

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020



CITY OF BUENA VISTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2020**

Prepared by

Charles Clemmer, Director of Finance

Buena Vista, Virginia

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

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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 21, 2020

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, 2020.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Buena Vista's financial statements for the year ended June 30, 2020. 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.

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 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 both encouraging businesses to locate in the City and cultivating local entrepreneurs. The Virginia Employment Commission lists the current labor force at 3,499 with 3,274 employed for an unemployment rate of 6.4 percent. The largest sectors of the City's economy are industrial/manufacturing, historically a strong sector, and education, driven by the local school system and Southern Virginia University.

Southern Virginia University (SVU) is a tremendous growth engine in the City. One of the fastest growing private residential four-year institutions in the country at 50% growth in the last five years, the school had its highest enrollment at over 1,150 students in the 2020-21 school year. Recent construction projects have included the Walnut Avenue Apartments, tennis center and multi-million dollar stadium at The Fields athletic complex. SVU also continues to be one of the City's top employers. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

The City is concentrating resources on revitalizing our downtown core. A bustling and vibrant destination for much of the twentieth century, Buena Vista's downtown retail has experienced the same headwinds as all small towns with the growth of big-box stores and online shopping. In 2009, the City established a low-interest revolving loan fund for small business creation or expansion, providing seed money for over a dozen businesses in the last ten years. In 2015 the City established a downtown Façade Improvement Grant program, resulting in nearly \$100,000 of investment in building renovations. In 2020 the City received \$35,000 for a Community Development Block Grant from the DHCD to further aide in the downtown revitalization. This Grant money was used to hire a consultant and began planning for the revitalization of downtown. We also had new businesses open up in the downtown area such as Coiner's Country Store and Good Karma Food on the Move. Dabney S Lancaster Community College announced plans for their new Workforce Development &

Entrepreneur Center to come to downtown and purchased the future location. Two Buena Vista businesses participated and won awards in the Gauntlet, a local business program and competition to help entrepreneurs with resources and funding.

In addition to downtown revitalization, the City is rediscovering and marketing its outdoor recreation assets. The City owns and manages a 315-acre riverfront event venue and campground, Glen Maury Park, as well as a signature mountain-top golf course, the Vista Links. Further, the flood protection levee completed in 1997 includes a 2.5 mile elevated Riverwalk, a popular walking and jogging trail that runs right next to downtown and the river. Beyond these, the Rockbridge region is an outdoor recreation destination, offering the Appalachian Trail, the George Washington National Forest, the Maury River, and numerous other hiking/biking trails and parks. In FY 20 the Rockbridge Trail Club spent hundreds of hours clearing trails within Glen Maury Park. The historic Caboose located in the park also underwent full renovations and received a fresh coat of paint to boot. The City received \$6,000 in grant funding to help develop ideas for outdoor recreation activities.

Long-term Planning and Major Initiatives and Accomplishments

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

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

The City completed construction on the new industrial park on route 501. In FY 19, the City laid the foundations for the project, receiving an initial investment of approximately \$115,000 from Columbia Gas and in FY20 they opened their new \$3.4 million facility. This investment made the City eligible for an additional \$357,000 in VDOT economic development access funds. These funds along with approximately \$450,000 in Water and Sewer infrastructure funds helped finance the construction. The city also completed an industrial park marketing video which included drone footage of the site.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Buena Vista for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. 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 departments. We also would like to thank the Mayor, members of the City Council, and the City staff for their interest and support in planning and conducting the financial operations of the City in a responsive and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles Clemmer". The signature is written in dark ink and includes a long, sweeping horizontal stroke at the end.

Charles Clemmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Buena Vista
Virginia**

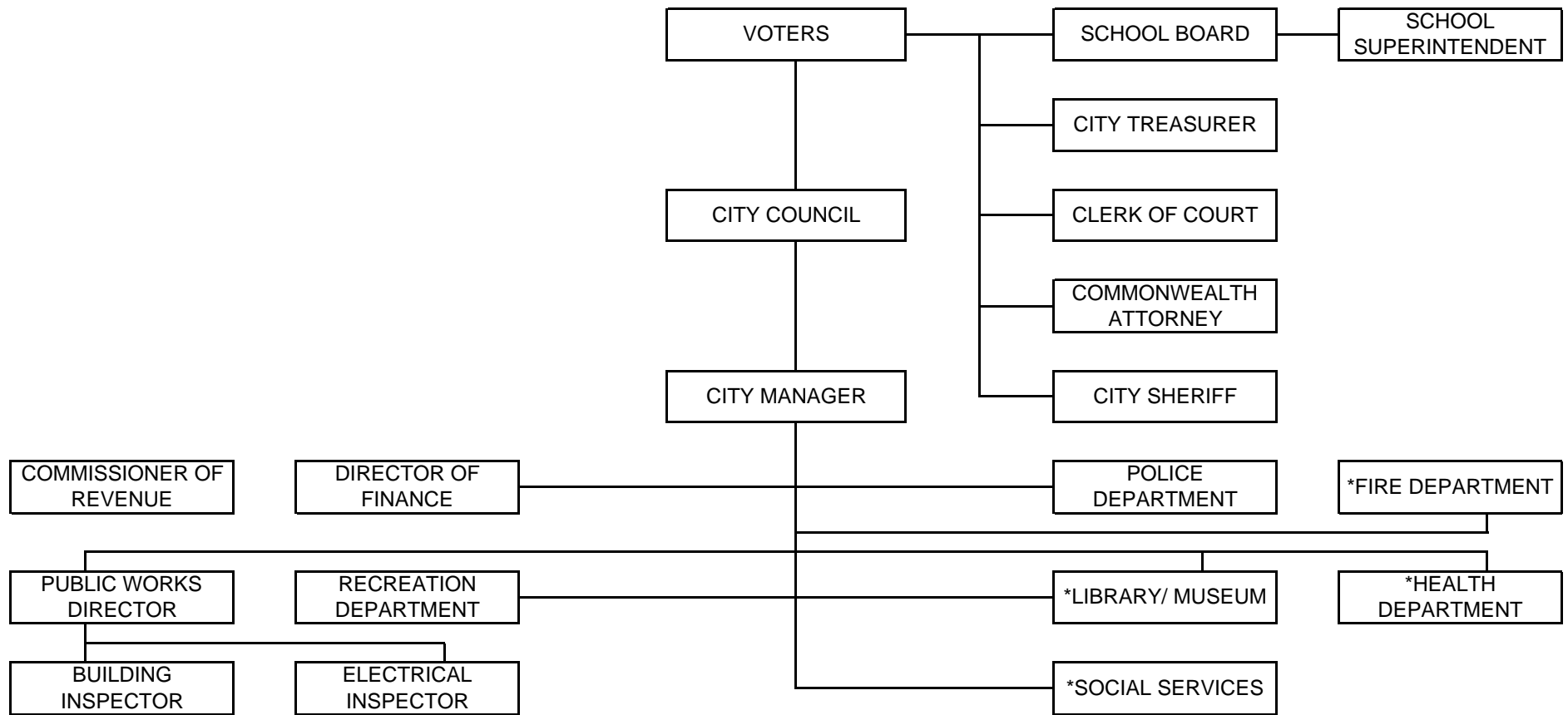
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

July 31, 2019

Christopher P. Morill

Executive Director/CEO

**CITY OF BUENA VISTA
ORGANIZATION CHART**



*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

CITY OF BUENA VISTA, VIRGINIA

**DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2020**

CITY COUNCIL

Danny Staton, Sr.	William Fitzgerald	Lisa Clark
Tyson Cooper		Danny Staton
Stanley Coffey		Melvin Henson

CITY OFFICIALS

William Fitzgerald.....	Mayor
Tyson Cooper.	Vice-Mayor
Jay Scudder	City Manager
MarVita F. Flint	Commissioner of Revenue
Charles Clemmer	Director of Finance
Mary Lee Huffman	City Treasurer
Keith Hartman	Chief of Police
Chris Coleman	Clerk of Court
Randy Hamilton	Sheriff
Chris Russell	Commonwealth's Attorney
Brian Kearney	City Attorney

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2020, the City restated beginning balances to reflect a change in capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 11-19, 97, and 98-112, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buena Vista, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Buena Vista, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Buena Vista, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 21, 2020

Management's Discussion and Analysis

As management of the City of Buena Vista, Virginia we offer readers of the City of Buena Vista's financial statements this narrative overview and analysis of the financial activities of the City of Buena Vista for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal that can be found on pages 1-4 of this report.

Financial Highlights

The net position of the City of Buena Vista's, Primary Government at the close of the current fiscal year was \$3,941,494 (net position). Of this amount, (\$5,288,387) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities total net position decreased \$968,420 from the prior fiscal year largely due to the decrease in cash and cash equivalents and the increase in pension related items. Please see notes to the financial statements for information on the restatement of FY19's Net Position.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,279,377, a decrease of \$631,861 in comparison with the prior year. Of this amount, \$975,465 is unassigned and available for spending at the government's discretion (unassigned fund balance). The decrease is attributable to increases in expenditures relating to the Industrial Park construction and decreases in revenues due to COVID-19 impact.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$975,465, or 7 percent of total General Fund expenditures.

The City of Buena Vista's primary government long-term liabilities decreased \$21,267. The Long-term debt retirements included the Literary Loan for the building of Parry McCluer High that was reduced by \$375,000. Also, the 2.5 million-dollar loans to finance the Dabney Lancaster Community College educational satellite was reduced by \$67,462. The City also paid \$23,181 for a loan on a medical building. The total long-term debt for the City stands at \$24,888,974. Of this amount, there is a charge of \$1,212,189 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is \$329,561 for employee compensated absences. The amount of pension liability is \$4,072,537, an increase of \$928,894.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Proprietary funds. The City of Buena Vista maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Buena Vista uses enterprise funds to account for its Water Fund, 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, sewer and the operation of the golf course, all 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 2020 General Fund Budget was \$14,447,530. The appropriation for the school's budget remained level and there was level funding for many of our departmental service operations. Some areas of the budget include both increases and reductions as a result of accurate budgeting adjustments that reflect the true cost of the activity or commodity.

There were some increases in the budget this year, such as an increase in community development to for the construction of the Industrial Park. Additional funds were budgeted for the City's comprehensive services health/welfare programs and the Regional Jail, these are uncontrollable regional expenses. The real estate rate remained the same at \$1.21 per one hundred dollar valuation.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, primary government assets exceeded liabilities by \$3,941,494 at the close of fiscal year 2020 for the primary government.

The City of Buena Vista's governmental activities net investment in capital assets of \$9,672,482 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Buena Vista uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City of Buena Vista's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net position of the primary government decreased \$1,901,810 during FY 2020. Key components of this change are discussed on page 16 in the MD&A.

The following is a condensed summary of the City's statement of net position for the fiscal years ending June 30, 2020 and June 30, 2019.

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and						
other assets	\$ 4,269,785	\$ 4,529,992	\$ 2,354,392	\$ 2,551,782	\$ 6,624,177	\$ 7,081,774
Capital Assets	13,228,859	13,813,143	13,252,951	13,697,049	26,481,810	27,510,192
Total Assets	\$ 17,498,644	\$ 18,343,135	\$ 15,607,343	\$ 16,248,831	\$ 33,105,987	\$ 34,591,966
Deferred Outflows	\$ 1,196,598	698,947	172,905	130,010	1,369,503	828,957
Long-term						
Liabilities	\$ 8,248,248	\$ 8,153,324	\$ 16,640,726	\$ 16,756,917	\$ 24,888,974	\$ 24,910,241
Other liabilities	1,424,430	1,000,389	2,965,936	2,478,202	4,390,366	3,478,591
Total Liabilities	\$ 9,672,678	\$ 9,153,713	\$ 19,606,662	\$ 19,235,119	\$ 29,279,340	\$ 28,388,832
Deferred inflows of resources	\$ 1,193,037	\$ 1,090,422	\$ 61,619	\$ 98,365	\$ 1,254,656	\$ 1,188,787
Net Position:						
Net investment in capital assets	\$ 9,672,482	\$ 9,594,197	\$ (1,263,416)	\$ (618,159)	\$ 8,409,066	\$ 8,976,038
Restricted	182,606	310,654	638,209	649,457	820,815	960,111
Unrestricted (deficit)	(2,025,561)	(1,106,904)	(3,262,826)	(2,985,941)	(5,288,387)	(4,092,845)
Total Net Position	\$ 7,829,527	\$ 8,797,947	\$ (3,888,033)	\$ (2,954,643)	\$ 3,941,494	\$ 5,843,304

Governmental Activities. Net position of governmental activities decreased for the City of Buena Vista by \$968,420 for FY 2020, while net position of business-type activities decreased \$933,390 for the fiscal year. Key components of the change are discussed on page 16 of the MD&A.

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**CITY OF BUENA VISTA'S CHANGE IN NET POSITION
FOR YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 849,722	\$ 817,713	\$ 2,298,688	\$ 2,325,442	\$ 3,148,410	\$ 3,143,155
Operating grants	5,266,448	4,948,486	-	-	5,266,448	4,948,486
Capital grants	1,040	200,804	-	-	1,040	200,804
General Revenues:						
Property taxes	6,043,063	6,045,670	-	-	6,043,063	6,045,670
Other taxes	1,615,868	1,546,500	-	-	1,615,868	1,546,500
Grants and contributions not restricted to specific programs	936,840	949,351	-	-	936,840	949,351
Use of money and property	205,052	94,197	9,785	15,970	214,837	110,167
Miscellaneous	234,821	364,791	990	1,786	235,811	366,577
Total Revenue	<u>\$ 15,152,854</u>	<u>14,967,512</u>	<u>\$ 2,309,463</u>	<u>2,343,198</u>	<u>\$ 17,462,317</u>	<u>\$ 17,310,710</u>
Expenses:						
General Government						
admin	\$ 1,610,849	\$ 1,464,836	\$ -	\$ -	\$ 1,610,849	\$ 1,464,836
Judicial Admin	980,103	1,027,787	-	-	980,103	1,027,787
Public Safety	3,132,569	3,060,196	-	-	3,132,569	3,060,196
Public works	2,416,545	2,413,388	-	-	2,416,545	2,413,388
Health and Welfare	3,074,478	3,382,721	-	-	3,074,478	3,382,721
Education	2,907,138	2,669,456	-	-	2,907,138	2,669,456
Parks, Recreation, Culture	568,944	617,980	-	-	568,944	617,980
Community Development	992,368	475,645	-	-	992,368	475,645
Interest on long-term debt	144,151	207,889	-	-	144,151	207,889
Water and Sewer				2,474,759	-	2,474,759
Water	-	-	1,592,637	-	1,592,637	-
Sewer	-	-	891,033	-	891,033	-
Golf Course	-	-	1,053,312	1,004,867	1,053,312	1,004,867
Total Expenses	<u>\$ 15,827,145</u>	<u>15,319,898</u>	<u>\$ 3,536,982</u>	<u>3,479,626</u>	<u>\$ 19,364,127</u>	<u>\$ 18,799,524</u>
Increase (decrease) in net position before transfers	\$ (674,291)	\$ (352,386)	\$ (1,227,519)	(1,136,428)	\$ (1,901,810)	\$ (1,488,814)
Transfers	<u>(294,129)</u>	<u>(254,018)</u>	<u>294,129</u>	<u>254,018</u>		-
Increase (decrease) in net position	\$ (968,420)	\$ (606,404)	\$ (933,390)	\$ (882,410)	\$ (1,901,810)	\$ (1,488,814)
Net position, beginning as restated	<u>8,797,947</u>	<u>9,404,351</u>	<u>(2,954,643)</u>	<u>(2,072,233)</u>	<u>5,843,304</u>	<u>7,332,118</u>
Net position, ending	<u>\$ 7,829,527</u>	<u>\$ 8,797,947</u>	<u>\$ (3,888,033)</u>	<u>\$ (2,954,643)</u>	<u>\$ 3,941,494</u>	<u>\$ 5,843,304</u>

Governmental Activities

Key factors contributing to the decrease of \$968,420 in net position for governmental activities were:

- The City had a decrease in cash and cash equivalents of \$260,342 or 20%. The decrease was the result of increases in expenditures for the construction of the Industrial Park, the continued increase in expenditures for the regional jail and health/welfare, in addition, a decrease in revenues such as Parks and Recreation due to the impact of COVID-19.
- The City's total Liabilities saw an increase primarily due to an increase of \$928,894 in the net pension liability.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$294,129. This is more than the \$254,018 that was transferred in FY 2019. Prior to this transfer, net position of the golf course business-type activity decreased by \$800,789. The funds that make up the business-type activities of the City, Water Fund, Sewer Fund and Golf Course Fund, combined, experienced a decrease in net position of \$933,390, mainly due to construction costs for the Industrial Park, the golf course operating losses and accrual of interest expense. Please note that in FY20 the Water and Sewer funds were split into 2 separate funds. Additional information follows concerning the City's Business-Type Activities:

- Since opening the golf course in 2004, it has had a cumulative operating loss of \$5,601,892. The increase in the operating loss for FY20 can be attributed to a decrease in revenue due to the impact of COVID-19. The golf course revenues are not able to support both the operational expenditures and the interest and fiscal charges. The General Fund has subsidized the golf course with transfers totaling \$6,736,106. For the fiscal budget 2020, the City council did not appropriate funds for the debt service.
- The Water Fund posted a decrease in net position of \$475,234 for the fiscal year. Most of this decrease is due to an increase in fringe benefits, depreciation and construction costs for the Industrial Park.
- The Sewer Fund posted an increase in net position of \$48,504.

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Financial Analysis of the Government's Funds

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

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

As of the end of FY 2020, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,279,377 a decrease of \$631,861 in comparison with the prior year. The decrease was the result of in expenditures for the construction of the Industrial Park, a decrease in revenue due to the impact of COVID-19 as well as the continued increase in expenditures with the regional jail and health /welfare. Approximately 76% or \$975,465 represents unassigned fund balance that is available for spending at the government's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been assigned toward such items as 1) for subsequent expenditure in the School Construction Fund 2) for subsequent expenditure in capital projects and special revenue funds 3) for debt service and prepaid expense in the general fund.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2020, unassigned fund balance of the general fund was \$975,465. 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 7% 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 fund had a decrease in net position of \$475,234. As discussed earlier, the decrease is primarily due to an increase in fringe benefits, depreciation and the construction costs for the Industrial Park. The ending net position for FY20 is \$864,291. The City's Water rates remained the same in FY 20.
- The Sewer fund had an increase in net position of \$48,504. The ending net position for FY20 is \$849,568. The City's Sewer rates remained the same in FY20
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (\$5,601,892) in FY20.

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

- The School Construction Fund balance remained the same in FY20.

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, 2020, amounts to \$26,481,810 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure. Please note the industrial park building is shown under the EDA, a separate Component Unit. The total decrease in the City of Buena Vista's capital assets for FY 2020 was \$1,028,382 or 4%. The main reason was the annual depreciation expenses and the disposal of some assets like vehicles.

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 in the notes to the financial statements (Note 20 – Capital Assets).

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION FOR YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,146,648	\$ 2,146,648	\$ 1,364,900	\$ 1,364,900	\$ 3,511,548	\$ 3,511,548
Buildings & Improvements	7,902,163	8,192,942	392,571	408,158	8,294,734	8,601,100
Infrastructure	2,628,464	2,786,755	11,254,070	11,672,682	13,882,534	14,459,437
Machinery & Equipment	551,584	686,798	241,410	251,309	792,994	938,107
Total	\$ 13,228,859	\$ 13,813,143	\$ 13,252,951	\$ 13,697,049	\$ 26,481,810	\$ 27,510,192

Long – term liabilities. At the end of FY 2020, the City of Buena Vista's primary government had total long-term liabilities outstanding of \$24,888,974. This represents a decrease of \$21,267 from the last fiscal year. Further information on the City's long-term debt can be found at Note 9 (Long-term Obligations) in the notes to the financial statements.

CITY OF BUENA VISTA'S LONG-TERM DEBT FOR YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 347,706	\$ 370,887	\$ -	\$ -	\$ 347,706	\$ 370,887
Lease-Revenue Bonds			10,912,970	10,972,750	10,912,970	10,972,750
Revenue Bonds	-	-	3,603,500	3,798,500	3,603,500	3,798,500
Literary Loans	750,000	1,125,000	-	-	750,000	1,125,000
Capital Leases	199,450	396,375	-	-	199,450	396,375
Loan Payable	2,259,221	2,326,683	1,201,840	1,201,840	3,461,061	3,528,523
Net OPEB Liabilities	1,008,193	1,081,233	203,996	195,767	1,212,189	1,277,000
Compensated absences	230,260	207,009	99,301	90,554	329,561	297,563
Net Pension Liability	3,453,418	2,646,137	619,119	497,506	4,072,537	3,143,643
Total	\$ 8,248,248	\$ 8,153,324	\$ 16,640,726	\$ 16,756,917	\$ 24,888,974	\$ 24,910,241

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limit for the City of Buena Vista is approximately \$32,843,655.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2021.

- Fund balances need to increase so that emergency needs may be met and that 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 \$1.27 per \$100 of assessed valuation. The City's personal property tax rate remained \$5.85 per \$100 of assessed valuation.
- The City increased the operation portion of the water rate and the sewer rate. The water rate is now \$8.58 per 1000 gallons used and the sewer rate is now \$8.54 per 1000 gallons used.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 982,967	\$ 1,400,028	\$ 2,382,995	\$ 796,706	\$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,403,998	-	1,403,998	-	-
Accounts receivable	183,750	396,732	580,482	6,051	-
Due from other governmental units	1,146,033	-	1,146,033	356,525	-
Due from component unit	256,439	-	256,439	-	-
Internal balances	85,262	(85,262)	-	-	-
Inventories	20,948	-	20,948	27,184	-
Prepaid items	73,401	4,685	78,086	-	-
Restricted assets:					
Cash and cash equivalents	116,987	520,925	637,912	-	-
Cash and cash equivalents (in custody of others)	-	117,284	117,284	-	-
Net pension asset	-	-	-	294,612	-
Capital assets (net of accumulated depreciation):					
Land	2,146,648	1,364,900	3,511,548	4,634	1,107,200
Buildings and improvements	7,902,163	392,571	8,294,734	3,605,852	-
Machinery and equipment	551,584	241,410	792,994	164,632	-
Infrastructure	2,628,464	11,254,070	13,882,534	-	862,439
Total assets	\$ 17,498,644	\$ 15,607,343	\$ 33,105,987	\$ 5,256,196	\$ 1,969,639
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,089,274	\$ 151,737	\$ 1,241,011	\$ 1,664,214	\$ -
OPEB related items	107,324	21,168	128,492	309,807	-
Total deferred outflows of resources	\$ 1,196,598	\$ 172,905	\$ 1,369,503	\$ 1,974,021	\$ -
LIABILITIES					
Accounts payable	\$ 604,807	\$ 96,578	\$ 701,385	\$ 570,951	\$ -
Accrued liabilities	112,430	16,664	129,094	596,690	-
Contracts payable	35,578	-	35,578	-	-
Accrued interest payable	14,149	2,777,319	2,791,468	-	-
Due to other governmental units	141,026	-	141,026	-	-
Due to primary government	-	-	-	256,439	-
Deposits held in escrow	-	75,375	75,375	-	-
Unearned revenue	516,440	-	516,440	-	-
Long-term liabilities:					
Due within one year	733,848	9,778,821	10,512,669	152,804	-
Due in more than one year	7,514,400	6,861,905	14,376,305	10,866,227	-
Total liabilities	\$ 9,672,678	\$ 19,606,662	\$ 29,279,340	\$ 12,443,111	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 129,669	\$ 21,855	\$ 151,524	\$ 1,185,976	\$ -
OPEB related items	193,168	39,764	232,932	359,165	-
Deferred revenue - property taxes	870,200	-	870,200	-	-
Total deferred inflows of resources	\$ 1,193,037	\$ 61,619	\$ 1,254,656	\$ 1,545,141	\$ -
NET POSITION					
Net investment in capital assets	\$ 9,672,482	\$ (1,263,416)	\$ 8,409,066	\$ 3,775,118	\$ 1,969,639
Restricted:					
Community development block grant	65,619	-	65,619	-	-
Repayment of loans payable	116,987	638,209	755,196	-	-
Unrestricted (deficit)	(2,025,561)	(3,262,826)	(5,288,387)	(10,533,153)	-
Total net position	\$ 7,829,527	\$ (3,888,033)	\$ 3,941,494	\$ (6,758,035)	\$ 1,969,639

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

City of Buena Vista, Virginia

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,610,849	\$ 3,495	\$ 590,292	\$ -
Judicial administration	980,103	1,970	315,698	-
Public safety	3,132,569	38,379	751,562	-
Public works	2,416,545	745,969	1,434,874	1,040
Health and welfare	3,074,478	-	2,170,875	-
Education	2,907,138	-	-	-
Parks, recreation, and cultural	568,944	59,909	-	-
Community development	992,368	-	3,147	-
Interest on long-term debt	144,151	-	-	-
Total governmental activities	<u>\$ 15,827,145</u>	<u>\$ 849,722</u>	<u>\$ 5,266,448</u>	<u>\$ 1,040</u>
Business-type activities:				
Water	\$ 1,592,637	\$ 1,107,618	\$ -	\$ -
Sewer	891,033	939,537	-	-
Golf Course	1,053,312	251,533	-	-
Total business-type activities	<u>\$ 3,536,982</u>	<u>\$ 2,298,688</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 19,364,127</u></u>	<u><u>\$ 3,148,410</u></u>	<u><u>\$ 5,266,448</u></u>	<u><u>\$ 1,040</u></u>
COMPONENT UNIT:				
School Board	\$ 12,052,850	\$ 80,302	\$ 8,878,267	\$ -
EDA	-	-	-	746,225
Total component unit	<u>\$ 12,052,850</u>	<u>\$ 80,302</u>	<u>\$ 8,878,267</u>	<u>\$ 746,225</u>

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

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (1,017,062)	\$ -	\$ (1,017,062)	\$ -	\$ -	
(662,435)	-	(662,435)	-	-	
(2,342,628)	-	(2,342,628)	-	-	
(234,662)	-	(234,662)	-	-	
(903,603)	-	(903,603)	-	-	
(2,907,138)	-	(2,907,138)	-	-	
(509,035)	-	(509,035)	-	-	
(989,221)	-	(989,221)	-	-	
(144,151)	-	(144,151)	-	-	
<u>\$ (9,709,935)</u>	<u>\$ -</u>	<u>\$ (9,709,935)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (485,019)	\$ (485,019)	\$ -	\$ -	
-	48,504	48,504	-	-	
-	(801,779)	(801,779)	-	-	
<u>\$ -</u>	<u>\$ (1,238,294)</u>	<u>\$ (1,238,294)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (9,709,935)</u>	<u>\$ (1,238,294)</u>	<u>\$ (10,948,229)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	(3,094,281)	\$ -	
-	-	-	-	746,225	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,094,281)</u>	<u>\$ 746,225</u>	
\$ 6,043,063	\$ -	\$ 6,043,063	\$ -	\$ -	
435,404	-	435,404	-	-	
268,597	-	268,597	-	-	
360,599	-	360,599	-	-	
202,935	-	202,935	-	-	
154,522	-	154,522	-	-	
193,811	-	193,811	-	-	
205,052	9,785	214,837	54	-	
234,821	990	235,811	-	-	
936,840	-	936,840	2,866,915	-	
(294,129)	294,129	-	-	-	
<u>\$ 8,741,515</u>	<u>\$ 304,904</u>	<u>\$ 9,046,419</u>	<u>\$ 2,866,969</u>	<u>\$ -</u>	
<u>\$ (968,420)</u>	<u>\$ (933,390)</u>	<u>\$ (1,901,810)</u>	<u>\$ (227,312)</u>	<u>\$ 746,225</u>	
<u>\$ 8,797,947</u>	<u>\$ (2,954,643)</u>	<u>\$ 5,843,304</u>	<u>\$ (6,530,723)</u>	<u>\$ 1,223,414</u>	
<u>\$ 7,829,527</u>	<u>\$ (3,888,033)</u>	<u>\$ 3,941,494</u>	<u>\$ (6,758,035)</u>	<u>\$ 1,969,639</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 898,406	\$ 84,561	\$ 982,967
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,403,998	-	1,403,998
Accounts receivable	181,831	1,919	183,750
Due from other funds	59,364	25,898	85,262
Due from component unit	256,439	-	256,439
Due from other governmental units	1,146,033	-	1,146,033
Inventories	20,948	-	20,948
Prepaid items	71,058	2,343	73,401
Restricted assets:			
Cash and cash equivalents	116,987	-	116,987
Total assets	<u>\$ 4,155,064</u>	<u>\$ 114,721</u>	<u>\$ 4,269,785</u>
LIABILITIES			
Accounts payable	\$ 587,096	\$ 17,711	\$ 604,807
Accrued liabilities	110,339	2,091	112,430
Contracts payable	35,578	-	35,578
Due to other governmental units	141,026	-	141,026
Unearned revenue	516,440	-	516,440
Total liabilities	<u>\$ 1,390,479</u>	<u>\$ 19,802</u>	<u>\$ 1,410,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,580,127	\$ -	\$ 1,580,127
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	\$ 71,058	\$ 2,343	\$ 73,401
Inventory	20,948	-	20,948
Restricted:			
Repayment of loans payable	116,987	-	116,987
Community development block grant	-	65,619	65,619
Assigned:			
Senior Center	-	8,415	8,415
Green Hill Cemetary	-	8,951	8,951
Parks and recreation	-	9,591	9,591
Unassigned	975,465	-	975,465
Total fund balances	<u>\$ 1,184,458</u>	<u>\$ 94,919</u>	<u>\$ 1,279,377</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,155,064</u>	<u>\$ 114,721</u>	<u>\$ 4,269,785</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,279,377	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	2,146,648	
Buildings and improvements		7,902,163	
Machinery and equipment		551,584	
Infrastructure		<u>2,628,464</u>	
			13,228,859
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.			
Deferred revenue - property taxes	\$	<u>709,927</u>	
			709,927
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds			
Pension related items	\$	1,089,274	
OPEB related items		<u>107,324</u>	
			1,196,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(347,706)	
Accrued interest payable		(14,149)	
Capital leases payable		(199,450)	
Loans payable		(3,009,221)	
Compensated absences		(230,260)	
Net pension liability		(3,453,418)	
Net OPEB liability		<u>(1,008,193)</u>	
			(8,262,397)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(129,669)	
OPEB related items		<u>(193,168)</u>	
			<u>(322,837)</u>
Net position of governmental activities	\$	<u><u>7,829,527</u></u>	

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	School Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 6,115,416	\$ -	\$ -	\$ 6,115,416
Other local taxes	1,615,868	-	-	1,615,868
Permits, privilege fees, and regulatory licenses	78,875	-	-	78,875
Fines and forfeitures	30,308	-	-	30,308
Revenue from the use of money and property	57,836	21,134	126,082	205,052
Charges for services	722,930	-	17,609	740,539
Miscellaneous	214,543	-	20,278	234,821
Recovered costs	22,104	-	8,660	30,764
Intergovernmental:				
Local government	-	294,189	-	294,189
Commonwealth	5,408,275	-	-	5,408,275
Federal	501,864	-	-	501,864
Total revenues	\$ 14,768,019	\$ 315,323	\$ 172,629	\$ 15,255,971
EXPENDITURES				
Current:				
General government administration	\$ 1,330,504	\$ -	\$ -	\$ 1,330,504
Judicial administration	930,891	-	-	930,891
Public safety	2,950,132	-	-	2,950,132
Public works	2,229,030	-	-	2,229,030
Health and welfare	3,080,879	-	7,848	3,088,727
Education	2,694,787	-	-	2,694,787
Parks, recreation, and cultural	177,661	-	366,803	544,464
Community development	971,409	-	14,200	985,609
Capital projects	-	65	-	65
Debt service:				
Principal retirement	151,093	543,290	-	694,383
Interest and other fiscal charges	125,763	51,163	-	176,926
Total expenditures	\$ 14,642,149	\$ 594,518	\$ 388,851	\$ 15,625,518
Excess (deficiency) of revenues over (under) expenditures	\$ 125,870	\$ (279,195)	\$ (216,222)	\$ (369,547)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 279,195	\$ 201,848	\$ 491,043
Transfers out	(775,172)	-	(10,000)	(785,172)
Issuance of capital leases	31,815	-	-	31,815
Total other financing sources (uses)	\$ (733,357)	\$ 279,195	\$ 191,848	\$ (262,314)
Net change in fund balances	\$ (607,487)	\$ -	\$ (24,374)	\$ (631,861)
Fund balances - beginning	1,791,945	-	119,293	1,911,238
Fund balances - ending	\$ 1,184,458	\$ -	\$ 94,919	\$ 1,279,377

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$	(631,861)
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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 depreciation exceeded the capital outlays in the current period.

Capital outlays	\$	70,514	
Depreciation expense		(442,512)	
Allocation of debt financed school assets based on current year repayments		<u>(212,286)</u>	(584,284)

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

Property taxes	\$	<u>(72,353)</u>	(72,353)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$	694,383	
Issuance of capital leases		<u>(31,815)</u>	662,568

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.

Change in compensated absences	\$	(23,251)	
Change in accrued interest		32,775	
Pension expense		(379,783)	
OPEB expense		<u>27,769</u>	(342,490)

Change in net position of governmental activities	\$	<u><u>(968,420)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 818,510	\$ 573,679	\$ 7,839	\$ 1,400,028
Accounts receivable, net of allowance for uncollectibles	247,203	148,393	1,136	396,732
Prepaid expenses	1,952	1,952	781	4,685
Total current assets	\$ 1,067,665	\$ 724,024	\$ 9,756	\$ 1,801,445
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	\$ 520,925	\$ -	\$ -	\$ 520,925
Cash and cash equivalents (in custody of others)	-	-	117,284	117,284
Total restricted assets	\$ 520,925	\$ -	\$ 117,284	\$ 638,209
Capital assets:				
Land	\$ -	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	-	722,543	722,543
Equipment	456,503	161,499	482,472	1,100,474
Infrastructure	14,876,753	1,833,038	5,854,800	22,564,591
Accumulated depreciation	(9,909,022)	(1,489,252)	(1,101,283)	(12,499,557)
Total capital assets	\$ 5,424,234	\$ 505,285	\$ 7,323,432	\$ 13,252,951
Total noncurrent assets	\$ 5,945,159	\$ 505,285	\$ 7,440,716	\$ 13,891,160
Total assets	\$ 7,012,824	\$ 1,229,309	\$ 7,450,472	\$ 15,692,605
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 46,715	\$ 46,772	\$ 58,250	\$ 151,737
OPEB related items	8,242	8,310	4,616	21,168
Total deferred outflows of resources	\$ 54,957	\$ 55,082	\$ 62,866	\$ 172,905
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 74,925	\$ 7,566	\$ 14,087	\$ 96,578
Accrued liabilities	4,007	7,364	5,293	16,664
Due to other funds	14,187	11,712	59,363	85,262
Accrued interest payable	78,884	-	2,698,435	2,777,319
Customer deposits	75,375	-	-	75,375
Other obligations - current portion	-	-	1,201,840	1,201,840
Bonds payable - current portion	229,826	-	8,272,679	8,502,505
Compensated absences - current portion	13,522	21,668	39,287	74,476
Total current liabilities	\$ 490,726	\$ 48,310	\$ 12,290,984	\$ 12,830,019
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 5,389,321	\$ -	\$ 624,644	\$ 6,013,965
Net OPEB liabilities	81,823	77,349	44,824	203,996
Compensated absences - net of current portion	4,507	7,223	13,095	24,825
Net pension liability	212,248	276,024	130,847	619,119
Total noncurrent liabilities	\$ 5,687,899	\$ 360,596	\$ 813,410	\$ 6,861,905
Total liabilities	\$ 6,178,625	\$ 408,905	\$ 13,104,394	\$ 19,691,924
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 8,607	\$ 11,193	\$ 2,055	\$ 21,855
OPEB related items	16,258	14,725	8,781	39,764
Total deferred inflows of resources	\$ 24,865	\$ 25,918	\$ 10,836	\$ 61,619
NET POSITION				
Net investment in capital assets	\$ (194,810)	\$ 505,285	\$ (1,573,891)	\$ (1,263,416)
Restricted for debt service and bond covenants	520,925	-	117,284	638,209
Unrestricted	538,176	344,283	(4,145,285)	(3,262,826)
Total net position	\$ 864,291	\$ 849,568	\$ (5,601,892)	\$ (3,888,033)

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2020

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course	Total
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 1,002,874	\$ -	\$ -	\$ 1,002,874
Sewer revenues	-	933,537	-	933,537
Penalties	46,480	-	-	46,480
Course fees	-	-	126,881	126,881
Golf cart rentals	-	-	86,363	86,363
Golf clubs and balls	-	-	17,533	17,533
Meter service charges	44,964	-	-	44,964
Reconnection fees and other charges	13,300	6,000	-	19,300
Food and beverage sales	-	-	20,756	20,756
Miscellaneous	-	-	990	990
Total operating revenues	\$ 1,107,618	\$ 939,537	\$ 252,523	\$ 2,299,678
OPERATING EXPENSES				
Personal services	\$ 302,237	\$ 308,809	\$ 220,836	\$ 831,882
Fringe benefits	136,339	135,697	99,602	371,638
Contractual services	18,511	3,679	-	22,190
Other charges	431,459	394,737	152,515	978,711
Depreciation	397,624	48,111	50,751	496,486
Rentals and leases	-	-	35,119	35,119
Total operating expenses	\$ 1,286,170	\$ 891,033	\$ 558,823	\$ 2,736,026
Operating income (loss)	\$ (178,552)	\$ 48,504	\$ (306,300)	\$ (436,348)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	\$ 9,785	\$ -	\$ -	\$ 9,785
Interest expense	(306,467)	-	(494,489)	(800,956)
Total nonoperating revenues (expenses)	\$ (296,682)	\$ -	\$ (494,489)	\$ (791,171)
Income before transfers	\$ (475,234)	\$ 48,504	\$ (800,789)	\$ (1,227,519)
Transfers in	\$ -	\$ -	\$ 294,129	\$ 294,129
Change in net position	\$ (475,234)	\$ 48,504	\$ (506,660)	\$ (933,390)
Total net position - beginning	1,339,525	801,064	(5,095,232)	(2,954,643)
Total net position - ending	\$ 864,291	\$ 849,568	\$ (5,601,892)	\$ (3,888,033)

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Enterprise Funds			
	Water Fund	Sewer Course	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,055,562	\$ 951,984	\$ 257,300	\$ 2,264,846
Payments to suppliers	(415,271)	(395,764)	(186,616)	(997,651)
Payments to employees	(420,526)	(435,728)	(288,729)	(1,144,983)
Net cash provided by (used for) operating activities	\$ 219,765	\$ 120,492	\$ (218,045)	\$ 122,212
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ -	\$ 294,129	\$ 294,129
Net cash provided by (used for) noncapital financing activities	\$ -	\$ -	\$ 294,129	\$ 294,129
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ -	\$ (52,388)	\$ -	\$ (52,388)
Principal payments on bonds	(218,939)	-	(35,841)	(254,780)
Interest expense	(309,954)	-	(42,329)	(352,283)
Net cash provided by (used for) capital and related financing activities	\$ (528,893)	\$ (52,388)	\$ (78,170)	\$ (659,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 9,785	\$ -	\$ -	\$ 9,785
Net cash provided by (used in) investing activities	\$ 9,785	\$ -	\$ -	\$ 9,785
Net increase (decrease) in cash and cash equivalents	\$ (299,343)	\$ 68,104	\$ (2,086)	\$ (233,325)
Cash and cash equivalents - beginning, including restricted cash of \$986,129 and \$119,370, respectively	1,638,778	505,575	127,209	2,271,562
Cash and cash equivalents - ending, including restricted cash of \$520,925 and \$117,284, respectively	\$ 1,339,435	\$ 573,679	\$ 125,123	\$ 2,038,237
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (178,552)	\$ 48,504	\$ (306,300)	\$ (436,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 397,624	\$ 48,111	\$ 50,751	\$ 496,486
(Increase) decrease in accounts receivable	(53,056)	12,447	4,777	(35,832)
(Increase) decrease in prepaid items	140	(225)	(17)	(102)
(Increase) decrease in deferred outflows of resources	(9,009)	4,670	(38,556)	(42,895)
Increase (decrease) in compensated absences	1,756	2,308	4,684	8,748
Increase (decrease) in net OPEB liabilities	13,543	(11,446)	6,133	8,230
Increase (decrease) in accounts payable	34,559	2,877	1,035	38,471
Increase (decrease) in customer deposits	1,000	-	-	1,000
Increase (decrease) in accrued liabilities	(2,938)	546	1,979	(413)
Increase (decrease) in deferred inflows of resources	(12,997)	(23,319)	(430)	(36,746)
Increase (decrease) in net pension liability	27,695	36,019	57,899	121,613
Total adjustments	\$ 398,317	\$ 71,988	\$ 88,255	\$ 558,560
Net cash provided by (used for) operating activities	\$ 219,765	\$ 120,492	\$ (218,045)	\$ 122,212

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Blues Education Foundation Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 7,972	\$ 1,863
Total assets	<u>\$ 7,972</u>	<u>\$ 1,863</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 1,863
Total liabilities	<u>\$ -</u>	<u>\$ 1,863</u>
NET POSITION		
Restricted for grant awards	\$ 7,972	\$ -
Total net position	<u>\$ 7,972</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2020

	Blues Education Foundation Private-Purpose Trust
	<hr/>
ADDITIONS	
Contributions and events:	
Donations	\$ 5,235
Total contributions	\$ 5,235
Investment earnings:	
Interest	\$ 8
Total investment earnings	\$ 8
Total additions	\$ 5,243
	<hr/>
DEDUCTIONS	
Grants awarded	\$ 6,906
Total deductions	\$ 6,906
	<hr/>
Change in net position	\$ (1,663)
	<hr/>
Net position - beginning	9,635
Net position - ending	\$ 7,972
	<hr/> <hr/>

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended Component Units – The City has no blended component units for the year ended June 30, 2020.

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

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

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

The Economic Development Authority of Buena Vista, Virginia is included as a component unit because the Authority's primary use of funds is to provide for economic development of the City, thereby benefiting the City even though it does not provide services directly to the City. The City is financially accountable to the Authority in that the City appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The Economic Development Authority of Buena Vista, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 2039 Sycamore Avenue Buena Vista, Virginia 24416.

Other Organizations:

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board.

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

A. Financial Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista, and Rockbridge County. The City of Buena Vista, City of Lexington, and the County of Rockbridge each appoint one member to the Commission. The Commission is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, VA 24450.

Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The Center is not included in these financial statements because the City does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office in Lexington, Virginia.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

The *Water Fund* operates the water distribution system.

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

2. Receivables and payables

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

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 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.

4. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$268,521 at June 30, 2020 and is comprised of property tax and water and sewer receivables of \$166,218, and \$102,303, respectively.

5. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

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

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

6. Capital assets

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

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

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

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

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

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

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

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

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

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

7. *Compensated Absences*

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

8. *Long-term obligations*

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

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

9. *Fund balance*

The following classifications of fund balance 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 – that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

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

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

9. Fund Balance (continued)

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

10. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

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

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

11. Prepaid Items

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

12. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2020 the general, golf, and water funds had restricted cash for debt service of \$116,987, \$117,284, and \$520,925 respectively. Additionally, the water fund had unspent bond proceeds of \$103.

As of June 30, 2020, 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 \$117,284.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items to report in this category. One item is comprised of certain items related to the measurement of the net pension asset or liability, and net OPEB liabilities. The other item is comprised of contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset or liability, and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability, and the OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

14. Pensions

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

15. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 2—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, 2020. Several supplemental appropriations were necessary during the year.
9. The following funds have legally adopted budgets: General, Park and Recreation, Emergency 911, Senior Center, School Construction, Flood Protection, Water and Sewer, Golf Course, School Operating and School Cafeteria Funds. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the departmental level.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2020, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
General	\$ 194,619
Park and Recreation	1,393
CDBG fund	14,200
School Construction	143,544
Total All Funds	\$ <u>353,756</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

C. Deficit fund equity

At June 30, 2020, the golf course and school health insurance funds had deficit fund equity of \$5,601,892, and \$470,755 respectively.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

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

City's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	
Local Government	\$	12,057
Investment Pool		
Total	\$	12,057

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 3—DEPOSITS AND INVESTMENTS (CONTINUED):

External Investment Pool

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

Interest Rate Risk

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

	<u>Fair Value</u>	<u>Less than 1 yr</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>10+ years</u>
LGIP	\$ <u>12,057</u>	\$ <u>12,057</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE 4—JOINT VENTURES:

As described in Note 1-A, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2020 is provided below:

	Maury Service Authority (1)	Rockbridge County Regional Jail Commission	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 37,777,967	\$ 3,654,299	\$ 7,986,767	\$ 6,551,372
Total liabilities and deferred inflows of resources	11,634,329	1,930,887	4,818,184	6,369,107
Total net position	<u>\$ 26,143,638</u>	<u>\$ 1,723,412</u>	<u>\$ 3,168,583</u>	<u>\$ 182,265</u>
For the year ended June 30, 2020				
Operating revenue	\$ 3,963,802	\$ 5,010,382	\$ 4,398,477	\$ 248,168
Operating expenses	(4,103,284)	(4,986,776)	(8,084,867)	(1,482,583)
Nonoperating income (expense)	215,013	2,468	4,135,253	1,354,363
Change in net position	<u>\$ 75,531</u>	<u>\$ 26,074</u>	<u>\$ 448,863</u>	<u>\$ 119,948</u>
Net position at beginning of year, as restated	26,068,107	1,697,338	2,719,720	62,317
Net position at end of year	<u>\$ 26,143,638</u>	<u>\$ 1,723,412</u>	<u>\$ 3,168,583</u>	<u>\$ 182,265</u>

(1) Maury Service Authority June 30, 2020 summary financial data was not available at the time of report issuance. June 30, 2019 data is presented above.

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 5—DUE FROM OTHER GOVERNMENTS:

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

	Primary Government	Discretely Presented Component Unit School Board
<u>Federal Government:</u>		
Categorical aid - welfare	\$ 9,134	\$ -
Categorical aid - victim witness grant	15,023	-
Categorical aid - IDEA part B section 611 special education	-	71,835
Categorical aid - Title I ARRA	-	55,828
Categorical aid - Title II part A	-	21,592
Categorical aid - twenty-first century	-	11,085
Categorical aid - title IV part A	-	120
Categorical aid - IDEA part B section 619 special education preschool	-	1,201
Categorical aid - title V rural and local	-	599
Categorical aid - school food program grant		57,847
<u>Commonwealth of Virginia:</u>		
State sales tax	80,283	136,418
Personal property tax relief funds	374,445	-
Categorical aid - welfare	9,803	-
Communications tax	42,867	-
Comprehensive Service Act funds - Rockbridge County	493,311	-
Other state funds	121,167	-
Totals	\$ <u>1,146,033</u>	\$ <u>356,525</u>

NOTE 6—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the City entered into an agreement with the County of Rockbridge, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2020, the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$141,026.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 7—INTERFUND OBLIGATIONS:

Fund	Due From Other Funds	Due To Other Funds	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 59,364	\$ -	\$ -	\$ 256,439
Park and Recreation Fund	25,898	-	-	-
Golf Course	-	59,363	-	-
Water Fund	-	14,187	-	-
Sewer Fund	-	11,712	-	-
Total Primary Government	<u>\$ 85,262</u>	<u>\$ 85,262</u>	<u>\$ -</u>	<u>\$ 256,439</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 256,439	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,439</u>	<u>\$ -</u>
Total reporting entity	<u><u>\$ 85,262</u></u>	<u><u>\$ 85,262</u></u>	<u><u>\$ 256,439</u></u>	<u><u>\$ 256,439</u></u>

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

NOTE 8—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 775,172
Park Activities Fund	201,848	-
School Construction Fund	279,195	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 491,043</u>	<u>\$ 785,172</u>
Business-type Activities:		
Golf Course Fund	\$ 294,129	\$ -
Total business-type activities	<u>\$ 294,129</u>	<u>\$ -</u>
Total primary government	<u>\$ 785,172</u>	<u>\$ 785,172</u>
Total interfund transfers	<u><u>\$ 785,172</u></u>	<u><u>\$ 785,172</u></u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED
NOTE 8—INTERFUND TRANSFERS (CONTINUED):

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

Transfers to/from other funds:

Transfer to the General Fund from the Green Hill Cemetery Fund:		
to fund capital projects	\$	10,000
Transfer to the Park and Recreation Fund from the General Fund:		
to supplement Park and Recreation Fund operations		201,848
Transfer to School Construction Fund from the General Fund:		
to fund debt service payments for long-term obligations		279,195
Transfer to the Golf Course Fund from the General Fund		
to supplement Golf Course Fund operations		<u>294,129</u>
Total transfers	\$	<u><u>785,172</u></u>

NOTE 9—LONG-TERM OBLIGATIONS:
Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligation transactions for the City's governmental activities for the year ended June 30, 2020.

	Balance June 30, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct Borrowings and Direct Placements:				
General obligation bonds	\$ 370,887	\$ -	\$ 23,181	\$ 347,706
Literary loan	1,125,000	-	375,000	750,000
Loans payable	<u>2,326,683</u>	<u>-</u>	<u>67,462</u>	<u>2,259,221</u>
Total Direct Borrowings and Direct Placements	\$ 3,822,570	\$ -	\$ 465,643	\$ 3,356,927
Other Long-Term Obligations:				
Capital leases	\$ 396,375	\$ 31,815	\$ 228,740	\$ 199,450
Net OPEB liabilities	1,081,233	178,695	251,735	1,008,193
Compensated absences	207,009	195,947	172,696	230,260
Net pension liability	<u>2,646,137</u>	<u>2,298,533</u>	<u>1,491,252</u>	<u>3,453,418</u>
Total Other Long-Term Obligations	\$ <u>4,330,754</u>	\$ <u>2,704,990</u>	\$ <u>2,144,423</u>	\$ <u>4,891,321</u>
Total governmental activities obligations	\$ <u><u>8,153,324</u></u>	\$ <u><u>2,704,990</u></u>	\$ <u><u>2,610,066</u></u>	\$ <u><u>8,248,248</u></u>

For governmental activities, compensated absences are generally liquidated in the General and Parks and Recreation Funds.

The City's outstanding general obligation bonds and loans payable from direct borrowings and direct placements related to governmental activities of \$3,356,927 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The City has pledged to secure the payment and performance of the City's obligations under the bonds with the City's right, title, and interest to all revenue collected by the City.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

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

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

Year Ending June 30,	Direct Borrowings and Direct Placements					
	General Obligation Bonds		Literary Fund Loan		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 23,181	\$ 19,583	\$ 375,000	\$ 15,000	\$ 71,523	\$ 91,905
2022	23,181	19,583	375,000	7,500	72,493	89,209
2023	23,181	19,583	-	-	77,134	87,234
2024	23,181	19,583	-	-	80,613	83,755
2025	23,181	19,583	-	-	84,256	80,112
2026	23,181	19,583	-	-	88,072	76,296
2027	23,181	19,583	-	-	92,069	72,300
2028	23,181	19,583	-	-	96,255	68,113
2029	23,181	19,583	-	-	100,640	63,728
2030	23,181	19,583	-	-	86,831	58,953
2031	23,181	19,583	-	-	79,079	56,114
2032	23,181	19,583	-	-	82,295	52,898
2033	23,181	19,583	-	-	85,645	49,548
2034	23,181	19,583	-	-	96,662	46,058
2035	23,172	9,791	-	-	92,770	42,423
2036	-	-	-	-	96,558	38,636
2037	-	-	-	-	100,504	34,690
2038	-	-	-	-	104,615	30,579
2039	-	-	-	-	108,898	26,295
2040	-	-	-	-	113,361	21,832
2041	-	-	-	-	118,012	17,182
2042	-	-	-	-	122,858	12,335
2043	-	-	-	-	124,980	7,285
2044	-	-	-	-	83,098	2,021
Totals	\$ 347,706	\$ 283,953	\$ 750,000	\$ 22,500	\$ 2,259,221	\$ 1,209,501

Year Ending June 30,	Capital Leases	
	Principal	Interest
2021	\$ 91,449	\$ 5,121
2022	74,359	2,538
2023	22,742	683
2024	6,788	370
2025	4,112	65
Totals	\$ 199,450	\$ 8,777

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities Indebtedness:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
<u>General Obligation Bonds:</u>		
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at a rate of 1.9%. Interest is reimbursed by a federal interest subsidy.	\$ 347,706	\$ 23,181
Total general obligation bonds	\$ 347,706	\$ 23,181
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 750,000	\$ 375,000
\$1,800,000 loan payable dated March 5, 2009, due in annual installments of \$109,179 including interest at 5% through 2044.	1,498,713	39,896
\$700,000 loan payable dated March 5, 2009, due in annual installments of \$42,459 including interest at 5% through 2044.	550,364	13,291
\$300,000 loan payable dated October 1, 2014, issued to finance the purchase of real property, due in monthly installments of \$2,431 including interest at 4.875% through October 1, 2029.	210,144	18,336
Total loans payable	\$ 3,009,221	\$ 446,523

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations (continued)

	Total Amount	Amount Due Within One Year
<u>Governmental Activities Indebtedness: (continued)</u>		
Other Long-term obligations:		
<u>Capital Leases:</u>		
\$294,292 capital lease for school buses, dated July 7, 2015, due in annual payment of \$53,474, including interest at 3% through August 15, 2021.	\$ 102,321	\$ 50,404
\$31,815 capital lease for computer equipment, dated January 7, 2020, due in annual payments of \$7,158, including interest at 4.73% through February 7, 2025.	28,960	5,411
\$58,140 capital lease for chromebooks, dated July 20, 2018, due in annual payments of \$20,268, including interest at 4.65%, through 2021.	19,367	19,367
\$81,335 capital lease for band instruments, dated August 6, 2018, due in annual payments of \$16,267	<u>48,802</u>	<u>16,267</u>
Total capital leases	\$ <u>199,450</u>	\$ <u>91,449</u>
Net OPEB liabilities	\$ <u>1,008,193</u>	\$ <u>-</u>
Compensated absences (payable from the General and Park and Recreation Funds)	\$ <u>230,260</u>	\$ <u>172,695</u>
Net pension liability	\$ <u>3,453,418</u>	\$ <u>-</u>
Total governmental activities obligations	<u>\$ 8,248,248</u>	<u>\$ 733,848</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations

The following is a summary of changes in long-term obligation transactions for the City's enterprise funds for the year ended June 30, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct Borrowings and Direct Placements:				
Revenue bonds	\$ 3,798,500	\$ -	\$ 195,000	\$ 3,603,500
Lease-revenue bonds	10,972,750	-	59,780	10,912,970
Total Direct Borrowings and Direct Placements	\$ 14,771,250	\$ -	\$ 254,780	\$ 14,516,470
Other Long-Term Obligations				
Other obligations	\$ 1,201,840	\$ -	\$ -	\$ 1,201,840
Net OPEB liabilities	195,767	63,916	55,687	203,996
Compensated absences	90,554	83,223	74,476	99,301
Net pension liabilities	497,506	436,615	315,002	619,119
Total Other Long-Term Obligations	\$ 1,985,667	\$ 583,754	\$ 445,165	\$ 2,124,256
Total business-type obligations	\$ 16,756,917	\$ 583,754	\$ 699,945	\$ 16,640,726

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

The City's outstanding revenue bonds from direct borrowings and direct placements related to business-type activities of \$14,516,470 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The City has pledged to secure the payment and performance of the City's obligations under the bonds with the City's right, title, and interest to revenue collected by the City. In addition, the City pledged the city courthouse, police department building, and municipal golf course as collateral for Lease-Revenue Bond Series 2005A. The City is currently in default for this debt, but the insurer has not claimed the pledged collateral.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Other Obligations	
	Principal	Interest	Principal	Interest
2021	\$ 8,502,505	\$ 339,565	\$ 1,201,840	\$ -
2022	280,377	326,187	-	-
2023	293,380	312,165	-	-
2024	306,522	297,492	-	-
2025	324,807	280,107	-	-
2026	343,244	261,670	-	-
2027	361,838	242,176	-	-
2028	385,598	221,616	-	-
2029	404,530	198,184	-	-
2030	433,644	173,595	-	-
2031	457,945	147,194	-	-
2032	715,945	119,294	-	-
2033	107,151	74,613	-	-
2034	112,074	69,690	-	-
2035	117,223	64,541	-	-
2036	122,608	59,156	-	-
2037	128,240	53,524	-	-
2038	134,132	47,632	-	-
2039	140,294	41,470	-	-
2040	146,739	35,025	-	-
2041	153,480	28,284	-	-
2042	160,531	21,233	-	-
2043	167,905	13,859	-	-
2044	175,619	6,145	-	-
2045	40,139	290	-	-
Total	\$ 14,516,470	\$ 3,434,707	\$ 1,201,840	\$ -

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Business-type Activities Indebtedness:</u>		
<u>Direct Borrowings and Placements:</u>		
\$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.	\$ 3,603,500	\$ 205,000
\$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.	2,677,970	62,505
\$9,205,000 Lease-Revenue Bond, Series 2005A, dated April 14, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at interest rates from 4.125% to 5.500% per annum. Semi-annual interest payments commence January 1, 2006 through maturity. Annual principal payments ranging from \$180,000 to \$630,000 commence July 1, 2010 through July 1, 2035. The City has ceased paying rent payments to the Public Recreational Facilities Authority of Buena Vista and the bonds are in default of the debt agreement. The full principal balance of the bonds is classified as current because violation of the debt agreement makes the full obligation callable by the lender. See Note 24 for additional information on events related to these bonds.	8,235,000	8,235,000
Total Direct Borrowings and Placements	\$ <u>14,516,470</u>	\$ <u>8,502,505</u>
<u>Other Long-term Obligations:</u>		
<u>Other Obligations:</u>		
Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments commencing July 1, 2035 through January 1, 2040. See Note 24 for additional information on events related to this agreement.	\$ 1,201,840	\$ 1,201,840
Net OPEB liabilities	\$ 203,996	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 99,301	\$ 74,476
Net pension liability	\$ 619,119	\$ -
Total business-type activities indebtedness	\$ <u>16,640,726</u>	\$ <u>9,778,821</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit—School Board:

The following is a summary of long-term obligation transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2020.

	Balance June 30, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
<u>General Long-Term Obligations</u>				
Net OPEB liabilities	\$ 2,558,000	\$ 419,631	\$ 478,502	\$ 2,499,129
Compensated absences	221,066	135,477	152,804	203,739
Net pension liability	7,564,000	2,840,195	2,088,032	8,316,163
Total Long-Term Obligations	<u>\$ 10,343,066</u>	<u>\$ 3,395,303</u>	<u>\$ 2,719,338</u>	<u>\$ 11,019,031</u>

Details of Long-term Indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB liabilities	\$ 2,499,129	\$ -
Compensated absences (payable from the School Fund)	\$ 203,739	\$ 152,804
Net pension liability	\$ 8,316,163	\$ -
Total Long-term obligations, Discretely Presented Component Unit - School Board	<u>\$ 11,019,031</u>	<u>\$ 152,804</u>

NOTE 10—CAPITAL LEASES:

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

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 527,234
Less: Accumulated depreciation	(315,701)
Total	<u>\$ 211,533</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, are as follows:

Year Ended June 30,	Governmental Activities
2021	\$ 53,474
2022	53,474
Total minimum lease payments	\$ 106,948
Less: Amount representing interest	(4,627)
Present value of minimum lease payments	<u>\$ 102,321</u>

NOTE 11—PENSION PLANS:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 11—PENSION PLANS: (CONTINUED)***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	80	27
Inactive members:		
Vested inactive members	10	4
Non-vested inactive members	10	15
Inactive members active elsewhere in VRS	25	5
Total inactive members	45	24
Active members	80	24
Total covered employees	205	75

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2020 was 14.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$509,472 and \$499,822 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 1.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$4,531 and \$4,526 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability/Asset

The net pension liability (NPL)/ net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount rate	Decreased rate from 7.00% to 6.75%

NOTE 11—PENSION PLANS: (CONTINUED)***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related
Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTE 11—PENSION PLANS: (CONTINUED)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) was also provided an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 19,589,488	\$ 16,445,845	\$ 3,143,643
Changes for the year:			
Service cost	\$ 405,680	\$ -	\$ 405,680
Interest	1,333,809	-	1,333,809
Changes of assumptions	581,508	-	581,508
Differences between expected and actual experience	354,955	-	354,955
Contributions - employer	-	499,822	(499,822)
Contributions - employee	-	174,786	(174,786)
Net investment income	-	1,083,991	(1,083,991)
Benefit payments, including refunds of employee contributions	(1,070,157)	(1,070,157)	-
Administrative expenses	-	(10,858)	10,858
Other changes	-	(683)	683
Net changes	\$ 1,605,795	\$ 676,901	\$ 928,894
Balances at June 30, 2019	\$ 21,195,283	\$ 17,122,746	\$ 4,072,537

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Changes in Net Pension (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at June 30, 2018	\$ 1,474,773	\$ 1,783,538	\$ (308,765)
Changes for the year:			
Service cost	\$ 37,349	\$ -	\$ 37,349
Interest	98,783	-	98,783
Changes of assumptions	31,763	-	31,763
Differences between expected and actual experience	(19,570)	-	(19,570)
Contributions - employer	-	4,526	(4,526)
Contributions - employee	-	16,397	(16,397)
Net investment income	-	114,544	(114,544)
Benefit payments, including refunds of employee contributions	(127,172)	(127,172)	-
Administrative expenses	-	(1,223)	1,223
Other changes	-	(72)	72
Net changes	\$ 21,153	\$ 7,000	\$ 14,153
Balances at June 30, 2019	\$ 1,495,926	\$ 1,790,538	\$ (294,612)

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

The following presents the net pension liability (asset) of the City and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what City's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
City of Buena Vista, Virginia			
Net Pension Liability	\$ 6,686,910	\$ 4,072,537	\$ 1,985,361
Component Unit School Board (nonprofessional)			
Net Pension Asset	\$ (165,869)	\$ (294,612)	\$ (399,115)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2020, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$920,007 and \$25,334 respectively. At June 30, 2020, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 331,752	\$ -	\$ -	\$ 9,736
Change of assumptions	399,787	10,167	15,802	-
Net difference between projected and actual earnings on pension plan investments	-	141,357	-	14,707
Employer contributions subsequent to the measurement date	509,472	-	4,531	-
Total	<u>\$ 1,241,011</u>	<u>\$ 151,524</u>	<u>\$ 20,333</u>	<u>\$ 24,443</u>

\$509,472 and \$4,531 reported as deferred outflows of resources related to pensions resulting from the City's and Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30,	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 365,360	\$ 7,411
2022	147,468	(17,076)
2023	56,593	(284)
2024	10,594	1,308
2025	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$810,411 and \$810,965 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$8,316,163 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .06319% as compared to .06432% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$750,725. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 532,519
Change of assumptions	823,495	-
Net difference between projected and actual earnings on pension plan investments	-	182,603
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,975	446,411
Employer contributions subsequent to the measurement date	<u>810,411</u>	<u>-</u>
Total	<u>\$ 1,643,881</u>	<u>\$ 1,161,533</u>

\$810,411 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>	
2021	\$ (135,574)
2022	(295,317)
2023	(38,320)
2024	86,583
2025	54,565
Thereafter	-

NOTE 11—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (Continued)*****Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (Continued)*****Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED**NOTE 11—PENSION PLANS: (CONTINUED)****Component Unit School Board (professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 12,519,438	\$ 8,316,163	\$ 4,840,833

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board***Aggregate Pension Information***

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 1,241,011	\$ 151,524	\$ 4,072,537	\$ 920,007
School Board Nonprofessional	20,333	24,443	(294,612)	25,334
School Board Professional	1,643,881	1,161,533	8,316,163	750,725
Totals	<u>\$ 2,905,225</u>	<u>\$ 1,337,500</u>	<u>\$ 12,094,088</u>	<u>\$ 1,696,066</u>

NOTE 12—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The City has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the City to VACORP. VACORP assumes all liability for the City's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The City's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below.

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. City contributions to the GLI Plan were \$18,574 and \$18,051 for the years ended June 30, 2020 and June 30, 2019, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$27,722 and \$27,377 for the years ended June 30, 2020 and June 30, 2019 respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$1,979 and \$1,845, for the years ended June 30, 2020 and June 30, 2019 respectively.

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

At June 30, 2020, the City reported a liability of \$288,189 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.01771% as compared to 0.01720% at June 30, 2018.

At June 30, 2020, the School Board reported liability of \$29,453 for nonprofessional employees and \$439,850 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2019, the participating employer's proportion for nonprofessional employees was 0.00181% as compared to 0.00198% at June 30, 2018. At June 30, 2019, the participating employer's proportion for School Board professional employees was 0.02703% as compared to 0.02752% at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED**NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)***

For the year ended June 30, 2020, the City recognized GLI OPEB expense of \$7,781, while the School Board recognized GLI OPEB expense of \$256 and \$4,519 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,166	\$ 3,738
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,920
Change of assumptions	18,195	8,690
Changes in proportion	14,557	10,584
Employer contributions subsequent to the measurement date	18,574	-
Total	<u>\$ 70,492</u>	<u>\$ 28,932</u>

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,959	\$ 383	\$ 29,253	\$ 5,706
Net difference between projected and actual earnings on GLI OPEB plan investments	-	605	-	9,035
Change of assumptions	1,860	888	27,770	13,263
Changes in proportion	-	2,268	-	24,099
Employer contributions subsequent to the measurement date	1,979	-	27,722	-
Total	<u>\$ 5,798</u>	<u>\$ 4,144</u>	<u>\$ 84,745</u>	<u>\$ 52,103</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

\$18,574, \$1,979 and \$27,722 for the City and School Board nonprofessional and professional employees respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board	
	Nonprofessional Employees	Professional Employees
	Year Ended June 30	Year Ended June 30
2021	\$ 2,140	2021 \$ (4,089)
2022	2,141	2022 (4,089)
2023	4,648	2023 (262)
2024	5,701	2024 4,340
2025	6,287	2025 6,903
Thereafter	2,069	Thereafter 2,117

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions (Continued)******Mortality Rates – Teachers***

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions (Continued)*****Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions (Continued)*****Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change to the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED**NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)****NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
Employers' Net GLI OPEB Liability (Asset)	\$ 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 378,601	\$ 288,189	\$ 214,868
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - nonprofessional employees	\$ 38,694	\$ 29,453	\$ 21,960
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - professional employees	\$ 577,842	\$ 439,850	\$ 327,943

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below.

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for HIC as a retiree.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

**NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee HIC Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$63,968 and \$63,480 for the years ended June 30, 2020 and June 30, 2019, respectively.

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2020, the school division reported a liability of \$826,826 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .06316% as compared to 0.06462% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$58,718. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,683
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	52	-
Change of assumptions	19,244	5,745
Change in proportion	-	50,490
Employer contributions subsequent to the measurement date	63,968	-
Total	\$ 83,264	\$ 60,918

**NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

\$63,968 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (8,547)
2022	(8,548)
2023	(8,186)
2024	(8,307)
2025	(6,448)
Thereafter	(1,586)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)*****Actuarial Assumptions (Continued)*****Mortality Rates – Teachers*****Actuarial Assumptions***

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

**NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 14—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	925,359	\$ 826,826	\$ 743,122

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):***Plan Description***

In addition to the pension benefits described in Note 11, the City administers a single-employer defined benefit healthcare plan, the City of Buena Vista OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

The School Board also administers a single-employer defined benefit healthcare plan, the City of Buena Vista School Board OPEB Plan. Similar to the City of Buena Vista OPEB Plan, this plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The School Board plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 5 years of service with the County. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 10 years of service with the School Board.

Plan Membership

At July 1, 2019 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	72	141
Total retirees with coverage	2	17
Total	74	158

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2020 was \$23,000. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$106,000.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
 (CONTINUED)**

Total OPEB Liability

The City's and School Board's total OPEB liabilities were measured as of July 1, 2019. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.13% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2019
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$ 1,015,000	\$ 1,289,000
Changes for the year:		
Service cost	33,000	73,000
Interest	38,000	47,000
Difference between expected and actual experience	(183,000)	(139,000)
Changes of assumptions	44,000	39,000
Benefit payments	(23,000)	(106,000)
Net changes	(91,000)	(86,000)
Balances at June 30, 2020	\$ 924,000	\$ 1,203,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)**

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

		Rate	
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Primary Government			
\$	1,024,000	\$ 924,000	\$ 835,000
Component Unit School Board			
\$	1,288,000	\$ 1,203,000	\$ 1,123,000

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

		Rates	
	1% Decrease (4.50% decreasing to 4.00%)	Healthcare Cost Trend (5.50% decreasing to 5.00%)	1% Increase (6.50% decreasing to 6.00%)
Primary Government			
\$	816,000	\$ 924,000	\$ 1,052,000
Component Unit School Board			
\$	1,093,000	\$ 1,203,000	\$ 1,331,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

**NOTE 16—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)**

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

For the year ended June 30, 2019, the Primary Government recognized OPEB expense in the amount of \$34,000. The School Board recognized OPEB expense in the amount of \$60,000. At June 30, 2020, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 164,000
Changes of assumptions	35,000	40,000
Employer contributions subsequent to the measurement date	23,000	-
Total	<u>\$ 58,000</u>	<u>\$ 204,000</u>
	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 172,000
Changes in assumptions	30,000	70,000
Employer contributions subsequent to the measurement date	106,000	-
Total	<u>\$ 136,000</u>	<u>\$ 242,000</u>

Amounts reported as deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense in future reporting periods as follows:

Primary Government		Component Unit School Board	
Year Ended June 30,		Year Ended June 30,	
2021	\$ (44,000)	2021	\$ (67,000)
2022	(44,000)	2022	(67,000)
2023	(44,000)	2023	(66,000)
2024	(34,000)	2024	(12,000)
2025	(3,000)	2025	-
Thereafter	-	Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found on the required supplementary information following the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 16—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the City's OPEB plans as of June 30, 2020:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
City	\$ 70,492	\$ 28,932	\$ 288,189	\$ 7,781
School Board Nonprofessional	5,798	4,144	29,453	256
School Board Professional	84,745	52,103	439,850	4,519
Teacher Health Insurance Credit Program (Note 14)	83,264	60,918	826,826	58,718
City Stand-Alone Plan (Note 15)	58,000	204,000	924,000	34,000
School Stand-Alone Plan (Note 15)	136,000	242,000	1,203,000	60,000
Totals	<u>\$ 438,299</u>	<u>\$ 592,097</u>	<u>\$ 3,711,318</u>	<u>\$ 165,274</u>

NOTE 17—DEFERRED, UNAVAILABLE, AND UNEARNED REVENUE:

Deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide financial statements and fund financial statements totaling \$870,200, and \$1,580,127, respectively is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2020 but paid in advance by the taxpayers totaled \$228,270 at June 30, 2020.
- B. Unbilled Property Taxes—Property taxes for the second half of 2019 that had not been billed as of June 30, 2020 amounted to \$641,930.
- C. Unavailable Property Taxes—Uncollected tax billings not available for funding of current expenditures totaled \$709,927.

Unearned revenue reported in the primary government is comprised of lease revenue of \$142,327 and \$374,113 in Coronavirus Relief Funds unspent as of June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED
NOTE 18—CONTINGENT LIABILITIES:

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

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

The City along with the City of Lexington and County of Rockbridge, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The County of Rockbridge is serving as fiscal agent for the radio upgrade project. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligation at June 30, 2020 was \$5,549,795 and an annual payment of \$757,744 will be paid by the Center through June 2030.

NOTE 19—HEALTH INSURANCE FUND:

The Buena Vista City School Board maintains an internal service fund entitled Health Insurance Fund that has been included in the discretely presented component unit financial statements. The purpose of this fund is to disclose the School Board's self-insured health insurance transactions for the fiscal year as required by GASB 10. The School Board uses Piedmont Community Health as the administrator of their self-insured plan. The Health Insurance fund pays Piedmont Community Health an administrative fee for these services. This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the City.

Significant losses, over \$80,000, are covered by commercial insurance. Stop loss insurance coverage began in October 2015. During fiscal year 2020, there were no settlement amounts exceeding coverage.

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

Piedmont Community Health has established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2020 the plan liability was \$494,441. The net position of the Plan maintained by the School Board can be found on Exhibit 40. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year (Surplus) Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End (Surplus) Liability
2019-2020	\$ 255,014	\$ 1,738,674	\$ 1,499,247	\$ 494,441
2018-2019	266,644	1,595,629	1,607,259	255,014
2017-2018	65,610	1,276,827	1,075,793	266,644
2016-2017	257,379	1,400,789	1,592,558	65,610
2015-2016	-	791,019	533,640	257,379

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 20—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government

	Balance July 1, 2019 as restated	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,146,648	\$ -	\$ -	\$ 2,146,648
Total capital assets not being depreciated	\$ 2,146,648	\$ -	\$ -	\$ 2,146,648
Capital assets being depreciated:				
Buildings and improvements	\$ 13,104,615	\$ -	\$ -	\$ 13,104,615
Infrastructure	29,292,442	6,885	-	29,299,327
Machinery and Equipment	3,212,661	63,629	(216,659)	3,059,631
Total capital assets being depreciated	\$ 45,609,718	\$ 70,514	\$ (216,659)	\$ 45,463,573
Accumulated depreciation:				
Buildings and improvements	\$ (4,911,673)	\$ (290,779)	\$ -	\$ (5,202,452)
Infrastructure	(26,505,687)	(165,176)	-	(26,670,863)
Machinery and Equipment	(2,525,863)	(198,843)	216,659	(2,508,047)
Total accumulated depreciation	\$ (33,943,223)	\$ (654,798)	\$ 216,659	\$ (34,381,362)
Capital assets being depreciated, net	\$ 11,666,495	\$ (584,284)	\$ -	\$ 11,082,211
Governmental activities capital assets, net	\$ 13,813,143	\$ (584,284)	\$ -	\$ 13,228,859

	Balance July 1, 2019	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2020
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Total capital assets not being depreciated	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Capital assets being depreciated:				
Infrastructure	\$ 22,564,591	\$ -	\$ -	\$ 22,564,591
Buildings	722,543	-	-	722,543
Machinery and equipment	1,048,086	52,388	-	1,100,474
Total capital assets being depreciated	\$ 24,335,220	\$ 52,388	\$ -	\$ 24,387,608
Accumulated depreciation:				
Infrastructure	\$ (10,891,909)	\$ (418,612)	\$ -	\$ (11,310,521)
Buildings	(314,385)	(15,587)	-	(329,972)
Machinery and equipment	(796,777)	(62,287)	-	(859,064)
Total accumulated depreciation	\$ (12,003,071)	\$ (496,486)	\$ -	\$ (12,499,557)
Capital assets being depreciated, net	\$ 12,332,149	\$ (444,098)	\$ -	\$ 11,888,051
Business-type activities capital assets, net	\$ 13,697,049	\$ (444,098)	\$ -	\$ 13,252,951

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 20—CAPITAL ASSETS: (CONTINUED)

Primary Government (Continued)

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

Governmental activities:	
General government administration	\$ 214,650
Judicial administration	8,909
Public safety	64,219
Public works	126,381
Health and welfare	7,855
Education	212,286
Parks, recreation and cultural	20,498
Total depreciation expense - governmental activities	<u>\$ 654,798</u>
Business-type activities:	
Water	\$ 397,624
Sewer	48,111
Golf course	50,751
Total depreciation expense - business-type activities	<u>\$ 496,486</u>

Discretely Presented Component Unit School Board

	Balance July 1, 2019	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ 4,634
Total capital assets not being depreciated	<u>\$ 4,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,634</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,010,107	\$ 10,377	\$ -	\$ 8,020,484
Machinery and equipment	710,999	119,546	(95,101)	735,444
Total capital assets being depreciated	<u>\$ 8,721,106</u>	<u>\$ 129,923</u>	<u>\$ (95,101)</u>	<u>\$ 8,755,928</u>
Accumulated depreciation:				
Buildings and improvements	\$ (4,277,703)	\$ (136,929)	\$ -	\$ (4,414,632)
Machinery and equipment	(621,461)	(44,452)	95,101	(570,812)
Total accumulated depreciation	<u>\$ (4,899,164)</u>	<u>\$ (181,381)</u>	<u>\$ 95,101</u>	<u>\$ (4,985,444)</u>
Capital assets being depreciated, net	<u>\$ 3,821,942</u>	<u>\$ (51,458)</u>	<u>\$ -</u>	<u>\$ 3,770,484</u>
Governmental activities capital assets, net	<u>\$ 3,826,576</u>	<u>\$ (51,458)</u>	<u>\$ -</u>	<u>\$ 3,775,118</u>

Depreciation expense for the Component Unit School Board was \$181,381 for the year ended June 30, 2020 and was charged to the education function.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 20—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit Economic Development Authority of Buena Vista

	Balance July 1, 2019, as restated	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,107,200	\$ -	\$ -	\$ 1,107,200
Construction in progress	116,214	746,225	(862,439)	-
Total capital assets not being depreciated	\$ 1,223,414	\$ 746,225	\$ (862,439)	\$ 1,107,200
Capital assets being depreciated:				
Infrastructure	\$ -	\$ 862,439	\$ -	\$ 862,439
Total capital assets being depreciated	\$ -	\$ 862,439	\$ -	\$ 862,439
Capital assets being depreciated, net	\$ -	\$ 862,439	\$ -	\$ 862,439
Governmental activities capital assets, net	\$ 1,223,414	\$ 1,608,664	\$ (862,439)	\$ 1,969,639

NOTE 21—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 22—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2020, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 23—LITIGATION:

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

NOTE 24—COMMITMENTS AND CONTINGENCIES:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 25—RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

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

	Governmental <u>Activities</u>	<u>EDA</u>
Net assets as previously reported, June 30 2019	\$ 8,914,161	\$ 1,107,200
To record capital asset owned by EDA	<u>(116,214)</u>	<u>116,214</u>
Net assets as restated, June 30, 2019	<u>\$ 8,797,947</u>	<u>1,223,414</u>

NOTE 26—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 26—UPCOMING PRONOUNCEMENTS (CONTINUED):

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 27—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County/City/Town of X, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 CONTINUED

NOTE 27—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE (CONTINUED):

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. Town of Buena Vista, Virginia, received the second round of CRF funds in the amount of \$565,181 in August 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 6,295,890	\$ 6,295,890	\$ 6,115,416	\$ (180,474)
Other local taxes	1,588,700	1,588,700	1,615,868	27,168
Permits, privilege fees, and regulatory licenses	42,775	42,775	78,875	36,100
Fines and forfeitures	71,720	71,720	30,308	(41,412)
Revenue from the use of money and property	35,000	35,000	57,836	22,836
Charges for services	806,713	806,713	722,930	(83,783)
Miscellaneous	220,536	220,536	214,543	(5,993)
Recovered costs	-	-	22,104	22,104
Intergovernmental:				
Commonwealth	4,850,383	5,423,237	5,408,275	(14,962)
Federal	50,000	222,432	501,864	279,432
Total revenues	<u>\$ 13,961,717</u>	<u>\$ 14,707,003</u>	<u>\$ 14,768,019</u>	<u>\$ 61,016</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,253,743	\$ 1,297,362	\$ 1,330,504	\$ (33,142)
Judicial administration	1,030,675	1,030,675	930,891	99,784
Public safety	2,611,161	2,795,407	2,950,132	(154,725)
Public works	2,431,858	2,442,249	2,229,030	213,219
Health and welfare	2,491,964	3,053,722	3,080,879	(27,157)
Education	2,625,211	2,625,211	2,694,787	(69,576)
Parks, recreation, and cultural	174,225	174,225	177,661	(3,436)
Community development	528,181	763,833	971,409	(207,576)
Debt service:				
Principal retirement	146,114	146,114	151,093	(4,979)
Interest and other fiscal charges	118,732	118,732	125,763	(7,031)
Total expenditures	<u>\$ 13,411,864</u>	<u>\$ 14,447,530</u>	<u>\$ 14,642,149</u>	<u>\$ (194,619)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 549,853</u>	<u>\$ 259,473</u>	<u>\$ 125,870</u>	<u>\$ (133,603)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers out	(549,853)	(259,473)	(775,172)	(515,699)
Issuance of capital leases	-	-	31,815	31,815
Total other financing sources (uses)	<u>\$ (549,853)</u>	<u>\$ (259,473)</u>	<u>\$ (733,357)</u>	<u>\$ (473,884)</u>
Net change in fund balances	\$ -	\$ -	\$ (607,487)	\$ (607,487)
Fund balances - beginning	-	-	1,791,945	1,791,945
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,458</u>	<u>\$ 1,184,458</u>

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 405,680	\$ 416,975	\$ 421,410	\$ 370,108	\$ 376,655	\$ 357,099
Interest	1,333,809	1,289,662	1,218,525	1,193,493	1,122,225	1,081,457
Changes of assumptions	581,508	-	(86,427)	-	-	-
Differences between expected and actual experience	354,955	56,071	550,201	(234,737)	449,987	-
Benefit payments	(1,070,157)	(1,193,913)	(981,021)	(961,506)	(900,002)	(812,332)
Net change in total pension liability	\$ 1,605,795	\$ 568,795	\$ 1,122,688	\$ 367,358	\$ 1,048,865	\$ 626,224
Total pension liability - beginning	19,589,488	19,020,693	17,898,005	17,530,647	16,481,782	15,855,558
Total pension liability - ending (a)	<u>\$ 21,195,283</u>	<u>\$ 19,589,488</u>	<u>\$ 19,020,693</u>	<u>\$ 17,898,005</u>	<u>\$ 17,530,647</u>	<u>\$ 16,481,782</u>
Plan fiduciary net position						
Contributions - employer	499,822	420,150	\$ 433,392	\$ 456,213	\$ 422,230	\$ 421,903
Contributions - employee	174,786	156,960	167,101	152,926	142,031	147,251
Net investment income	1,083,991	1,155,010	1,753,735	248,114	649,744	1,976,108
Benefit payments	(1,070,157)	(1,193,913)	(981,021)	(961,506)	(900,002)	(812,332)
Administrator charges	(10,858)	(10,265)	(10,284)	(9,194)	(9,098)	(10,762)
Other	(683)	(1,021)	(1,556)	(107)	(136)	104
Net change in plan fiduciary net position	\$ 676,901	\$ 526,921	\$ 1,361,367	\$ (113,554)	\$ 304,769	\$ 1,722,272
Plan fiduciary net position - beginning	16,445,845	15,918,924	14,557,557	14,671,111	14,366,342	12,644,070
Plan fiduciary net position - ending (b)	<u>\$ 17,122,746</u>	<u>\$ 16,445,845</u>	<u>\$ 15,918,924</u>	<u>\$ 14,557,557</u>	<u>\$ 14,671,111</u>	<u>\$ 14,366,342</u>
City's net pension liability - ending (a) - (b)	\$ 4,072,537	\$ 3,143,643	\$ 3,101,769	\$ 3,340,448	\$ 2,859,536	\$ 2,115,440
Plan fiduciary net position as a percentage of the total pension liability	80.79%	83.95%	83.69%	81.34%	83.69%	87.16%
Covered payroll	\$ 3,471,307	\$ 3,269,880	\$ 3,343,997	\$ 3,112,616	\$ 2,867,942	\$ 2,947,103
City's net pension liability as a percentage of covered payroll	117.32%	96.14%	92.76%	107.32%	99.71%	71.78%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 37,349	\$ 36,778	\$ 38,384	\$ 36,487	\$ 36,673	\$ 35,849
Interest	98,783	96,694	92,937	90,797	90,772	89,028
Changes of assumptions	31,763	-	(2,589)	-	-	-
Differences between expected and actual experience	(19,570)	19,871	47,166	38,859	(1,342)	-
Benefit payments	(127,172)	(119,813)	(124,649)	(146,497)	(105,003)	(94,923)
Net change in total pension liability	\$ 21,153	\$ 33,530	\$ 51,249	\$ 19,646	\$ 21,100	\$ 29,954
Total pension liability - beginning	<u>1,474,773</u>	<u>1,441,243</u>	<u>1,389,994</u>	<u>1,370,348</u>	<u>1,349,248</u>	<u>1,319,294</u>
Total pension liability - ending (a)	<u>\$ 1,495,926</u>	<u>\$ 1,474,773</u>	<u>\$ 1,441,243</u>	<u>\$ 1,389,994</u>	<u>\$ 1,370,348</u>	<u>\$ 1,349,248</u>
Plan fiduciary net position						
Contributions - employer	\$ 4,526	\$ (4)	\$ 104	\$ 7,034	\$ 7,976	\$ 16,821
Contributions - employee	16,397	17,551	16,246	16,078	17,257	16,427
Net investment income	114,544	127,502	197,169	27,381	78,925	246,211
Benefit payments	(127,172)	(119,813)	(124,649)	(146,497)	(105,003)	(94,923)
Administrator charges	(1,223)	(1,164)	(1,221)	(1,148)	(1,143)	(1,367)
Other	(72)	(111)	(172)	(12)	(17)	13
Net change in plan fiduciary net position	\$ 7,000	\$ 23,961	\$ 87,477	\$ (97,164)	\$ (2,005)	\$ 183,182
Plan fiduciary net position - beginning	<u>1,783,538</u>	<u>1,759,577</u>	<u>1,672,100</u>	<u>1,769,264</u>	<u>1,771,269</u>	<u>1,588,087</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,790,538</u>	<u>\$ 1,783,538</u>	<u>\$ 1,759,577</u>	<u>\$ 1,672,100</u>	<u>\$ 1,769,264</u>	<u>\$ 1,771,269</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (294,612)	\$ (308,765)	\$ (318,334)	\$ (282,106)	\$ (398,916)	\$ (422,021)
Plan fiduciary net position as a percentage of the total pension liability	119.69%	120.94%	122.09%	120.30%	129.11%	131.28%
Covered payroll	\$ 352,715	\$ 376,028	\$ 340,987	\$ 337,453	\$ 346,316	\$ 328,542
School Division's net pension liability (asset) as a percentage of covered payroll	-83.53%	-82.11%	-93.36%	-83.60%	-115.19%	-128.45%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.06319%	0.06432%	0.06616%	0.06874%	0.06844%	0.06896%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,316,163	\$ 7,564,000	\$ 8,136,000	\$ 9,633,000	\$ 8,615,000	\$ 8,334,000
Employer's Covered Payroll	\$ 5,264,774	\$ 5,232,217	\$ 5,244,764	\$ 5,240,836	\$ 5,105,532	\$ 5,082,174
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157.96%	144.57%	155.13%	183.81%	168.74%	163.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	70.68%	70.68%	70.88%

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

Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 509,472	\$ 509,472	\$ -	\$ 3,571,857	14.26%
2019	499,822	499,822	-	3,471,307	14.40%
2018	420,150	420,150	-	3,269,880	12.85%
2017	433,392	433,392	-	3,343,997	12.96%
2016	456,213	456,213	-	3,112,616	14.66%
2015	423,595	423,595	-	2,867,942	14.77%
2014	420,846	420,846	-	2,947,103	14.28%
2013	415,104	415,104	-	2,906,889	14.28%
2012	293,068	293,068	-	2,864,790	10.23%
2011	293,015	293,015	-	2,864,273	10.23%
Component Unit School Board (nonprofessional)					
2020	\$ 4,531	\$ 4,531	\$ -	\$ 377,323	1.20%
2019	4,526	4,526	-	352,715	1.28%
2018	-	-	-	376,028	0.00%
2017	136	136	-	340,987	0.04%
2016	7,034	7,034	-	337,453	2.08%
2015	8,035	8,035	-	346,316	2.32%
2014	16,821	16,821	-	328,542	5.12%
2013	16,769	16,769	-	327,519	5.12%
2012	-	-	-	385,558	0.00%
2011	-	-	-	334,395	0.00%
Component Unit School Board (professional)					
2020	\$ 810,411	\$ 810,411	\$ -	\$ 5,330,656	15.20%
2019	810,965	810,965	-	5,264,774	15.40%
2018	831,426	831,426	-	5,232,217	15.89%
2017	752,811	752,811	-	5,244,764	14.35%
2016	736,862	736,862	-	5,240,836	14.06%
2015	737,854	737,854	-	5,105,532	14.45%
2014	586,176	586,176	-	5,082,174	11.53%
2013	532,330	532,330	-	4,903,590	10.86%
2012	324,200	324,200	-	5,181,231	6.26%
2011	211,283	211,283	-	5,366,815	3.94%

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

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of City's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	1.77100% \$	288,189 \$	3,471,307	8.30%	52.00%
2018	0.17200%	262,000	3,269,880	8.01%	51.22%
2017	0.01813%	272,000	3,343,997	8.13%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2019	0.00181% \$	29,453 \$	354,713	8.30%	52.00%
2018	0.00198%	30,000	377,086	7.96%	51.22%
2017	0.00185%	27,000	341,847	7.90%	48.86%
Component Unit School Board (professional)					
2019	0.02703% \$	439,850 \$	5,264,774	8.35%	52.00%
2018	0.02752%	418,000	5,232,217	7.99%	51.22%
2017	0.02843%	428,000	5,244,764	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 18,574	\$ 18,574	\$ -	\$ 3,571,857	0.52%
2019	18,051	18,051	-	3,471,307	0.52%
2018	17,003	17,003	-	3,269,880	0.52%
2017	17,389	17,389	-	3,343,997	0.52%
2016	14,941	14,941	-	3,112,616	0.48%
2015	13,766	13,766	-	2,867,942	0.48%
2014	14,146	14,146	-	2,947,103	0.48%
2013	13,953	13,953	-	2,906,889	0.48%
2012	8,021	8,021	-	2,864,790	0.28%
2011	8,020	8,020	-	2,864,273	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 1,979	\$ 1,979	\$ -	\$ 380,673	0.52%
2019	1,845	1,845	-	354,713	0.52%
2018	1,961	1,961	-	377,086	0.52%
2017	1,778	1,778	-	341,847	0.52%
2016	1,645	1,645	-	342,623	0.48%
2015	1,662	1,662	-	346,316	0.48%
2014	1,586	1,586	-	330,437	0.48%
2013	1,584	1,584	-	330,100	0.48%
2012	1,080	1,080	-	385,558	0.28%
2011	936	936	-	334,395	0.28%
Component Unit School Board (professional)					
2020	\$ 27,722	\$ 27,722	\$ -	\$ 5,330,656	0.52%
2019	27,377	27,377	-	5,264,774	0.52%
2018	27,208	27,208	-	5,232,217	0.52%
2017	27,273	27,273	-	5,244,764	0.52%
2016	25,156	25,156	-	5,240,836	0.48%
2015	24,507	24,507	-	5,105,532	0.48%
2014	24,394	24,394	-	5,082,174	0.48%
2013	23,537	23,537	-	4,903,590	0.48%
2012	14,507	14,507	-	5,181,231	0.28%
2011	15,027	15,027	-	5,366,815	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of City School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.06316% \$	826,826 \$	5,264,774	15.70%	8.97%
2018	0.06462%	821,000	5,225,965	15.71%	8.08%
2017	0.06636%	842,000	5,236,883	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 63,968	\$ 63,968	\$ -	\$ 5,330,656	1.20%
2019	63,480	63,480	-	5,264,774	1.21%
2018	64,279	64,279	-	5,225,965	1.23%
2018	64,279	64,279	-	5,225,965	1.23%
2017	58,129	58,129	-	5,236,883	1.11%
2016	55,553	55,553	-	5,240,836	1.06%
2015	53,940	53,940	-	5,088,650	1.06%
2014	55,977	55,977	-	5,042,941	1.11%
2013	53,872	53,872	-	4,853,331	1.11%
2012	30,872	30,872	-	5,145,366	0.60%
2011	32,201	32,201	-	5,366,815	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 33,000	\$ 38,000	\$ 37,000
Interest	38,000	38,000	37,000
Changes of assumptions	44,000	(64,000)	-
Differences between expected and actual experience	(183,000)	(27,000)	-
Benefit payments	(23,000)	(22,000)	(35,000)
Net change in total OPEB liability	\$ (91,000)	\$ (37,000)	\$ 39,000
Total OPEB liability - beginning	1,015,000	1,052,000	1,013,000
Total OPEB liability - ending	<u>\$ 924,000</u>	<u>\$ 1,015,000</u>	<u>\$ 1,052,000</u>
Covered payroll	\$ 3,260,000	\$ 2,920,000	\$ 2,920,000
City's total OPEB liability (asset) as a percentage of covered payroll	28.34%	34.76%	36.03%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 73,000	\$ 88,000	\$ 86,000
Interest	47,000	54,000	53,000
Changes in assumptions	39,000	(116,000)	-
Differences between expected and actual experience	(139,000)	(108,000)	-
Benefit payments	(106,000)	(105,000)	(118,000)
Net change in total OPEB liability	\$ (86,000)	\$ (187,000)	\$ 21,000
Total OPEB liability - beginning	1,289,000	1,476,000	1,455,000
Total OPEB liability - ending	\$ 1,203,000	\$ 1,289,000	\$ 1,476,000
Covered payroll	\$ 5,524,000	\$ 5,018,000	\$ 5,018,000
School Board's total OPEB liability (asset) as a percentage of covered payroll	21.78%	25.69%	29.41%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - OPEB
Year Ended June 30, 2020

Valuation Date: 7/1/2019
Measurement Date: 7/1/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13% as of July 1, 2019
Inflation	2.50% per year as of June 30, 2018; 2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.50% for fiscal year end 2020, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

OTHER SUPPLEMENTARY INFORMATION

MAJOR CAPITAL PROJECT FUNDS

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

School Construction Fund-Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 18,173	\$ 18,173	\$ 21,134	\$ 2,961
Intergovernmental:				
Local government	195,581	195,581	294,189	98,608
Total revenues	<u>\$ 213,754</u>	<u>\$ 213,754</u>	<u>\$ 315,323</u>	<u>\$ 101,569</u>
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 65	\$ (65)
Debt service:				
Principal retirement	425,404	425,404	543,290	(117,886)
Interest and other fiscal charges	25,570	25,570	51,163	(25,593)
Total expenditures	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 594,518</u>	<u>\$ (143,544)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (237,220)</u>	<u>\$ (237,220)</u>	<u>\$ (279,195)</u>	<u>\$ (41,975)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 237,220	\$ 237,220	\$ 279,195	\$ 41,975
Total other financing sources (uses)	<u>\$ 237,220</u>	<u>\$ 237,220</u>	<u>\$ 279,195</u>	<u>\$ 41,975</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUND

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

Statement of Changes in Assets and Liabilities
 Agency Fund
 Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 1,863	\$ 150	\$ 150	\$ 1,863
Total assets	<u>\$ 1,863</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 1,863</u>
LIABILITIES				
Amounts held for social services clients	\$ 1,863	\$ 150	\$ 150	\$ 1,863
Total liabilities	<u>\$ 1,863</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 1,863</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 18,942	\$ 65,619	\$ 84,561
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,919	-	1,919
Due from other funds	25,898	-	25,898
Prepaid items	2,343	-	2,343
Total assets	<u>\$ 49,102</u>	<u>\$ 65,619</u>	<u>\$ 114,721</u>
LIABILITIES			
Accounts payable	\$ 17,711	\$ -	\$ 17,711
Accrued liabilities	2,091	-	2,091
Total liabilities	<u>\$ 19,802</u>	<u>\$ -</u>	<u>\$ 19,802</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 2,343	\$ -	\$ 2,343
Restricted:			
Community development block grant	-	65,619	65,619
Assigned:			
Green Hill Cemetary	8,951	-	8,951
Senior citizens program	8,415	-	8,415
Parks and recreation	9,591	-	9,591
Total fund balances	<u>\$ 29,300</u>	<u>\$ 65,619</u>	<u>\$ 94,919</u>
Total liabilities and fund balances	<u>\$ 49,102</u>	<u>\$ 65,619</u>	<u>\$ 114,721</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 126,082	\$ -	\$ 126,082
Charges for services	17,609	-	17,609
Miscellaneous	20,278	-	20,278
Recovered costs	8,660	-	8,660
Total revenues	<u>\$ 172,629</u>	<u>\$ -</u>	<u>\$ 172,629</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 7,848	\$ -	\$ 7,848
Parks, recreation, and cultural	366,803	-	366,803
Community development	-	14,200	14,200
Total expenditures	<u>\$ 374,651</u>	<u>\$ 14,200</u>	<u>\$ 388,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (202,022)</u>	<u>\$ (14,200)</u>	<u>\$ (216,222)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 201,848	\$ -	\$ 201,848
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>\$ 191,848</u>	<u>\$ -</u>	<u>\$ 191,848</u>
Net change in fund balances	\$ (10,174)	\$ (14,200)	\$ (24,374)
Fund balances - beginning	39,474	79,819	119,293
Fund balances - ending	<u>\$ 29,300</u>	<u>\$ 65,619</u>	<u>\$ 94,919</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
ASSETS				
Cash and cash equivalents	\$ 663	\$ 9,328	\$ 8,951	\$ 18,942
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,919	-	-	1,919
Due from other funds	25,898	-	-	25,898
Prepaid items	2,343	-	-	2,343
Total assets	<u>\$ 30,823</u>	<u>\$ 9,328</u>	<u>\$ 8,951</u>	<u>\$ 49,102</u>
LIABILITIES				
Accounts payable	\$ 16,798	\$ 913	\$ -	\$ 17,711
Accrued liabilities	2,091	-	-	2,091
Total liabilities	<u>\$ 18,889</u>	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ 19,802</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 2,343	\$ -	\$ -	\$ 2,343
Assigned:				
Green Hill Cemetery	-	-	8,951	8,951
Senior citizens program	-	8,415	-	8,415
Parks and recreation	9,591	-	-	9,591
Total fund balances	<u>\$ 11,934</u>	<u>\$ 8,415</u>	<u>\$ 8,951</u>	<u>\$ 29,300</u>
Total liabilities and fund balances	<u>\$ 30,823</u>	<u>\$ 9,328</u>	<u>\$ 8,951</u>	<u>\$ 49,102</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2020

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 125,831	\$ -	\$ 251	\$ 126,082
Charges for services	13,559	-	4,050	17,609
Miscellaneous	20,278	-	-	20,278
Recovered costs	-	8,660	-	8,660
Total revenues	<u>\$ 159,668</u>	<u>\$ 8,660</u>	<u>\$ 4,301</u>	<u>\$ 172,629</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 7,848	\$ -	\$ 7,848
Parks, recreation, and cultural	366,803	-	-	366,803
Total expenditures	<u>\$ 366,803</u>	<u>\$ 7,848</u>	<u>\$ -</u>	<u>\$ 374,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (207,135)</u>	<u>\$ 812</u>	<u>\$ 4,301</u>	<u>\$ (202,022)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 201,848	\$ -	\$ -	\$ 201,848
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ 201,848</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 191,848</u>
Net change in fund balances	\$ (5,287)	\$ 812	\$ (5,699)	\$ (10,174)
Fund balances - beginning	17,221	7,603	14,650	39,474
Fund balances - ending	<u>\$ 11,934</u>	<u>\$ 8,415</u>	<u>\$ 8,951</u>	<u>\$ 29,300</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2020

	Park and Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 131,000	\$ 131,000	\$ 125,831	\$ (5,169)
Charges for services	57,300	57,300	13,559	(43,741)
Miscellaneous	2,200	2,200	20,278	18,078
Recovered costs	-	-	-	-
Total revenues	\$ 190,500	\$ 190,500	\$ 159,668	\$ (30,832)
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	365,410	365,410	366,803	(1,393)
Total expenditures	\$ 365,410	\$ 365,410	\$ 366,803	\$ (1,393)
Excess (deficiency) of revenues over (under) expenditures	\$ (174,910)	\$ (174,910)	\$ (207,135)	\$ (32,225)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 174,910	\$ 174,910	\$ 201,848	\$ 26,938
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ 174,910	\$ 174,910	\$ 201,848	\$ 26,938
Net change in fund balances	\$ -	\$ -	\$ (5,287)	\$ (5,287)
Fund balances - beginning	-	-	17,221	17,221
Fund balances - ending	\$ -	\$ -	\$ 11,934	\$ 11,934

Senior Center Fund				Green Hill Cemetery Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251	\$ 251
-	-	-	-	-	-	4,050	4,050
-	-	-	-	-	-	-	-
8,500	8,500	8,660	160	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,660</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,301</u>	<u>\$ 4,301</u>
\$ 8,500	\$ 8,500	\$ 7,848	\$ 652	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,848</u>	<u>\$ 652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 812	\$ 812	\$ -	\$ -	\$ 4,301	\$ 4,301
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(10,000)	(10,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
\$ -	\$ -	\$ 812	\$ 812	\$ -	\$ -	\$ (5,699)	\$ (5,699)
-	-	7,603	7,603	-	-	14,650	14,650
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,415</u>	<u>\$ 8,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,951</u>	<u>\$ 8,951</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Fund
Year Ended June 30, 2020

	Community Development Block Grant Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ 14,200	\$ (14,200)
Total expenditures	\$ -	\$ -	\$ 14,200	\$ (14,200)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (14,200)	\$ (14,200)
Net change in fund balances	\$ -	\$ -	\$ (14,200)	\$ (14,200)
Fund balances - beginning	-	-	79,819	79,819
Fund balances - ending	<u>-</u>	<u>-</u>	<u>65,619</u>	<u>65,619</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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

INTERNAL SERVICE FUND

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

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 640,982	\$ 132,038	\$ 773,020
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,051	-	6,051
Due from other governmental units	298,678	57,847	356,525
Inventories	-	27,184	27,184
Total assets	<u>\$ 945,711</u>	<u>\$ 217,069</u>	<u>\$ 1,162,780</u>
LIABILITIES			
Accounts payable	\$ 48,291	\$ 28,219	\$ 76,510
Contracts payable	596,690	-	596,690
Due to primary government	256,439	-	256,439
Total liabilities	<u>\$ 901,420</u>	<u>\$ 28,219</u>	<u>\$ 929,639</u>
FUND BALANCES			
Nonspendable:			
Inventories	\$ -	\$ 27,184	\$ 27,184
Committed:			
School capital projects	44,291	-	44,291
School lunch program	-	161,666	161,666
Total fund balances	<u>\$ 44,291</u>	<u>\$ 188,850</u>	<u>\$ 233,141</u>
Total liabilities and fund balances	<u>\$ 945,711</u>	<u>\$ 217,069</u>	<u>\$ 1,162,780</u>

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

Total fund balances per above \$ 233,141

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

Land	\$ 4,634	
Buildings and improvements	3,605,852	
Machinery and equipment	164,632	
		3,775,118

The net pension asset is not an available resource and, therefore, is not reported in the funds. 294,612

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related	\$ 1,664,214	
OPEB related	309,807	
		1,974,021

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Health Insurance Fund	\$ (470,755)	
		(470,755)

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

Compensated absences	\$ (203,739)	
Net pension liability	(8,316,163)	
Net OPEB liability	(2,499,129)	
		(11,019,031)

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.

Pension related	\$ (1,185,976)	
OPEB related	(359,165)	
		(1,545,141)

Net position of governmental activities \$ (6,758,035)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2020

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 54	\$ -	\$ 54
Charges for services	28,612	51,690	80,302
Recovered costs	117,826	-	117,826
Intergovernmental:			
Local government	2,654,629	-	2,654,629
Commonwealth	7,421,386	13,921	7,435,307
Federal	919,582	523,378	1,442,960
Total revenues	<u>\$ 11,142,089</u>	<u>\$ 588,989</u>	<u>\$ 11,731,078</u>
EXPENDITURES			
Current:			
Education	\$ 11,166,562	\$ 532,448	\$ 11,699,010
Total expenditures	<u>\$ 11,166,562</u>	<u>\$ 532,448</u>	<u>\$ 11,699,010</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (24,473)	\$ 56,541	\$ 32,068
Net change in fund balances	\$ (24,473)	\$ 56,541	\$ 32,068
Fund balances - beginning	68,764	132,309	201,073
Fund balances - ending	<u>\$ 44,291</u>	<u>\$ 188,850</u>	<u>\$ 233,141</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 \$ 32,068

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

Capital outlays	\$ 129,923	
Depreciation expense	(393,667)	
Allocation of debt financed school assets based on current year repayments	<u>212,286</u>	(51,458)

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.

Change in compensated absences	\$ 17,327	
Pension expense	37,417	
OPEB expense	<u>86,811</u>	141,555

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

	<u>(349,477)</u>
Change in net position of governmental activities	<u>\$ (227,312)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 54	\$ 54
Charges for services	25,000	25,000	28,612	3,612
Recovered costs	65,000	65,000	117,826	52,826
Intergovernmental:				
Local government	2,583,803	2,583,803	2,654,629	70,826
Commonwealth	7,707,946	7,707,946	7,421,386	(286,560)
Federal	818,692	818,692	919,582	100,890
Total revenues	<u>\$ 11,200,441</u>	<u>\$ 11,200,441</u>	<u>\$ 11,142,089</u>	<u>\$ (58,352)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 11,200,441</u>	<u>\$ 11,200,441</u>	<u>\$ 11,166,562</u>	<u>\$ 33,879</u>
Total expenditures	<u>\$ 11,200,441</u>	<u>\$ 11,200,441</u>	<u>\$ 11,166,562</u>	<u>\$ 33,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,473)</u>	<u>\$ (24,473)</u>
Net change in fund balances	\$ -	\$ -	\$ (24,473)	\$ (24,473)
Fund balances - beginning	-	-	68,764	68,764
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,291</u>	<u>\$ 44,291</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 45,000	\$ 45,000	\$ 51,690	\$ 6,690
Intergovernmental:				
Commonwealth	45,000	45,000	13,921	(31,079)
Federal	330,020	330,020	523,378	193,358
Total revenues	<u>\$ 420,020</u>	<u>\$ 420,020</u>	<u>\$ 588,989</u>	<u>\$ 168,969</u>
EXPENDITURES				
Current:				
Education	<u>\$ 420,020</u>	<u>\$ 420,020</u>	<u>\$ 532,448</u>	<u>\$ (112,428)</u>
Total expenditures	<u>\$ 420,020</u>	<u>\$ 420,020</u>	<u>\$ 532,448</u>	<u>\$ (112,428)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,541</u>	<u>\$ 56,541</u>
Net change in fund balances	\$ -	\$ -	\$ 56,541	\$ 56,541
Fund balances - beginning	-	-	132,309	132,309
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,850</u>	<u>\$ 188,850</u>

Statement of Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
June 30, 2020

	Health Insurance Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 23,686
Total assets	<u>\$ 23,686</u>
LIABILITIES	
Claims payable	\$ 494,441
Total liabilities	<u>\$ 494,441</u>
NET POSITION	
Unrestricted	\$ (470,755)
Total net position	<u>\$ (470,755)</u>
Total liabilities and net position	<u>\$ 23,686</u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 1,738,674
Total operating revenues	<u>\$ 1,738,674</u>
OPERATING EXPENSES	
Insurance claims paid and expenses	\$ 2,088,204
Total operating expenses	<u>\$ 2,088,204</u>
Operating income (loss)	<u>\$ (349,530)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 53
Total nonoperating revenues (expenses)	<u>\$ 53</u>
Change in net position	\$ (349,477)
Total net position - beginning	<u>(121,278)</u>
Total net position - ending	<u><u>\$ (470,755)</u></u>

Statement of Cash Flows
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2020

	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 1,738,674
Payments for premiums	(1,848,777)
Net cash provided by (used for) operating activities	\$ (110,103)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 53
Net cash provided by (used for) investing activities	\$ 53
Net increase (decrease) in cash and cash equivalents	\$ (110,050)
Cash and cash equivalents - beginning	133,736
Cash and cash equivalents - ending	\$ 23,686
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (349,530)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ 239,427
Total adjustments	\$ 239,427
Net cash provided by (used for) operating activities	\$ (110,103)

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual

Governmental Funds

Year Ended June 30, 2020

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	\$ 4,265,140	\$ 4,265,140	\$ 4,047,273	\$ (217,867)
Real and personal public service corporation taxes	290,000	290,000	259,240	(30,760)
Personal property taxes	1,272,050	1,272,050	1,371,982	99,932
Machinery and tools taxes	362,600	362,600	323,160	(39,440)
Penalties	61,800	61,800	66,298	4,498
Interest	44,300	44,300	47,463	3,163
Total general property taxes	<u>\$ 6,295,890</u>	<u>\$ 6,295,890</u>	<u>\$ 6,115,416</u>	<u>\$ (180,474)</u>
Other local taxes:				
Local sales and use taxes	\$ 388,000	\$ 388,000	\$ 435,404	\$ 47,404
Consumers' utility taxes	267,000	267,000	268,597	1,597
Meals taxes	319,800	319,800	360,599	40,799
Lodging taxes	20,000	20,000	16,461	(3,539)
Business and professional license taxes	176,000	176,000	202,935	26,935
Motor vehicle licenses	168,900	168,900	154,522	(14,378)
Water utility taxes	161,000	161,000	102,978	(58,022)
Bank stock taxes	56,000	56,000	35,588	(20,412)
Recordation taxes	32,000	32,000	38,784	6,784
Total other local taxes	<u>\$ 1,588,700</u>	<u>\$ 1,588,700</u>	<u>\$ 1,615,868</u>	<u>\$ 27,168</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,123	\$ (777)
Right of way fees	22,000	22,000	26,815	4,815
Transfer fees	150	150	211	61
Permits and other licenses	18,725	18,725	50,726	32,001
Total permits, privilege fees, and regulatory licenses	<u>\$ 42,775</u>	<u>\$ 42,775</u>	<u>\$ 78,875</u>	<u>\$ 36,100</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 71,020	\$ 71,020	\$ 29,328	\$ (41,692)
Parking fines	700	700	980	280
Total fines and forfeitures	<u>\$ 71,720</u>	<u>\$ 71,720</u>	<u>\$ 30,308</u>	<u>\$ (41,412)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,000	\$ 2,000	\$ 2,247	\$ 247
Revenue from use of property	-	-	1,680	1,680
Sale of property	-	-	15	15
Sale of cemetery lots	32,000	32,000	23,250	(8,750)
Carilion lease revenue	1,000	1,000	30,644	29,644
Total revenue from use of money and property	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 57,836</u>	<u>\$ 22,836</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	1,970	1,470
Charges for waste collection and disposal	630,000	630,000	661,914	31,914
Landfill tipping fees	85,000	85,000	-	(85,000)
Grave openings	63,083	63,083	42,300	(20,783)
Courthouse maintenance fees	7,800	7,800	5,180	(2,620)
Courthouse security fees	13,000	13,000	7,530	(5,470)
Jail administration fees	1,430	1,430	27	(1,403)
Other charges for services	5,400	5,400	3,495	(1,905)
Total charges for services	<u>\$ 806,713</u>	<u>\$ 806,713</u>	<u>\$ 722,930</u>	<u>\$ (83,783)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 81,000	\$ 81,000	\$ 75,007	\$ (5,993)
Dabney lease revenue	139,536	139,536	139,536	-
Total miscellaneous	<u>\$ 220,536</u>	<u>\$ 220,536</u>	<u>\$ 214,543</u>	<u>\$ (5,993)</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 17,541	\$ 17,541
Other recovered costs	-	-	4,563	4,563
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,104</u>	<u>\$ 22,104</u>
Total revenue from local sources	<u>\$ 9,061,334</u>	<u>\$ 9,061,334</u>	<u>\$ 8,857,880</u>	<u>\$ (203,454)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 750	\$ 250
Communication tax	326,000	326,000	261,264	(64,736)
Rolling stock	4,000	4,000	6,041	2,041
Auto rental tax	10	10	284	274
State recordation tax	12,000	12,000	5,582	(6,418)
Personal property tax relief funds	662,919	662,919	662,919	-
Total noncategorical aid	<u>\$ 1,005,429</u>	<u>\$ 1,005,429</u>	<u>\$ 936,840</u>	<u>\$ (68,589)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 166,223	\$ 166,223	\$ 166,194	\$ (29)
Sheriff	170,014	170,014	167,030	(2,984)
Commissioner of revenue	81,760	81,760	75,585	(6,175)
Treasurer	65,873	65,873	65,662	(211)
Registrar/electoral board	36,000	36,000	42,148	6,148
Police	176,732	176,732	196,548	19,816
Juror Expense	3,000	3,000	-	(3,000)
Clerk of the Circuit Court	137,035	137,035	149,504	12,469
Total shared expenses	<u>\$ 836,637</u>	<u>\$ 836,637</u>	<u>\$ 862,671</u>	<u>\$ 26,034</u>
Other categorical aid:				
Welfare administration and assistance	\$ 100,000	\$ 100,000	\$ 122,688	\$ 22,688
Comprehensive services act	1,575,000	2,007,554	1,899,085	(108,469)
Street and Highway Maintenance	1,218,000	1,218,000	1,257,329	39,329
School resource officer grant	-	-	102,317	102,317
Victim-witness grant	69,317	69,317	25,911	(43,406)
Fire programs	22,000	22,000	24,220	2,220
Other state grants	24,000	164,300	176,679	12,379
Seized funds	-	-	535	535
Total other categorical aid	<u>\$ 3,008,317</u>	<u>\$ 3,581,171</u>	<u>\$ 3,608,764</u>	<u>\$ 27,593</u>
Total categorical aid	<u>\$ 3,844,954</u>	<u>\$ 4,417,808</u>	<u>\$ 4,471,435</u>	<u>\$ 53,627</u>
Total revenue from the Commonwealth	<u>\$ 4,850,383</u>	<u>\$ 5,423,237</u>	<u>\$ 5,408,275</u>	<u>\$ (14,962)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ 172,432	\$ 191,068	\$ 18,636
Total noncategorical aid	\$ -	\$ 172,432	\$ 191,068	\$ 18,636
Categorical aid:				
Welfare administration and assistance	\$ 50,000	\$ 50,000	\$ 149,102	\$ 99,102
Ground transportation safety grant	-	-	7,910	7,910
Emergency management performance grant	-	-	7,500	7,500
Safe routes to schools	-	-	1,040	1,040
Homeland security grant program	-	-	13,865	13,865
USDA police grant	-	-	17,500	17,500
Victim-witness grant	-	-	77,741	77,741
Byrne justice assistance grant	-	-	32,125	32,125
Community development block grant	-	-	3,147	3,147
USDA forestry grant	-	-	866	866
Total categorical aid	\$ 50,000	\$ 50,000	\$ 310,796	\$ 260,796
Total revenue from the federal government	\$ 50,000	\$ 222,432	\$ 501,864	\$ 279,432
Total General Fund	\$ 13,961,717	\$ 14,707,003	\$ 14,768,019	\$ 61,016
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 131,000	\$ 131,000	\$ 125,831	\$ (5,169)
Total revenue from use of money and property	\$ 131,000	\$ 131,000	\$ 125,831	\$ (5,169)
Charges for services:				
Recreation fees	\$ 57,300	\$ 57,300	\$ 13,559	\$ (43,741)
Total charges for services	\$ 57,300	\$ 57,300	\$ 13,559	\$ (43,741)
Miscellaneous:				
Miscellaneous	\$ 2,200	\$ 2,200	\$ 20,278	\$ 18,078
Total miscellaneous	\$ 2,200	\$ 2,200	\$ 20,278	\$ 18,078
Total revenue from local sources	\$ 190,500	\$ 190,500	\$ 159,668	\$ (30,832)
Total Park and Recreation Fund	\$ 190,500	\$ 190,500	\$ 159,668	\$ (30,832)
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 8,500	\$ 8,500	\$ 8,660	\$ 160
Total recovered costs	\$ 8,500	\$ 8,500	\$ 8,660	\$ 160
Total revenue from local sources	\$ 8,500	\$ 8,500	\$ 8,660	\$ 160
Total Senior Center Fund	\$ 8,500	\$ 8,500	\$ 8,660	\$ 160
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 251	\$ 251
Total revenue from use of money and property	\$ -	\$ -	\$ 251	\$ 251
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 4,050	\$ 4,050
Total charges for services	\$ -	\$ -	\$ 4,050	\$ 4,050
Total revenue from local sources	\$ -	\$ -	\$ 4,301	\$ 4,301
Total Green Hill Cemetery Fund	\$ -	\$ -	\$ 4,301	\$ 4,301

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista School Board	\$ 195,581	\$ 195,581	\$ 294,189	\$ 98,608
Total revenues from local governments	\$ 195,581	\$ 195,581	\$ 294,189	\$ 98,608
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 18,173	\$ 18,173	\$ 21,134	\$ 2,961
Total revenue from use of money and property	\$ 18,173	\$ 18,173	\$ 21,134	\$ 2,961
Total School Construction Fund	\$ 213,754	\$ 213,754	\$ 315,323	\$ 101,569
Total Primary Government	\$ 14,374,471	\$ 15,119,757	\$ 15,255,971	\$ 136,214
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 54	\$ 54
Total revenue from use of money and property	\$ -	\$ -	\$ 54	\$ 54
Charges for services:				
Charges for education	\$ 25,000	\$ 25,000	\$ 28,612	\$ 3,612
Tuition and payments from other divisions				-
Total charges for services	\$ 25,000	\$ 25,000	\$ 28,612	\$ 3,612
Recovered costs:				
Other recovered costs	\$ 65,000	\$ 65,000	\$ 117,826	\$ 52,826
Total recovered costs	\$ 65,000	\$ 65,000	\$ 117,826	\$ 52,826
Total revenue from local sources	\$ 90,000	\$ 90,000	\$ 146,492	\$ 56,492

Schedule of Revenues - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,583,803	\$ 2,583,803	\$ 2,654,629	\$ 70,826
Total revenue from local governments	\$ 2,583,803	\$ 2,583,803	\$ 2,654,629	\$ 70,826
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,105,983	\$ 1,105,983	\$ 1,127,494	\$ 21,511
Basic school aid	3,404,393	3,404,393	3,108,561	(295,832)
At-risk	141,460	141,460	133,023	(8,437)
Project graduation	4,710	4,710	4,710	-
Alternative education	55,937	55,937	55,969	32
Gifted and talented	35,147	35,147	32,894	(2,253)
Special Education	507,646	507,646	473,195	(34,451)
Remedial summer school	31,361	31,361	37,215	5,854
Remedial education	157,086	157,086	147,016	(10,070)
Vocational education	447,588	447,588	418,896	(28,692)
Technology funds	180,000	180,000	180,000	-
Lottery	245,725	245,725	245,706	(19)
School security grant	-	-	100,632	100,632
Fringe benefits	836,358	836,358	782,745	(53,613)
Adult education	-	-	1,369	1,369
Reduced class size (K-3)	105,865	105,865	103,543	(2,322)
Free textbooks	72,224	72,224	67,594	(4,630)
Early reading intervention	19,072	19,072	46,317	27,245
Math reading specialist	-	-	5,000	5,000
Special education - homebound	11,211	11,211	15,813	4,602
Vocational education - equipment	13,329	13,329	3,404	(9,925)
Salary supplement	243,101	243,101	226,655	(16,446)
English as a second language	1,645	1,645	1,645	-
Standards of Learning algebra readiness	13,852	13,852	13,946	94
Other state funds	74,253	74,253	88,044	13,791
Total categorical aid	\$ 7,707,946	\$ 7,707,946	\$ 7,421,386	\$ (286,560)
Total revenue from the Commonwealth	\$ 7,707,946	\$ 7,707,946	\$ 7,421,386	\$ (286,560)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 256,595	\$ 256,595	\$ 318,710	\$ 62,115
Title VI-B, special education	254,552	254,552	335,440	80,888
Title VI-B, pre-school	10,210	10,210	8,140	(2,070)
Title IV-B, 21st Century	203,000	203,000	147,431	(55,569)
Vocational Education	16,500	16,500	18,393	1,893
Title II, Improving teacher quality	36,188	36,188	40,065	3,877
Schools and roads - grants to states	21,000	21,000	34,768	13,768
Title III	1,163	1,163	-	(1,163)
Title IV, Innnonvative education	19,484	19,484	16,635	(2,849)
Total categorical aid	\$ 818,692	\$ 818,692	\$ 919,582	\$ 100,890
Total revenue from the federal government	\$ 818,692	\$ 818,692	\$ 919,582	\$ 100,890
Total School Operating Fund	\$ 11,200,441	\$ 11,200,441	\$ 11,142,089	\$ (58,352)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 45,000	\$ 45,000	\$ 51,690	\$ 6,690
Total charges for services	\$ 45,000	\$ 45,000	\$ 51,690	\$ 6,690
Total revenue from local sources	\$ 45,000	\$ 45,000	\$ 51,690	\$ 6,690
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 45,000	\$ 45,000	\$ 13,921	\$ (31,079)
Total revenue from the commonwealth	\$ 45,000	\$ 45,000	\$ 13,921	\$ (31,079)
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 41,014	\$ 41,014
School food program grant	330,020	330,020	482,364	152,344
Total categorical aid	\$ 330,020	\$ 330,020	\$ 523,378	\$ 193,358
Total revenue from the federal government	\$ 330,020	\$ 330,020	\$ 523,378	\$ 193,358
Total School Cafeteria Fund	\$ 420,020	\$ 420,020	\$ 588,989	\$ 168,969
Total Discretely Presented Component Unit - School Board	\$ 11,620,461	\$ 11,620,461	\$ 11,731,078	\$ 110,617

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2020

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 39,598	\$ 39,598	\$ 71,433	\$ (31,835)
General and financial administration:				
City Manager	\$ 77,834	\$ 77,834	\$ 77,739	\$ 95
City Attorney/Legal Services	70,000	70,000	83,117	(13,117)
Finance	322,535	366,154	358,688	7,466
Independent Auditor	40,700	40,700	58,290	(17,590)
Commissioner of Revenue	210,866	210,866	194,950	15,916
City Treasurer	281,793	281,793	282,892	(1,099)
Reassessment	36,000	36,000	32,693	3,307
Other general and financial administration	68,600	68,600	72,787	(4,187)
Total general and financial administration	\$ 1,108,328	\$ 1,151,947	\$ 1,161,156	\$ (9,209)
Board of elections:				
Electoral board and officials	\$ 105,817	\$ 105,817	\$ 97,915	\$ 7,902
Total board of elections	\$ 105,817	\$ 105,817	\$ 97,915	\$ 7,902
Total general government administration	\$ 1,253,743	\$ 1,297,362	\$ 1,330,504	\$ (33,142)
Judicial administration:				
Courts:				
Circuit court	\$ 6,250	\$ 6,250	\$ 2,582	\$ 3,668
General district court	6,800	6,800	4,310	2,490
Juvenile/Domestic relations court	33,490	33,490	7,571	25,919
Clerk of the circuit court	243,150	243,150	239,611	3,539
Sheriff	463,309	463,309	431,943	31,366
Total courts	\$ 752,999	\$ 752,999	\$ 686,017	\$ 66,982
Commonwealth's attorney:				
Commonwealth's attorney	\$ 277,676	\$ 277,676	\$ 244,874	\$ 32,802
Total commonwealth's attorney	\$ 277,676	\$ 277,676	\$ 244,874	\$ 32,802
Total judicial administration	\$ 1,030,675	\$ 1,030,675	\$ 930,891	\$ 99,784
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 72,579	\$ 72,579	\$ 69,273	\$ 3,306
Police Department	1,594,785	1,594,785	1,684,211	(89,426)
Total law enforcement and traffic control	\$ 1,667,364	\$ 1,667,364	\$ 1,753,484	\$ (86,120)
Fire and rescue services:				
Fire department	\$ 158,000	\$ 158,000	\$ 164,380	\$ (6,380)
Rescue squad	110,903	110,903	136,172	(25,269)
Central dispatch	311,328	311,328	324,461	(13,133)
Total fire and rescue services	\$ 580,231	\$ 580,231	\$ 625,013	\$ (44,782)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 1,004	\$ 1,996
Magistrate	416	416	116	300
Regional Jail	360,000	544,246	570,495	(26,249)
Total correction and detention	\$ 363,416	\$ 547,662	\$ 571,615	\$ (23,953)

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Public safety: (Continued)				
Other protection:				
Medical Examiner	\$ 150	\$ 150	\$ 20	\$ 130
Total other protection	\$ 150	\$ 150	\$ 20	\$ 130
Total public safety	\$ 2,611,161	\$ 2,795,407	\$ 2,950,132	\$ (154,725)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 184,343	\$ 184,343	\$ 72,860	\$ 111,483
Street Maintenance Department	888,045	888,045	889,233	(1,188)
Street Lights	73,000	73,000	70,893	2,107
Total maintenance of highways, streets, bridges and sidewalks	\$ 1,145,388	\$ 1,145,388	\$ 1,032,986	\$ 112,402
Sanitation and waste removal:				
Refuse Department	\$ 470,863	\$ 470,863	\$ 369,165	\$ 101,698
Refuse Disposal	250,000	250,000	266,559	(16,559)
Total sanitation and waste removal	\$ 720,863	\$ 720,863	\$ 635,724	\$ 85,139
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 390,934	\$ 401,325	\$ 424,375	\$ (23,050)
Green Hill Cemetary Maintenance	174,673	174,673	135,945	38,728
Total maintenance of general buildings and grounds	\$ 565,607	\$ 575,998	\$ 560,320	\$ 15,678
Total public works	\$ 2,431,858	\$ 2,442,249	\$ 2,229,030	\$ 213,219
Health and welfare:				
Health:				
Health Services	\$ -	\$ -	\$ 575	\$ (575)
Total health	\$ -	\$ -	\$ 575	\$ (575)
Mental health and mental retardation:				
Mental Health	\$ 90,766	\$ 90,766	\$ 76,847	\$ 13,919
Total mental health and mental retardation	\$ 90,766	\$ 90,766	\$ 76,847	\$ 13,919
Welfare:				
Property Tax Relief	\$ 80,000	\$ 80,000	\$ 65,302	\$ 14,698
Social Services	2,260,000	2,821,758	2,889,601	(67,843)
VA Municipal League	4,626	4,626	4,642	(16)
Valley Program for Aging	43,912	43,912	43,912	-
Total Action Against Poverty	500	500	-	500
Rockbridge Area Hospice	1,000	1,000	-	1,000
Rockbridge Area Rental Assistance	1,160	1,160	-	1,160
Rockbridge Free Clinic	10,000	10,000	-	10,000
Total welfare	\$ 2,401,198	\$ 2,962,956	\$ 3,003,457	\$ (40,501)
Total health and welfare	\$ 2,491,964	\$ 3,053,722	\$ 3,080,879	\$ (27,157)

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2020 (Continued)**General Fund: (Continued)**

Education:

Other instructional costs:

Contribution to City School Board	\$ 2,583,803	\$ 2,583,803	\$ 2,654,629	\$ (70,826)
Contribution to Community Colleges	36,408	36,408	36,408	-
Contribution to Buena Vista Colored School	5,000	5,000	3,750	1,250
Total education	<u>\$ 2,625,211</u>	<u>\$ 2,625,211</u>	<u>\$ 2,694,787</u>	<u>\$ (69,576)</u>

Parks, recreation, and cultural:

Library:

Rockbridge/ Buena Vista Regional Library	\$ 174,225	\$ 174,225	\$ 177,661	\$ (3,436)
Total library	<u>\$ 174,225</u>	<u>\$ 174,225</u>	<u>\$ 177,661</u>	<u>\$ (3,436)</u>
Total parks, recreation, and cultural	<u>\$ 174,225</u>	<u>\$ 174,225</u>	<u>\$ 177,661</u>	<u>\$ (3,436)</u>

Community development:

Planning and community development:

Community development administration	\$ 148,783	\$ 148,783	\$ 77,415	\$ 71,368
Central Shenandoah Planning District Commission	20,203	20,203	20,203	-
Blue Ridge Legal Services	1,293	1,293	1,293	-
Arts Council	5,000	5,000	9,500	(4,500)
Visitor's Center	43,355	43,355	41,187	2,168
Project Horizon	2,140	2,140	2,140	-
Paxton House	10,000	10,000	10,000	-
Rockbridge Area transportation system	25,000	25,000	16,553	8,447
American Legion	3,600	3,600	3,600	-
Small business development center	3,000	3,000	0	3,000
VEPGA	500	500	318	182
Rockbridge Area Relief Association	1,500	1,500	-	1,500
Food Bank	500	500	-	500
Talking book center	1,692	1,692	1,692	-
Employee programs	30,000	30,000	13,851	16,149
Business Development	229,615	465,267	771,657	(306,390)
Total planning and community development	<u>\$ 526,181</u>	<u>\$ 761,833</u>	<u>\$ 969,409</u>	<u>\$ (207,576)</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>\$ 528,181</u>	<u>\$ 763,833</u>	<u>\$ 971,409</u>	<u>\$ (207,576)</u>
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Debt service:

Principal retirement	\$ 146,114	\$ 146,114	\$ 151,093	\$ (4,979)
Interest and other fiscal charges	118,732	118,732	125,763	(7,031)
Total debt service	<u>\$ 264,846</u>	<u>\$ 264,846</u>	<u>\$ 276,856</u>	<u>\$ (12,010)</u>

Total General Fund	<u>\$ 13,411,864</u>	<u>\$ 14,447,530</u>	<u>\$ 14,642,149</u>	<u>\$ (194,619)</u>
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Special Revenue Fund:**Park & Recreation Fund:**

Parks, recreation, and cultural:

Parks and recreation:

Administration	\$ 89,866	\$ 89,866	\$ 109,098	\$ (19,232)
Recreation	110,785	110,785	124,460	(13,675)
Parks and Ground Maintenance	87,672	87,672	63,794	23,878
Activities	19,300	19,300	29,997	(10,697)
Swimming Pool	57,787	57,787	39,454	18,333
Total Parks and Recreation	<u>\$ 365,410</u>	<u>\$ 365,410</u>	<u>\$ 366,803</u>	<u>\$ (1,393)</u>

Total Park and Recreation Fund	<u>\$ 365,410</u>	<u>\$ 365,410</u>	<u>\$ 366,803</u>	<u>\$ (1,393)</u>
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Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2020 (Continued)

Special Revenue Funds: (continued)**Senior Center Fund:**

Health and Welfare:

Senior center	\$ 8,500	\$ 8,500	\$ 7,848	\$ 652
Total health and welfare	<u>8,500</u>	<u>8,500</u>	<u>7,848</u>	<u>652</u>
Total Senior Center Fund	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,848</u>	<u>\$ 652</u>

Capital Projects Funds:**School Construction Fund:**

Capital Outlay:

School construction	\$ -	\$ -	\$ 65	\$ (65)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ (65)</u>

Debt service:

Principal retirement	\$ 425,404	\$ 425,404	\$ 543,290	\$ (117,886)
Interest and other fiscal charges	<u>25,570</u>	<u>25,570</u>	<u>51,163</u>	<u>(25,593)</u>
Total debt service	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 594,453</u>	<u>\$ (143,479)</u>

Total School Construction Fund	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 594,518</u>	<u>\$ (143,544)</u>
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Community Development Block Grant Fund:

Capital projects expenditures:

Community development	\$ -	\$ -	\$ 14,200	\$ (14,200)
Total Community Development Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,200</u>	<u>\$ (14,200)</u>

Total Primary Government	<u>\$ 14,236,748</u>	<u>\$ 15,272,414</u>	<u>\$ 15,625,518</u>	<u>\$ (353,104)</u>
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Discretely Presented Component Unit - School Board**Special revenue funds:****School Operating Fund:**

Education:

Instruction	\$ 8,677,888	\$ 8,677,888	\$ 8,548,831	\$ 129,057
Administration and Health Services	566,210	566,210	588,770	(22,560)
Transportation	347,036	347,036	397,965	(50,929)
Operation and Maintenance	891,263	891,263	1,024,501	(133,238)
Technology	524,570	524,570	312,306	212,264
Contribution to City of Buena Vista, Virginia	193,474	193,474	294,189	(100,715)
Total Education of Schools	<u>\$ 11,200,441</u>	<u>\$ 11,200,441</u>	<u>\$ 11,166,562</u>	<u>\$ 33,879</u>

Total education	<u>11,200,441</u>	<u>11,200,441</u>	<u>11,166,562</u>	<u>33,879</u>
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Total School Operating Fund	<u>\$ 11,200,441</u>	<u>\$ 11,200,441</u>	<u>\$ 11,166,562</u>	<u>\$ 33,879</u>
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Special Revenue Fund:**School Cafeteria Fund:**

Education:

School food services:

School Nutrition	\$ 420,020	\$ 420,020	\$ 532,448	\$ (112,428)
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Total education	<u>\$ 420,020</u>	<u>\$ 420,020</u>	<u>\$ 532,448</u>	<u>\$ (112,428)</u>
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Total School Cafeteria Fund	<u>\$ 420,020</u>	<u>\$ 420,020</u>	<u>\$ 532,448</u>	<u>\$ (112,428)</u>
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Total Discretely Presented Component Unit - School Board	<u>\$ 11,620,461</u>	<u>\$ 11,620,461</u>	<u>\$ 11,699,010</u>	<u>\$ (78,549)</u>
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STATISTICAL SECTION

STATISTICAL SECTION

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

City of Buena Vista, Virginia

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 7,461,749	\$ 7,825,868	\$ 8,383,865	\$ 8,787,455
Restricted	104,685	107,314	191,002	203,321
Unrestricted	1,955,998	1,602,552	1,991,915	2,535,594
Total governmental activities net position	<u>\$ 9,522,432</u>	<u>\$ 9,535,734</u>	<u>\$ 10,566,782</u>	<u>\$ 11,526,370</u>
Business-type activities				
Net investment in capital assets	\$ 1,304,944	\$ (2,890,305)	\$ (1,603,483)	\$ (805,396)
Restricted	186,704	3,211,557	814,994	849,815
Unrestricted	548,085	1,288,213	1,225,491	994,498
Total business-type activities net position	<u>\$ 2,039,733</u>	<u>\$ 1,609,465</u>	<u>\$ 437,002</u>	<u>\$ 1,038,917</u>
Primary government				
Net investment in capital assets	\$ 8,766,693	\$ 4,935,563	\$ 6,780,382	\$ 7,982,059
Restricted	291,389	3,318,871	1,005,996	1,053,136
Unrestricted	2,504,083	2,890,765	3,217,406	3,530,092
Total primary government net position	<u>\$ 11,562,165</u>	<u>\$ 11,145,199</u>	<u>\$ 11,003,784</u>	<u>\$ 12,565,287</u>

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 7,963,203	\$ 8,551,947	\$ 9,164,709	\$ 9,418,051	\$ 9,710,411	\$ 9,672,482
204,585	205,881	207,337	208,672	310,654	182,606
482,642	1,191,643	941,248	(143,522)	(1,106,904)	(2,025,561)
<u>\$ 8,650,430</u>	<u>\$ 9,949,471</u>	<u>\$ 10,313,294</u>	<u>\$ 9,483,201</u>	<u>\$ 8,914,161</u>	<u>\$ 7,829,527</u>
\$ 49,145	\$ (125,963)	\$ (271,422)	\$ (421,031)	\$ (618,159)	\$ (1,263,416)
839,260	815,382	782,330	589,348	649,457	638,209
(702,747)	(1,226,666)	(1,760,050)	(2,240,550)	(2,985,941)	(3,262,826)
<u>\$ 185,658</u>	<u>\$ (537,247)</u>	<u>\$ (1,249,142)</u>	<u>\$ (2,072,233)</u>	<u>\$ (2,954,643)</u>	<u>\$ (3,888,033)</u>
\$ 8,012,348	\$ 8,425,984	\$ 8,893,287	\$ 8,997,020	\$ 9,092,252	\$ 8,409,066
1,043,845	1,021,263	989,667	798,020	960,111	820,815
(220,105)	(35,023)	(818,802)	(2,384,072)	(4,092,845)	(5,288,387)
<u>\$ 8,836,088</u>	<u>\$ 9,412,224</u>	<u>\$ 9,064,152</u>	<u>\$ 7,410,968</u>	<u>\$ 5,959,518</u>	<u>\$ 3,941,494</u>

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government administration	\$ 1,488,136	\$ 1,555,693	\$ 1,434,120	\$ 1,352,667
Judicial administration	698,976	834,369	781,762	744,136
Public safety	1,853,412	1,974,531	2,094,716	2,421,580
Public works	1,645,418	1,532,334	1,528,167	1,543,028
Health and welfare	1,373,423	1,387,794	1,262,700	1,430,280
Education	2,429,651	2,388,442	2,678,335	2,507,520
Parks, recreation and cultural	470,587	493,121	502,721	512,800
Community development	440,144	524,202	380,195	476,304
Interest on long-term debt	340,654	329,680	328,515	244,753
Total governmental activities expenses	\$ 10,740,401	\$ 11,020,166	\$ 10,991,231	\$ 11,233,068
Business-type activities:				
Water and sewer	\$ 1,734,258	\$ 2,057,106	\$ 2,147,225	\$ 2,164,971
Sewer	-	-	-	-
Golf course	1,191,768	1,201,667	1,060,556	1,041,770
Total business-type activities expenses	\$ 2,926,026	\$ 3,258,773	\$ 3,207,781	\$ 3,206,741
Total primary government expenses	\$ 13,666,427	\$ 14,278,939	\$ 14,199,012	\$ 14,439,809
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 8,441	\$ 19,321	\$ 12,854	\$ 3,129
Judicial administration	2,041	1,488	894	1,413
Public safety	71,311	107,031	92,936	101,687
Public works	471,529	526,476	594,270	732,987
Parks, recreation and cultural	69,415	97,802	103,445	92,251
Operating grants and contributions	2,913,191	3,042,330	2,952,688	3,287,030
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 3,535,928	\$ 3,794,448	\$ 3,757,087	\$ 4,218,497
Business-type activities:				
Charges for services:				
Water and sewer	\$ 1,587,034	\$ 1,975,335	\$ 2,006,397	\$ 2,064,255
Sewer	-	-	-	-
Golf course	418,580	487,851	471,885	439,807
Capital grants and contributions	-	-	190,455	813,106
Total business-type activities program revenues	\$ 2,005,614	\$ 2,463,186	\$ 2,668,737	\$ 3,317,168
Total primary government program revenues	\$ 5,541,542	\$ 6,257,634	\$ 6,425,824	\$ 7,535,665
Net (expense) / revenue				
Governmental activities	\$ (7,204,473)	\$ (7,225,718)	\$ (7,234,144)	\$ (7,014,571)
Business-type activities	(920,412)	(795,587)	(539,044)	110,427
Total primary government net expense	\$ (8,124,885)	\$ (8,021,305)	\$ (7,773,188)	\$ (6,904,144)

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,331,648	\$ 1,433,595	\$ 1,451,815	\$ 1,436,939	\$ 1,464,836	\$ 1,610,849
739,630	784,356	860,720	880,505	1,027,787	980,103
2,078,802	2,265,851	2,631,032	2,864,208	3,060,196	3,132,569
1,710,983	1,960,690	2,064,999	2,316,348	2,413,388	2,416,545
1,515,132	1,487,186	2,094,471	2,534,961	3,382,721	3,074,478
3,987,920	2,461,405	3,053,399	2,917,688	2,669,456	2,907,138
467,036	541,016	616,884	606,652	617,980	568,944
443,371	437,882	483,507	464,611	475,645	992,368
237,479	195,175	180,959	183,087	207,889	144,151
<u>\$ 12,512,001</u>	<u>\$ 11,567,156</u>	<u>\$ 13,437,786</u>	<u>\$ 14,204,999</u>	<u>\$ 15,319,898</u>	<u>\$ 15,827,145</u>
\$ 2,111,346	\$ 2,309,955	\$ 2,298,746	\$ 2,269,976	\$ 2,474,759	\$ 1,592,637
-	-	-	-	-	891,033
1,171,247	1,072,226	1,061,779	1,035,255	1,004,867	1,053,312
<u>\$ 3,282,593</u>	<u>\$ 3,382,181</u>	<u>\$ 3,360,525</u>	<u>\$ 3,305,231</u>	<u>\$ 3,479,626</u>	<u>\$ 3,536,982</u>
<u>\$ 15,794,594</u>	<u>\$ 14,949,337</u>	<u>\$ 16,798,311</u>	<u>\$ 17,510,230</u>	<u>\$ 18,799,524</u>	<u>\$ 19,364,127</u>
\$ 2,418	\$ 6,111	\$ 2,583	\$ 3,507	\$ 2,241	\$ 3,495
1,082	1,657	1,669	881	1,058	1,970
65,546	72,387	73,081	81,260	52,353	38,379
716,207	714,462	744,410	677,866	674,044	745,969
85,177	86,880	94,478	91,188	88,017	59,909
2,869,831	3,330,959	4,526,619	4,545,783	4,948,486	5,266,448
-	-	-	-	200,804	1,040
<u>\$ 3,740,261</u>	<u>\$ 4,212,456</u>	<u>\$ 5,442,840</u>	<u>\$ 5,400,485</u>	<u>\$ 5,967,003</u>	<u>\$ 6,117,210</u>
\$ 2,113,865	\$ 2,065,614	\$ 2,044,753	\$ 2,042,514	\$ 2,024,132	\$ 1,107,618
-	-	-	-	-	939,537
385,436	352,310	331,401	301,263	301,310	251,533
38,901	100	-	-	-	-
<u>\$ 2,538,202</u>	<u>\$ 2,418,024</u>	<u>\$ 2,376,154</u>	<u>\$ 2,343,777</u>	<u>\$ 2,325,442</u>	<u>\$ 2,298,688</u>
<u>\$ 6,278,463</u>	<u>\$ 6,630,480</u>	<u>\$ 7,818,994</u>	<u>\$ 7,744,262</u>	<u>\$ 8,292,445</u>	<u>\$ 8,415,898</u>
\$ (8,771,740)	\$ (7,354,700)	\$ (7,994,946)	\$ (8,804,514)	\$ (9,352,895)	\$ (9,709,935)
(744,391)	(964,157)	(984,371)	(961,454)	(1,154,184)	(1,238,294)
<u>\$ (9,516,131)</u>	<u>\$ (8,318,857)</u>	<u>\$ (8,979,317)</u>	<u>\$ (9,765,968)</u>	<u>\$ (10,507,079)</u>	<u>\$ (10,948,229)</u>

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,009,886	\$ 4,948,762	\$ 5,777,309	\$ 5,655,373
Local sales and use taxes	397,404	378,736	407,119	366,318
Consumer utility taxes	248,874	256,535	269,962	264,219
Meals taxes	167,780	192,920	290,324	297,771
Cellular phone taxes and right of ways	328,377	321,702	-	-
Business and professional licenses taxes	174,242	177,887	175,858	172,418
Motor vehicle licenses taxes	127,561	125,579	170,345	170,032
Other local taxes	171,758	177,095	171,903	195,495
Unrestricted grants and contributions	736,104	675,434	1,007,441	994,313
Unrestricted revenues from use of money and property	139,688	160,234	136,639	168,566
Miscellaneous	146,107	189,394	186,182	180,254
Loss on disposition of assets	-	-	-	-
Transfers	(521,962)	(365,258)	(327,890)	(490,600)
Total governmental activities	\$ 7,125,819	\$ 7,239,020	\$ 8,265,192	\$ 7,974,159
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	4,272	61	8,653	888
Transfers	521,962	365,258	327,890	490,600
Total business-type activities	\$ 526,234	\$ 365,319	\$ 336,543	\$ 491,488
Total primary government	\$ 7,652,053	\$ 7,604,339	\$ 8,601,735	\$ 8,465,647
Change in Net Position				
Governmental activities	\$ (78,654)	\$ 13,302	\$ 1,031,048	\$ 959,588
Business-type activities	(394,178)	(430,268)	(202,501)	601,915
Total primary government	\$ (472,832)	\$ (416,966)	\$ 828,547	\$ 1,561,503

Note: In FY20, the City elected to split the water and sewer fund. Combined information is located on the water line for previous years.

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,600,403	\$ 5,974,703	\$ 5,905,508	\$ 6,027,804	\$ 6,045,670	\$ 6,043,063
396,151	378,543	377,061	388,643	387,031	435,404
264,454	263,677	263,392	267,128	260,778	268,597
326,384	340,008	319,870	314,150	354,913	360,599
-	-	-	-	-	-
174,344	174,412	184,093	176,301	189,708	202,935
166,550	166,467	168,992	161,220	160,662	154,522
203,309	196,196	201,057	211,825	193,408	193,811
1,039,468	982,759	973,816	959,916	949,351	936,840
190,386	182,946	183,630	174,807	210,411	205,052
214,621	235,226	160,503	228,992	364,791	234,821
-	-	-	-	-	-
(441,351)	(241,196)	(270,794)	(253,937)	(254,018)	(294,129)
\$ 8,134,719	\$ 8,653,741	\$ 8,467,128	\$ 8,656,849	\$ 8,862,705	\$ 8,741,515
\$ -	\$ 40	\$ 902	\$ 7,335	\$ 15,970	\$ 9,785
447	16	780	8,663	1,786	990
441,351	241,196	270,794	253,937	254,018	294,129
\$ 441,798	\$ 241,252	\$ 272,476	\$ 269,935	\$ 271,774	\$ 304,904
\$ 8,576,517	\$ 8,894,993	\$ 8,739,604	\$ 8,926,784	\$ 9,134,479	\$ 9,046,419
\$ (637,021)	\$ 1,299,041	\$ 472,182	\$ (147,665)	\$ (490,190)	\$ (968,420)
(302,593)	(722,905)	(711,895)	(691,519)	(882,410)	(933,390)
\$ (939,614)	\$ 576,136	\$ (239,713)	\$ (839,184)	\$ (1,372,600)	\$ (1,901,810)

City of Buena Vista, Virginia

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Meals Tax	Cell Phone Tax	Business License Tax
2020	\$ 6,043,063	\$ 435,404	\$ 268,597	\$ 360,599	\$ -	\$ 202,935
2019	6,045,670	387,031	260,778	354,913	-	189,708
2018	6,027,804	388,643	267,128	314,150	-	176,301
2017	5,905,508	377,061	263,392	319,870	-	184,093
2016	5,974,703	378,543	263,677	340,008	-	174,412
2015	5,600,403	396,151	264,454	326,384	-	174,344
2014	5,655,373	366,318	264,219	297,771	-	172,418
2013	5,777,309	407,119	269,962	290,324	-	175,858
2012	4,948,762	378,736	256,535	192,920	321,702	177,887
2011	5,009,886	397,404	248,874	167,780	328,377	174,242

Table 3

Motor Vehicle License Tax	Other Local Tax	Total
\$ 154,522	\$ 193,811	\$ 7,658,931
160,662	193,408	7,592,170
161,220	211,825	7,547,071
168,992	201,057	7,419,973
166,467	196,196	7,494,006
166,550	203,309	7,131,595
170,032	195,495	7,121,626
170,345	171,903	7,262,820
125,579	177,095	6,579,216
127,561	171,758	6,625,882

City of Buena Vista, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ -	\$ 23,647	\$ 24,741	\$ 26,568
Restricted	104,685	107,314	108,540	109,520
Unassigned	1,178,003	1,028,297	1,392,969	2,297,349
Total general fund	<u>\$ 1,282,688</u>	<u>\$ 1,159,258</u>	<u>\$ 1,526,250</u>	<u>\$ 2,433,437</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ 1,075
Restricted:				
Community development block grant	74,784	87,128	82,462	93,801
School capital projects	-	-	222,846	223,184
Assigned:				
Debt service	614,525	565,546	486,693	255,195
Senior Center	-	7,806	9,529	5,761
Green Hill Cemetary	61,627	60,481	51,536	46,188
Parks and recreation	-	-	-	-
Unassigned, reported in:				
Special revenue funds	(50,987)	(64,781)	(66,009)	(80,744)
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 699,949</u>	<u>\$ 656,180</u>	<u>\$ 787,057</u>	<u>\$ 544,460</u>

Note: GASB 54 was implemented during fiscal year 2011

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 27,924	\$ 132,433	\$ 98,341	\$ 93,516	\$ 89,159	\$ 92,006
110,509	111,408	112,412	113,427	230,835	116,987
2,698,796	3,044,256	2,790,572	2,434,483	1,471,951	975,465
<u>\$ 2,837,229</u>	<u>\$ 3,288,097</u>	<u>\$ 3,001,325</u>	<u>\$ 2,641,426</u>	<u>\$ 1,791,945</u>	<u>\$ 1,184,458</u>
\$ -	\$ 818	\$ 818	\$ 818	\$ 2,291	\$ 2,343
94,076	94,473	94,925	95,245	79,819	65,619
214,496	-	-	-	-	-
-	-	-	-	-	-
4,512	7,382	5,715	6,818	7,603	8,415
38,305	33,002	26,564	19,035	14,650	8,951
-	-	-	-	14,930	9,591
(66,610)	(62,692)	(71,600)	(16,358)	-	-
<u>(228,900)</u>	<u>(14,375)</u>	<u>(13,827)</u>	<u>(14,374)</u>	<u>-</u>	<u>-</u>
<u>\$ 55,879</u>	<u>\$ 58,608</u>	<u>\$ 42,595</u>	<u>\$ 91,184</u>	<u>\$ 119,293</u>	<u>\$ 94,919</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
General property taxes	\$ 5,000,774	\$ 5,128,101	\$ 5,566,575	\$ 5,816,792
Other local taxes	1,615,996	1,630,454	1,485,511	1,466,253
Permits, privilege fees and regulatory licenses	32,548	43,497	35,195	56,039
Fines and forfeitures	56,870	88,951	78,145	85,102
Revenue from use of money and property	139,688	160,234	136,639	168,566
Charges for services	532,071	619,670	691,059	790,326
Miscellaneous	146,107	211,218	186,182	180,254
Recovered costs	30,537	43,878	26,142	38,313
Intergovernmental:				
Local government	324,093	372,953	372,953	372,953
Commonwealth	3,201,924	3,226,557	3,481,495	3,865,603
Federal	123,278	118,254	105,681	42,787
Total revenues	\$ 11,203,886	\$ 11,643,767	\$ 12,165,577	\$ 12,882,988
Expenditures				
General government administration	\$ 1,111,062	\$ 1,182,731	\$ 1,069,263	\$ 1,040,690
Judicial administration	683,819	813,087	768,349	730,301
Public safety	1,775,565	2,104,240	2,012,328	2,344,890
Public works	1,494,922	1,500,611	1,452,948	1,466,101
Health and welfare	1,386,566	1,408,127	1,268,530	1,468,281
Education	2,239,651	2,160,872	2,469,550	2,283,301
Parks, recreation and cultural	478,682	521,591	490,914	510,236
Community development	450,938	542,077	399,905	480,235
Capital outlay	48,384	51,483	328,280	15,583
Debt service				
Principal	942,103	1,000,969	1,246,281	1,104,081
Interest and other fiscal charges	323,070	335,920	343,443	284,099
Total expenditures	\$ 10,934,762	\$ 11,621,708	\$ 11,849,791	\$ 11,727,798
Excess (deficiency) of revenues over (under) expenditures	\$ 269,124	\$ 22,059	\$ 315,786	\$ 1,155,190
Other financing sources (uses)				
Transfers in	\$ 951,086	\$ 950,648	\$ 879,436	\$ 698,134
Transfers out	(1,473,048)	(1,315,906)	(1,207,326)	(1,188,734)
Refunding bonds issued	-	-	-	-
Issuance of long-term debt	-	176,000	-	-
Issuance of general obligation bonds	-	-	509,973	-
Issuance of refunding loan payable	750,000	-	-	-
Redemption of refunded loan	(750,000)	-	-	-
Total other financing sources (uses)	\$ (521,962)	\$ (189,258)	\$ 182,083	\$ (490,600)
Net change in fund balances	\$ (252,838)	\$ (167,199)	\$ 497,869	\$ 664,590
Debt service as a percentage of noncapital expenditures	11.62%	11.82%	13.79%	11.84%

Table 5

Fiscal Year						
	2015	2016	2017	2018	2019	2020
\$	5,687,818	\$ 5,741,167	\$ 5,803,302	\$ 6,005,861	\$ 6,037,950	\$ 6,115,416
	1,531,192	1,519,303	1,514,465	1,519,267	1,546,500	1,615,868
	44,163	40,924	66,319	37,805	24,621	78,875
	52,441	57,242	57,544	66,589	40,254	30,308
	190,386	182,946	183,630	174,807	210,411	205,052
	773,826	783,331	792,358	750,308	752,838	740,539
	214,621	235,226	160,503	228,992	364,791	234,821
	6,062	10,776	30,787	33,502	59,931	30,764
	48,860	193,474	193,474	193,474	169,088	294,189
	3,805,864	4,053,919	5,102,195	4,931,116	5,454,072	5,408,275
	54,575	66,325	204,766	381,109	475,481	501,864
\$	<u>12,409,808</u>	<u>\$ 12,884,633</u>	<u>\$ 14,109,343</u>	<u>\$ 14,322,830</u>	<u>\$ 15,135,937</u>	<u>\$ 15,255,971</u>
\$	1,087,930	\$ 1,171,159	\$ 1,198,390	\$ 1,126,123	\$ 1,219,895	\$ 1,330,504
	750,287	789,640	844,801	854,800	1,012,532	930,891
	2,108,910	2,205,651	2,647,082	2,858,765	3,062,164	2,950,132
	1,933,435	2,193,090	2,843,347	2,427,429	2,571,675	2,229,030
	1,512,651	1,487,742	2,115,142	2,609,039	3,426,113	3,088,727
	2,286,258	2,220,877	2,812,881	2,648,982	2,457,090	2,694,787
	457,666	531,499	615,116	643,457	619,851	544,464
	759,790	444,948	491,121	480,471	597,487	985,609
	223,186	294,357	55	65	80	65
	1,003,427	928,069	511,865	574,197	698,741	694,383
	229,706	217,100	185,917	156,875	218,429	176,926
\$	<u>12,353,246</u>	<u>\$ 12,484,132</u>	<u>\$ 14,265,717</u>	<u>\$ 14,380,203</u>	<u>\$ 15,884,057</u>	<u>\$ 15,625,518</u>
\$	<u>56,562</u>	<u>\$ 400,501</u>	<u>\$ (156,374)</u>	<u>\$ (57,373)</u>	<u>\$ (748,120)</u>	<u>\$ (369,547)</u>
\$	880,904	\$ 587,788	\$ 609,992	\$ 672,207	\$ 620,092	\$ 491,043
	(1,322,255)	(828,984)	(880,786)	(926,144)	(874,110)	(785,172)
	300,000	-	-	-	-	-
	-	294,292	232,742	-	139,475	31,815
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>(141,351)</u>	<u>\$ 53,096</u>	<u>\$ (38,052)</u>	<u>\$ (253,937)</u>	<u>\$ (114,543)</u>	<u>\$ (262,314)</u>
\$	<u>(84,789)</u>	<u>\$ 453,597</u>	<u>\$ (194,426)</u>	<u>\$ (311,310)</u>	<u>\$ (862,663)</u>	<u>\$ (631,861)</u>
	10.65%	9.39%	9.39%	5.22%	5.98%	5.60%

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	Motor Vehicle License Tax	Bank Stock Tax	Recordation and Wills Tax
2020	\$ 6,115,416	\$ 435,404	\$ 268,597	\$ 202,935	\$ 154,522	\$ 35,588	\$ 38,784
2019	6,037,950	387,031	260,778	189,708	160,662	32,698	40,337
2018	6,005,861	388,643	267,128	176,301	161,220	56,012	32,543
2017	5,803,302	377,061	263,392	184,093	168,992	48,715	26,039
2016	5,741,167	378,543	263,677	174,412	166,467	44,278	25,412
2015	5,687,818	396,151	264,454	174,344	166,550	48,115	24,724
2014	5,816,792	366,318	264,219	172,418	170,032	38,430	25,949
2013	5,566,575	407,119	269,962	175,858	170,345	26,755	27,607
2012	5,128,101	378,736	256,535	177,887	125,579	47,100	25,867
2011	5,000,774	397,404	248,874	174,242	127,561	54,919	23,283

Table 6

Meals Tax	Other Local Tax	Total
\$ 360,599	\$ 119,439	\$ 7,731,284
354,913	120,373	7,584,450
314,150	123,270	7,525,128
319,870	126,303	7,317,767
340,008	126,506	7,260,470
326,384	130,470	7,219,010
297,771	131,116	7,283,045
290,324	117,541	7,052,086
192,920	425,830	6,758,555
167,780	421,933	6,616,770

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

Fiscal Year		Real Estate (1)		Personal Property (3)		Public Service (2)		Total Taxable Assessed Value		Estimated Actual Taxable Value		State Sales Assessment Ratio (4)		Total Direct Rate
2020	\$	328,436,550	\$	43,179,143	\$	21,972,178	\$	393,587,871	\$	395,406,742		99.54%	\$	12.52
2019		327,800,980		43,730,511		22,218,021		393,749,512		381,244,686		103.28%		12.52
2018		327,498,090		42,979,676		23,322,541		393,800,307		334,040,467		117.89%		12.52
2017		327,313,460		40,865,214		23,005,034		391,183,708		341,704,846		114.48%		12.52
2016		364,742,820		41,387,341		21,978,142		428,108,303		372,203,359		115.02%		12.30
2015		370,299,700		38,823,781		16,226,569		425,350,050		340,388,964		124.96%		12.30
2014		369,965,100		37,597,333		14,908,769		460,953,526		379,448,079		121.48%		12.24
2013		369,766,300		38,482,324		14,824,925		460,318,115		395,836,370		116.29%		12.24
2012		398,252,780		37,244,566		13,617,540		484,629,216		422,040,596		114.83%		11.96
2011		396,922,080		35,514,330		13,884,688		446,321,098		432,314,120		103.24%		11.90

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

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

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

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

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

Fiscal Years	Direct Rates				Total Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2020	\$ 1.21	\$ 5.85	\$ 1.21	\$ 4.25	\$ 12.52
2019	1.21	5.85	1.21	4.25	12.52
2018	1.21	5.85	1.21	4.25	12.52
2017	1.21	5.85	1.21	4.25	12.52
2016	1.10	5.85	1.10	4.25	12.30
2015	1.10	5.85	1.10	4.25	12.30
2014	1.07	5.85	1.07	4.25	12.24
2013	1.07	5.85	1.07	4.25	12.24
2012	0.93	5.85	0.93	4.25	11.96
2011	0.90	5.85	0.90	4.25	11.90

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 2020		Fiscal Year 2011	
		2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric and Power	Utility	\$ 12,337,091	3.13%	\$ 7,167,145	1.61%
Modine	Manufacturing	5,848,700	1.49%	7,751,290	1.74%
Columbia Gas of Virginia (1)	Utility	5,584,824	1.42%	-	0.00%
Nibco (1)	Manufacturing	5,156,000	1.31%	-	0.00%
GPH Buena Vista LLC	Nursing Home	3,625,000	0.92%	3,651,500	0.82%
Rebkee Partners Hilltop LLC	Retail Merchants	3,153,500	0.80%	3,165,500	0.71%
Eforay	Research & Develop-Air Cond	3,152,800	0.80%	4,233,280	0.95%
Treemont Village Preservation (1)	Apartments	3,026,200	0.77%	-	0.00%
Everbrite	Manufacturing	2,972,700	0.76%	3,311,670	0.74%
Knopp Company	Apartments	2,818,300	0.72%	2,870,820	0.64%
Beverley Everette L ET UX	Real Estate	2,449,400	0.62%	3,133,800	0.70%
Beans Bottom LLC (1)	Real Estate	2,288,000	0.58%	-	0.00%
Daryl Limited Co	Manufacturing	2,215,200	0.56%	2,613,700	0.59%
Hillcrest Manor LLC	Apartments	2,088,400	0.53%	-	0.00%
		<u>\$ 56,716,115</u>	<u>14.41%</u>	<u>\$ 37,898,705</u>	<u>8.49%</u>

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2010

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for		Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (1)		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$	6,662,964	\$ 6,260,700	93.96%	\$ -	\$ 6,260,700	93.96%
2019		6,656,869	6,230,502	93.60%	215,983	6,446,485	96.84%
2018		6,582,676	6,159,283	93.57%	276,678	6,435,961	97.77%
2017		6,500,078	6,044,153	92.99%	360,859	6,405,012	98.54%
2016		6,521,393	6,102,140	93.57%	368,908	6,471,048	99.23%
2015		6,374,749	6,032,482	94.63%	318,824	6,351,306	99.63%
2014		6,229,683	5,829,158	93.57%	400,517	6,229,675	100.00%
2013		6,195,432	5,838,533	94.24%	356,891	6,195,424	100.00%
2012		5,849,241	5,475,831	93.62%	373,403	5,849,234	100.00%
2011		5,661,547	5,377,064	94.98%	284,477	5,661,541	100.00%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia

City of Buena Vista, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-type Activities		
	General Obligation Bonds	Literary Fund Loans	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases	Other Obligations
2020	\$ 347,706	\$ 750,000	\$ -	\$ 2,259,221	\$ 199,450	\$ 14,516,470	\$ -	\$ 1,201,840
2019	370,887	1,125,000	-	2,326,683	396,375	14,771,250	-	1,201,840
2018	394,068	1,500,000	-	2,406,810	357,192	14,918,406	-	1,201,840
2017	417,249	1,875,000	-	2,462,382	477,636	15,088,052	-	1,201,840
2016	440,430	2,250,000	-	2,531,282	289,678	15,315,298	-	1,201,840
2015	463,611	2,625,000	-	3,009,116	47,437	15,535,249	-	1,201,840
2014	486,792	3,000,000	444,864	2,760,658	156,279	15,953,006	-	983,874
2013	823,774	3,375,000	602,188	2,892,176	259,536	16,323,696	-	655,318
2012	627,636	3,750,000	765,422	3,163,754	382,170	16,692,334	-	424,019
2011	941,454	4,125,000	926,292	3,193,926	101,859	13,127,451	-	-

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)
\$	19,274,687	13.94%	\$ 2,986
	20,192,035	17.69%	3,179
	20,778,316	20.02%	3,284
	21,522,159	21.07%	3,310
	22,028,528	18.06%	3,332
	22,882,253	18.30%	3,479
	23,785,473	20.33%	3,713
	24,931,688	16.37%	3,889
	25,805,335	16.37%	3,889
	22,415,982	13.01%	3,464

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)
2020	\$ 1,097,706	\$ -	\$ 1,097,706	0.28%	\$ 170
2019	1,495,887	-	1,495,887	0.38%	236
2018	1,894,068	-	1,894,068	0.48%	299
2017	2,292,249	-	2,292,249	0.59%	353
2016	2,690,430	-	2,690,430	0.63%	395
2015	3,088,611	-	3,088,611	0.73%	450
2014	3,486,792	-	3,486,792	0.76%	510
2013	4,198,774	-	4,198,774	0.91%	625
2012	4,377,636	-	4,377,636	0.90%	660
2011	5,066,454	-	5,066,454	1.14%	783

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

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

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

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

	Fiscal Year			
	2011	2012	2013	2014
Debt limit (1)	\$ 39,692,208	\$ 39,825,278	\$ 36,976,630	\$ 36,996,510
Total net debt applicable to limit (2)	<u>22,415,982</u>	<u>25,805,335</u>	<u>24,931,688</u>	<u>23,785,473</u>
Legal debt margin	<u>\$ 17,276,226</u>	<u>\$ 14,019,943</u>	<u>\$ 12,044,942</u>	<u>\$ 13,211,037</u>
Total net debt applicable to the limit as a percentage of debt limit	56.47%	64.80%	67.43%	64.29%

(1) The debt limit is calculated on Table 7

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

Table 13

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 37,029,970	\$ 36,474,282	\$ 32,731,346	\$ 32,749,809	\$ 32,780,098	\$ 32,843,655
<u>22,882,353</u>	<u>22,028,528</u>	<u>21,522,159</u>	<u>20,778,316</u>	<u>20,192,035</u>	<u>19,274,687</u>
\$ <u>14,147,617</u>	\$ <u>14,445,754</u>	\$ <u>11,209,187</u>	\$ <u>11,971,493</u>	\$ <u>12,588,063</u>	\$ <u>13,568,968</u>
61.79%	60.39%	65.75%	63.45%	61.60%	58.69%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds (1)											
Fiscal Year	Water		Less:		Net		Coverage				
	Charges and Other		Operating Expenses		Available Revenue	Debt Service					
						Principal	Interest				
2020 (2)	\$	1,107,618	\$	1,286,170	\$	(178,552)	\$	218,940	\$	309,953	-33.76%
2019 (2)		2,024,132		2,160,283		(136,151)		130,614		315,976	-30.49%
2018 (2)		2,050,364		1,886,186		164,178		148,509		322,088	34.89%
2017		2,045,288		1,919,514		125,774		195,081		329,004	24.00%
2016		2,065,614		1,926,450		139,164		188,768		337,798	26.43%
2015		2,113,865		1,767,302		346,563		178,349		345,431	66.17%
2014		2,064,255		1,777,994		286,261		172,201		333,967	56.55%
2013		2,014,987		1,689,750		325,237		125,258		403,401	61.52%
2012		1,975,335		1,664,180		311,155		299,091		333,964	49.15%
2011		1,591,284		1,575,252		16,032		78,266		159,006	6.76%

- (1) Increase in principal and interest paid is due to the refinancing of several issues with the 2011A issue.
- (2) The amount reported as principal and interest for the Golf Course Revenue Bonds reflects the amount of debt service owed rather than the amount actually paid. Reference note 25 to the financial statements for additional information regarding the reason for this difference.

Table 14

Golf Course Revenue Bonds (1)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 252,523	\$ 558,823	\$ (306,300)	\$ 310,841	\$ 425,023		-41.62%
303,096	509,167	(206,071)	276,542	439,832		-32.62%
302,076	538,666	(236,590)	271,137	454,197		-32.62%
331,646	523,001	(191,355)	267,165	538,778		-23.74%
352,326	554,531	(202,205)	256,246	517,695		-26.13%
385,443	523,442	(137,999)	239,408	610,843		-16.23%
440,695	506,793	(66,098)	228,489	534,977		-8.66%
471,948	508,621	(36,673)	213,380	551,935		-4.79%
487,912	617,024	(129,112)	899,525	584,643		-8.70%
418,602	662,568	(243,966)	307,020	529,200		-29.17%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2020	6,454	\$ 138,238,226	\$ 21,419	35.5	876	6.40%
2019	6,351	114,121,119	17,969	36.4	894	3.10%
2018	6,327	103,794,435	16,405	35.1	923	4.10%
2017	6,502	102,126,914	15,707	38.1	997	5.20%
2016	6,817	119,024,820	17,460	38.1	966	5.20%
2015	6,867	126,716,751	18,453	36.8	1,046	6.40%
2014	6,836	129,979,704	19,014	36.8	1,046	6.30%
2013	6,714	122,651,352	18,268	36.8	1,198	7.70%
2012	6,636	157,624,908	23,753	37.6	1,198	7.40%
2011	6,471	172,309,592	26,628	39.3	1,104	8.60%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Peoplelink Staffing Solutions	226	1	6.90%	-	N/A	6.04%
Modine	221	2	6.75%	174	2	0.00%
Munters Corp	197	3	6.02%	176	4	4.85%
Buena Vista City Public Schools	179	4	5.47%	1,998	3	4.18%
Napa Transportation Inc	143	5	4.37%	-	N/A	4.73%
Pro Careers	130	6	3.97%	-	N/A	0.00%
City of Buena Vista, VA	77	7	2.35%	77	8	1.86%
Everbrite	62	8	1.89%	99	6	2.24%
ADS	51	9	1.56%	36	10	0.00%
Northwest Hardwoods	48	10	1.47%	-	N/A	0.91%
Totals	<u>1,334</u>		<u>40.75%</u>	<u>1,276</u>		<u>30.47%</u>

Source: BLS, VEC, Businesses

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	12	12	11	11	12	12	12	12	12	12
Judicial administration	8	8	8	8	8	8	9	9	9	9
Public safety										
Police department	16	15	15	15	15	17	18	18	18	18
Building inspections	1	1	1	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	1	0	0	0	0
Public works										
General maintenance	33	33	33	34	34	32	33	33	33	31
Culture and recreation										
Parks and recreation	5	5	3	4	4	4	4	5	5	4
Community development										
Planning	2	2	2	2	2	2	2	2	2	2
Totals	<u>78</u>	<u>77</u>	<u>74</u>	<u>76</u>	<u>77</u>	<u>77</u>	<u>79</u>	<u>80</u>	<u>80</u>	<u>77</u>

Source: Individual City departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriffs department:										
Civil papers	3,888	4,021	4004	4004	4004	4004	4004	4004	4004	4004
Building inspections:										
Permits issued	62	61	66	61	71	71	61	55	77	119
Landfill:										
Recycling (tons/year)	367	377	343	343	343	343	343	343	0	0
Community development										
Planning:										
Zoning permits issued	63	64	46	48	36	36	50	61	52	63
Component Unit - School Board										
Education:										
School age population	1,135	1,175	1,035	1,046	1,046	965	930	948	940	1,040
Number of teachers	98	88	86	80	80	79	75	77	70	72
Local expenditures per pupil	\$ 2,276	\$ 2,114	\$ 1,944	\$ 9,238	\$ 9,709	\$ 9,709	\$ 9,709	\$ 3,343	\$ 1,879	\$ 2,021

Source: Individual City departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration buildings	18	18	18	18	18	18	18	18	18	18
Vehicles	1	1	1	1	1	1	1	1	1	1
Public safety										
Police department:										
Patrol units	19	19	16	16	16	21	21	21	21	21
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	28	29	30	27	27	28	28	28	28	28
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	5	6	6	6	6	6	6	6
Parks acreage	615	615	615	615	615	615	615	615	615	615
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	4	4	4	4	4	4	4	4	4	4
School buses	13	12	12	12	12	12	12	12	12	12

Source: Individual City departments

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Buena Vista, Virginia's basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 21, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2020. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 21, 2020

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families	93.556	Not available	\$ 2,377
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	Not available	525
Foster Care - Title IV-E	93.658	Not available	47,685
Adoption Assistance	93.659	Not available	52,969
Social Services Block Grant	93.667	86667	45,546
Total Department of Health and Human Services			\$ 149,102
Department of Treasury			
Pass Through Payments:			
Department of Accounts:			
Coronavirus Relief Fund	21.019	SLT0022	\$ 191,068
Total Department of Treasury			\$ 191,068
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 38,479
Department of Education:			
National School Lunch Program	10.555	40623	155,896
COVID19 National School Lunch Program	10.555	40264	13,219
Total CFDA 10.555			\$ 207,594
School Breakfast Program	10.553	40591	83,649
COVID19 School Breakfast Program	10.553	40263	7,256
Total CFDA 10.553			\$ 90,905
Summer Food Service Program for Children	10.559	Not available	136,059
COVID19 Summer Food Service Program for Children	10.559	60176	86,285
Department of Agriculture:			
Food Distribution	10.559	Not available	2,535
Total CFDA 10.559			\$ 224,879
Total Child Nutrition Cluster			\$ 523,378
Community Facilities Loans and Grants Cluster:			
Community Facilities Loans and Grants	10.766	Not available	17,500
Total Department of Agriculture			\$ 540,878
Environmental Protection Agency			
Pass Through Payments:			
Chesapeake Bay Program	66.466	Not available	\$ 866
Total Environmental Protection Agency			\$ 866
Department of Housing and Urban Development			
Pass Through Payments:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 3,147
Total Department of Housing and Urban Development			\$ 3,147
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	Not available	\$ 77,741
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	32,125
Total Department of Justice			\$ 109,866
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not available	\$ 7,500
Homeland Security Grant Program	97.067	Not available	13,865
Total Department of Homeland Security			\$ 21,365
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Not available	\$ 7,910
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	Not available	1,040
Total Department of Transportation			\$ 8,950

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 318,710
Career and Technical Education: Basic Grants to States	84.038	61095	18,393
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	43071	335,440
Title VI-B: Special Education - Preschool Grants	84.173	Not available	8,140
Total Special Education Cluster			\$ 343,580
Twenty-first Century Community Learning Centers	84.287	Not available	147,431
Student Support and Academic Enrichment Program	84.424	Not available	16,635
Rural Education	84.358	Not available	34,768
Supporting Effective Instruction State Grants	84.367	61480	40,065
Total Department of Education			\$ 919,582
Total Expenditures of Federal Awards			\$ 1,944,824

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Buena Vista, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pass-through identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE E - LOANS

The City did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

NOTE F - 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	\$ 501,864
Total primary government	\$ 501,864
Discretely presented component unit - School Board:	
School operating fund	\$ 919,582
School cafeteria fund	523,378
Total discretely presented component unit - School Board	\$ 1,442,960
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 1,944,824

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x no

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

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

Identification of major programs:

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

Child Nutrition Cluster

10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Title I, Part A

84.010	Title I Grants to Local Educational Agencies
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

There are no financial statement findings to report.

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

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

2019-001

Summary of Finding: The City did not record transactions for the School Board's self-insured health insurance plan.

Corrective Action

Taken: The City developed a school health insurance fund and recorded activity throughout the year.

2019-002

Summary of Finding: The City expended significantly more money than appropriated by City Council.

Corrective Action

Taken: Management closely monitors expenditures and City Council approves budget amendments when necessary.

2019-003

Summary of Finding: The School Board approved free lunch for students who should not have been.

Corrective Action

Taken: Management closely monitors applications and approval process to confirm that all federal guidelines are followed.