other fiscal charges	124,550	124,550	118,512	6,038
Total debt service	<u>\$ 718,731</u>	<u>\$ 718,731</u>	<u>\$ 718,731</u>	<u>\$ -</u>
Total School Construction Fund	<u>\$ 718,731</u>	<u>\$ 718,731</u>	<u>\$ 718,854</u>	<u>\$ (123)</u>
Flood Protection Fund:				
Capital Outlay:				
Flood control construction and maintenance	\$ -	\$ -	\$ 15,460	\$ (15,460)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,460</u>	<u>\$ (15,460)</u>
Debt service:				
Principal retirement	\$ 313,818	\$ 313,818	\$ 313,801	\$ 17
Interest and other fiscal charges	10,986	10,986	5,736	5,250
Total debt service	<u>\$ 324,804</u>	<u>\$ 324,804</u>	<u>\$ 319,537</u>	<u>\$ 5,267</u>
Total Flood Protection Fund	<u>\$ 324,804</u>	<u>\$ 324,804</u>	<u>\$ 334,997</u>	<u>\$ (10,193)</u>
Total Primary Government	<u>\$ 11,859,826</u>	<u>\$ 11,991,247</u>	<u>\$ 11,727,798</u>	<u>\$ 263,449</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 7,730,194	\$ 7,730,194	\$ 7,475,719	\$ 254,475
Administration and Health Services	430,345	430,345	434,503	(4,158)
Transportation	305,301	305,301	334,771	(29,470)
Operation and Maintenance	994,427	994,427	1,016,210	(21,783)
Technology	372,954	372,954	668,232	(295,278)
Contribution to City of Buena Vista, Virginia	641,828	641,828	372,953	268,875
Total Education of Schools	<u>\$ 10,475,049</u>	<u>\$ 10,475,049</u>	<u>\$ 10,302,388</u>	<u>\$ 172,661</u>
Total School Operating Fund	<u>\$ 10,475,049</u>	<u>\$ 10,475,049</u>	<u>\$ 10,302,388</u>	<u>\$ 172,661</u>
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
School Nutrition	\$ 469,441	\$ 469,441	\$ 396,881	\$ 72,560
Total Cafeteria Fund	<u>\$ 469,441</u>	<u>\$ 469,441</u>	<u>\$ 396,881</u>	<u>\$ 72,560</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,944,490</u>	<u>\$ 10,944,490</u>	<u>\$ 10,699,269</u>	<u>\$ 245,221</u>

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Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the 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 relates to the services the City provides and the activities it performs.

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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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 5,621,558	\$ 4,864,446	\$ 4,211,880	\$ 7,977,056
Restricted	-	-	-	-
Unrestricted	4,704,389	5,884,854	5,411,415	2,954,996
Total governmental activities net position	<u>\$ 10,325,947</u>	<u>\$ 10,749,300</u>	<u>\$ 9,623,295</u>	<u>\$ 10,932,052</u>
Business-type activities				
Net investment in capital assets	\$ 4,517,398	\$ 4,140,571	\$ 2,949,581	\$ 2,781,984
Restricted	-	-	848,453	867,659
Unrestricted	(608,496)	(738,884)	(1,312,012)	(656,977)
Total business-type activities net position	<u>\$ 3,908,902</u>	<u>\$ 3,401,687</u>	<u>\$ 2,486,022</u>	<u>\$ 2,992,666</u>
Primary government				
Net investment in capital assets	\$ 10,138,956	\$ 9,005,017	\$ 7,161,461	\$ 10,759,040
Restricted	-	-	848,453	867,659
Unrestricted	4,095,893	5,145,970	4,099,403	2,298,019
Total primary government net position	<u>\$ 14,234,849</u>	<u>\$ 14,150,987</u>	<u>\$ 12,109,317</u>	<u>\$ 13,924,718</u>

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 7,547,301	\$ 7,199,549	\$ 7,461,749	\$ 7,825,868	\$ 8,383,865	\$ 8,787,455
-	-	104,685	107,314	191,002	203,321
2,615,596	2,401,537	1,955,998	1,602,552	1,991,915	2,535,594
<u>\$ 10,162,897</u>	<u>\$ 9,601,086</u>	<u>\$ 9,522,432</u>	<u>\$ 9,535,734</u>	<u>\$ 10,566,782</u>	<u>\$ 11,526,370</u>
\$ 2,911,128	\$ 2,574,999	\$ 1,304,944	\$ (2,890,305)	\$ (1,603,483)	\$ (805,396)
848,559	848,452	186,704	3,211,557	814,994	849,815
(1,231,929)	(989,540)	548,085	1,288,213	1,225,491	994,498
<u>\$ 2,527,758</u>	<u>\$ 2,433,911</u>	<u>\$ 2,039,733</u>	<u>\$ 1,609,465</u>	<u>\$ 437,002</u>	<u>\$ 1,038,917</u>
\$ 10,458,429	\$ 9,774,548	\$ 8,766,693	\$ 4,935,563	\$ 6,780,382	\$ 7,982,059
848,559	848,452	291,389	3,318,871	1,005,996	1,053,136
1,383,667	1,411,997	2,504,083	2,890,765	3,217,406	3,530,092
<u>\$ 12,690,655</u>	<u>\$ 12,034,997</u>	<u>\$ 11,562,165</u>	<u>\$ 11,145,199</u>	<u>\$ 11,003,784</u>	<u>\$ 12,565,287</u>

City of Buena Vista, Virginia

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government administration	\$ 1,846,040	\$ 1,880,818	\$ 2,044,310	\$ 2,847,909	\$ 1,191,515
Judicial administration	577,181	620,104	643,104	659,781	596,948
Public safety	1,641,183	1,633,240	1,726,672	1,823,524	1,666,689
Public works	1,923,082	2,456,980	2,245,520	2,147,185	2,994,946
Health and welfare	760,001	730,696	1,013,795	1,106,517	1,117,070
Education	3,402,007	2,988,982	2,977,818	1,966,991	554,187
Parks, recreation and cultural	534,681	472,463	508,863	534,620	581,445
Community development	246,095	232,135	319,041	194,075	544,350
Interest on long-term debt	392,520	273,304	321,298	406,483	346,791
Total governmental activities expenses	\$ 11,322,790	\$ 11,288,722	\$ 11,800,421	\$ 11,687,085	\$ 9,593,941
Business-type activities:					
Water and sewer	\$ 1,485,531	\$ 1,634,331	\$ 1,956,993	\$ 1,939,751	\$ 1,875,328
Golf course	479,076	1,232,628	1,387,292	1,440,095	1,645,137
Total business-type activities expenses	\$ 1,964,607	\$ 2,866,959	\$ 3,344,285	\$ 3,379,846	\$ 3,520,465
Total primary government expenses	\$ 13,287,397	\$ 14,155,681	\$ 15,144,706	\$ 15,066,931	\$ 13,114,406
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 363	\$ 55	\$ -	\$ -	\$ 26,616
Judicial administration	85,896	91,503	87,866	76,263	644
Public safety	865	22,595	1,576	1,700	12,017
Public works	546,460	639,748	615,851	675,923	557,235
Parks, recreation and cultural	93,155	62,299	48,623	68,644	86,423
Operating grants and contributions	2,394,339	2,200,825	2,419,602	2,586,567	2,897,897
Capital grants and contributions	157,311	322,323	327,214	240,428	1,071,492
Total governmental activities program revenues	\$ 3,278,389	\$ 3,339,348	\$ 3,500,732	\$ 3,649,525	\$ 4,652,324
Business-type activities:					
Charges for services:					
Water and sewer	\$ 1,430,339	\$ 1,641,310	\$ 1,686,732	\$ 1,608,561	\$ 1,658,072
Golf course	-	459,665	629,808	747,703	835,938
Capital grants and contributions	-	-	88,370	19,630	-
Total business-type activities program revenues	\$ 1,430,339	\$ 2,100,975	\$ 2,404,910	\$ 2,375,894	\$ 2,494,010
Total primary government program revenues	\$ 4,708,728	\$ 5,440,323	\$ 5,905,642	\$ 6,025,419	\$ 7,146,334
Net (expense) / revenue					
Governmental activities	\$ (8,044,401)	\$ (7,949,374)	\$ (8,299,689)	\$ (8,037,560)	\$ (4,941,617)
Business-type activities	(534,268)	(765,984)	(939,375)	(1,003,952)	(1,026,455)
Total primary government net expense	\$ (8,578,669)	\$ (8,715,358)	\$ (9,239,064)	\$ (9,041,512)	\$ (5,968,072)

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,013,515	\$ 2,000,877	\$ 1,488,136	\$ 1,555,693	\$ 1,434,120	\$ 1,352,667
666,736	718,851	698,976	834,369	781,762	744,136
1,774,179	1,896,548	1,853,412	1,974,531	2,094,716	2,421,580
2,032,597	1,785,838	1,645,418	1,532,334	1,528,167	1,543,028
1,471,928	1,423,633	1,373,423	1,387,794	1,262,700	1,430,280
2,225,190	2,540,852	2,429,651	2,388,442	2,678,335	2,507,520
543,381	455,459	470,587	493,121	502,721	512,800
477,741	532,525	440,144	524,202	380,195	476,304
374,344	370,086	340,654	329,680	328,515	244,753
\$ 11,579,611	\$ 11,724,669	\$ 10,740,401	\$ 11,020,166	\$ 10,991,231	\$ 11,233,068
\$ 1,840,673	\$ 1,826,382	\$ 1,734,258	\$ 2,057,106	\$ 2,147,225	\$ 2,164,971
1,454,701	1,188,907	1,191,768	1,201,667	1,060,556	1,041,770
\$ 3,295,374	\$ 3,015,289	\$ 2,926,026	\$ 3,258,773	\$ 3,207,781	\$ 3,206,741
\$ 14,874,985	\$ 14,739,958	\$ 13,666,427	\$ 14,278,939	\$ 14,199,012	\$ 14,439,809
\$ 30,253	\$ 65,834	\$ 8,441	\$ 19,321	\$ 12,854	\$ 3,129
667	341	2,041	1,488	894	1,413
81,937	91,828	71,311	107,031	92,936	101,687
634,775	605,353	471,529	526,476	594,270	732,987
90,478	60,268	69,415	97,802	103,445	92,251
3,107,371	3,274,247	2,913,191	3,042,330	2,952,688	3,287,030
-	34,923	-	-	-	-
\$ 3,945,481	\$ 4,132,794	\$ 3,535,928	\$ 3,794,448	\$ 3,757,087	\$ 4,218,497
\$ 1,541,154	\$ 1,647,493	\$ 1,587,034	\$ 1,975,335	\$ 2,006,397	\$ 2,064,255
655,199	591,335	418,580	487,851	471,885	439,807
-	-	-	-	190,455	813,106
\$ 2,196,353	\$ 2,238,828	\$ 2,005,614	\$ 2,463,186	\$ 2,668,737	\$ 3,317,168
\$ 6,141,834	\$ 6,371,622	\$ 5,541,542	\$ 6,257,634	\$ 6,425,824	\$ 7,535,665
\$ (7,634,130)	\$ (7,591,875)	\$ (7,204,473)	\$ (7,225,718)	\$ (7,234,144)	\$ (7,014,571)
(1,099,021)	(776,461)	(920,412)	(795,587)	(539,044)	110,427
\$ (8,733,151)	\$ (8,368,336)	\$ (8,124,885)	\$ (8,021,305)	\$ (7,773,188)	\$ (6,904,144)

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 3,457,494	\$ 4,256,304	\$ 6,102,424	\$ 5,468,056	\$ 5,003,837
Local sales and use taxes	349,457	341,367	359,834	391,387	391,902
Consumer utility taxes	499,059	478,170	462,224	566,100	276,078
Meals taxes	139,830	139,969	153,017	169,072	182,152
Cellular phone taxes and right of ways	98,584	82,772	77,065	55,886	361,701
Business and professional licenses taxes	148,718	160,451	169,818	181,281	182,082
Franchise licenses taxes	69,332	62,330	78,560	41,681	-
Motor vehicle licenses taxes	106,374	136,064	135,766	131,757	133,238
E-911 taxes	71,897	95,564	92,702	58,332	-
Other local taxes	95,439	106,618	142,523	134,202	213,280
Unrestricted grants and contributions	705,096	718,218	856,831	701,839	694,017
Unrestricted revenues from use of money and property	113,074	124,834	113,964	186,796	209,473
Miscellaneous	-	-	-	12,971	135,208
Recovered costs	68,170	85,163	84,926	203,641	-
Loss on disposition of assets	(83,254)	-	(17,330)	-	-
Transfers	299,658	-	(152,269)	-	(1,532,594)
Total governmental activities	\$ 6,138,928	\$ 6,787,824	\$ 8,660,055	\$ 8,303,001	\$ 6,250,374
Business-type activities:					
Unrestricted revenues from use of money and property	\$ 14,148	\$ 27,198	\$ 39,020	\$ 37,181	\$ 15,278
Miscellaneous	163,601	2,654	240,871	168	-
Loss on disposition of assets	-	-	-	-	(14,773)
Transfers	(299,658)	-	152,269	-	1,532,594
Total business-type activities	\$ (121,909)	\$ 29,852	\$ 432,160	\$ 37,349	\$ 1,533,099
Total primary government	\$ 6,017,019	\$ 6,817,676	\$ 9,092,215	\$ 8,340,350	\$ 7,783,473
Change in Net Position					
Governmental activities	\$ (1,905,473)	\$ (1,161,550)	\$ 360,366	\$ 265,441	\$ 1,308,757
Business-type activities	(656,177)	(736,132)	(507,215)	(966,603)	506,644
Total primary government	\$ (2,561,650)	\$ (1,897,682)	\$ (146,849)	\$ (701,162)	\$ 1,815,401

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,868,906	\$ 5,223,823	\$ 5,009,886	\$ 4,948,762	\$ 5,777,309	\$ 5,655,373
363,627	345,773	397,404	378,736	407,119	366,318
274,681	294,001	248,874	256,535	269,962	264,219
182,056	196,708	167,780	192,920	290,324	297,771
328,652	330,009	328,377	321,702	-	-
179,437	175,694	174,242	177,887	175,858	172,418
-	-	-	-	-	-
128,123	126,257	127,561	125,579	170,345	170,032
-	-	-	-	-	-
185,098	208,553	171,758	177,095	171,903	195,495
684,393	675,957	736,104	675,434	1,007,441	994,313
356,190	151,987	139,688	160,234	136,639	168,566
130,751	170,308	146,107	189,394	186,182	180,254
-	-	-	-	-	-
(7,272)	-	-	-	-	-
(809,667)	(679,006)	(521,962)	(365,258)	(327,890)	(490,600)
\$ 6,864,975	\$ 7,220,064	\$ 7,125,819	\$ 7,239,020	\$ 8,265,192	\$ 7,974,159
\$ 3,146	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,608	4,272	61	8,653	888
-	-	-	-	-	-
809,667	679,006	521,962	365,258	327,890	490,600
\$ 812,813	\$ 682,614	\$ 526,234	\$ 365,319	\$ 336,543	\$ 491,488
\$ 7,677,788	\$ 7,902,678	\$ 7,652,053	\$ 7,604,339	\$ 8,601,735	\$ 8,465,647
\$ (769,155)	\$ (371,811)	\$ (78,654)	\$ 13,302	\$ 1,031,048	\$ 959,588
(286,208)	(93,847)	(394,178)	(430,268)	(202,501)	601,915
\$ (1,055,363)	\$ (465,658)	\$ (472,832)	\$ (416,966)	\$ 828,547	\$ 1,561,503

City of Buena Vista, Virginia

Governmental Activities Tax Revenues by Source

Last Ten 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
2014	\$ 5,655,373	\$ 366,318	\$ 264,219	\$ 297,771	\$ -	\$ 172,418	\$ -
2013	5,777,309	407,119	269,962	290,324	-	175,858	-
2012	4,948,762	378,736	256,535	192,920	321,702	177,887	-
2011	5,009,886	397,404	248,874	167,780	328,377	174,242	-
2010	5,223,823	345,773	294,001	196,708	330,009	175,694	-
2009	4,868,906	363,627	274,681	182,056	328,652	179,437	-
2008	5,003,837	391,902	276,078	182,152	361,701	182,082	-
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

Table 3

Motor Vehicle License Tax	E-911 Tax	Other Local Tax	Total
\$ 170,032	\$ -	\$ 195,495	\$ 7,121,626
170,345	-	171,903	7,262,820
125,579	-	177,095	6,579,216
127,561	-	171,758	6,625,882
126,257	-	208,553	6,900,818
128,123	-	185,098	6,510,580
133,238	-	213,280	6,744,270
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

City of Buena Vista, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unassigned	<u>1,824,442</u>	<u>1,768,794</u>	<u>3,312,815</u>	<u>1,337,155</u>
Total general fund	<u>\$ 1,824,442</u>	<u>\$ 1,768,794</u>	<u>\$ 3,312,815</u>	<u>\$ 1,337,155</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted:				
Community development block grant	-	-	-	-
School capital projects	-	-	-	-
Assigned:				
Debt service	-	-	-	-
Senior Center	-	-	-	-
Green Hill Cemetery	-	-	-	-
Unassigned, reported in:				
Special revenue funds	152,367	117,611	(289,477)	115,176
Capital projects funds	<u>1,918,648</u>	<u>1,826,421</u>	<u>1,456,981</u>	<u>1,260,164</u>
Total all other governmental funds	<u>\$ 2,071,015</u>	<u>\$ 1,944,032</u>	<u>\$ 1,167,504</u>	<u>\$ 1,375,340</u>

Note: GASB 54 was implemented during fiscal year 2011

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ 23,647	\$ 24,741	\$ 26,568
-	-	104,685	107,314	108,540	109,520
1,353,762	1,497,759	1,178,003	1,028,297	1,392,969	2,297,349
<u>\$ 1,353,762</u>	<u>\$ 1,497,759</u>	<u>\$ 1,282,688</u>	<u>\$ 1,159,258</u>	<u>\$ 1,526,250</u>	<u>\$ 2,433,437</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,075
-	-	74,784	87,128	82,462	93,801
-	-	-	-	222,846	223,184
-	-	614,525	565,546	486,693	255,195
-	-	-	7,806	9,529	5,761
-	-	61,627	60,481	51,536	46,188
128,822	73,167	(50,987)	(64,781)	(66,009)	(80,744)
1,073,011	664,549	-	-	-	-
<u>\$ 1,201,833</u>	<u>\$ 737,716</u>	<u>\$ 699,949</u>	<u>\$ 656,180</u>	<u>\$ 787,057</u>	<u>\$ 544,460</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
General property taxes	\$ 4,037,659	\$ 4,767,410	\$ 5,468,056	\$ 5,050,037
Other local taxes	1,603,305	1,671,509	1,729,698	1,740,433
Permits, privilege fees and regulatory licenses	20,650	19,805	49,651	82,399
Fines and forfeitures	78,852	73,895	65,062	67,218
Revenue from use of money and property	124,834	113,964	186,796	209,473
Charges for services	730,509	652,084	707,817	682,935
Miscellaneous	85,163	84,926	203,641	135,208
Recovered costs	-	-	12,971	54,075
Intergovernmental:				
Local government	26,625	20,308	10,033	-
Commonwealth	3,041,985	3,364,439	3,243,926	3,438,185
Federal	151,155	218,900	274,875	1,225,221
Total revenues	\$ 9,900,737	\$ 10,987,240	\$ 11,952,526	\$ 12,685,184
Expenditures				
General government administration	\$ 924,489	\$ 1,044,406	\$ 1,982,241	\$ 1,177,680
Judicial administration	612,735	660,811	654,829	659,675
Public safety	1,617,431	1,657,427	1,780,266	1,709,107
Public works	2,174,628	2,148,466	2,085,456	3,237,176
Health and welfare	730,696	1,013,795	1,106,517	1,138,437
Education	2,249,647	2,279,712	1,966,991	2,532,423
Parks, recreation and cultural	469,725	505,527	533,729	585,231
Community development	232,135	319,041	194,075	489,732
Nondepartmental	23,075	27,676	-	-
Capital outlay	495,649	255,672	138,013	2,022,976
Debt service:				
Principal	919,265	1,007,188	1,072,553	1,081,207
Interest and other fiscal charges	363,937	330,868	420,363	359,111
Total expenditures	\$ 10,813,412	\$ 11,250,589	\$ 11,935,033	\$ 14,992,755
Excess (deficiency) of revenues over (under) expenditures	\$ (912,675)	\$ (263,349)	\$ 17,493	\$ (2,307,571)
Other financing sources (uses)				
Transfers in	\$ 746,801	\$ 888,069	\$ 614,610	\$ 1,456,151
Transfers out	(746,801)	(1,040,338)	(614,610)	(2,988,745)
Refunding bonds issued	-	-	-	-
Issuance of long-term debt	-	-	750,000	100,752
Issuance of general obligation bonds	-	-	-	-
Issuance of bond anticipation notes	-	-	-	1,663,151
Issuance of refunding loan payable	-	-	-	-
Redemption of refunded loan	-	-	-	-
Capital leases	428,919	170,000	-	-
Total other financing sources (uses)	\$ 428,919	\$ 17,731	\$ 750,000	\$ 231,309
Net change in fund balances	\$ (483,756)	\$ (245,618)	\$ 767,493	\$ (2,076,262)
Debt service as a percentage of noncapital expenditures				
	12.44%	12.17%	12.66%	12.16%

Table 5

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 4,982,364	\$ 5,036,684	\$ 5,000,774	\$ 5,128,101	\$ 5,566,575	\$ 5,816,792	
1,641,674	1,676,995	1,615,996	1,630,454	1,485,511	1,466,253	
42,008	42,597	32,548	43,497	35,195	56,039	
68,608	73,899	56,870	88,951	78,145	85,102	
356,190	151,987	139,688	160,234	136,639	168,566	
727,494	707,128	532,071	619,670	691,059	790,326	
130,751	170,308	146,107	211,218	186,182	180,254	
74,215	74,733	30,537	43,878	26,142	38,313	
-	324,093	324,093	372,953	372,953	372,953	
3,677,754	3,443,597	3,201,924	3,226,557	3,481,495	3,865,603	
114,010	217,437	123,278	118,254	105,681	42,787	
\$ 11,815,068	\$ 11,919,458	\$ 11,203,886	\$ 11,643,767	\$ 12,165,577	\$ 12,882,988	
\$ 1,073,527	\$ 985,770	\$ 1,111,062	\$ 1,182,731	\$ 1,069,263	\$ 1,040,690	
656,622	703,827	683,819	813,087	768,349	730,301	
1,914,522	1,804,153	1,775,565	2,104,240	2,012,328	2,344,890	
1,867,050	1,672,395	1,494,922	1,500,611	1,452,948	1,466,101	
1,491,952	1,491,844	1,386,566	1,408,127	1,268,530	1,468,281	
2,225,190	2,350,852	2,239,651	2,160,872	2,469,550	2,283,301	
537,994	455,423	478,682	521,591	490,914	510,236	
491,300	519,316	450,938	542,077	399,905	480,235	
-	-	-	-	-	-	
520,898	125,654	48,384	51,483	328,280	15,583	
1,017,383	1,037,806	942,103	1,000,969	1,246,281	1,104,081	
374,344	413,531	323,070	335,920	343,443	284,099	
\$ 12,170,782	\$ 11,560,571	\$ 10,934,762	\$ 11,621,708	\$ 11,849,791	\$ 11,727,798	
\$ (355,714)	\$ 358,887	\$ 269,124	\$ 22,059	\$ 315,786	\$ 1,155,190	
\$ 911,238	\$ 593,959	\$ 951,086	\$ 950,648	\$ 879,436	\$ 698,134	
(1,720,905)	(1,272,965)	(1,473,048)	(1,315,906)	(1,207,326)	(1,188,734)	
836,849	-	-	-	-	-	
171,632	-	-	176,000	-	-	
-	-	-	-	509,973	-	
-	-	-	-	-	-	
-	750,000	750,000	-	-	-	
-	(750,000)	(750,000)	-	-	-	
-	-	-	-	-	-	
\$ 198,814	\$ (679,006)	\$ (521,962)	\$ (189,258)	\$ 182,083	\$ (490,600)	
\$ (156,900)	\$ (320,119)	\$ (252,838)	\$ (167,199)	\$ 497,869	\$ 664,590	
11.95%	12.69%	11.62%	11.82%	13.79%	11.84%	

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
2014	\$	5,816,792	\$	366,318	\$	264,219	\$	172,418	\$	-	\$	170,032	\$	38,430
2013		5,566,575		407,119		269,962		175,858		-		170,345		26,755
2012		5,128,101		378,736		256,535		177,887		-		125,579		47,100
2011		5,000,774		397,404		248,874		174,242		-		127,561		54,919
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

Table 6

Recordation and Wills Tax	Meals Tax	Other Local Tax	Total
\$ 25,949	\$ 297,771	\$ 131,116	\$ 7,283,045
27,607	290,324	117,541	7,052,086
25,867	192,920	425,830	6,758,555
23,283	167,780	421,933	6,616,770
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

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

Fiscal Year	Real Estate (1)	Personal Property (3)	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (4)	Total Direct Rate
2014	\$ 369,965,100	\$ 76,079,657	\$ 14,908,769	\$ 460,953,526	\$ 379,448,079	121.48%	\$ 12.24
2013	369,766,300	75,726,890	14,824,925	460,318,115	395,836,370	116.29%	12.24
2012	398,252,780	72,758,896	13,617,540	484,629,216	422,040,596	114.83%	11.96
2011	396,922,080	71,020,705	13,884,688	481,827,473	466,706,192	103.24%	11.90
2010	395,269,480	70,764,045	11,824,822	477,858,347	476,159,281	92.90%	11.90
2009	393,844,500	75,320,618	11,349,391	480,514,509	593,227,789	81.00%	11.79
2008	363,681,730	81,628,870	12,193,672	457,504,272	649,864,023	70.40%	11.88
2007	357,475,000	98,916,496	10,351,192	466,742,688	645,563,884	72.30%	12.80
2006	290,043,800	57,045,516	11,791,726	358,881,042	467,902,271	76.70%	12.80
2005	270,017,543	42,152,162	10,406,172	322,575,877	354,478,986	91.00%	10.10

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

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

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

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

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

Fiscal Years	Direct Rates					Total Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools		
2014	\$ 1.07	\$ 5.85	\$ 1.07	\$ 4.25	\$ 12.24	
2013	1.07	5.85	1.07	4.25	12.24	
2012	0.93	5.85	0.93	4.25	11.96	
2011	0.90	5.85	0.90	4.25	11.90	
2010	0.90	5.85	0.90	4.25	11.90	
2009	0.85	5.85	0.85	4.25	11.79	
2008	0.89	5.85	0.89	4.25	11.88	
2007	0.90	6.75	0.90	4.25	12.80	
2006	0.90	6.75	0.90	4.25	12.80	
2005	0.80	4.25	0.80	4.25	10.10	

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

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

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2014		Fiscal Year 2005	
		2014 Assessed Valuation	% of Total Assessed Valuation	2005 Assessed Valuation	% of Total Assessed Valuation
Modine	Manufacturing - heating supplies	8,048,975	15.24%	6,097,995	21.75%
Virginia Electric and Power	Utility	7,890,110	14.94%	5,151,631	18.37%
GPH Buena Vista LLC (2)	Nursing home	3,651,500	6.91%	4,063,480	14.49%
Everbrite	Manufacturing - signs	3,354,800	6.35%	3,118,920	11.12%
Eforay	Manufacturing-HVAC	3,264,100	6.18%	3,348,695	11.94%
Rebkee (1)	Retail Merchants	3,165,500	5.99%	-	0.00%
Stag Buena Vista, LLC	Manufacturing	3,133,800	5.93%	-	0.00%
Fitzgerald Lumber & Log	Lumber Mill	3,048,260	5.77%	-	0.00%
Treemont Village	Apartment complex	3,042,200	5.76%	-	0.00%
Knopp Company (1)	Apartment complex	2,863,300	5.42%	2,326,300	8.30%
Columbia Gas	Utility	2,794,008	5.29%	1,934,437	6.90%
Roy & June Southers Trust	Real Estate	2,561,100	4.85%	-	0.00%
Shenandoah Hardwood Lumber	Lumber Mill	2,189,185	4.14%	-	0.00%
Daryl Limited Co.	Manufacturing	2,029,600	3.84%	-	0.00%
Central Telephone Company	Utility	1,790,025	3.39%	2,001,545	7.14%
		<u>52,826,463</u>	<u>100.00%</u>	<u>28,043,003</u>	<u>100.00%</u>

Source: Commissioner of Revenue

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
2014	\$	6,229,683	\$ 5,829,158	93.57%	\$ -	\$ 5,829,158	93.57%
2013		6,195,432	5,838,533	94.24%	226,963	5,838,533	94.24%
2012		5,849,241	5,475,831	93.62%	315,048	5,790,879	99.00%
2011		5,661,547	5,377,064	94.98%	250,356	5,627,420	99.40%
2010		5,611,405	5,244,565	93.46%	274,993	5,519,558	98.36%
2009		5,511,443	5,356,497	97.19%	104,564	5,461,061	99.09%
2008		5,609,091	5,420,981	96.65%	157,516	5,578,497	99.45%
2007		5,990,921	5,816,443	97.09%	173,164	5,989,607	99.98%
2006		5,028,745	4,882,933	97.10%	144,960	5,027,893	99.98%
2005		4,454,042	4,330,103	97.22%	123,410	4,453,513	99.99%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia

City of Buena Vista, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

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

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)
\$	23,785,473	18.30%	\$ 3,479
	24,931,688	20.33%	3,713
	25,805,335	16.37%	3,889
	22,415,982	13.01%	3,464
	23,743,371	13.78%	3,740
	24,988,928	14.50%	3,936
	25,254,225	14.66%	3,948
	24,816,980	14.40%	3,879
	25,362,363	17.08%	3,995
	26,287,900	17.71%	4,140

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)
2014	\$ 3,486,792	\$ -	\$ 3,486,792	0.76%	\$ 510
2013	4,198,774	-	4,198,774	0.91%	625
2012	4,377,636	-	4,377,636	0.90%	660
2011	5,066,454	-	5,066,454	1.14%	783
2010	5,755,272	-	5,755,272	1.30%	906
2009	6,444,090	-	6,444,090	1.45%	1,015
2008	7,132,910	-	7,132,910	1.71%	1,115
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

(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.

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City of Buena Vista, VirginiaLegal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt limit (1)	\$ 27,001,754	\$ 29,004,380	\$ 35,747,500	\$ 36,368,173	\$ 39,384,450
Total net debt applicable to limit (2)	<u>26,287,900</u>	<u>25,362,363</u>	<u>24,816,980</u>	<u>25,254,225</u>	<u>24,988,928</u>
Legal debt margin	<u>\$ 713,854</u>	<u>\$ 3,642,017</u>	<u>\$ 10,930,520</u>	<u>\$ 11,113,948</u>	<u>\$ 14,395,522</u>
Total net debt applicable to the limit as a percentage of debt limit	97.36%	87.44%	69.42%	69.44%	63.45%

(1) The debt limit is calculated on Table 7

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

Table 13

Fiscal Year				
2010	2011	2012	2013	2014
\$ 39,526,948	\$ 39,692,208	\$ 39,825,278	\$ 36,976,630	\$ 36,996,510
<u>23,743,371</u>	<u>22,415,982</u>	<u>25,805,335</u>	<u>24,931,688</u>	<u>23,785,473</u>
\$ <u><u>15,783,577</u></u>	\$ <u><u>20,814,660</u></u>	\$ <u><u>14,019,943</u></u>	\$ <u><u>12,044,942</u></u>	\$ <u><u>13,211,037</u></u>
60.07%	51.85%	64.80%	67.43%	64.29%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue Bonds (3)						
Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 2,064,255	\$ 1,777,994	\$ 286,261	\$ 172,201	\$ 333,967	56.55%
2013	2,014,987	1,689,750	325,237	125,258	403,401	61.52%
2012	1,975,335	1,664,180	311,155	299,091	333,964	49.15%
2011	1,591,284	1,575,252	16,032	78,266	159,006	6.76%
2010	1,651,101	1,661,771	(10,670)	74,269	164,611	-4.47%
2009	1,541,154	1,682,258	(141,104)	70,338	158,415	-59.31%
2008	1,658,072	1,705,050	(46,978)	66,478	170,278	-19.84%
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%

(1) The golf course was under construction and not in full operation until fiscal year 2005. Limited operations began in fiscal year 2004.

(2) All interest for the golf course debt was capitalized until construction was completed during fiscal year 2005.

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

Table 14

Golf Course Revenue Bonds (1,2,3)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 440,695	\$ 506,793	\$ (66,098)	\$ 228,489	\$ 534,977	-8.66%	
471,948	508,621	(36,673)	213,380	551,935	-4.79%	
487,912	617,024	(129,112)	899,525	584,643	-8.70%	
418,602	662,568	(243,966)	307,020	529,200	-29.17%	
591,335	666,547	(75,212)	121,983	521,956	-11.68%	
655,199	903,238	(248,039)	117,393	548,856	-38.39%	
835,938	1,088,193	(252,255)	112,880	551,765	-37.95%	
747,703	936,520	(188,817)	106,199	495,929	-31.36%	
867,058	932,558	(65,500)	-	444,721	-14.73%	
462,319	868,797	(406,478)	-	363,831	-111.72%	

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2014	6,836	\$ 129,979,704	\$ 19,014	36.8	1,046	6.30%
2013	6,714	122,651,352	18,268	36.8	1,198	7.70%
2012	6,636	157,624,908	23,753	37.6	1,198	7.40%
2011	6,471	172,309,592	26,628	39.3	1,104	8.60%
2010	6,349	172,309,592	27,140	39.3	1,120	8.70%
2009	6,349	172,309,592	27,140	39.3	1,211	5.60%
2008	6,397	172,309,592	26,936	39.3	1,133	4.10%
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%

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

Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2014</u>			<u>Fiscal Year 2005 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Southern Virginia University	225	1	0.00%			0.00%
Modine Manufacturing	174	2	0.00%			0.00%
Buena Vista City Schools	198	3	0.00%			0.00%
Munters	176	4	0.00%			0.00%
Sayres	110	5	0.00%			0.00%
Everbrite	99	6	0.00%			0.00%
GGNSC - Shenandoah Valley Health	77	7	0.00%			0.00%
City of Buena Vista, VA	77	8	0.00%			0.00%
Mundet	43	9	0.00%			0.00%
ADS	36	10	0.00%			0.00%
Totals	<u>1,215</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: Individual city departments

(1) Data not available.

City of Buena Vista, VirginiaFull-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
General government	15	15	13	13	13	12	12
Judicial administration	8	8	8	8	8	8	8
Public safety							
Police department	16	17	13	13	13	12	16
Building inspections	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	1	1
Public works							
General maintenance	42	42	42	42	42	38	33
Culture and recreation							
Parks and recreation	10	11	11	11	5	3	5
Community development							
Planning	2	2	2	3	2	3	2
Totals	95	97	91	92	85	78	78

Source: Individual city departments

Table 17

Fiscal Year		
2012	2013	2014
12	11	11
8	8	8
15	15	15
1	1	1
1	1	1
33	33	34
5	3	4
<u>2</u>	<u>2</u>	<u>2</u>
<u><u>77</u></u>	<u><u>74</u></u>	<u><u>76</u></u>

City of Buena Vista, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Public safety							
Sheriffs department:							
Civil papers	2,300	3,214	3,400	3,970	3,569	4,171	3,888
Building inspections:							
Permits issued	113	106	128	91	84	73	62
Public works							
Landfill:							
Recycling (tons/year)	0	0	0	0	248	327	367
Community development							
Planning:							
Zoning permits issued	60	52	54	41	35	48	63
Component Unit - School Board							
Education:							
School age population	1,122	1,128	1,219	1,136	1,211	1,101	1,135
Number of teachers	94.65	97.07	99.00	102.00	111.00	108.00	98.00
Local expenditures per pupil	\$ 2,313	\$ 2,450	\$ 1,878	\$ 2,219	\$ 2,051	\$ 2,347	\$ 2,188

Source: Individual city departments

Table 18

Fiscal Year		
2012	2013	2014
4,021	4004	4004
61	66	61
377	343	343
64	46	48
1,175	1,035	1,046
88.00	86.00	80.00
\$ 1,944	\$ 9,238	\$ 9,709

City of Buena Vista, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General government						
Administration buildings	18	18	18	18	18	18
Vehicles	1	1	1	1	1	1
Public safety						
Police department:						
Patrol units	13	19	19	19	19	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	29	29	30	31	29	28
Culture and recreation						
Parks and recreation:						
Community centers	1	1	1	1	1	1
Vehicles	3	2	2	2	2	2
Parks acreage	615	615	615	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	13	13	13	13	13	13

Source: Individual city departments

Table 19

Fiscal Year			
2011	2012	2013	2014
18	18	18	18
1	1	1	1
19	19	16	16
1	1	1	1
1	1	1	1
28	29	30	27
1	1	1	1
2	2	5	6
615	615	615	615
1	1	1	1
1	1	1	1
1	1	1	1
4	4	4	4
13	12	12	12

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Buena Vista, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Buena Vista, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Buena Vista, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Buena Vista, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2014

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2014. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Buena Vista, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 City of Buena Vista, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of City of Buena Vista, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Buena Vista, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Buena Vista, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2014

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Not available	\$ 776
Temporary Assistance for Needy Families	93.558	Not available	2,603
Foster Care - Title IV-E	93.658	Not available	2,414
Adoption Assistance	93.659	Not available	7,992
Social Services Block Grant	93.667	86667	<u>9,745</u>
Total Department of Health and Human Services			\$ <u>23,530</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ <u>806,936</u>
Total Department of Housing and Urban Development			\$ <u>806,936</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 33,185
Department of Education:			
National school lunch program	10.555	40623	<u>191,878</u>
			\$ <u>225,063</u>
School breakfast program	10.553	40591	41,127
Rural Business Enterprise Grants	10.769	Not available	10,949
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not available	<u>139</u>
Total Department of Agriculture			\$ <u>277,278</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	Not available	\$ <u>8,169</u>
Total Department of Transportation			\$ <u>8,169</u>

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 193,090
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	43071	223,344
Title VI-B: Special Education Preschool Grants	84.173	Not available	9,930
Career and Technical Education: Basic Grants to States	84.048	61095	20,897
Title VI: Rural Education	84.358	Not available	6,300
Improving Teacher Quality State Grants	84.367	61480	58,018
School Improvement Grants	84.377	Not available	8,200
Total Department of Education			\$ 519,779
Total Expenditures of Federal Awards			\$ 1,635,692

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Buena Vista, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - 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	\$ 42,787
Enterprise funds	806,936
Total primary government	\$ 849,723
Discretely presented component unit - School Board:	
School operating fund	\$ 519,779
School cafeteria fund	266,190
Total discretely presented component unit - School Board	\$ 785,969

Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 1,635,692
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CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with section 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>
14.228	Community Development Grant Grant/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

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

There were no prior year audit findings.