

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2011**

Prepared by

Timothy Dudley, Director of Finance

Buena Vista, Virginia

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FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF BUENA VISTA

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



December 15, 2011

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

Commonwealth of Virginia law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Buena Vista's financial statements for the year ended June 30, 2011. 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 3,397 with 3,151 employed for an unemployment rate of 7.2 percent.

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

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

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

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

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

Long-term Financial Planning

The City of Buena Vista's unreserved and undesignated fund balance in the general fund is 15 percent of budgeted general fund revenues. For planning purposes, the City would prefer a 20-25 percent fund balance that could reduce the amount of funds borrowed on future projects.

Major Initiatives and Accomplishments

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

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

The engineering/public works department oversaw an active program of projects related to water distribution, roads, sidewalks, drainage and sewers. The public works employees spent a great deal of time bringing two auxiliary wells on line. Dickinson well was shut down by the Virginia Health Department. If the city wants to use this asset we must implement a boil water notice. Through voluntary water conservation and the hard work of the Public Works Department, these auxiliary wells were refurbished and brought on line. The cost of the new project to bring the well back on line will be approximately \$4 million dollars funded primarily from selling bonds that was completed and closed in July 2011.

The City's sewer collection system is being repaired to help eliminate the inflow and infiltration (I&I) at our wastewater treatment facility.

The Commonwealth has implemented new regulations for water quality. The wastewater treatment plant was 25 years old in the year 2011. 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.

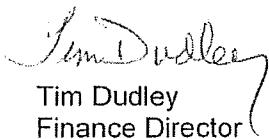
Awards and Acknowledgments

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, 2010. 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,



Tim Dudley
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Buena Vista
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



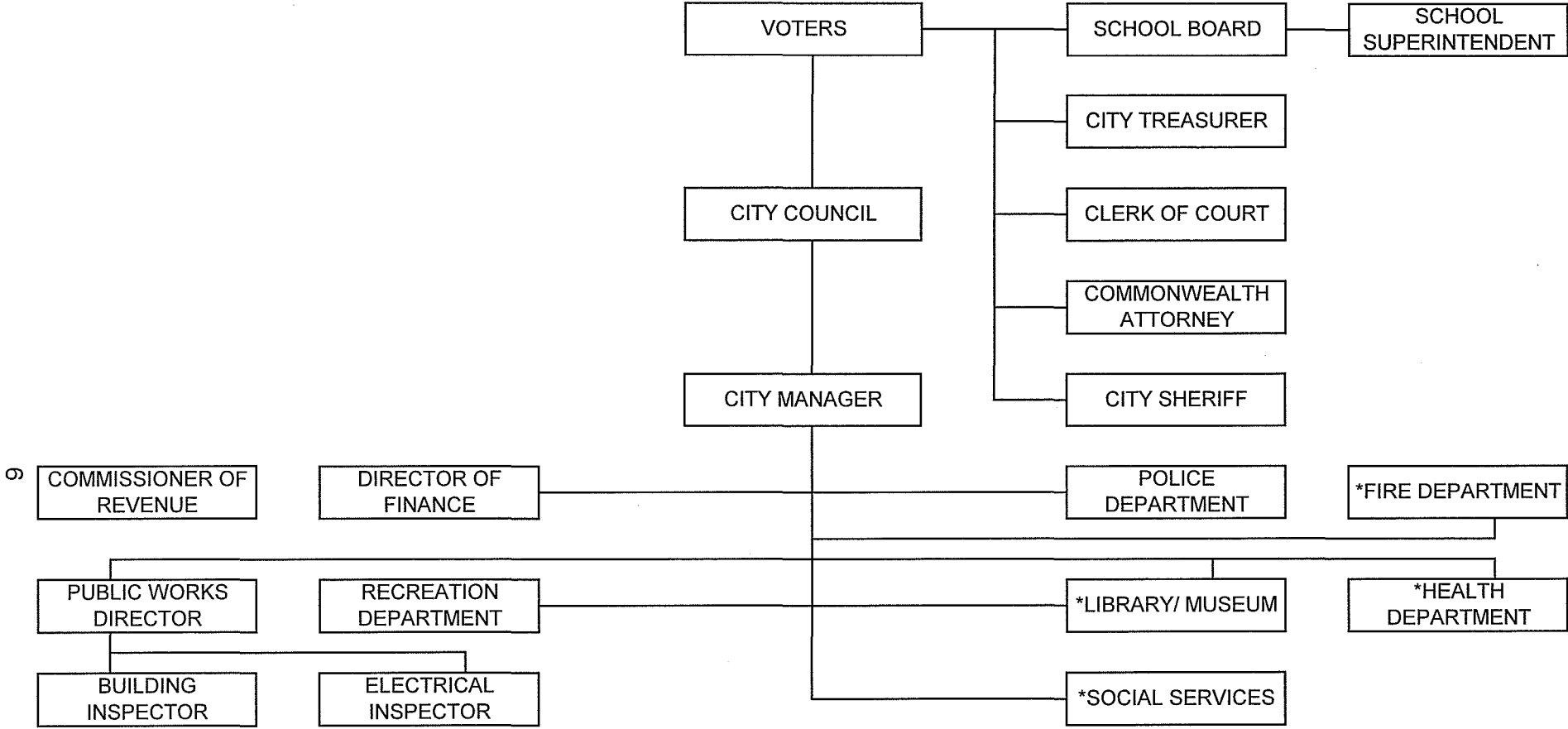
Linda C. Sandson

President

Jeffrey R. Enner

Executive Director

CITY OF BUENA VISTA
ORGANIZATION CHART



*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

CITY OF BUENA VISTA, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2011

CITY COUNCIL

Lewis Plogger	Mike Clements	Samuel L. Mays
Larry Tolley		Frankie Hogan
Jane Armstrong		Melvin Henson

CITY OFFICIALS

Mike Clements.....	Mayor
Frankie Hogan.....	Vice-Mayor
Timothy L. Dudley	City Manager
MarVita F. Flint	Commissioner of Revenue
Vacant	Director of Finance
Yolanda C. Boatwright.....	City Treasurer
Darrell Slagle	Chief of Police
Chris Coleman	Clerk of Court
Randy Hamilton	Sheriff
Chris Russell	Commonwealth's Attorney
Brian Kearney	City Attorney

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Buena Vista, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City of Buena Vista, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011 on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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 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 this financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buena Vista, Virginia's financial statements as a whole. The introductory section, other supplementary information and supporting schedules, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and supporting schedules, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Robinson, Farmer, Cox Associates

Verona, Virginia
December 15, 2011

Management's Discussion and Analysis

As management of the City of Buena Vista, we offer readers of the City of Buena Vista's financial statements this narrative overview and analysis of the financial activities of the City of Buena Vista for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal that can be found on pages 1-4 of this report.

Financial Highlights

The net assets of the City of Buena Vista's, Primary Government at the close of the current fiscal year were \$11,562,165 (net assets). Of this amount, \$2,504,083 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net assets decreased \$472,832 from the prior fiscal year.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,982,637, a decrease of \$252,838 in comparison with the prior year. Of this amount, \$1,127,016 is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,178,003, or 12.4 percent of total General Fund expenditures.

The City of Buena Vista's governmental activities long term debt decreased by \$862,559, or 8 percent. The Long term debt retirements included \$313,818 for the floodwall, \$137,423 for the education revenue bond for the athletic complex at Parry McCluer High School. \$16,800 of debt retirement went towards the Senior Citizen's Center which was provided by a lease revenue bond payable. The Literary Loan for the building of Parry McCluer High, was reduced by \$375,000. Also the 2.5 million dollar loans to finance the Dabney Lancaster Community College educational satellite were reduced by \$21,526, and the refinanced loan for the regional industrial park was reduced by \$229. The City paid \$20,127 on a lease purchase for the garbage truck and \$57,181 for a lease purchase on 6 public safety vehicles. The total long term liabilities for the City's governmental activities stand at \$9,733,923. Of this amount is a charge of \$177,211 for Other Post Employment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long term indebtedness is an increase of \$15,948 of employee compensated absences. The amount due within one year has increased from \$949,459 to \$1,169,105. Additional information on the City's long term debt can be found in Note 8 to the financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

The FY 2011 Social Services budget increased \$350,000 from the FY 2010 budget to cover the \$380,000 increase in Welfare costs for the city. The down turn in the economy has caused a dramatic increase in the cost of welfare not only for the city but also for the region. This cost is expected to remain or even increase during the next year.

The City Finance department also made improvements to its Information Technology Infrastructure to improve security guarding against identity theft. Improvements were also made by implementing a new finance and accounting system. The Finance department is the first department to implement new applications. A general ledger application was implemented along with payroll and accounts payable. There are future applications planned for the Treasurer's office and the Commissioner of Revenue's office.

The City is purchasing a water filtration system for its Dickinson Well. Dickinson Well is the primary water source for the entire City. Dickinson Well has been closed for over a year and Public Works has incurred costs in repairing existing wells in order to maintain water sources and keep up with demand.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, assets exceeded liabilities by \$11,562,165 at the close of fiscal year 2011 for the primary government and \$2,784,796 for the Component Unit School Board.

The City of Buena Vista's governmental activities net assets of \$9,522,432 reflects its investment in capital assets of 78 percent (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Buena Vista uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City of Buena Vista's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net assets of the governmental activities decreased \$78,654 during FY 2011. Key components of this change are discussed later in the MD&A.

The following is a condensed summary of the City's statement of net assets for the fiscal years ending June 30, 2011 and June 30, 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 3,956,805	\$ 3,635,944	\$ 1,928,110	\$ 2,324,007	\$ 5,884,915	\$ 5,959,951
Capital Assets	16,750,280	17,430,183	13,606,475	14,046,820	30,356,755	31,477,003
Total Assets	\$ 20,707,085	\$ 21,066,127	\$ 15,534,585	\$ 16,370,827	\$ 36,241,670	\$ 37,436,954
Long-term Liabilities	\$ 9,733,923	\$ 10,596,482	\$ 13,238,975	\$ 13,636,850	\$ 22,972,898	\$ 24,233,332
Other liabilities	1,450,730	868,559	255,877	300,066	1,706,607	1,168,625
Total Liabilities	\$ 11,184,653	\$ 11,465,041	\$ 13,494,852	\$ 13,936,916	\$ 24,679,505	\$ 25,401,957
Net Assets:						
Invested in capital assets, net or related debt	\$ 7,461,749	\$ 7,199,549	\$ 1,304,944	\$ 2,574,999	\$ 8,766,693	\$ 9,774,548
Reserved for debt service	104,685	-	186,704	848,452	291,389	848,452
Unrestricted (deficit)	1,955,998	2,401,537	548,085	(989,540)	2,504,083	1,411,997
Total Net Assets	\$ 9,522,432	\$ 9,601,086	\$ 2,039,733	\$ 2,433,911	\$ 11,562,165	\$ 12,034,997

Governmental Activities. Net assets of governmental activities decreased for the City of Buena Vista by \$78,654 or 1 percent for FY 2011, while net assets of business-type activities decreased by \$394,178 or 16.2% for the fiscal year.

**CITY OF BUENA VISTA'S CHANGE IN NET ASSETS
YEARS ENDING JUNE 30, 2011 AND JUNE 30, 2010**

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 622,737	\$ 823,624	\$ 2,005,614	\$ 2,238,828	\$ 2,628,351	\$ 3,062,452
Operating grants	2,913,191	3,274,247	-	-	2,913,191	3,274,247
Capital grants	-	34,923	-	-	-	34,923
General Revenues:						
Property taxes	5,009,886	5,223,823	-	-	5,009,886	5,223,823
Other taxes	1,615,996	1,676,995	-	-	1,615,996	1,676,995
Grants and contributions not restricted to specific programs	736,104	675,957	-	-	736,104	675,957
Use of money and property	139,688	151,987	-	-	139,688	151,987
Miscellaneous	146,107	170,308	4,272	3,608	150,379	173,916
Total Revenue	<u>\$ 11,183,709</u>	<u>\$ 12,031,864</u>	<u>\$ 2,009,886</u>	<u>\$ 2,242,436</u>	<u>\$ 13,193,595</u>	<u>\$ 14,274,300</u>
Expenses:						
General Government						
admin	\$ 1,488,136	\$ 2,000,877	\$ -	\$ -	\$ 1,488,136	\$ 2,000,877
Judicial Admin	698,976	718,851	-	-	698,976	718,851
Public Safety	1,853,412	1,896,548	-	-	1,853,412	1,896,548
Public works	1,645,418	1,785,838	-	-	1,645,418	1,785,838
Health and Welfare	1,373,423	1,423,633	-	-	1,373,423	1,423,633
Education	2,429,651	2,540,852	-	-	2,429,651	2,540,852
Parks, Recreation, Culture	470,587	455,459	-	-	470,587	455,459
Community Development	440,144	532,525	-	-	440,144	532,525
Interest on long-term debt	340,654	370,086	-	-	340,654	370,086
Water and Sewer	-	-	1,734,258	1,826,382	1,734,258	1,826,382
Golf Course	-	-	1,191,768	1,188,907	1,191,768	1,188,907
Total Expenses	<u>\$ 10,740,401</u>	<u>\$ 11,724,669</u>	<u>\$ 2,926,026</u>	<u>\$ 3,015,289</u>	<u>\$ 13,666,427</u>	<u>\$ 14,739,958</u>
Increase (decrease) in net assets before transfers	\$ 443,308	\$ 307,195	\$ (916,140)	\$ (772,853)	\$ (472,832)	\$ (465,658)
Transfers	(521,962)	(679,006)	521,962	679,006	-	-
Increase (decrease) in net assets	\$ (78,654)	\$ (371,811)	\$ (394,178)	\$ (93,847)	\$ (472,832)	\$ (465,658)
Net assets, beginning	9,601,086	9,972,897	2,433,911	2,527,758	12,034,997	12,500,655
Net assets, ending	<u>\$ 9,522,432</u>	<u>\$ 9,601,086</u>	<u>\$ 2,039,733</u>	<u>\$ 2,433,911</u>	<u>\$ 11,562,165</u>	<u>\$ 12,034,997</u>

Governmental Activities

Key factors contributing to the decrease of \$78,654 in net assets for governmental activities were:

- The City had a net change in fund balances- total governmental funds of \$(252,838). This is reflected by the transfer out of \$1,463,048 to other funds. The transfer to the golf course is discussed later in this review.
- Some revenues in the Statement of Activities do not provide current financial resources therefore they are not recorded as revenues. General property taxes in the Statement of Activities are higher by \$9,112 than in the fund activities statement. Delinquent Real Estate and land redemption are resources from a different period.
- Government funds report proceeds from debt issuance as current resources and records payment of long term debt as use of current resources. Government funds also report debt issuance costs when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.
- Some expenses reported in the statement of activities do not require current financial resources and are not reported as expenditures in Fund Statement. See note 2 page 46 for a list of compensated leave, OPEB liability and accrued interest totaling \$556,268.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$521,962. This is lower than the \$649,893 that was transferred in FY2010. Prior to this transfer, net assets of business-type activities decreased by \$916,140 to an amount of \$1,517,771. The enterprise funds received \$521,962 in net transfers. The golf course required a transfer of \$521,962. Both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) experienced an operating loss of \$394,178. 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 \$1,875,581. The golf course was originally planned to bring development to the community of Buena Vista. It was hoped that both single family dwellings and commercial development would offset some of the cost of the course through a higher tax base and user fees. The recent economical climate in both the national and regional economies has had a detrimental effect on both the rounds of golf being played and the development of the area. The golf course overall income before transfers is (\$5,306,480). The General Fund has subsidized the golf course with transfers totaling \$3,780,374 leaving the golf course with a (\$1,526,106) ending balance of assets. For the fiscal budget 2011, 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 FY2012 budget to accommodate this restructuring.
- The Water/Sewer Fund posted a decrease in net assets of (\$142,974) for the fiscal year. Most of this decrease is due to a depreciation charge of \$378,000. City Council is aware of this depreciation charge.

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 2011, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,982,637, a decrease of \$252,838 in comparison with the prior year. Approximately 56 percent or \$1,127,016 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 committed for 1) for subsequent expenditure in the Flood Protection Revenue Fund of \$314,660; 2) for subsequent expenditure in capital project and special revenue funds totaling \$436,276; 3) for debt service expenditures in the general fund.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2011, unassigned fund balance of the general fund was \$1,178,003. 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 12.4 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 operating income of \$16,032. The cash position of the Water and Sewer fund had an increase of \$146,737. The fund began the year with \$561,830 unreserved cash. The fund ended the year with \$708,567 in unrestricted cash. The City anticipates that water and sewer rates will cover depreciation and other operational expenses for the foreseeable future. For grant purposes, the City keeps the water rate at a level that will not impact households and therefore disqualify the City from grant revenue.
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net assets of (\$1,526,106), at June 30, 2011.

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 \$331,909 for the year. The fund balance increased by \$47,053 in FY 11 due to the transfer amount from the General Fund.

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, 2011, amounts to \$30,356,755 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure. The total decrease in the City of Buena Vista's capital assets for FY 2011 was 4 percent. Buildings and improvements decreased approximately \$336,005 for the fiscal year. Depreciation in the business – type activities amounted to \$457,161 for the fiscal year ending 2011 that is a decrease of \$10,830.

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, 2011**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,108,097	\$ 2,108,097	\$ 1,360,000	\$ 1,360,000	\$ 3,468,097	\$ 3,468,097
Buildings & Improvements	10,902,683	11,196,754	530,924	572,858	11,433,607	11,769,612
Infrastructure	3,299,343	3,589,766	11,579,800	11,940,378	14,879,143	15,530,144
Machinery & Equipment	440,157	535,566	135,751	173,584	575,908	709,150
Total	<u>\$ 16,750,280</u>	<u>\$ 17,430,183</u>	<u>13,606,475</u>	<u>14,046,820</u>	<u>\$ 30,356,755</u>	<u>\$ 31,477,003</u>

Long – term debt. At the end of FY 2011, the City of Buena Vista primary government had total long-term debt outstanding of \$22,972,898. This represents an 8.1 percent decrease or \$1,260,434 over the last fiscal year. Further information on the City's long term debt can be found at (Note 8-Long Term Liabilities) to the financial statements.

**CITY OF BUENA VISTA'S LONG-TERM DEBT
JUNE 30, 2011**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 941,454	\$ 1,255,272	\$ -	\$ -	\$ 941,454	\$ 1,255,272
Lease-Revenue Bonds			12,870,096	13,217,005	12,870,096	13,217,005
Revenue Bonds	926,292	1,080,515	257,355	295,732	1,183,647	1,376,247
Literary Loans	4,125,000	4,500,000			4,125,000	4,500,000
Capital Leases	101,859	179,167			101,859	179,167
Loan Payable	3,193,926	3,215,680			3,193,926	3,215,680
OPEB	177,211	113,615	48,748	31,385	225,959	145,000
Compensated absences	268,181	252,233	62,776	92,728	330,957	344,961
Total	<u>\$ 9,733,923</u>	<u>\$ 10,596,482</u>	<u>\$ 13,238,975</u>	<u>\$ 13,636,850</u>	<u>\$ 22,972,898</u>	<u>\$ 24,233,332</u>

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Buena Vista is approximately \$39,692,000.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2012.

- 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 to \$.93 per \$100 of assessed valuation. The City's personal property tax rate is \$5.85 per \$100 of assessed valuation.
- The City did not make any adjustments to the operation portion of the water and sewer rate. This will result in a water rate of \$4.88 per 1000 gallons used and a sewer rate of \$5.39 per 1000 gallons used.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 1,710,376	\$ 869,460	\$ 2,579,836	\$ 109,085
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,189,947	-	1,189,947	-
Accounts receivable	185,363	359,750	545,113	-
Due from primary government	-	-	-	494,855
Due from other governmental units	766,434	-	766,434	378,734
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	104,685	181,764	286,449	-
Cash and cash equivalents (in custody of others)	-	4,940	4,940	-
Other assets:				
Unamortized bond issue costs	-	512,196	512,196	-
Capital assets (net of accumulated depreciation):				
Land	2,108,097	1,360,000	3,468,097	4,634
Buildings and improvements	10,902,683	530,924	11,433,607	2,869,525
Machinery and equipment	440,157	135,751	575,908	229,954
Infrastructure	3,299,343	11,579,800	14,879,143	-
Total assets	<u>\$ 20,707,085</u>	<u>\$ 15,534,585</u>	<u>\$ 36,241,670</u>	<u>\$ 4,086,787</u>
LIABILITIES				
Accounts payable	\$ 116,136	\$ 7,549	\$ 123,685	\$ 59,156
Accrued liabilities	75,360	9,452	84,812	818,057
Accrued interest payable	110,876	159,124	270,000	-
Due to component unit	494,855	-	494,855	-
Unearned revenue	653,503	16,855	670,358	-
Deposits held in escrow	-	62,897	62,897	-
Long-term liabilities:				
Due within one year	1,169,105	1,153,184	2,322,289	132,584
Due in more than one year	8,564,818	12,085,791	20,650,609	292,195
Total liabilities	<u>\$ 11,184,653</u>	<u>\$ 13,494,852</u>	<u>\$ 24,679,505</u>	<u>\$ 1,301,991</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 7,461,749	\$ 1,304,944	\$ 8,766,693	\$ 3,104,113
Restricted for:				
Debt service and bond covenants	104,685	186,704	291,389	-
Unrestricted (deficit)	1,955,998	548,085	2,504,083	(319,317)
Total net assets	<u>\$ 9,522,432</u>	<u>\$ 2,039,733</u>	<u>\$ 11,562,165</u>	<u>\$ 2,784,796</u>

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

City of Buena Vista, Virginia

Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,488,136	\$ 8,441	\$ 147,881	\$ -
Judicial administration	698,976	2,041	279,054	-
Public safety	1,853,412	71,311	409,854	-
Public works	1,645,418	471,529	1,014,424	-
Health and welfare	1,373,423	-	737,885	-
Education	2,429,651	-	324,093	-
Parks, recreation, and cultural	470,587	69,415	-	-
Community development	440,144	-	-	-
Interest on long-term debt	340,654	-	-	-
Total governmental activities	\$ 10,740,401	\$ 622,737	\$ 2,913,191	\$ -
Business-type activities:				
Water and Sewer	\$ 1,734,258	\$ 1,587,034	\$ -	\$ -
Golf Course	1,191,768	418,580	-	-
Total business-type activities	\$ 2,926,026	\$ 2,005,614	\$ -	\$ -
Total primary government	\$ 13,666,427	\$ 2,628,351	\$ 2,913,191	\$ -
COMPONENT UNIT:				
School Board	\$ 10,386,568	\$ 243,941	\$ 10,095,926	\$ -
Total component unit	\$ 10,386,568	\$ 243,941	\$ 10,095,926	\$ -

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Meals taxes

Communication taxes

Business and professional license taxes

Motor vehicle license taxes

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Transfers

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (1,331,814)	\$ -	\$ (1,331,814)	\$ -	
(417,881)	-	(417,881)	-	
(1,372,247)	-	(1,372,247)	-	
(159,465)	-	(159,465)	-	
(635,538)	-	(635,538)	-	
(2,105,558)	-	(2,105,558)	-	
(401,172)	-	(401,172)	-	
(440,144)	-	(440,144)	-	
(340,654)	-	(340,654)	-	
<u>\$ (7,204,473)</u>	<u>\$ -</u>	<u>\$ (7,204,473)</u>	<u>\$ -</u>	
\$ -	\$ (147,224)	\$ (147,224)	\$ -	
-	(773,188)	(773,188)	-	
<u>\$ -</u>	<u>\$ (920,412)</u>	<u>\$ (920,412)</u>	<u>\$ -</u>	
<u>\$ (7,204,473)</u>	<u>\$ (920,412)</u>	<u>\$ (8,124,885)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (46,701)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,701)</u>	
\$ 5,009,886	\$ -	\$ 5,009,886	\$ -	
397,404	-	397,404	-	
248,874	-	248,874	-	
167,780	-	167,780	-	
328,377	-	328,377	-	
174,242	-	174,242	-	
127,561	-	127,561	-	
171,758	-	171,758	-	
139,688	-	139,688	37,493	
146,107	4,272	150,379	52,032	
736,104	-	736,104	-	
(521,962)	521,962	-	-	
<u>\$ 7,125,819</u>	<u>\$ 526,234</u>	<u>\$ 7,652,053</u>	<u>\$ 89,525</u>	
<u>\$ (78,654)</u>	<u>\$ (394,178)</u>	<u>\$ (472,832)</u>	<u>\$ 42,824</u>	
<u>9,601,086</u>	<u>2,433,911</u>	<u>12,034,997</u>	<u>2,741,972</u>	
<u>\$ 9,522,432</u>	<u>\$ 2,039,733</u>	<u>\$ 11,562,165</u>	<u>\$ 2,784,796</u>	

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2011

	General	Flood Protection Revenue Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 978,907	\$ 314,660	\$ 416,809	\$ 1,710,376
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,189,947	-	-	1,189,947
Accounts receivable	160,714	-	24,649	185,363
Due from other funds	51,601	-	-	51,601
Due from other governmental units	766,434	-	-	766,434
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	104,685	-	-	104,685
Total assets	<u>\$ 3,252,288</u>	<u>\$ 314,660</u>	<u>\$ 441,458</u>	<u>\$ 4,008,406</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 113,314	\$ -	\$ 2,822	\$ 116,136
Accrued liabilities	73,614	-	1,746	75,360
Due to other funds	-	-	51,601	51,601
Due to component unit	494,855	-	-	494,855
Deferred revenue	1,287,817	-	-	1,287,817
Total liabilities	<u>\$ 1,969,600</u>	<u>\$ -</u>	<u>\$ 56,169</u>	<u>\$ 2,025,769</u>
Fund balances:				
Restricted:				
Debt Service	\$ 104,685	\$ -	\$ -	\$ 104,685
Community development block grant	-	-	74,784	74,784
Assigned:				
Debt service	-	314,660	299,865	614,525
Green Hill Cemetery	-	-	61,627	61,627
Unassigned, reported in:				
General fund	1,178,003	-	-	1,178,003
Parks and recreation	-	-	(50,987)	(50,987)
Total fund balances	<u>\$ 1,282,688</u>	<u>\$ 314,660</u>	<u>\$ 385,289</u>	<u>\$ 1,982,637</u>
Total liabilities and fund balances	<u>\$ 3,252,288</u>	<u>\$ 314,660</u>	<u>\$ 441,458</u>	<u>\$ 4,008,406</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,982,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,750,280
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		634,314
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(9,844,799)</u>
Net assets of governmental activities	\$	<u>9,522,432</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2011

	General	Flood Protection Revenue Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 5,000,774	\$ -	\$ -	\$ 5,000,774
Other local taxes	1,615,996	-	-	1,615,996
Permits, privilege fees, and regulatory licenses	32,548	-	-	32,548
Fines and forfeitures	56,870	-	-	56,870
Revenue from the use of money and property	38,969	25	100,694	139,688
Charges for services	487,606	-	44,465	532,071
Miscellaneous	137,060	-	9,047	146,107
Recovered costs	16,503	-	14,034	30,537
Intergovernmental revenues:				
Local government	-	-	324,093	324,093
Commonwealth	3,201,924	-	-	3,201,924
Federal	123,278	-	-	123,278
Total revenues	<u>\$ 10,711,528</u>	<u>\$ 25</u>	<u>\$ 492,333</u>	<u>\$ 11,203,886</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,111,062	\$ -	\$ -	\$ 1,111,062
Judicial administration	683,819	-	-	683,819
Public safety	1,775,565	-	-	1,775,565
Public works	1,491,829	-	3,093	1,494,922
Health and welfare	1,384,270	-	2,296	1,386,566
Education	2,239,651	-	-	2,239,651
Parks, recreation, and cultural	93,548	-	385,134	478,682
Community development	450,938	-	-	450,938
Capital projects	-	47,486	898	48,384
Debt service:				
Principal retirement	99,062	313,818	529,223	942,103
Interest and other fiscal charges	143,807	38,412	140,851	323,070
Total expenditures	<u>\$ 9,473,551</u>	<u>\$ 399,716</u>	<u>\$ 1,061,495</u>	<u>\$ 10,934,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,237,977</u>	<u>\$ (399,691)</u>	<u>\$ (569,162)</u>	<u>\$ 269,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 446,744	\$ 494,342	\$ 951,086
Transfers out	(1,463,048)	-	(10,000)	(1,473,048)
Issuance of refunding loan payable	750,000	-	-	750,000
Redemption of refunded loan	(750,000)	-	-	(750,000)
Total other financing sources (uses)	<u>\$ (1,453,048)</u>	<u>\$ 446,744</u>	<u>\$ 484,342</u>	<u>\$ (521,962)</u>
Net change in fund balances	\$ (215,071)	\$ 47,053	\$ (84,820)	\$ (252,838)
Fund balances - beginning	1,497,759	267,607	470,109	2,235,475
Fund balances - ending	<u>\$ 1,282,688</u>	<u>\$ 314,660</u>	<u>\$ 385,289</u>	<u>\$ 1,982,637</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	(252,838)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

	(679,903)
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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.

	9,112
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	942,103
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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>(97,128)</u>
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Change in net assets of governmental activities	\$	<u><u>(78,654)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Assets
 Proprietary Funds
 June 30, 2011

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 708,567	\$ 160,893	\$ 869,460
Accounts receivable, net of allowance for uncollectibles	357,846	1,904	359,750
Total current assets	\$ 1,066,413	\$ 162,797	\$ 1,229,210
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 181,764	\$ -	\$ 181,764
Cash and cash equivalents (in custody of others)	-	4,940	4,940
Total restricted assets	\$ 181,764	\$ 4,940	\$ 186,704
Other assets:			
Unamortized bond issue costs	\$ -	\$ 512,196	\$ 512,196
Capital assets:			
Land	\$ -	\$ 1,360,000	\$ 1,360,000
Buildings	-	637,336	637,336
Equipment	247,792	435,810	683,602
Infrastructure	13,464,928	5,859,701	19,324,629
Accumulated Depreciation	(7,814,320)	(584,772)	(8,399,092)
Total capital assets	\$ 5,898,400	\$ 7,708,075	\$ 13,606,475
Total noncurrent assets	\$ 6,080,164	\$ 8,225,211	\$ 14,305,375
Total assets	\$ 7,146,577	\$ 8,388,008	\$ 15,534,585
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,650	\$ 899	\$ 7,549
Accrued liabilities	6,517	2,935	9,452
Accrued interest payable	12,198	146,926	159,124
Deferred revenue	16,855	-	16,855
Deposits held in escrow	62,897	-	62,897
Bonds payable - current portion	299,076	807,026	1,106,102
Compensated absences - current portion	37,603	9,479	47,082
Total current liabilities	\$ 441,796	\$ 967,265	\$ 1,409,061
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 3,088,850	\$ 8,932,499	\$ 12,021,349
Accrued OPEB liability	37,558	11,190	48,748
Compensated absences - net of current portion	12,534	3,160	15,694
Total noncurrent liabilities	\$ 3,138,942	\$ 8,946,849	\$ 12,085,791
Total liabilities	\$ 3,580,738	\$ 9,914,114	\$ 13,494,852
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,692,238	\$ (1,387,294)	\$ 1,304,944
Restricted for debt service and bond covenants	181,764	4,940	186,704
Unrestricted	691,837	(143,752)	548,085
Total net assets	\$ 3,565,839	\$ (1,526,106)	\$ 2,039,733

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2011

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
OPERATING REVENUES			
Charges for services: (security for revenue bonds)			
Water revenues	\$ 728,934	\$ -	\$ 728,934
Sewer revenues	753,648	-	753,648
Penalties	37,648	-	37,648
Course fees	-	179,681	179,681
Golf cart rentals	-	192,411	192,411
Golf clubs and balls	-	16,102	16,102
Meter service charges	45,717	-	45,717
Reconnection fees and other charges	21,087	-	21,087
Food and beverage sales	-	30,386	30,386
Miscellaneous	4,250	22	4,272
Total operating revenues	\$ 1,591,284	\$ 418,602	\$ 2,009,886
OPERATING EXPENSES			
Personal services	\$ 556,022	\$ 235,080	\$ 791,102
Fringe benefits	223,846	75,203	299,049
Contractual services	51,738	158	51,896
Other charges	364,645	235,029	599,674
Depreciation	378,000	79,161	457,161
Rentals and leases	1,001	37,937	38,938
Total operating expenses	\$ 1,575,252	\$ 662,568	\$ 2,237,820
Operating income (loss)	\$ 16,032	\$ (243,966)	\$ (227,934)
NONOPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	\$ (159,006)	\$ (529,200)	\$ (688,206)
Total nonoperating revenues (expenses)	\$ (159,006)	\$ (529,200)	\$ (688,206)
Income before contributions and transfers	\$ (142,974)	\$ (773,166)	\$ (916,140)
Transfers in	\$ -	\$ 521,962	\$ 521,962
Change in net assets	\$ (142,974)	\$ (251,204)	\$ (394,178)
Total net assets - beginning	\$ 3,708,813	\$ (1,274,902)	\$ 2,433,911
Total net assets - ending	\$ 3,565,839	\$ (1,526,106)	\$ 2,039,733

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2011

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,596,962	\$ 418,048	\$ 2,015,010
Payments to suppliers	(421,526)	(286,281)	(707,807)
Payments to employees	(788,804)	(322,209)	(1,111,013)
Net cash provided by (used in) operating activities	\$ 390,882	\$ (190,442)	\$ 200,440
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 521,962	\$ 521,962
Net cash provided by (used in) noncapital financing activities	\$ -	\$ 521,962	\$ 521,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (5,774)	\$ (11,042)	\$ (16,816)
Principal payments on bonds	(78,266)	(307,020)	(385,286)
Interest payments	(160,105)	(515,386)	(675,491)
Net cash provided by (used in) capital and related financing activities	\$ (244,145)	\$ (833,448)	\$ (1,077,593)
Net increase (decrease) in cash and cash equivalents	\$ 146,737	\$ (501,928)	\$ (355,191)
Cash and cash equivalents - beginning, including restricted cash of \$181,764 and \$666,688, respectively	\$ 743,594	\$ 667,761	\$ 1,411,355
Cash and cash equivalents - ending, including restricted cash of \$181,764 and \$4,940, respectively	\$ 890,331	\$ 165,833	\$ 1,056,164
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 16,032	\$ (243,966)	\$ (227,934)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	\$ 378,000	\$ 79,161	\$ 457,161
Amortization expense			
(Increase) decrease in accounts receivable	20,773	(554)	20,219
Increase (decrease) in compensated absences	(16,083)	(13,869)	(29,952)
Increase (decrease) in accounts payable	(4,142)	(13,157)	(17,299)
Increase (decrease) in deferred revenue	(12,032)	-	(12,032)
Increase (decrease) customer deposits	1,187	-	1,187
Increase (decrease) accrued liabilities	(7,433)	(840)	(8,273)
Total adjustments	\$ 374,850	\$ 53,524	\$ 428,374
Net cash provided by (used in) operating activities	\$ 390,882	\$ (190,442)	\$ 200,440

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,766</u>
Total assets	\$ <u><u>2,766</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>2,766</u>
Total liabilities	\$ <u><u>2,766</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, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

Blended Component Units – The City has no blended component units for the year ended June 30, 2011.

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

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

Other Organizations:

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

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

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

A. Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare fund is the sole fiduciary fund of the City and maintains funds belonging to individuals, primarily children, in the care of the local social services agency. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Buena Vista, Virginia's own programs.

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

2. Property Taxes

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

3. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$86,540 at June 30, 2011 and is comprised of property taxes.

4. Use of Estimates

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, and net assets or equity (continued)****5. Capital assets**

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

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

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

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

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

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

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

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

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

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

6. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources 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 Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The City accrues salary-related payments associated with the payment of compensated absences. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund equity*

Beginning with fiscal year 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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, using 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;

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

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

8. Fund equity (continued)

- 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;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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 Assets

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

10. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

11. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2011 the general, golf, and water and sewer funds had restricted cash of \$104,685, \$4,940, and \$181,764, respectively.

As of June 30, 2011 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 \$4,940.

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

The governmental fund balance sheet includes a reconciliation between *fund balances—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these \$(9,844,799) and \$(424,778) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Bonds payable	\$ (1,867,746)	\$ -
Accrued interest payable	(110,876)	-
Net OPEB liability	(177,211)	(248,000)
Capital leases payable	(101,859)	-
Loan payable	(7,318,926)	-
Compensated absences	(268,181)	(176,778)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (9,844,799)</u>	<u>\$ (424,778)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these \$(679,903) and \$50,834 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Capital outlay	\$ 10,500	\$ 240,270
Depreciation expense	(690,403)	(189,436)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (679,903)</u>	<u>\$ 50,834</u>

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$942,103 difference in the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 313,818
Revenue bonds	154,223
Loans	396,754
Capital lease	77,308
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 942,103</u>

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 \$(97,128) and \$15,613 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Compensated absences	\$ (15,948)	\$ 78,613
Net OPEB liability	(63,596)	(63,000)
Accrued interest	(17,584)	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (97,128)</u>	<u>\$ 15,613</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriations ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts between the school system's departments without the approval of the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects and Proprietary Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse at year-end.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2011. Several supplemental appropriations were necessary during the year.
9. The following funds have legally adopted budgets: General, Park and Recreation, Emergency 911, Senior Center, School Construction, Flood Protection, Water and Sewer, Golf Course, School Operating and School Cafeteria Funds. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the departmental level.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the City's accounting system.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)****B. Excess of expenditures over appropriations**

For the year ended June 30, 2011, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
Park and Recreation	\$ 15,464
Green Hill Cemetary	3,093
Flood Protection	41,963
CDBG fund	898
School Cafeteria	15,482
School Construction	1,810
Total All Funds	\$ <u>78,710</u>

C. Deficit fund equity

At June 30, 2011, the parks and recreation and golf course funds had deficit fund equity of \$54,473 and \$1,526,106 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. According, 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):****Locality's Rated Debt Investments' Values**

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 14,608	\$ -	\$ -	\$ -	\$ -
Total	\$ 14,608	\$ -	\$ -	\$ -	\$ -

External Investment Pool

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

Interest Rate Risk

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

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

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

	Primary Government	Discretely Presented Component Unit School Board	Total Reporting Entity
<u>Federal Government:</u>			
Categorical aid - Welfare	\$ 7,968	\$ -	\$ 7,968
Categorical aid - Title VI-B: special education	-	1,714	1,714
Categorical aid - IDEA Part B Section 611 special education	-	31,181	31,181
Categorical aid - Ground transportation safety	13,123	-	13,123
Categorical aid - Title I	-	43,433	43,433
Categorical aid - Title II Part A	-	9,347	9,347
Categorical aid - Title II Part D	-	2,220	2,220
Categorical aid - School nutrition	-	2,063	2,063
<u>Commonwealth of Virginia:</u>			
Local sales tax	-	134,776	134,776
State sales tax	65,615	-	65,615
Personal property tax relief funds	374,445	-	374,445
Categorical aid - welfare	10,908	-	10,908
Categorical aid - criminal victim witness program	14,120	-	14,120
Comprehensive Service Act funds - Rockbridge County	138,766	-	138,766
Other state funds	141,489	154,000	295,489
Totals	\$ 766,434	\$ 378,734	\$ 1,145,168

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 6—INTERFUND OBLIGATIONS:**

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 494,855	\$ 51,601
Park and Recreation Fund	51,601	-
Total Primary Government	<u>\$ 546,456</u>	<u>\$ 51,601</u>
Component Unit-School Board:		
School Fund	\$ -	\$ 494,855
Total Component Unit	<u>\$ -</u>	<u>\$ 494,855</u>
Total reporting entity	<u>\$ 546,456</u>	<u>\$ 546,456</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 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 1,463,048
Park and Recreation Fund	176,977	-
Flood Protection Fund	446,744	-
Senior Center Fund	12,231	-
School Construction Fund	305,134	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 951,086</u>	<u>\$ 1,473,048</u>
Business-type activities:		
Golf Course Fund	\$ 521,962	\$ -
Total business-type activities	<u>\$ 521,962</u>	<u>\$ -</u>
Total primary government	<u>\$ 1,473,048</u>	<u>\$ 1,473,048</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, 2011 CONTINUED

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

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2012	\$ 313,818	\$ 27,564	\$ 160,870	\$ 41,792
2013	313,818	16,521	167,839	34,197
2014	313,818	5,535	158,345	26,262
2015	-	-	166,004	18,603
2016	-	-	174,034	10,573
2017	-	-	99,200	9,051
Totals	\$ <u>941,454</u>	\$ <u>49,620</u>	\$ <u>926,292</u>	\$ <u>140,478</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED

NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government-Governmental Activity Indebtedness (continued)

Year Ending June 30,	Literary Fund Loan		Capital Leases Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 375,000	\$ 82,500	\$ 80,330	\$ 3,597	\$ 37,951	\$ 196,810
2013	375,000	75,000	21,529	457	781,246	130,980
2014	375,000	67,500	-	-	33,524	118,114
2015	375,000	60,000	-	-	35,232	116,406
2016	375,000	52,500	-	-	37,027	114,612
2017	375,000	45,000	-	-	38,913	112,725
2018	375,000	37,500	-	-	40,895	110,743
2019	375,000	30,000	-	-	42,979	108,659
2020	375,000	22,500	-	-	45,168	106,470
2021	375,000	15,000	-	-	47,470	104,169
2022	375,000	7,500	-	-	49,888	101,750
2023	-	-	-	-	52,429	99,209
2024	-	-	-	-	55,100	96,538
2025	-	-	-	-	57,908	93,731
2026	-	-	-	-	60,858	90,780
2027	-	-	-	-	63,958	87,680
2028	-	-	-	-	67,217	84,422
2029	-	-	-	-	70,641	80,997
2030	-	-	-	-	74,240	77,398
2031	-	-	-	-	78,022	73,616
2032	-	-	-	-	81,997	69,641
2033	-	-	-	-	86,174	65,464
2034	-	-	-	-	90,564	61,074
2035	-	-	-	-	95,178	56,460
2036	-	-	-	-	100,027	51,611
2037	-	-	-	-	105,123	46,515
2038	-	-	-	-	110,478	41,160
2039	-	-	-	-	116,107	35,531
2040	-	-	-	-	122,022	29,616
2041	-	-	-	-	128,238	23,400
2042	-	-	-	-	134,771	16,867
2043	-	-	-	-	141,637	10,001
2044	-	-	-	-	110,944	2,786
Totals	\$ <u>4,125,000</u>	\$ <u>495,000</u>	\$ <u>101,859</u>	\$ <u>4,054</u>	\$ <u>3,193,926</u>	\$ <u>2,615,935</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)**

The following is a summary of long-term liabilities transactions for the City's governmental activities for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
<u>General long-term debt:</u>				
General obligation bonds	\$ 1,255,272	\$ -	\$ 313,818	\$ 941,454
Revenue bonds	1,080,515	-	154,223	926,292
Literary loan	4,500,000	-	375,000	4,125,000
Capital leases	179,167	-	77,308	101,859
Loans payable	3,215,680	-	21,754	3,193,926
Accrued OPEB liability	113,615	63,596	-	177,211
Compensated absences	252,233	39,189	23,241	268,181
Total general long-term debt	<u>\$ 10,596,482</u>	<u>\$ 102,785</u>	<u>\$ 965,344</u>	<u>\$ 9,733,923</u>

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)**Primary Government-Governmental Activity Indebtedness (continued)

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness:</u>		
<u>General Obligation Refunding Bond:</u>		
\$3,452,000 Bonds, Series 2003, dated May 15, 2003 maturing annually with principal payments of \$313,818. Interest is payable semi-annually accruing at 3.50%, maturing September 1, 2008 through 2013.	\$ 941,454	\$ 313,818
<u>Education Revenue Bond Payable:</u>		
\$2,000,000 Education Revenue Bond issued December 1, 2000 through the Buena Vista Industrial Development Authority due in semi-annual installments of \$92,303 including interest at 4.78% through July 29, 2016.	\$ 892,692	\$ 144,070
<u>Lease Revenue Bond Payable:</u>		
\$168,000 Lease Revenue Bond issued November 15, 2002 through Buena Vista Industrial Development Authority due in annual installments of \$16,800 plus interest at 3.67% through December 3, 2012.	\$ 33,600	\$ 16,800
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 4,125,000	\$ 375,000
\$750,000 refinancing of loan payable for land purchased, dated August 26, 2009, due in full on August 26, 2012. Payments are due quarterly in the amount of \$13,514 including principal and interest at 6%.	749,591	243
\$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.	1,759,921	27,150
\$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.	684,414	10,558
Total loans payable	\$ 7,318,926	\$ 412,951

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)**Primary Government-Governmental Activity Indebtedness (continued)

Details of Long-term Indebtedness (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness: (continued)</u>		
<u>Capital Leases Payable:</u>		
\$100,750 capital lease for equipment, dated March 19, 2008, due in annual payment of \$21,984, including interest at 3.38% through March 19, 2013.	\$ 42,346	\$ 20,817
\$171,632 capital lease for public safety vehicles, dated September 30, 2008, due in annual payment of \$61,941, including interest at 4.08%, through September 30, 2013.	<u>59,513</u>	<u>59,513</u>
Sub-total capital leases payable	\$ <u>101,859</u>	\$ <u>80,330</u>
Accrued OPEB Liability	\$ <u>177,211</u>	\$ <u>-</u>
Compensated absences (payable from the General and Park and Recreation Funds)	\$ <u>268,181</u>	\$ <u>201,136</u>
Total general obligation debt	<u>\$ 9,733,923</u>	<u>\$ 1,169,105</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED

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

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

Year Ending June 30,	Revenue Bonds/Notes Payable	
	Principal	Interest
2012	\$ 1,106,102	\$ 421,508
2013	141,138	371,318
2014	145,643	364,678
2015	152,739	357,200
2016	162,433	349,297
2017	287,226	572,394
2018	304,626	537,263
2019	317,135	521,366
2020	334,760	504,698
2021	352,505	487,122
2022	370,377	468,631
2023	388,380	449,222
2024	406,522	428,886
2025	429,807	407,488
2026	453,244	384,889
2027	476,838	361,576
2028	495,598	337,691
2029	524,530	311,547
2030	548,644	282,958
2031	577,945	252,944
2032	612,445	221,219
2033	642,151	187,776
2034	677,074	152,602
2035	712,223	115,554
2036	845,108	313,592
2037	225,740	286,716
2038	234,132	276,189
2039	245,294	264,645
2040	259,239	252,491
2041	153,480	28,284
2042	160,531	21,233
2043	167,905	13,859
2044	175,619	6,145
2045	40,318	290
Total	\$ <u>13,127,451</u>	\$ <u>10,313,269</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 8—LONG-TERM LIABILITIES: (CONTINUED)**Primary Government-Enterprise Activity Indebtedness (continued)

The following is a summary of changes in long-term debt transactions for the City's enterprise activities for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
<u>Enterprise debt:</u>				
Revenue bonds payable	\$ 295,732	\$ -	\$ 38,377	\$ 257,355
Lease-revenue bonds payable	13,217,005	-	346,909	12,870,096
Accrued OPEB liability	31,385	17,363	-	48,748
Compensated absences	92,728	47,082	77,034	62,776
Total enterprise debt	<u>\$ 13,636,850</u>	<u>\$ 64,445</u>	<u>\$ 462,320</u>	<u>\$ 13,238,975</u>

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

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness:</u>		
<u>Revenue Bonds Payable:</u>		
\$632,100, Series 1996 Revenue Bond, dated August 15, 1996, maturing semi-annually through 2016 with interest payable at rates varying from 5.40% to 6.375%. Principal payments vary from \$15,802 to \$27,090. See Note 18 for information on subsequent events related to these bonds.	\$ 257,355	\$ 257,355
\$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.	3,130,570	41,721
\$1,300,000 Lease-Revenue Bond, Series 2005, dated June 28, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at 4.00% per annum. Annual payments of \$160,655 consisting of principal and interest commence are due through July 15, 2015. See Note 18 for information on subsequent events related to these bonds.	714,526	714,526
\$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 18 for information on subsequent events related to these bonds.	9,025,000	92,500
Sub-total revenue bonds payable	<u>\$ 13,127,451</u>	<u>\$ 1,106,102</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED

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

Details of Long-term Indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness: (continued)</u>		
Accrued OPEB liability	\$ 48,748	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 62,776	\$ 47,082
Total Enterprise Fund indebtedness	\$ <u>13,238,975</u>	\$ <u>1,153,184</u>

Discretely Presented Component Unit—School Board:

The following is a summary of long-term debt transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2011.

	<u>Balance July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
<u>General Long-Term Debt</u>				
Accrued OPEB obligation	\$ 185,000	\$ 63,000	\$ -	\$ 248,000
Compensated absences	255,391	132,585	211,197	176,779
Total Long-Term Debt	\$ <u>440,391</u>	\$ <u>195,585</u>	\$ <u>211,197</u>	\$ <u>424,779</u>

Details of Long-term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Accrued OPEB obligation	\$ 248,000	\$ -
Compensated absences (payable from the School Fund)	\$ 176,779	\$ 132,584
Total Long-term obligation debt, Discretely Presented Component Unit - School Board	\$ <u>424,779</u>	\$ <u>132,584</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED

NOTE 9—LEASES:

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 272,383
Less: Accumulated depreciation	<u>(95,210)</u>
Total	<u>\$ 177,173</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, is as follows:

Year Ended June 30,	Governmental Activities
2012	\$ 83,927
2013	<u>21,986</u>
Total minimum lease payments	\$ 105,913
Less: Amount representing interest	<u>(4,054)</u>
Present value of minimum lease payments \$	<u>101,859</u>

NOTE 10—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

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

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the City of Buena Vista, Virginia is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City of Buena Vista, Virginia's contribution rate for the fiscal year ended 2011 was 10.23% of annual covered payroll.

Discretely Presented Component Unit – School Board:

The School Board's contributions for professional employees were \$211,283, \$372,292, and \$525,202, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 3.93%, 8.81 % for July 2009 through March 2010 and zero (0.00%) for April 2010 through June 2010, 8.81%, and 8.81% respectively, of current covered payroll.

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

For fiscal year 2011, the City of Buena Vista, Virginia's annual pension cost of \$293,201 and \$0 was equal to the City of Buena Vista, Virginia's required and actual contributions for the City and the School Board Non-Professionals employees, respectively.

Trend Information				
	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
City	6/30/09	\$ 260,033	100%	\$ -
	6/30/10	242,981	100%	-
	6/30/11	293,201	100%	
Discretely Presented Component Unit:				
School Board Non Professional	6/30/09	\$ -	100%	\$ -
	6/30/10	-	100%	-
	6/30/11	-	100%	-

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the City of Buena Vista, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 77.27% funded. The actuarial accrued liability for benefits was \$15,119,873, and the actuarial value of assets was \$11,683,528, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,436,345. The covered payroll (annual payroll of active employees covered by the plan) was \$3,017,810, and ratio of the UAAL to the covered payroll was 113.87%.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress (Continued):

As of June 30, 2010, the most recent actuarial valuation date, the School Board's non-professional plan was 120.04% funded. The actuarial accrued liability for benefits was \$1,288,089, and the actuarial value of assets was \$1,546,165, resulting in an unfunded actuarial accrued liability (UAAL) of \$(258,076). The covered payroll (annual payroll of active employees covered by the plan) was \$361,826, and ratio of the UAAL to the covered payroll was (71.33)%.

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

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

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

City:

A. Plan Description:

The City offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The City will pay a portion of the medical insurance for eligible retirees equal to that received by regular working full time employees (\$378.40 for fiscal year 2011). Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the City for retirees regardless of age if he/she has been employed by the City for at least 10 years immediately prior to the disability. The City reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)****B. Funding Policy:**

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

C. Annual OPEB Cost and Net OPEB Obligation):

The City's general fund has been used in prior years to liquidate the net other post employment benefit obligation of the governmental funds. The annual cost of other post-employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$133,000 for fiscal year 2011. The City has paid \$52,000 towards this obligation during FY 11. 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	\$	133,000
Interest on net OPEB obligation		6,000
Adjustment to annual required contributions		(6,041)
Annual OPEB cost (expense)	\$	132,959
Contributions made		(52,000)
Increase in net OPEB obligation	\$	80,959
Net OPEB obligation-beginning of year		145,000
Net OPEB obligation-end of year	\$	<u>225,959</u>

Annual OPEB Cost

For 2011, the City's expected cash payment of \$52,000 was \$80,959 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 2011 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 133,000	39.10%	\$ 226,000
6/30/10	154,000	47.40%	145,000
6/30/09	150,000	57.33%	64,000

D. Funded Status and Funding Progress:

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

Actuarial accrued liability (AAL)	\$	1,478,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	1,478,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	2,731,000
UAAL as a percentage of covered payroll		54.10%

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

D. Funded Status and Funding Progress: (Continued)

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.

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.

Cost Method

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

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**School Board:****A. Plan Description:**

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

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$330,000 for fiscal year 2011. The School Board has paid \$266,000 towards this obligation during FY11. 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	\$ 330,000
Interest on net OPEB obligation	7,000
Adjustment to annual required contributions	(8,000)
Annual OPEB cost (expense)	\$ 329,000
Contributions made	(266,000)
Increase in net OPEB obligation	\$ 63,000
Net OPEB obligation-beginning of year	185,000
Net OPEB obligation-end of year	\$ 248,000

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

For 2011, the School Board's expected cash payment of \$266,000 was \$63,000 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 2011 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 329,000	80.85%	\$ 248,000
6/30/10	339,000	79.94%	185,000
6/30/09	330,000	64.55%	117,000

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 3,592,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 3,592,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	5,126,000
UAAL as a percentage of covered payroll	70.1%

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 2009. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**School Board: (Continued)****E. Actuarial Methods and Assumptions: (Continued)****Cost Method**

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

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

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

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

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

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

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

School Board: (Continued)

VRS Health Insurance Credit Program (Continued)

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$32,257, \$44,323, and \$63,893, respectively and equaled the required contributions for each year.

NOTE 12—UNEARNED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$653,503 is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$162,705 at June 30, 2011.
- B. Unbilled Property Taxes—Property taxes for the second half of 2011 that had not been billed as of June 30, 2011 amounted to \$490,798.

NOTE 13—CONTINGENT LIABILITIES:

Federal programs in which the City and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 14—SURETY BONDS:**

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

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

NOTE 15—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,108,097	\$ -	\$ -	\$ 2,108,097
Total capital assets not being depreciated	\$ 2,108,097	\$ -	\$ -	\$ 2,108,097
Capital assets being depreciated:				
Buildings and improvements	\$ 13,984,577	\$ -	\$ -	\$ 13,984,577
Infrastructure	28,076,576	-	-	28,076,576
Machinery and Equipment	1,905,869	10,500	(24,072)	1,892,297
Total capital assets being depreciated	\$ 43,967,022	\$ 10,500	\$ (24,072)	\$ 43,953,450
Less: Accumulated depreciation for:				
Buildings and improvements	\$ (2,787,823)	\$ (294,071)	\$ -	\$ (3,081,894)
Infrastructure	(24,486,810)	(290,423)	-	(24,777,233)
Machinery and Equipment	(1,370,303)	(105,909)	24,072	(1,452,140)
Total accumulated depreciation	\$ (28,644,936)	\$ (690,403)	\$ 24,072	\$ (29,311,267)
Capital assets being depreciated, net	\$ 15,322,086	\$ (679,903)	\$ -	\$ 14,642,183
Governmental activities capital assets, net	\$ 17,430,183	\$ (679,903)	\$ -	\$ 16,750,280

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED

NOTE 15—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 1,360,000	\$ -	\$ -	\$ 1,360,000
Total capital assets not being depreciated	\$ 1,360,000	\$ -	\$ -	\$ 1,360,000
Capital assets being depreciated:				
Infrastructure	\$ 19,318,854	\$ 5,775	\$ -	\$ 19,324,629
Buildings	637,336	-	-	637,336
Equipment	672,561	11,041	-	683,602
Total capital assets being depreciated	\$ 20,628,751	\$ 16,816	\$ -	\$ 20,645,567
Less: Accumulated depreciation for:				
Infrastructure	\$ (7,378,476)	\$ (366,353)	\$ -	\$ (7,744,829)
Buildings	(64,478)	(41,934)	-	(106,412)
Equipment	(498,977)	(48,874)	-	(547,851)
Total accumulated depreciation	\$ (7,941,931)	\$ (457,161)	\$ -	\$ (8,399,092)
Capital assets being depreciated, net	\$ 12,686,820	\$ (440,345)	\$ -	\$ 12,246,475
Business-type activities capital assets, net	\$ 14,046,820	\$ (440,345)	\$ -	\$ 13,606,475

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

General government administration	\$ 360,124
Judicial Administration	9,051
Public safety	47,955
Public works	70,001
Health and welfare	3,360
Education	190,000
Parks, recreation and cultural	9,912
Total depreciation expense - governmental activities	\$ 690,403
Business-type activities:	
Water and Sewer	\$ 378,000
Golf course	79,161
Total depreciation expenses-business-type activities	\$ 457,161

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 CONTINUED**NOTE 15—CAPITAL ASSETS: (CONTINUED)****Discretely Presented Component Unit**

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
School Board				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ 4,634
Total capital assets not being depreciated	\$ 4,634	\$ -	\$ -	\$ 4,634
Capital assets being depreciated:				
Buildings and improvements	\$ 5,673,586	\$ -	\$ -	\$ 5,673,586
Vehicles	763,892	240,270	(279,393)	724,769
Total capital assets being depreciated	\$ 6,437,478	\$ 240,270	\$ (279,393)	\$ 6,398,355
Less: Accumulated depreciation for:				
Buildings and improvements	\$ (2,682,060)	\$ (122,001)	\$ -	\$ (2,804,061)
Vehicles	(706,773)	(67,435)	279,393	(494,815)
Total accumulated depreciation	\$ (3,388,833)	\$ (189,436)	\$ 279,393	\$ (3,298,876)
Capital assets being depreciated, net	\$ 3,048,645	\$ 50,834	\$ -	\$ 3,099,479
Governmental activities capital assets, net	\$ 3,053,279	\$ 50,834	\$ -	\$ 3,104,113

Depreciation expense for the Component Unit School Board was \$189,436 for the year ended June 30, 2011 and was charged to the education function.

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

NOTE 16—RISK MANAGEMENT:

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

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

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

NOTE 17—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2011 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTE 18—SUBSEQUENT EVENTS:

On July 1, 2011 City Council moved to accept a forbearance and reimbursement agreement for the repayment of the Series 2005A lease revenue bonds. Under the forbearance agreement, the City will continue to pay the debt service on the Series 2005A bonds as scheduled, however, for a period of 5 years the City will defer one half of the original amount due. At the conclusion of the scheduled debt payments, the City will repay the trustee the deferred amount over a 5 year period. Details of the repayment can be found under Note 8.

On July 14, 2011 the City's Public Service Authority issued Series 2011A wastewater revenue bonds in the amount of \$4,765,000. A portion of the proceeds from these Series 2011A bonds were used to pay off the Series 2005 lease revenue bond issued through the Public Recreation Facilities Authority, and the Series 1996 revenue bond balance of \$714,526, and \$257,355, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 4,947,081	\$ 4,947,081	\$ 5,000,774	\$ 53,693
Other local taxes	1,600,186	1,600,186	1,615,996	15,810
Permits, privilege fees, and regulatory licenses	40,950	40,950	32,548	(8,402)
Fines and forfeitures	61,800	61,800	56,870	(4,930)
Revenue from the use of money and property	56,000	56,000	38,969	(17,031)
Charges for services	622,603	622,603	487,606	(134,997)
Miscellaneous	146,940	146,940	137,060	(9,880)
Recovered costs	-	-	16,503	16,503
Intergovernmental revenues:				
Commonwealth	3,297,264	3,297,264	3,201,924	(95,340)
Federal	104,000	104,000	123,278	19,278
Total revenues	<u>\$ 10,876,824</u>	<u>\$ 10,876,824</u>	<u>\$ 10,711,528</u>	<u>\$ (165,296)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,091,709	\$ 1,091,709	\$ 1,111,062	\$ (19,353)
Judicial administration	727,004	727,004	683,819	43,185
Public safety	1,771,732	1,771,732	1,775,565	(3,833)
Public works	1,546,947	1,547,109	1,491,829	55,280
Health and welfare	1,390,979	1,390,979	1,384,270	6,709
Education	2,515,211	2,515,211	2,239,651	275,560
Parks, recreation, and cultural	89,587	89,587	93,548	(3,961)
Community development	493,951	493,789	450,938	42,851
Debt service:				
Principal retirement	232,850	232,850	99,062	133,788
Interest and other fiscal charges	200,640	200,640	143,807	56,833
Total expenditures	<u>\$ 10,060,610</u>	<u>\$ 10,060,610</u>	<u>\$ 9,473,551</u>	<u>\$ 587,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 816,214</u>	<u>\$ 816,214</u>	<u>\$ 1,237,977</u>	<u>\$ 421,763</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ (816,214)	\$ (816,214)	\$ 10,000	\$ 826,214
Transfers out	-	-	(1,463,048)	(1,463,048)
Issuance of refunding loan payable	-	-	750,000	750,000
Redemption of refunded loan	-	-	(750,000)	(750,000)
Total other financing sources and uses	<u>\$ (816,214)</u>	<u>\$ (816,214)</u>	<u>\$ (1,453,048)</u>	<u>\$ (636,834)</u>
Net change in fund balances	\$ -	\$ -	\$ (215,071)	\$ (215,071)
Fund balances - beginning	-	-	1,497,759	1,497,759
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,282,688</u>	<u>\$ 1,282,688</u>

Schedule of Pension Funding Progress

As of June 30, 2011

PRIMARY GOVERNMENT:

City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	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%
06/30/08	11,749,435	12,914,273	1,164,838	90.98%	3,181,191	36.62%
06/30/07	10,833,474	11,804,213	970,739	91.78%	3,163,886	30.68%
06/30/06	9,699,791	10,332,570	632,779	93.88%	2,738,331	23.11%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	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%
06/30/08	1,625,061	1,193,054	(432,007)	136.21%	423,988	-101.89%
06/30/07	1,530,313	1,087,169	(443,144)	140.76%	433,113	-102.32%
06/30/06	1,382,116	987,511	(394,605)	139.96%	390,896	-100.95%

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2011

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/11	\$ -	\$ 1,478,000	\$ 1,478,000	0.00%	\$ 2,731,000	54.1%
06/30/10	-	1,674,000	1,674,000	0.00%	3,294,000	50.8%
06/30/09	-	1,610,000	1,610,000	0.00%	3,214,000	50.1%

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/11	\$ -	\$ 3,592,000	\$ 3,592,000	0.00%	5,126,000	70.10%
06/30/10	-	2,988,000	2,988,000	0.00%	4,323,000	69.30%
06/30/09	-	2,880,000	2,880,000	0.00%	4,218,000	68.30%

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR CAPITAL PROJECT FUNDS

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

Flood Protection Revenue Fund-Major Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 25	\$ 25
Total revenues	\$ -	\$ -	\$ 25	\$ 25
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 47,486	\$ (47,486)
Debt service:				
Principal retirement	357,753	357,753	313,818	43,935
Interest and other fiscal charges	-	-	38,412	(38,412)
Total expenditures	\$ 357,753	\$ 357,753	\$ 399,716	\$ (41,963)
Excess (deficiency) of revenues over (under) expenditures	\$ (357,753)	\$ (357,753)	\$ (399,691)	\$ (41,938)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 357,753	\$ 357,753	\$ 446,744	\$ 88,991
Total other financing sources and uses	\$ 357,753	\$ 357,753	\$ 446,744	\$ 88,991
Net change in fund balances	\$ -	\$ -	\$ 47,053	\$ 47,053
Fund balances - beginning	-	-	267,607	267,607
Fund balances - ending	\$ -	\$ -	\$ 314,660	\$ 314,660

Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 358	\$ 12,448	\$ 10,040	\$ 2,766
Total assets	<u>\$ 358</u>	<u>\$ 12,448</u>	<u>\$ 10,040</u>	<u>\$ 2,766</u>
LIABILITIES				
Amounts held for social services clients	\$ 358	\$ 12,448	\$ 10,040	\$ 2,766
Total liabilities	<u>\$ 358</u>	<u>\$ 12,448</u>	<u>\$ 10,040</u>	<u>\$ 2,766</u>

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 65,688	\$ 351,121	\$ 416,809
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,121	23,528	24,649
Total assets	<u>\$ 66,809</u>	<u>\$ 374,649</u>	<u>\$ 441,458</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,822	\$ -	\$ 2,822
Accrued liabilities	1,746	-	1,746
Due to other funds	51,601	-	51,601
Total liabilities	<u>\$ 56,169</u>	<u>\$ -</u>	<u>\$ 56,169</u>
Fund balances:			
Restricted:			
Community development block grant	\$ -	\$ 74,784	\$ 74,784
Assigned:			
Debt service	-	299,865	299,865
Parks and recreation	(50,987)	-	(50,987)
Green Hill Cemetery	61,627	-	61,627
Total fund balances	<u>\$ 10,640</u>	<u>\$ 374,649</u>	<u>\$ 385,289</u>
Total liabilities and fund balances	<u>\$ 66,809</u>	<u>\$ 374,649</u>	<u>\$ 441,458</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 99,899	\$ 795	\$ 100,694
Charges for services	44,465	-	44,465
Miscellaneous	9,047	-	9,047
Recovered costs	14,034	-	14,034
Intergovernmental revenues:			
Local government	-	324,093	324,093
Total revenues	<u>\$ 167,445</u>	<u>\$ 324,888</u>	<u>\$ 492,333</u>
EXPENDITURES			
Current:			
Public works	\$ 3,093	\$ -	\$ 3,093
Health and welfare	2,296	-	2,296
Parks, recreation, and cultural	385,134	-	385,134
Capital projects	-	898	898
Debt service:			
Principal retirement	16,800	512,423	529,223
Interest and other fiscal charges	1,857	138,994	140,851
Total expenditures	<u>\$ 409,180</u>	<u>\$ 652,315</u>	<u>\$ 1,061,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (241,735)</u>	<u>\$ (327,427)</u>	<u>\$ (569,162)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 189,208	\$ 305,134	\$ 494,342
Transfers out	(10,000)	-	(10,000)
Total other financing sources and uses	<u>\$ 179,208</u>	<u>\$ 305,134</u>	<u>\$ 484,342</u>
Net change in fund balances	\$ (62,527)	\$ (22,293)	\$ (84,820)
Fund balances - beginning	73,167	396,942	470,109
Fund balances - ending	<u>\$ 10,640</u>	<u>\$ 374,649</u>	<u>\$ 385,289</u>

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

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

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2011

	<u>Park and Recreation Fund</u>	<u>Park Activities Fund</u>	<u>Green Hill Cemetery Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 575	\$ 3,486	\$ 61,627	\$ 65,688
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,121	-	-	1,121
Total assets	<u>\$ 1,696</u>	<u>\$ 3,486</u>	<u>\$ 61,627</u>	<u>\$ 66,809</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,822	\$ -	\$ -	\$ 2,822
Accrued liabilities	1,746	-	-	1,746
Due to other funds	51,601	-	-	51,601
Total liabilities	<u>\$ 56,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,169</u>
Fund balances:				
Assigned:				
Parks and recreation	\$ (54,473)	\$ 3,486	\$ -	\$ (50,987)
Green Hill Cemetery	-	-	61,627	61,627
Total fund balances	<u>\$ (54,473)</u>	<u>\$ 3,486</u>	<u>\$ 61,627</u>	<u>\$ 10,640</u>
Total liabilities and fund balances	<u>\$ 1,696</u>	<u>\$ 3,486</u>	<u>\$ 61,627</u>	<u>\$ 66,809</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Park and Recreation Fund	Senior Center Fund	Park Activities Fund	Green Hill Cemetery Fund	Total
REVENUES					
Revenue from the use of money and property	\$ 99,894	\$ -	\$ -	\$ 5	\$ 99,899
Charges for services	36,779	-	3,486	4,200	44,465
Miscellaneous	9,047	-	-	-	9,047
Recovered costs	-	14,034	-	-	14,034
Total revenues	<u>\$ 145,720</u>	<u>\$ 14,034</u>	<u>\$ 3,486</u>	<u>\$ 4,205</u>	<u>\$ 167,445</u>
EXPENDITURES					
Current:					
Public works	\$ -	\$ -	\$ -	\$ 3,093	\$ 3,093
Health and welfare	-	2,296	-	-	2,296
Parks, recreation, and cultural	385,134	-	-	-	385,134
Debt service:					
Principal retirement	-	16,800	-	-	16,800
Interest and other fiscal charges	-	1,857	-	-	1,857
Total expenditures	<u>\$ 385,134</u>	<u>\$ 20,953</u>	<u>\$ -</u>	<u>\$ 3,093</u>	<u>\$ 409,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (239,414)</u>	<u>\$ (6,919)</u>	<u>\$ 3,486</u>	<u>\$ 1,112</u>	<u>\$ (241,735)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 176,977	\$ 12,231	\$ -	\$ -	\$ 189,208
Transfers out	-	-	-	(10,000)	(10,000)
Total other financing sources and uses	<u>\$ 176,977</u>	<u>\$ 12,231</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 179,208</u>
Net change in fund balances	\$ (62,437)	\$ 5,312	\$ 3,486	\$ (8,888)	\$ (62,527)
Fund balances - beginning	7,964	(5,312)	-	70,515	73,167
Fund balances - ending	<u>\$ (54,473)</u>	<u>\$ -</u>	<u>\$ 3,486</u>	<u>\$ 61,627</u>	<u>\$ 10,640</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Park & Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 93,000	\$ 93,000	\$ 99,894	\$ 6,894
Charges for services	65,190	65,190	36,779	(28,411)
Miscellaneous	1,100	1,100	9,047	7,947
Recovered costs	-	-	-	-
Total revenues	<u>\$ 159,290</u>	<u>\$ 159,290</u>	<u>\$ 145,720</u>	<u>\$ (13,570)</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-
Parks, recreation, and cultural	369,670	369,670	385,134	(15,464)
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 369,670</u>	<u>\$ 369,670</u>	<u>\$ 385,134</u>	<u>\$ (15,464)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (210,380)</u>	<u>\$ (210,380)</u>	<u>\$ (239,414)</u>	<u>\$ (29,034)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 210,380	\$ 210,380	\$ 176,977	\$ (33,403)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 210,380</u>	<u>\$ 210,380</u>	<u>\$ 176,977</u>	<u>\$ (33,403)</u>
Net change in fund balances	\$ -	\$ -	\$ (62,437)	\$ (62,437)
Fund balances - beginning	-	-	7,964	7,964
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,473)</u>	<u>\$ (54,473)</u>

Senior Center Fund				Park Activities Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3,486	3,486
-	-	-	-	-	-	-	-
31,000	31,000	14,034	(16,966)	-	-	-	-
<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 14,034</u>	<u>\$ (16,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,486</u>	<u>\$ 3,486</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31,000	7,000	2,296	4,704	-	-	-	-
-	-	-	-	-	-	-	-
-	18,650	16,800	1,850	-	-	-	-
-	1,850	1,857	(7)	-	-	-	-
<u>\$ 31,000</u>	<u>\$ 27,500</u>	<u>\$ 20,953</u>	<u>\$ 6,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 3,500	\$ (6,919)	\$ (10,419)	\$ -	\$ -	\$ 3,486	\$ 3,486
\$ -	\$ -	\$ 12,231	\$ 12,231	\$ -	\$ -	\$ -	\$ -
-	(3,500)	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (3,500)</u>	<u>\$ 12,231</u>	<u>\$ 12,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,312	\$ 1,812	\$ -	\$ -	\$ 3,486	\$ 3,486
-	-	(5,312)	(5,312)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,486</u>	<u>\$ 3,486</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Green Hill Cemetery Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 5	\$ 5
Charges for services	-	-	4,200	4,200
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,205</u>	<u>\$ 4,205</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 3,093	\$ (3,093)
Health and welfare	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093</u>	<u>\$ (3,093)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,112</u>	<u>\$ 1,112</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
Net change in fund balances	\$ -	\$ -	\$ (8,888)	\$ (8,888)
Fund balances - beginning	-	-	70,515	70,515
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,627</u>	<u>\$ 61,627</u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2011

	Community Development Block Grant	School Construction Fund	Total
ASSETS			
Cash and cash equivalents	\$ 51,256	\$ 299,865	\$ 351,121
Receivables (net of allowance for uncollectibles):			
Accounts receivable	23,528	-	23,528
Total assets	<u>\$ 74,784</u>	<u>\$ 299,865</u>	<u>\$ 374,649</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Restricted:			
Community development block grant	\$ 74,784	\$ -	\$ 74,784
Assigned:			
Debt service	-	299,865	299,865
Total fund balances	<u>\$ 74,784</u>	<u>\$ 299,865</u>	<u>\$ 374,649</u>
Total liabilities and fund balances	<u>\$ 74,784</u>	<u>\$ 299,865</u>	<u>\$ 374,649</u>

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2011

	Community Development Block Grant	School Construction Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 795	\$ -	\$ 795
Intergovernmental revenues:			
Local government	-	324,093	324,093
Total revenues	<u>\$ 795</u>	<u>\$ 324,093</u>	<u>\$ 324,888</u>
EXPENDITURES			
Current:			
Capital projects	\$ 898	\$ -	\$ 898
Debt service:			
Principal retirement	-	512,423	512,423
Interest and other fiscal charges	-	138,994	138,994
Total expenditures	<u>\$ 898</u>	<u>\$ 651,417</u>	<u>\$ 652,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (103)</u>	<u>\$ (327,324)</u>	<u>\$ (327,427)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 305,134	\$ 305,134
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 305,134</u>	<u>\$ 305,134</u>
Net change in fund balances	\$ (103)	\$ (22,190)	\$ (22,293)
Fund balances - beginning	74,887	322,055	396,942
Fund balances - ending	<u><u>\$ 74,784</u></u>	<u><u>\$ 299,865</u></u>	<u><u>\$ 374,649</u></u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2011

	Community Development Block Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 795	\$ 795
Intergovernmental revenues:				
Local government	-	-	-	-
Total revenues	\$ -	\$ -	\$ 795	\$ 795
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 898	\$ (898)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 898	\$ (898)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (103)	\$ (103)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (103)	\$ (103)
Fund balances - beginning	-	-	74,887	74,887
Fund balances - ending	\$ -	\$ -	\$ 74,784	\$ 74,784

School Construction Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
305,134	305,134	324,093	18,959
\$ 305,134	\$ 305,134	\$ 324,093	\$ 18,959
\$ -	\$ -	\$ -	\$ -
649,607	649,607	512,423	137,184
-	-	138,994	(138,994)
\$ 649,607	\$ 649,607	\$ 651,417	\$ (1,810)
\$ (344,473)	\$ (344,473)	\$ (327,324)	\$ 17,149
\$ 344,473	\$ 344,473	\$ 305,134	\$ (39,339)
\$ 344,473	\$ 344,473	\$ 305,134	\$ (39,339)
\$ -	\$ -	\$ (22,190)	\$ (22,190)
-	-	322,055	322,055
\$ -	\$ -	\$ 299,865	\$ 299,865

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2011

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 45,025	\$ 64,060	\$ 109,085
Due from other funds			-
Due from primary government	494,855	-	494,855
Due from other governmental units	376,669	2,065	378,734
Total assets	<u>\$ 916,549</u>	<u>\$ 66,125</u>	<u>\$ 982,674</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 59,156	\$ -	\$ 59,156
Contracts payable	812,369	5,688	818,057
Total liabilities	<u>\$ 871,525</u>	<u>\$ 5,688</u>	<u>\$ 877,213</u>
Fund balances:			
Committed:			
School capital projects	\$ 45,024	\$ -	\$ 45,024
School lunch program	-	60,437	60,437
Total fund balances	<u>\$ 45,024</u>	<u>\$ 60,437</u>	<u>\$ 105,461</u>
Total liabilities and fund balances	<u>\$ 916,549</u>	<u>\$ 66,125</u>	<u>\$ 982,674</u>

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

Total fund balances per above	\$ 105,461
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,104,113
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(424,778)</u>
Net assets of governmental activities	<u>\$ 2,784,796</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 37,493	\$ -	\$ 37,493
Charges for services	58,414	185,527	243,941
Miscellaneous	52,032	-	52,032
Recovered costs	199,507	-	199,507
Intergovernmental revenues:			
Local government	2,208,243	-	2,208,243
Commonwealth	6,429,246	6,652	6,435,898
Federal	1,204,931	246,854	1,451,785
Total revenues	<u>\$ 10,189,866</u>	<u>\$ 439,033</u>	<u>\$ 10,628,899</u>
EXPENDITURES			
Current:			
Education	\$ 10,189,755	\$ 462,767	\$ 10,652,522
Total expenditures	<u>\$ 10,189,755</u>	<u>\$ 462,767</u>	<u>\$ 10,652,522</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 111	\$ (23,734)	\$ (23,623)
Net change in fund balances	\$ 111	\$ (23,734)	\$ (23,623)
Fund balances - beginning	44,913	84,171	129,084
Fund balances - ending	<u>\$ 45,024</u>	<u>\$ 60,437</u>	<u>\$ 105,461</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 \$ (23,623)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 50,834

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. 15,613

Change in net assets of governmental activities \$ 42,824

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 37,493	\$ 37,493
Charges for services	40,000	40,000	58,414	18,414
Miscellaneous	-	-	52,032	52,032
Recovered costs	198,695	198,695	199,507	812
Intergovernmental revenues:				
Local government	2,483,803	2,483,803	2,208,243	(275,560)
Commonwealth	6,769,005	6,769,005	6,429,246	(339,759)
Federal	609,191	609,191	1,204,931	595,740
Total revenues	<u>\$ 10,100,694</u>	<u>\$ 10,100,694</u>	<u>\$ 10,189,866</u>	<u>\$ 89,172</u>
EXPENDITURES				
Current:				
Education	<u>\$ 10,229,549</u>	<u>\$ 10,229,549</u>	<u>\$ 10,189,755</u>	<u>\$ 39,794</u>
Total expenditures	<u>\$ 10,229,549</u>	<u>\$ 10,229,549</u>	<u>\$ 10,189,755</u>	<u>\$ 39,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (128,855)</u>	<u>\$ (128,855)</u>	<u>\$ 111</u>	<u>\$ 128,966</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 435,111</u>	<u>\$ 435,111</u>	<u>\$ -</u>	<u>\$ (435,111)</u>
Total other financing sources and uses	<u>\$ 435,111</u>	<u>\$ 435,111</u>	<u>\$ -</u>	<u>\$ (435,111)</u>
Net change in fund balances	\$ 306,256	\$ 306,256	\$ 111	\$ (306,145)
Fund balances - beginning	<u>(306,256)</u>	<u>(306,256)</u>	<u>44,913</u>	<u>351,169</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,024</u>	<u>\$ 45,024</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Cafeteria Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 200,000	\$ 200,000	\$ 185,527	\$ (14,473)
Intergovernmental revenues:				
Commonwealth	7,285	7,285	6,652	(633)
Federal	240,000	240,000	246,854	6,854
Total revenues	<u>\$ 447,285</u>	<u>\$ 447,285</u>	<u>\$ 439,033</u>	<u>\$ (8,252)</u>
EXPENDITURES				
Current:				
Education	\$ 447,285	\$ 447,285	\$ 462,767	\$ (15,482)
Total expenditures	<u>\$ 447,285</u>	<u>\$ 447,285</u>	<u>\$ 462,767</u>	<u>\$ (15,482)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (23,734)	\$ (23,734)
Net change in fund balances	\$ -	\$ -	\$ (23,734)	\$ (23,734)
Fund balances - beginning	-	-	84,171	84,171
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,437</u>	<u>\$ 60,437</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,469,000	\$ 3,469,000	\$ 3,526,170	\$ 57,170
Real and personal public service corporation taxes	100,000	100,000	128,107	28,107
Personal property taxes	1,305,081	1,305,081	1,011,791	(293,290)
Machinery and tools taxes	-	-	262,034	262,034
Penalties	52,000	52,000	44,672	(7,328)
Interest	21,000	21,000	28,000	7,000
Total general property taxes	<u>\$ 4,947,081</u>	<u>\$ 4,947,081</u>	<u>\$ 5,000,774</u>	<u>\$ 53,693</u>
Other local taxes:				
Local sales and use taxes	\$ 350,000	\$ 350,000	\$ 397,404	\$ 47,404
Consumers' utility taxes	275,000	275,000	248,874	(26,126)
Meals taxes	165,000	165,000	167,780	2,780
Communications taxes	326,000	326,000	328,377	2,377
Lodging taxes	14,000	14,000	11,599	(2,401)
Business and professional license taxes	170,000	170,000	174,242	4,242
Motor vehicle licenses	128,000	128,000	127,561	(439)
Water utility taxes	92,186	92,186	81,957	(10,229)
Bank stock taxes	40,000	40,000	54,919	14,919
Recordation taxes	40,000	40,000	23,283	(16,717)
Total other local taxes	<u>\$ 1,600,186</u>	<u>\$ 1,600,186</u>	<u>\$ 1,615,996</u>	<u>\$ 15,810</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,916	\$ (84)
Right of way fees	22,000	22,000	19,693	(2,307)
Transfer fees	200	200	147	(53)
Permits and other licenses	16,750	16,750	10,792	(5,958)
Total permits, privilege fees, and regulatory licenses	<u>\$ 40,950</u>	<u>\$ 40,950</u>	<u>\$ 32,548</u>	<u>\$ (8,402)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 56,135	\$ (3,865)
Parking fines	1,800	1,800	735	(1,065)
Total fines and forfeitures	<u>\$ 61,800</u>	<u>\$ 61,800</u>	<u>\$ 56,870</u>	<u>\$ (4,930)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 16,000	\$ 16,000	\$ 4,204	\$ (11,796)
Sale of property	25,000	25,000	25,165	165
Sale of cemetery lots	15,000	15,000	9,600	(5,400)
Total revenue from use of money and property	<u>\$ 56,000</u>	<u>\$ 56,000</u>	<u>\$ 38,969</u>	<u>\$ (17,031)</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	2,041	1,541
Charges for curb and gutter completions	15,000	15,000	-	(15,000)
Charges for waste collection and disposal	410,000	410,000	350,621	(59,379)
Landfill tipping fees	140,000	140,000	80,025	(59,975)
Grave Openings	25,000	25,000	24,950	(50)
Courthouse maintenance fees	3,303	3,303	8,335	5,032
Courthouse security fees	10,000	10,000	12,739	2,739

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<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)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Jail administration fees	\$ 1,200	\$ 1,200	\$ 1,188	\$ (12)
Other charges for services	17,100	17,100	7,193	(9,907)
Total charges for services	<u>\$ 622,603</u>	<u>\$ 622,603</u>	<u>\$ 487,606</u>	<u>\$ (134,997)</u>
Miscellaneous revenue:				
Regional Industrial Park	\$ -	\$ -	\$ 260	\$ 260
IDA tax payment	10,140	10,140	-	(10,140)
Dabney lease revenue	136,800	136,800	136,800	-
Total miscellaneous revenue	<u>\$ 146,940</u>	<u>\$ 146,940</u>	<u>\$ 137,060</u>	<u>\$ (9,880)</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 1,149	\$ 1,149
Other recovered costs	-	-	15,354	15,354
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,503</u>	<u>\$ 16,503</u>
Total revenue from local sources	<u>\$ 7,475,560</u>	<u>\$ 7,475,560</u>	<u>\$ 7,386,326</u>	<u>\$ (89,234)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 5,000	\$ 5,000	\$ 547	\$ (4,453)
Rolling stock	4,600	4,600	4,008	(592)
Auto rental tax	400	400	2	(398)
State recordation tax	14,000	14,000	10,105	(3,895)
Personal property tax relief funds	662,919	662,919	662,919	-
Total noncategorical aid	<u>\$ 686,919</u>	<u>\$ 686,919</u>	<u>\$ 677,581</u>	<u>\$ (9,338)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 144,259	\$ 144,259	\$ 148,971	\$ 4,712
Sheriff	145,914	145,914	144,051	(1,863)
Commissioner of revenue	61,401	61,401	61,890	489
Treasurer	57,535	57,535	58,515	980
Registrar/electoral board	40,000	40,000	27,476	(12,524)
Police	183,148	183,148	173,151	(9,997)
Juror Expense	3,000	3,000	930	(2,070)
Clerk of the Circuit Court	121,006	121,006	127,410	6,404
Total shared expenses	<u>\$ 756,263</u>	<u>\$ 756,263</u>	<u>\$ 742,394</u>	<u>\$ (13,869)</u>
Other categorical aid:				
Welfare administration and assistance	\$ 215,000	\$ 215,000	\$ 117,759	\$ (97,241)
Comprehensive services act	586,000	586,000	528,988	(57,012)
Street and Highway Maintenance	970,000	970,000	1,014,424	44,424
Department of Criminal Justice Services Grant	-	-	1,743	1,743
DHCD Fiber Optic Grant	28,592	28,592	-	(28,592)
Local Law Enforcement Grant	-	-	3,343	3,343
Marketing grant	-	-	4,000	4,000
School resource officer grant	54,490	54,490	53,762	(728)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim-witness grant	\$ -	\$ -	\$ 28,085	\$ 28,085
Fire programs	-	-	18,332	18,332
Two for life	-	-	5,180	5,180
E-911 rental	-	-	194	194
Seized funds	-	-	6,139	6,139
Total other categorical aid	\$ 1,854,082	\$ 1,854,082	\$ 1,781,949	\$ (72,133)
Total categorical aid	\$ 2,610,345	\$ 2,610,345	\$ 2,524,343	\$ (86,002)
Total revenue from the Commonwealth	\$ 3,297,264	\$ 3,297,264	\$ 3,201,924	\$ (95,340)
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 104,000	\$ 104,000	\$ 91,138	\$ (12,862)
Ground transportation safety grant	-	-	31,573	31,573
USDA forestry grant	-	-	567	567
Total categorical aid	\$ 104,000	\$ 104,000	\$ 123,278	\$ 19,278
Total revenue from the federal government	\$ 104,000	\$ 104,000	\$ 123,278	\$ 19,278
Total General Fund	\$ 10,876,824	\$ 10,876,824	\$ 10,711,528	\$ (165,296)
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 93,000	\$ 93,000	\$ 99,894	\$ 6,894
Total revenue from use of money and property	\$ 93,000	\$ 93,000	\$ 99,894	\$ 6,894
Charges for services:				
Recreation fees	\$ 65,190	\$ 65,190	\$ 36,779	\$ (28,411)
Total charges for services	\$ 65,190	\$ 65,190	\$ 36,779	\$ (28,411)
Miscellaneous revenue:				
Miscellaneous	\$ 1,100	\$ 1,100	\$ 9,047	\$ 7,947
Total miscellaneous revenue	\$ 1,100	\$ 1,100	\$ 9,047	\$ 7,947
Total revenue from local sources	\$ 159,290	\$ 159,290	\$ 145,720	\$ (13,570)
Total Park and Recreation Fund	\$ 159,290	\$ 159,290	\$ 145,720	\$ (13,570)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 31,000	\$ 31,000	\$ 14,034	\$ (16,966)
Total recovered costs	\$ 31,000	\$ 31,000	\$ 14,034	\$ (16,966)
Total revenue from local sources	\$ 31,000	\$ 31,000	\$ 14,034	\$ (16,966)
Total Senior Center Fund	\$ 31,000	\$ 31,000	\$ 14,034	\$ (16,966)
Park Activities Fund:				
Revenue from local sources:				
Charges for services:				
Recreation activities	\$ -	\$ -	\$ 3,486	\$ 3,486
Total charges for services	\$ -	\$ -	\$ 3,486	\$ 3,486
Total revenue from local sources	\$ -	\$ -	\$ 3,486	\$ 3,486
Total Park Activities Fund	\$ -	\$ -	\$ 3,486	\$ 3,486
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5	\$ 5
Total revenue from use of money and property	\$ -	\$ -	\$ 5	\$ 5
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 4,200	\$ 4,200
Total charges for services	\$ -	\$ -	\$ 4,200	\$ 4,200
Total revenue from local sources	\$ -	\$ -	\$ 4,205	\$ 4,205
Total Green Hill Cemetery Fund	\$ -	\$ -	\$ 4,205	\$ 4,205
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental revenue:				
Revenues from local governments:				
Contribution from City of Buena Vista School Board	\$ 305,134	\$ 305,134	\$ 324,093	\$ 18,959
Total revenues from local governments	\$ 305,134	\$ 305,134	\$ 324,093	\$ 18,959
Total School Construction Fund	\$ 305,134	\$ 305,134	\$ 324,093	\$ 18,959

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (continued)				
Flood Protection Fund:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 25	\$ 25
Total revenue from use of money and property	\$ -	\$ -	\$ 25	\$ 25
Total revenue from local sources	\$ -	\$ -	\$ 25	\$ 25
Total Flood Protection Fund	\$ -	\$ -	\$ 25	\$ 25
Community Development Block Grant:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 795	\$ 795
Total revenue from use of money and property	\$ -	\$ -	\$ 795	\$ 795
Total revenue from local sources	\$ -	\$ -	\$ 795	\$ 795
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 795	\$ 795
Total Primary Government	\$ 11,372,248	\$ 11,372,248	\$ 11,203,886	\$ (168,362)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 112	\$ 112
Revenue from the use of property	\$ -	\$ -	\$ 37,381	\$ 37,381
Total revenue from use of money and property	\$ -	\$ -	\$ 37,493	\$ 37,493
Charges for services:				
Charges for education	\$ 40,000	\$ 40,000	\$ 58,414	\$ 18,414
Tuition and payments from other divisions				-
Total charges for services	\$ 40,000	\$ 40,000	\$ 58,414	\$ 18,414
Miscellaneous revenue:				
Donations and special gifts	\$ -	\$ -	\$ 52,032	\$ 52,032
Total miscellaneous revenue	\$ -	\$ -	\$ 52,032	\$ 52,032
Recovered costs:				
Other recovered costs	\$ 198,695	\$ 198,695	\$ 199,507	\$ 812
Total recovered costs	\$ 198,695	\$ 198,695	\$ 199,507	\$ 812
Total revenue from local sources	\$ 238,695	\$ 238,695	\$ 347,446	\$ 108,751
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,483,803	\$ 2,483,803	\$ 2,208,243	\$ (275,560)
Total revenues from local governments	\$ 2,483,803	\$ 2,483,803	\$ 2,208,243	\$ (275,560)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<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:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 758,120	\$ 758,120	\$ 789,111	\$ 30,991
Basic school aid	4,067,075	4,067,075	3,818,022	(249,053)
At-risk	60,464	60,464	59,843	(621)
Project graduation	-	-	12,021	12,021
Alternative education	32,336	32,336	32,336	-
Gifted and talented	40,481	40,481	40,052	(429)
Special Education	711,013	711,013	644,781	(66,232)
Remedial summer school	55,797	55,797	49,515	(6,282)
Remedial education	78,264	78,264	77,434	(830)
Vocational education	104,352	104,352	103,245	(1,107)
Technology funds	154,000	154,000	154,000	-
Fringe benefits	407,511	407,511	403,191	(4,320)
Adult education	11,951	11,951	11,965	14
Reduced class size (K-3)	142,967	142,967	128,056	(14,911)
Free textbooks	47,264	47,264	46,763	(501)
Early reading intervention	19,611	19,611	14,708	(4,903)
Special education - homebound	656	656	6,668	6,012
Vocational education - equipment	-	-	3,769	3,769
English as a second language	871	871	-	(871)
Vocational occupational preparedness	20,414	20,414	12,109	(8,305)
Standards of Learning algebra readiness	10,050	10,050	12,501	2,451
Other state funds	45,808	45,808	9,156	(36,652)
Total categorical aid	\$ 6,769,005	\$ 6,769,005	\$ 6,429,246	\$ (339,759)
Total revenue from the Commonwealth	\$ 6,769,005	\$ 6,769,005	\$ 6,429,246	\$ (339,759)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 195,967	\$ 195,967	\$ 230,423	\$ 34,456
Title I ARRA	49,608	49,608	32,506	(17,102)
Title VI-B, special education	220,363	220,363	180,376	(39,987)
Title VI-B, pre-school	10,973	10,973	13,329	2,356
IDEA part B ARRA	54,538	54,538	66,928	12,390
Title IV, Drug Education	3,530	3,530	5,014	1,484
State fiscal stabilization funds ARRA	-	-	460,471	460,471
Education jobs funds ARRA	-	-	135,316	135,316
Vocational Education	21,500	21,500	-	(21,500)
Title II, Improving teacher quality	52,712	52,712	77,358	24,646
Title II, Ed tech	-	-	3,210	3,210
Total categorical aid	\$ 609,191	\$ 609,191	\$ 1,204,931	\$ 595,740
Total revenue from the federal government	\$ 609,191	\$ 609,191	\$ 1,204,931	\$ 595,740
Total School Operating Fund	\$ 10,100,694	\$ 10,100,694	\$ 10,189,866	\$ 89,172

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 200,000	\$ 200,000	\$ 185,527	\$ (14,473)
Total charges for services	<u>200,000</u>	<u>200,000</u>	<u>185,527</u>	<u>(14,473)</u>
Total revenue from local sources	\$ 200,000	\$ 200,000	\$ 185,527	\$ (14,473)
Revenues from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,285	\$ 7,285	\$ 6,652	\$ (633)
Total categorical aid	<u>7,285</u>	<u>7,285</u>	<u>6,652</u>	<u>(633)</u>
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 36,617	\$ 36,617
School food program grant	<u>240,000</u>	<u>240,000</u>	<u>210,237</u>	<u>(29,763)</u>
Total categorical aid	<u>240,000</u>	<u>240,000</u>	<u>246,854</u>	<u>6,854</u>
Total revenue from the federal government	\$ 240,000	\$ 240,000	\$ 246,854	\$ 6,854
Total School Cafeteria Fund	<u>447,285</u>	<u>447,285</u>	<u>439,033</u>	<u>(8,252)</u>
Total Discretely Presented Component Unit - School Board	<u>10,547,979</u>	<u>10,547,979</u>	<u>10,628,899</u>	<u>80,920</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 26,597	\$ 26,597	\$ 29,769	\$ (3,172)
General and financial administration:				
City Manager	\$ 135,159	\$ 135,159	\$ 126,948	\$ 8,211
City Attorney/Legal Services	70,000	70,000	70,176	(176)
Finance	259,535	259,535	302,493	(42,958)
Independent Auditor	32,250	32,250	31,000	1,250
Commissioner of Revenue	175,613	175,613	178,599	(2,986)
City Treasurer	248,098	248,098	232,272	15,826
Reassessment	32,000	32,000	4,888	27,112
Other general and financial administration	53,500	53,500	80,372	(26,872)
Total general and financial administration	\$ 1,006,155	\$ 1,006,155	\$ 1,026,748	\$ (20,593)
Board of elections:				
Electoral board and officials	\$ 58,957	\$ 58,957	\$ 54,545	\$ 4,412
Total general government administration	\$ 1,091,709	\$ 1,091,709	\$ 1,111,062	\$ (19,353)
Judicial administration:				
Courts:				
Circuit court	\$ 6,700	\$ 6,700	\$ 3,118	\$ 3,582
General district court	4,200	4,200	4,972	(772)
Juvenile/Domestic relations court	54,525	54,525	9,085	45,440
Clerk of the circuit court	201,547	201,547	195,510	6,037
Sheriff	246,733	246,733	255,631	(8,898)
Total courts	\$ 513,705	\$ 513,705	\$ 468,316	\$ 45,389
Commonwealth's attorney:				
Commonwealth's attorney	\$ 213,299	\$ 213,299	\$ 215,503	\$ (2,204)
Total judicial administration	\$ 727,004	\$ 727,004	\$ 683,819	\$ 43,185
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 28,592	\$ 28,592	\$ 28,646	\$ (54)
Police Department	1,089,254	1,089,254	1,051,692	37,562
Total law enforcement and traffic control	\$ 1,117,846	\$ 1,117,846	\$ 1,080,338	\$ 37,508
Fire and rescue services:				
Fire department	\$ 114,400	\$ 114,400	\$ 136,048	\$ (21,648)
Rescue Squad	98,200	98,200	97,446	754
Central Shenandoah EMS Council	158,725	158,725	182,172	(23,447)
Total fire and rescue services	\$ 371,325	\$ 371,325	\$ 415,666	\$ (44,341)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Magistrate	425	425	40	385
Regional Jail	190,000	190,000	189,493	507
Total correction and detention	\$ 193,425	\$ 193,425	\$ 189,533	\$ 3,892

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 88,986	\$ 88,986	\$ 90,028	\$ (1,042)
Medical Examiner	150	150	-	150
Total other protection	\$ 89,136	\$ 89,136	\$ 90,028	\$ (892)
Total public safety	\$ 1,771,732	\$ 1,771,732	\$ 1,775,565	\$ (3,833)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 275,498	\$ 275,660	\$ 263,655	\$ 12,005
Street Maintenance Department	515,233	515,233	553,317	(38,084)
Street Lights	73,000	73,000	74,165	(1,165)
Railroad Maintenance	1,800	1,800	1,800	-
Watershed Coordinator	-	-	-	-
Total maintenance of highways, streets, bridges & sidewalks	\$ 865,531	\$ 865,693	\$ 892,937	\$ (27,244)
Sanitation and waste removal:				
Refuse Department	\$ 231,189	\$ 231,189	\$ 215,478	\$ 15,711
Refuse Disposal	200,000	200,000	163,514	36,486
Total sanitation and waste removal	\$ 431,189	\$ 431,189	\$ 378,992	\$ 52,197
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 144,639	\$ 144,639	\$ 128,587	\$ 16,052
Green Hill Cemetary Maintenance	105,588	105,588	91,313	14,275
Total maintenance of general buildings and grounds	\$ 250,227	\$ 250,227	\$ 219,900	\$ 30,327
Total public works	\$ 1,546,947	\$ 1,547,109	\$ 1,491,829	\$ 55,280
Health and welfare:				
Health:				
Health Services	\$ 43,394	\$ 43,394	\$ -	\$ 43,394
Mental health and mental retardation:				
Mental Health	\$ 38,655	\$ 38,655	\$ 72,662	\$ (34,007)
Welfare:				
Property Tax Relief	\$ 51,000	\$ 51,000	\$ 14,009	\$ 36,991
Social Services	1,200,000	1,200,000	1,239,826	(39,826)
VA Municipal League	4,130	4,130	3,973	157
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	-	1,000
Rockbridge Area Rental Assistance	4,662	4,662	4,662	-
Rockbridge Free Clinic	10,025	10,025	11,025	(1,000)
Total welfare	\$ 1,308,930	\$ 1,308,930	\$ 1,311,608	\$ (2,678)
Total health and welfare	\$ 1,390,979	\$ 1,390,979	\$ 1,384,270	\$ 6,709

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to City School Board	\$ 2,483,803	\$ 2,483,803	\$ 2,208,243	\$ 275,560
Contribution to Community Colleges	30,408	30,408	30,408	-
Contribution to Buena Vista Colored School	1,000	1,000	1,000	-
Total education	<u>\$ 2,515,211</u>	<u>\$ 2,515,211</u>	<u>\$ 2,239,651</u>	<u>\$ 275,560</u>
Parks, recreation, and cultural:				
Library:				
Rockbridge/ Buena Vista Regional Library	\$ 89,587	\$ 89,587	\$ 93,548	\$ (3,961)
Total parks, recreation, and cultural	<u>\$ 89,587</u>	<u>\$ 89,587</u>	<u>\$ 93,548</u>	<u>\$ (3,961)</u>
Community development:				
Planning and community development:				
Community development administration	\$ 320,701	\$ 320,701	\$ 258,895	\$ 61,806
Economic Development	33,500	33,500	278	33,222
Central Shenandoah Planning District Commission	26,639	26,639	35,749	(9,110)
Rockbridge Area Occupation Center	12,543	12,543	12,543	-
Blue Ridge Legal Services	627	627	627	-
Beautification Committee	2,000	2,000	1,044	956
Visitor's Center	39,001	39,001	41,166	(2,165)
Project Horizon	2,140	2,140	2,140	-
Paxton House	10,000	10,000	10,000	-
Rockbridge Area transportation system	25,000	25,000	25,000	-
Virginia Institute of government	500	500	500	-
Food Bank	500	338	-	338
Talking book center	1,800	1,800	1,800	-
Employee programs	17,000	17,000	59,196	(42,196)
Total planning and community development	<u>\$ 491,951</u>	<u>\$ 491,789</u>	<u>\$ 448,938</u>	<u>\$ 42,851</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>\$ 493,951</u>	<u>\$ 493,789</u>	<u>\$ 450,938</u>	<u>\$ 42,851</u>
Debt service:				
Principal retirement	\$ 232,850	\$ 232,850	\$ 99,062	\$ 133,788
Interest and other fiscal charges	200,640	200,640	143,807	56,833
Total debt service	<u>\$ 433,490</u>	<u>\$ 433,490</u>	<u>\$ 242,869</u>	<u>\$ 190,621</u>
Total General Fund	<u>\$ 10,060,610</u>	<u>\$ 10,060,610</u>	<u>\$ 9,473,551</u>	<u>\$ 587,059</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Park & Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Insurance	\$ -	\$ -	\$ 3,897	\$ (3,897)
Administration	-	-	7,868	(7,868)
Recreation	23,040	23,040	32,377	(9,337)
Parks and Ground Maintenance	186,137	186,137	208,092	(21,955)
Activities	112,612	112,612	88,431	24,181
Swimming Pool	47,881	47,881	44,469	3,412
Total Park and Recreation Fund	<u>\$ 369,670</u>	<u>\$ 369,670</u>	<u>\$ 385,134</u>	<u>\$ (15,464)</u>
Senior Center Fund:				
Health and Welfare:				
Senior center	\$ 31,000	\$ 7,000	\$ 2,296	\$ 4,704
Debt Service				
Principal Retirement	\$ -	\$ 18,650	\$ 16,800	\$ 1,850
Interest and fiscal charges	-	1,850	1,857	(7)
Total Debt Service	<u>\$ -</u>	<u>\$ 20,500</u>	<u>\$ 18,657</u>	<u>\$ 1,843</u>
Total Senior Center Fund	<u>\$ 31,000</u>	<u>\$ 27,500</u>	<u>\$ 20,953</u>	<u>\$ 6,547</u>
Green Hill Cemetery Fund:				
Public Works:				
Maintenance of Green Hill Cemetery	\$ -	\$ -	\$ 3,093	\$ (3,093)
Total public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093</u>	<u>\$ (3,093)</u>
Total Green Hill Cemetery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093</u>	<u>\$ (3,093)</u>
Capital Projects Funds:				
School Construction Fund:				
Debt service:				
Principal retirement	\$ 649,607	\$ 649,607	\$ 512,423	\$ 137,184
Interest and other fiscal charges	-	-	138,994	(138,994)
Total School Construction Fund	<u>\$ 649,607</u>	<u>\$ 649,607</u>	<u>\$ 651,417</u>	<u>\$ (1,810)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (continued)				
Flood Protection Fund:				
Capital Outlay:				
Flood control construction and maintenance	\$ -	\$ -	\$ 47,486	\$ (47,486)
Total capital outlay	\$ -	\$ -	\$ 47,486	\$ (47,486)
Debt service:				
Principal retirement	\$ 357,753	\$ 357,753	\$ 313,818	\$ 43,935
Interest and other fiscal charges	-	-	38,412	(38,412)
Total debt service	\$ 357,753	\$ 357,753	\$ 352,230	\$ 5,523
Total Flood Protection Fund	\$ 357,753	\$ 357,753	\$ 399,716	\$ (41,963)
Community Development Block Grant Fund:				
Capital projects expenditures:				
Community Development projects	\$ -	\$ -	\$ 898	\$ (898)
Total capital projects	\$ -	\$ -	\$ 898	\$ (898)
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 898	\$ (898)
Total Primary Government	\$ 11,468,640	\$ 11,465,140	\$ 10,934,762	\$ 530,378
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 7,667,596	\$ 7,667,596	\$ 7,703,639	\$ (36,043)
Administration and Health Services	403,905	403,905	391,368	12,537
Transportation	347,168	347,168	331,092	16,076
Operation and Maintenance	1,371,548	1,371,548	1,009,393	362,155
Technology	439,332	439,332	430,170	9,162
Contribution to City of Buena Vista, Virginia	-	-	324,093	(324,093)
Total Education of Schools	\$ 10,229,549	\$ 10,229,549	\$ 10,189,755	\$ 39,794
Total School Operating Fund	\$ 10,229,549	\$ 10,229,549	\$ 10,189,755	\$ 39,794
Cafeteria Fund:				
Education:				
School food services:				
School Nutrition	\$ 447,285	\$ 447,285	\$ 462,767	\$ (15,482)
Total Cafeteria Fund	\$ 447,285	\$ 447,285	\$ 462,767	\$ (15,482)
Total Discretely Presented Component Unit - School Board	\$ 10,676,834	\$ 10,676,834	\$ 10,652,522	\$ 24,312

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

1-6

Revenue Capacity

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

7-10

Debt Capacity

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

11-14

Demographic and Economic Information

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

15

Operating Information

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

16-19

Sources:

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

City of Buena Vista, Virginia

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

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

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

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 4,211,880	\$ 7,977,056	\$ 7,547,301	\$ 7,199,549	\$ 7,461,749	
-		-	-	104,685	
5,411,415	2,954,996	2,615,596	2,401,537	1,955,998	
<u>\$ 9,623,295</u>	<u>\$ 10,932,052</u>	<u>\$ 10,162,897</u>	<u>\$ 9,601,086</u>	<u>\$ 9,522,432</u>	
\$ 2,949,581	\$ 2,781,984	\$ 2,911,128	\$ 2,574,999	\$ 1,304,944	
848,453	867,659	848,559	848,452	186,704	
(1,312,012)	(656,977)	(1,231,929)	(989,540)	548,085	
<u>\$ 2,486,022</u>	<u>\$ 2,992,666</u>	<u>\$ 2,527,758</u>	<u>\$ 2,433,911</u>	<u>\$ 2,039,733</u>	
\$ 7,161,461	\$ 10,759,040	\$ 10,458,429	\$ 9,774,548	\$ 8,766,693	
848,453	867,659	848,559	848,452	291,389	
4,099,403	2,298,019	1,383,667	1,411,997	2,504,083	
<u>\$ 12,109,317</u>	<u>\$ 13,924,718</u>	<u>\$ 12,690,655</u>	<u>\$ 12,034,997</u>	<u>\$ 11,562,165</u>	

City of Buena Vista, Virginia

Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government administration	\$ 1,507,923	\$ 1,846,040	\$ 1,880,818	\$ 2,044,310
Judicial administration	532,297	577,181	620,104	643,104
Public safety	1,573,120	1,641,183	1,633,240	1,726,672
Public works	1,844,909	1,923,082	2,456,980	2,245,520
Health and welfare	729,236	760,001	730,696	1,013,795
Education	3,052,566	3,402,007	2,988,982	2,977,818
Parks, recreation and cultural	370,436	534,681	472,463	508,863
Community development	207,410	246,095	232,135	319,041
Interest on long-term debt	599,949	392,520	273,304	321,298
Total governmental activities expenses	\$ 10,417,846	\$ 11,322,790	\$ 11,288,722	\$ 11,800,421
Business-type activities:				
Water and sewer	\$ 1,425,674	\$ 1,485,531	\$ 1,634,331	\$ 1,956,993
Golf course	-	479,076	1,232,628	1,387,292
Total business-type activities expenses	\$ 1,425,674	\$ 1,964,607	\$ 2,866,959	\$ 3,344,285
Total primary government expenses	\$ 11,843,520	\$ 13,287,397	\$ 14,155,681	\$ 15,144,706
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 525	\$ 363	\$ 55	\$ -
Judicial administration	370	85,896	91,503	87,866
Public safety	35,735	865	22,595	1,576
Public works	472,978	546,460	639,748	615,851
Parks, recreation and cultural	25,350	93,155	62,299	48,623
Operating grants and contributions	2,343,164	2,394,339	2,200,825	2,419,602
Capital grants and contributions	97,855	157,311	322,323	327,214
Total governmental activities program revenues	\$ 2,975,977	\$ 3,278,389	\$ 3,339,348	\$ 3,500,732
Business-type activities:				
Charges for services:				
Water and sewer	\$ 1,389,828	\$ 1,430,339	\$ 1,641,310	\$ 1,686,732
Golf course	6,965	-	459,665	629,808
Capital grants and contributions	-	-	-	88,370
Total business-type activities program revenues	\$ 1,396,793	\$ 1,430,339	\$ 2,100,975	\$ 2,404,910
Total primary government program revenues	\$ 4,372,770	\$ 4,708,728	\$ 5,440,323	\$ 5,905,642
Net (expense) / revenue				
Governmental activities	\$ (7,441,869)	\$ (8,044,401)	\$ (7,949,374)	\$ (8,299,689)
Business-type activities	(28,881)	(534,268)	(765,984)	(939,375)
Total primary government net expense	\$ (7,470,750)	\$ (8,578,669)	\$ (8,715,358)	\$ (9,239,064)

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 2,847,909	\$ 1,191,515	\$ 2,013,515	\$ 2,000,877	\$ 1,488,136	
659,781	596,948	666,736	718,851	698,976	
1,823,524	1,666,689	1,774,179	1,896,548	1,853,412	
2,147,185	2,994,946	2,032,597	1,785,838	1,645,418	
1,106,517	1,117,070	1,471,928	1,423,633	1,373,423	
1,966,991	554,187	2,225,190	2,540,852	2,429,651	
534,620	581,445	543,381	455,459	470,587	
194,075	544,350	477,741	532,525	440,144	
406,483	346,791	374,344	370,086	340,654	
<u>\$ 11,687,085</u>	<u>\$ 9,593,941</u>	<u>\$ 11,579,611</u>	<u>\$ 11,724,669</u>	<u>\$ 10,740,401</u>	
\$ 1,939,751	\$ 1,875,328	\$ 1,840,673	\$ 1,826,382	\$ 1,734,258	
1,440,095	1,645,137	1,454,701	1,188,907	1,191,768	
<u>\$ 3,379,846</u>	<u>\$ 3,520,465</u>	<u>\$ 3,295,374</u>	<u>\$ 3,015,289</u>	<u>\$ 2,926,026</u>	
<u>\$ 15,066,931</u>	<u>\$ 13,114,406</u>	<u>\$ 14,874,985</u>	<u>\$ 14,739,958</u>	<u>\$ 13,666,427</u>	
\$ -	\$ 26,616	\$ 30,253	\$ 65,834	\$ 8,441	
76,263	644	667	341	2,041	
1,700	12,017	81,937	91,828	71,311	
675,923	557,235	634,775	605,353	471,529	
68,644	86,423	90,478	60,268	69,415	
2,586,567	2,897,897	3,107,371	3,274,247	2,913,191	
240,428	1,071,492	-	34,923	-	
<u>\$ 3,649,525</u>	<u>\$ 4,652,324</u>	<u>\$ 3,945,481</u>	<u>\$ 4,132,794</u>	<u>\$ 3,535,928</u>	
\$ 1,608,561	\$ 1,658,072	\$ 1,541,154	\$ 1,647,493	\$ 1,587,034	
747,703	835,938	655,199	591,335	418,580	
19,630	-	-	-	-	
<u>\$ 2,375,894</u>	<u>\$ 2,494,010</u>	<u>\$ 2,196,353</u>	<u>\$ 2,238,828</u>	<u>\$ 2,005,614</u>	
<u>\$ 6,025,419</u>	<u>\$ 7,146,334</u>	<u>\$ 6,141,834</u>	<u>\$ 6,371,622</u>	<u>\$ 5,541,542</u>	
\$ (8,037,560)	\$ (4,941,617)	\$ (7,634,130)	\$ (7,591,875)	\$ (7,204,473)	
(1,003,952)	(1,026,455)	(1,099,021)	(776,461)	(920,412)	
<u>\$ (9,041,512)</u>	<u>\$ (5,968,072)</u>	<u>\$ (8,733,151)</u>	<u>\$ (8,368,336)</u>	<u>\$ (8,124,885)</u>	

City of Buena Vista, Virginia

Changes in Net Assets

Last Eight Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 3,349,624	\$ 3,457,494	\$ 4,256,304	\$ 6,102,424
Local sales and use taxes	336,627	349,457	341,367	359,834
Consumer utility taxes	475,673	499,059	478,170	462,224
Meals taxes	135,736	139,830	139,969	153,017
Cellular phone taxes and right of ways	171,189	98,584	82,772	77,065
Business and professional licenses taxes	172,392	148,718	160,451	169,818
Franchise licenses taxes	63,606	69,332	62,330	78,560
Motor vehicle licenses taxes	105,566	106,374	136,064	135,766
E-911 taxes	59,327	71,897	95,564	92,702
Other local taxes	89,589	95,439	106,618	142,523
Permits, privilege fees, and regulatory licenses	18,803	-	-	-
Unrestricted grants and contributions	416,979	705,096	718,218	856,831
Unrestricted revenues from use of money and property	168,148	113,074	124,834	113,964
Miscellaneous	-	-	-	-
Recovered costs	118,657	68,170	85,163	84,926
Loss on disposition of assets	-	(83,254)	-	(17,330)
Transfers	415,645	299,658	-	(152,269)
Total governmental activities	\$ 6,097,561	\$ 6,138,928	\$ 6,787,824	\$ 8,660,055
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 12,611	\$ 14,148	\$ 27,198	\$ 39,020
Miscellaneous	-	163,601	2,654	240,871
Loss on disposition of assets	-	-	-	-
Transfers	(415,645)	(299,658)	-	152,269
Total business-type activities	\$ (403,034)	\$ (121,909)	\$ 29,852	\$ 432,160
Total primary government	\$ 5,694,527	\$ 6,017,019	\$ 6,817,676	\$ 9,092,215
Change in Net Assets				
Governmental activities	\$ (1,344,308)	\$ (1,905,473)	\$ (1,161,550)	\$ 360,366
Business-type activities	(431,915)	(656,177)	(736,132)	(507,215)
Total primary government	\$ (1,776,223)	\$ (2,561,650)	\$ (1,897,682)	\$ (146,849)

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

Table 2

Fiscal Year					
2007	2008	2009	2010	2010	
\$ 5,468,056	\$ 5,003,837	\$ 4,868,906	\$ 5,223,823	\$ 5,009,886	
391,387	391,902	363,627	345,773	397,404	
566,100	276,078	274,681	294,001	248,874	
169,072	182,152	182,056	196,708	167,780	
55,886	361,701	328,652	330,009	328,377	
181,281	182,082	179,437	175,694	174,242	
41,681	-	-	-	-	
131,757	133,238	128,123	126,257	127,561	
58,332	-	-	-	-	
134,202	213,280	185,098	208,553	171,758	
-	-	-	-	-	
701,839	694,017	684,393	675,957	736,104	
186,796	209,473	356,190	151,987	139,688	
12,971	135,208	130,751	170,308	146,107	
203,641	-	-	-	-	
-	-	(7,272)	-	-	
-	(1,532,594)	(809,667)	(679,006)	(521,962)	
\$ 8,303,001	\$ 6,250,374	\$ 6,864,975	\$ 7,220,064	\$ 7,125,819	
\$ 37,181	\$ 15,278	\$ 3,146	\$ -	\$ -	
168	-	-	3,608	4,272	
-	(14,773)	-	-	-	
-	1,532,594	809,667	679,006	521,962	
\$ 37,349	\$ 1,533,099	\$ 812,813	\$ 682,614	\$ 526,234	
\$ 8,340,350	\$ 7,783,473	\$ 7,677,788	\$ 7,902,678	\$ 7,652,053	
\$ 265,441	\$ 1,308,757	\$ (769,155)	\$ (371,811)	\$ (78,654)	
(966,603)	506,644	(286,208)	(93,847)	(394,178)	
\$ (701,162)	\$ 1,815,401	\$ (1,055,363)	\$ (465,658)	\$ (472,832)	

City of Buena Vista, Virginia

Governmental Activities Tax Revenues by Source

Last Nine 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
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
2004	3,457,494	349,457	499,059	139,830	98,584	148,718	69,332
2003	3,349,624	336,627	475,673	135,736	171,189	172,392	63,606

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

Table 3

Motor Vehicle License Tax	E-911 Tax	Other Local Tax	Total
\$ 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
106,374	71,897	95,439	5,036,184
105,566	89,589	89,589	4,989,591

City of Buena Vista, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Restricted	\$ -	\$ -	\$ -	\$ -
Unassigned	2,404,452	2,221,540	1,892,533	1,824,442
Total general fund	<u>\$ 2,404,452</u>	<u>\$ 2,221,540</u>	<u>\$ 1,892,533</u>	<u>\$ 1,824,442</u>
All other governmental funds				
Restricted:				
Community development block grant	\$ -	\$ -	\$ -	\$ -
Assigned:				
Debt service	-	-	-	-
Green Hill Cemetary	-	-	-	-
Unassigned, reported in:				
Special revenue funds	14,865	213,650	146,174	152,367
Capital projects funds	1,995,424	1,701,165	2,340,506	1,918,648
Debt service funds	-	1,054,043	-	-
Total all other governmental funds	<u>\$ 2,010,289</u>	<u>\$ 2,968,858</u>	<u>\$ 2,486,680</u>	<u>\$ 2,071,015</u>

Note: GASB 54 was implemented during fiscal year 2011

Table 4

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,685
1,768,794	3,312,815	1,337,155	1,353,762	1,497,759	1,178,003
<u>\$ 1,768,794</u>	<u>\$ 3,312,815</u>	<u>\$ 1,337,155</u>	<u>\$ 1,353,762</u>	<u>\$ 1,497,759</u>	<u>\$ 1,282,688</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,784
-	-	-	-	-	614,525
-	-	-	-	-	61,627
117,611	(289,477)	115,176	128,822	73,167	(50,987)
1,826,421	1,456,981	1,260,164	1,073,011	664,549	-
-	-	-	-	-	-
<u>\$ 1,944,032</u>	<u>\$ 1,167,504</u>	<u>\$ 1,375,340</u>	<u>\$ 1,201,833</u>	<u>\$ 737,716</u>	<u>\$ 699,949</u>

City of Buena Vista, Virginia

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
General property taxes	\$ 3,241,127	\$ 3,375,457	\$ 3,470,266	\$ 4,037,659	\$ 4,767,410
Other local taxes	1,529,806	1,609,705	1,578,690	1,603,305	1,671,509
Permits, privilege fees and regulatory licenses	29,756	18,803	24,736	20,650	19,805
Fines and forfeitures	33,089	35,205	51,830	78,852	73,895
Revenue from use of money and property	170,473	168,148	113,074	124,834	113,964
Charges for services	596,386	533,539	650,173	730,509	652,084
Miscellaneous	134,433	118,657	68,333	85,163	84,926
Recovered costs	1,468	-	-	-	-
Intergovernmental:					
Local government	-	10,497	26,168	26,625	20,308
Commonwealth	2,804,700	2,895,662	3,018,564	3,041,985	3,364,439
Federal	655,653	224,205	224,340	151,155	218,900
Total revenues	\$ 9,196,891	\$ 8,989,878	\$ 9,226,174	\$ 9,900,737	\$ 10,987,240
Expenditures					
General government administration	\$ 813,539	\$ 802,268	\$ 890,337	\$ 924,489	\$ 1,044,406
Judicial administration	557,095	523,987	573,023	612,735	660,811
Public safety	1,540,018	1,420,923	1,572,006	1,617,431	1,657,427
Public works	1,221,051	1,588,323	1,831,342	2,174,628	2,148,466
Health and welfare	501,386	610,345	760,001	730,696	1,013,795
Education	2,174,046	2,880,355	2,556,977	2,249,647	2,279,712
Parks, recreation and cultural	361,180	363,050	522,720	469,725	505,527
Community development	262,711	207,410	207,997	232,135	319,041
Nondepartmental	-	-	6,461	23,075	27,676
Capital outlay	612,826	646,989	266,852	495,649	255,672
Debt service					
Principal	640,555	4,365,576	917,091	919,265	1,007,188
Interest and other fiscal charges	470,029	583,977	343,703	363,937	330,868
Total expenditures	\$ 9,154,436	\$ 13,993,203	\$ 10,448,510	\$ 10,813,412	\$ 11,250,589
Excess of revenues over (under) expenditures	\$ 42,455	\$ (5,003,325)	\$ (1,222,336)	\$ (912,675)	\$ (263,349)
Other financing sources (uses)					
Transfers in	\$ 1,017,379	\$ 1,504,921	\$ 1,202,024	\$ 746,801	\$ 888,069
Transfers out	(700,766)	(1,089,276)	(902,366)	(746,801)	(1,040,338)
Refunding bonds issued	-	4,094,000	-	-	-
Issuance of long-term debt	-	-	-	-	-
Issuance of bond anticipation notes	-	-	-	-	-
Issuance of refunding loan payable	-	-	-	-	-
Redemption of refunded loan	-	-	-	-	-
Capital leases	-	-	111,493	428,919	170,000
Total other financing sources (uses)	\$ 316,613	\$ 4,509,645	\$ 411,151	\$ 428,919	\$ 17,731
Net change in fund balances	\$ 359,068	\$ (493,680)	\$ (811,185)	\$ (483,756)	\$ (245,618)
Debt service as a percentage of noncapital expenditures	13.00%	37.09%	12.38%	12.44%	12.17%

Table 5

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 5,468,056	\$ 5,050,037	\$ 4,982,364	\$ 5,036,684	\$ 5,000,774	
1,729,698	1,740,433	1,641,674	1,676,995	1,615,996	
49,651	82,399	42,008	42,597	32,548	
65,062	67,218	68,608	73,899	56,870	
186,796	209,473	356,190	151,987	139,688	
707,817	682,935	727,494	707,128	532,071	
203,641	135,208	130,751	170,308	146,107	
12,971	54,075	74,215	74,733	30,537	
10,033	-	-	324,093	324,093	
3,243,926	3,438,185	3,677,754	3,443,597	3,201,924	
274,875	1,225,221	114,010	217,437	123,278	
\$ 11,952,526	\$ 12,685,184	\$ 11,815,068	\$ 11,919,458	\$ 11,203,886	
\$ 1,982,241	\$ 1,177,680	\$ 1,073,527	\$ 985,770	\$ 1,111,062	
654,829	659,675	656,622	703,827	683,819	
1,780,266	1,709,107	1,914,522	1,804,153	1,775,565	
2,085,456	3,237,176	1,867,050	1,672,395	1,494,922	
1,106,517	1,138,437	1,491,952	1,491,844	1,386,566	
1,966,991	2,532,423	2,225,190	2,350,852	2,239,651	
533,729	585,231	537,994	455,423	478,682	
194,075	489,732	491,300	519,316	450,938	
-	-	-	-	-	
138,013	2,022,976	520,898	125,654	48,384	
1,072,553	1,081,207	1,017,383	1,037,806	942,103	
420,363	359,111	374,344	413,531	323,070	
\$ 11,935,033	\$ 14,992,755	\$ 12,170,782	\$ 11,560,571	\$ 10,934,762	
\$ 17,493	\$ (2,307,571)	\$ (355,714)	\$ 358,887	\$ 269,124	
\$ 614,610	\$ 1,456,151	\$ 911,238	\$ 593,959	\$ 951,086	
(614,610)	(2,988,745)	(1,720,905)	(1,272,965)	(1,473,048)	
-	-	836,849	-	-	
750,000	100,752	171,632	-	-	
-	1,663,151	-	-	-	
-	-	-	750,000	750,000	
-	-	-	(750,000)	(750,000)	
-	-	-	-	-	
\$ 750,000	\$ 231,309	\$ 198,814	\$ (679,006)	\$ (521,962)	
\$ 767,493	\$ (2,076,262)	\$ (156,900)	\$ (320,119)	\$ (252,838)	
12.66%	12.16%	11.95%	12.69%	11.62%	

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
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
2004	3,470,266	349,457	499,059	148,718	69,332	106,374	29,731
2003	3,375,457	336,627	475,673	172,392	63,606	105,566	36,875
2002	3,241,127	318,102	473,019	151,461	55,462	104,404	42,853

Table 6

Recordation and Wills Tax		Meals Tax		Other Local Tax		Total	
\$	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
	30,270		139,830		205,919		5,048,956
	30,410		135,736		252,820		4,985,162
	21,376		149,970		213,159		4,770,933

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)
2011	\$ 396,922,080	\$ 35,506,375	\$ 13,884,688	\$ 446,313,143	\$ 432,306,415	103.24%
2010	395,269,480	35,257,670	11,824,822	442,351,972	476,159,281	92.90%
2009	393,844,500	40,035,676	11,349,391	445,229,567	549,666,132	81.00%
2008	363,681,730	41,593,194	12,193,672	417,468,596	592,995,165	70.40%
2007	357,475,000	49,458,248	10,351,192	417,284,440	577,156,902	72.30%
2006	290,043,800	57,045,516	11,791,726	358,881,042	467,902,271	76.70%
2005	270,017,543	42,152,162	10,406,172	322,575,877	354,478,986	91.00%
2004	252,817,505	37,910,249	12,044,574	302,772,328	384,228,843	78.80%
2003	252,135,520	39,465,608	10,943,615	302,544,743	353,853,501	85.50%
2002	206,538,080	40,190,609	10,204,490	256,933,179	272,174,978	94.40%

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

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

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

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

(5) Weighted average of direct rates for fiscal year 2011 is \$1.27. This is calculated by the total tax levy (Table 10) divided by the total taxable assessed value (Table 7.) See Table 8 for direct rates.

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

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2011	\$ 0.90	\$ 5.85	\$ 0.90	\$ 4.25
2010	0.90	5.85	0.90	4.25
2009	0.85	5.85	0.85	4.25
2008	0.89	5.85	0.89	4.25
2007	0.90	6.75	0.90	4.25
2006	0.90	6.75	0.90	4.25
2005	0.80	4.25	0.80	4.25
2004	0.89	4.25	0.89	4.25
2003	0.89	4.25	0.89	4.25
2002	0.95	4.25	0.95	4.25

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 2011		Fiscal Year 2002	
		2010 Assessed Valuation	% of Total Assessed Valuation	2002 Assessed Valuation	% of Total Assessed Valuation
Modine	Manufacturing - heating supplies	7,751,290	1.74%	5,772,140	2.67%
Virginia Electric and Power	Utility	7,167,145	1.61%	5,323,555	2.62%
Eforay (1)	Manufacturing - HVAC	4,233,280	0.95%	-	0.00%
GPH Buena Vista LLC (2)	Nursing home	3,651,500	0.82%	3,568,660	1.68%
Everbrite	Manufacturing - signs	3,311,670	0.74%	3,336,600	1.56%
Rebkee (1)	Retail Merchants	3,165,500	0.71%	-	0.00%
Shenandoah Valley Investors (1)	Manufacturing	3,133,800	0.70%	-	0.00%
Buena Vista Place (1)	Manufacturing	2,874,700	0.64%	-	0.00%
Knopp Company (1)	Apartment complex	2,870,820	0.64%	2,091,800	0.98%
Daryl Limited Co.	Apartments	2,613,700	0.59%	-	0.00%
Dana Corporation	Manufacturing- Automobile Compor	-		8,510,265	4.71%
Bontex	Manufacturing- Paper Goods	-		3,497,815	1.62%
Des Champs (3)	Research & Development	-		2,459,200	1.14%
Central Telephone Company	Utility	-		1,765,596	0.96%
Columbia Gas	Utility	-		1,871,149	0.91%
		<u>41,151,040</u>	<u>9.55%</u>	<u>40,391,159</u>	<u>18.85%</u>

(1) Business not in operation in City in fiscal year 2002

(2) Operated under the name Beverly Enterprises in fiscal year 2002.

(3) Business not in operation in City in fiscal year 2011.

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
2011	\$	5,661,547	\$ 5,564,473	98.29%	\$ -	\$ 5,564,473	98.29%
2010		5,611,405	5,579,921	99.44%	17,408	5,597,329	99.75%
2009		5,511,443	5,356,497	97.19%	147,431	5,503,928	99.86%
2008		5,609,091	5,420,981	96.65%	184,589	5,605,570	99.94%
2007		5,990,921	5,816,443	97.09%	116,533	5,932,976	99.03%
2006		5,028,745	4,882,933	97.10%	127,359	5,010,292	99.63%
2005		4,454,042	4,330,103	97.22%	42,643	4,372,746	98.17%
2004		4,049,434	3,835,983	94.73%	191,810	4,027,793	99.47%
2003		4,009,547	3,827,583	95.46%	167,863	3,995,446	99.65%
2002		3,767,047	3,604,907	95.70%	151,931	3,756,838	99.73%

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
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
2004	3,138,182	6,750,000	1,873,426	-	484,503	10,883,105	175,000
2003	3,452,000	7,125,000	1,988,957	-	474,000	10,907,937	-
2002	3,529,806	7,500,000	1,915,132	-	366,595	3,830,513	36,032

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)
\$	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
	23,304,216	15.70%	3,671
	23,947,894	16.50%	3,772
	17,178,078	12.38%	2,706

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

Fiscal Year		Gross Bonded Debt	Less: Amounts Reserved for Debt Service		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
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
2004		9,888,182		-	9,888,182	3.27%	1,557
2003		10,577,000		-	10,577,000	3.50%	1,666
2002		11,029,806		-	11,029,806	4.29%	1,737

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

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

(3) Includes all long-term general obligation bonded debt, literary fund loans, and excludes revenue bonds, capital leases, and compensated absences.

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 25,693,318	\$ 30,254,474	\$ 30,277,233	\$ 32,257,588	\$ 35,888,104
Total net debt applicable to limit	<u>17,178,078</u>	<u>23,947,894</u>	<u>23,304,216</u>	<u>26,287,900</u>	<u>25,362,363</u>
Legal debt margin	<u>\$ 8,515,240</u>	<u>\$ 6,306,580</u>	<u>\$ 6,973,017</u>	<u>\$ 5,969,688</u>	<u>\$ 10,525,741</u>
Total net debt applicable to the limit as a percentage of debt limit	66.86%	79.15%	76.97%	81.49%	70.67%

Table 13

Fiscal Year					
	2007	2008	2009	2010	2011
\$	57,715,690	\$ 59,997,986	\$ 55,665,083	\$ 44,235,197	\$ 43,230,642
	24,816,980	25,254,225	24,988,928	23,743,371	22,415,982
\$	<u>32,898,710</u>	<u>34,743,761</u>	<u>30,676,155</u>	<u>20,491,826</u>	<u>20,814,660</u>
	43.00%	42.09%	44.89%	53.68%	51.85%

City of Buena Vista, Virginia

Pledged-Revenue Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds						
Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 1,591,284	\$ 1,575,252	\$ 16,032	\$ 78,266	\$ 159,006	6.76%
2010	1,651,101	1,682,258	(141,104)	74,269	164,611	-59.07%
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%
2004	1,592,355	1,394,118	198,237	24,833	91,413	170.53%
2003	1,389,825	1,336,795	53,030	22,575	88,879	47.58%
2002	1,471,836	1,268,434	203,402	22,575	38,655	332.19%

(1) Golf course was a new operation for the city beginning in fiscal year 2003.

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

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

Table 14

Golf Course Revenue Bonds (1,2,3)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 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%
1,585	479,076	(477,491)	-	257,560		-185.39%
-	-	-	-	-		-
-	-	-	-	-		-

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
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%
2004	6,349	148,458,997	23,383	36.5	1,081	3.90%
2003	6,349	145,157,187	22,863	36.5	948	4.20%
2002	6,349	138,789,140	21,860	36.5	1,099	2.70%
2001	6,349	125,081,649	19,701	36.5	1,113	1.70%

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

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2011			Fiscal Year 2002 (1)		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Southern Virginia University	225	1	6.86%			0.00%
Modine Manufacturing	174	2	5.31%			0.00%
Buena Vista City Schools	198	3	6.04%			0.00%
Munters	176	4	5.37%			0.00%
Sayres	110	5	3.35%			0.00%
Everbrite	99	6	3.02%			0.00%
GGNSC - Shenandoah Valley Health	77	7	2.35%			0.00%
City of Buena Vista, VA	77	8	2.35%			0.00%
Mundet	43	9	1.31%			0.00%
ADS	36	10	1.10%			0.00%
Totals	<u>1,215</u>		<u>37.05%</u>			<u>0.00%</u>

Source: Individual city departments

(1) Data not available.

City of Buena Vista, Virginia

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

Function	Fiscal Year			2005	2006
	2002	2003	2004		
General government	14	14	14	15	15
Judicial administration	13	13	8	8	8
Public safety					
Police department	15	15	15	16	17
Building inspections	1	1	1	1	1
Animal control	1	1	1	1	1
Public works					
General maintenance	40	40	40	42	42
Culture and recreation					
Parks and recreation	2	2	6	10	11
Community development					
Planning	1	1	2	2	2
Totals	87	87	87	95	97

Source: Individual city departments

Table 17

Fiscal Year				
2007	2008	2009	2010	2011
13	13	13	12	12
8	8	8	8	8
13	13	13	12	16
1	1	1	1	1
1	1	1	1	1
42	42	42	38	33
11	11	5	3	5
	1	1	2	1
2	2	1	1	1
91	92	85	78	78

City of Buena Vista, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			2005	2006
	2002	2003	2004		
Public safety					
Sheriffs department:					
Civil papers	2,345	4,107	2,347	2,300	3,214
Building inspections:					
Permits issued	152	128	142	113	106
Landfill:					
Recycling (tons/day)	-	8,861	8,905	16,337	8,992
Community development					
Planning:					
Zoning permits issued	31	42	40	60	52
Component Unit - School Board					
Education:					
School age population	1,099	948	1081	1,122	1,128
Number of teachers	95.80	93.21	93.28	94.65	97.07
Local expenditures per pupil	\$ 2,508	\$ 3,089	\$ 2,844	\$ 2,313	\$ 2,450

Source: Individual county departments

Table 18

Fiscal Year				
2007	2008	2009	2010	2011
3,400	3,970	3,569	4,171	3,888
128	91	84	73	62
8,992	9,101	8,585	9,751	4,986
54	41	35	48	63
1,219	1,136	1,211	1,101	1,135
99.00	102.00	111.00	108.00	98.00
\$ 1,878	\$ 2,219	\$ 2,051	\$ 2,347	\$ 2,188

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Administration buildings	15	15	18	18	18	18	18	18	18	18
Vehicles	2	1	1	1	1	1	1	1	1	1
Public safety										
Police department:										
Patrol units	11	13	13	13	19	19	19	19	19	19
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	19	27	25	29	29	30	31	29	28	28
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	2	2	2	2	2	2
Parks acreage	415	415	615	615	615	615	615	615	615	615
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	4	4	4	4	4	4	4	4	4	4
School buses	10	13	13	13	13	13	13	13	13	13

Source: Individual county departments

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buena Vista, Virginia as of and for the year ended June 30, 2011, which collectively comprise the City of Buena Vista, Virginia's basic financial statements and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements of the City of Buena Vista, Virginia will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Buena Vista, Virginia in a separate letter dated December 15, 2011.

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

Robinson, Famer, Cox Associates

Verona, Virginia
December 15, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

CITY COUNCIL
CITY OF BUENA VISTA, VIRGINIA

Compliance

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2011. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Buena Vista, Virginia's management. Our responsibility is to express an opinion on the City of Buena Vista, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Buena Vista, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Buena Vista, Virginia's compliance with those requirements.

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia

December 15, 2011

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 3,660
Temporary Assistance for Needy Families (TANF)	93.558		4,166
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575		21,640
ARRA Child Care and Development Block Grant	93.713		3,278
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		18,407
Foster Care - Title IV-E	93.658		19,067
ARRA Foster Care - Title IV-E	93.658		1,526
Adoption Assistance	93.659		9,605
ARRA Adoption Assistance	93.659		589
Social Services Block Grant	93.667	86667	9,175
Total Department of Health and Human Services			\$ 91,113
Department of Agriculture:			
Direct Payments:			
Secure Payments for States and Counties Containing Federal Lands	10.665		\$ 567
Total Department of Agriculture direct payments			\$ 567
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution	10.555	40623	\$ 36,617
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553	40591	38,712
National school lunch program	10.555	40623	171,525
Department of Social Services:			
State Admin Matching Grants for Food Stamp Program	10.561		25
Total Department of Agriculture - pass-through payments			\$ 246,879
Total Department of Agriculture			\$ 247,446
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety Program	20.600		\$ 31,573
Total Department of Transportation			\$ 31,573

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Cluster:			
Title I: Grants to local educational agencies	84.010	42901	\$ 230,423
ARRA Title I: Grants to local educational agencies	84.389	42913	32,506
Special Education Cluster:			
Title VI-B: Special education	84.027	43071	180,376
Title VI-B: Special education preschool incentive grant	84.173		6,254
ARRA Title VI-B: Special education grants to states	84.391	61245	66,928
ARRA Title VI-B: Special education preschool grants	84.392		7,075
Safe and drug free schools and communities	84.186		5,014
Education technology state grants	84.318	61600	3,385
ARRA State fiscal stabilization funds-education State grants	84.394		460,471
ARRA Education jobs fund	84.410	85001	135,316
ARRA Education technology	84.386	86762	3,209
Title II: Part A, improving teacher quality	84.367	61480	73,974
Total Department of Education			\$ 1,204,931
Total Federal Assistance			\$ 1,575,063

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, 2011. 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 assets, or cash flows of the City of Buena Vista, Virginia.

Pass-through identifying numbers are presented where available.

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 principals 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.

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	\$ 123,278
Total primary government	\$ 123,278

Discretely presented component unit - School Board:

School operating fund	\$ 1,204,931
School cafeteria fund	246,854
Total discretely presented component unit - School Board	\$ 1,451,785

Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 1,575,063
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CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no

- Significant deficiencies identified? yes x

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? yes x no

- Significant deficiencies identified? yes x none reported

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

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

Identification of major programs:

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

Title I Cluster

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

Special Education Cluster

84.027	Title VI-B: Special Education State Grants
84.391	ARRA - Title VI-B: Special Education State Grants
84.173	Title VI-B: Special Education Preschool Incentive Grant
84.392	ARRA - Title VI-B: Special Education Preschool Grants

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

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 audit findings related to federal awards.

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