

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



# **CITY OF BUENA VISTA, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2017**

Prepared by

Timothy Dudley, Director of Finance

Buena Vista, Virginia

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

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## **INTRODUCTORY SECTION**



# CITY OF BUENA VISTA

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



November 30, 2017

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

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

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

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

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

## **Profile of the Government**

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

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

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

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

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

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

### **Local Economy**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

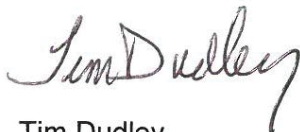
### **Awards and Acknowledgments**

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Tim Dudley". The signature is written in black ink and is positioned above the printed name and title.

Tim Dudley  
Finance Director



Government Finance Officers Association

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

Presented to

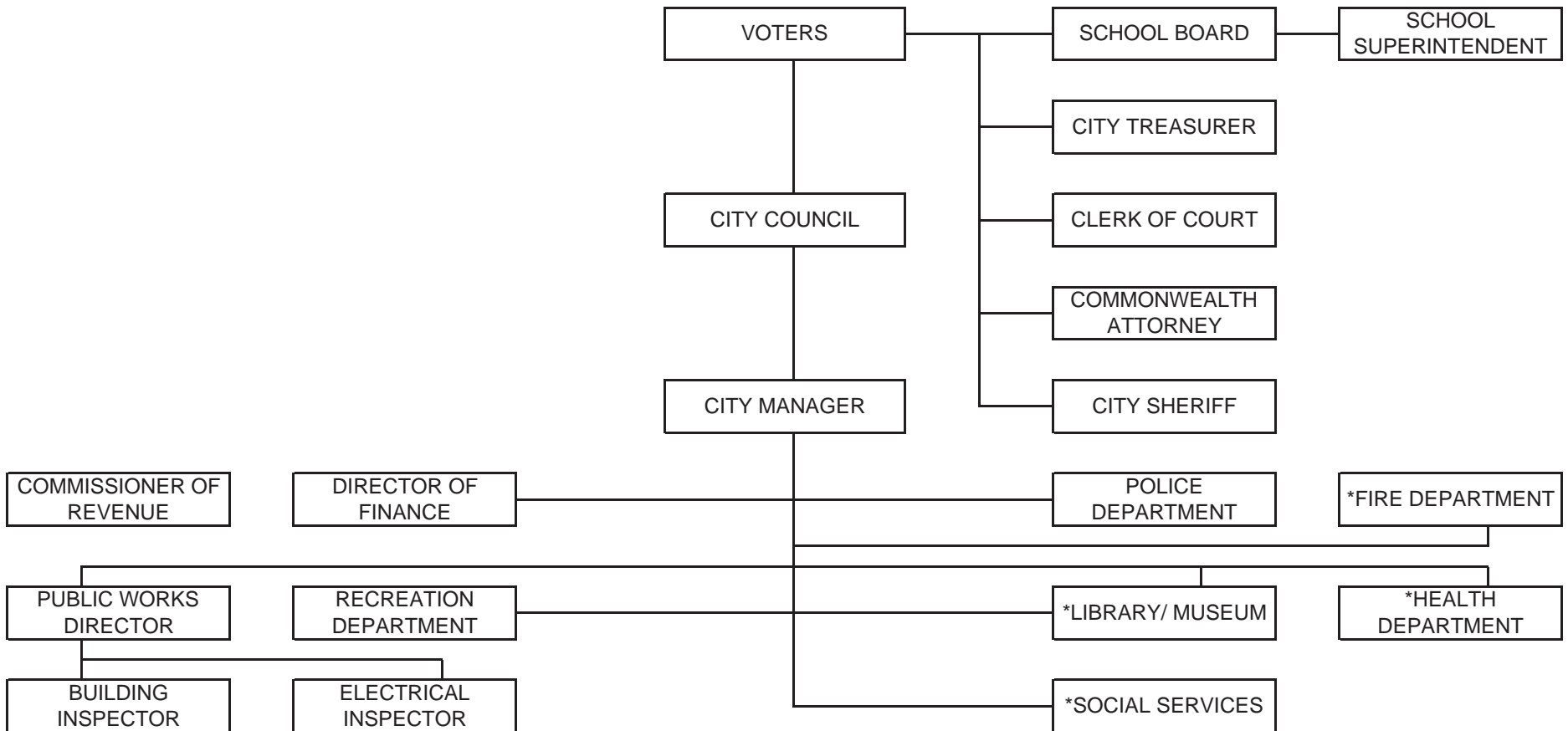
**City of Buena Vista  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**CITY OF BUENA VISTA  
ORGANIZATION CHART**



\*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

**CITY OF BUENA VISTA, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**FISCAL YEAR ENDED JUNE 30, 2017**

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**CITY COUNCIL**

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

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**CITY OFFICIALS**

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Larry Tolley ..... Mayor

Lisa Clark ..... Vice-Mayor

Jay Scudder ..... City Manager

MarVita F. Flint ..... Commissioner of Revenue

Timothy Dudley ..... Director of Finance

Mary Lee Huffman..... City Treasurer

Keith Hartman ..... Chief of Police

Chris Coleman ..... Clerk of Court

Randy Hamilton ..... Sheriff

Chris Russell ..... Commonwealth's Attorney

Brian Kearney ..... City Attorney

## **FINANCIAL SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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

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

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

### ***Auditors' Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Buena Vista, Virginia's internal control over financial reporting and compliance.

*Robinson, Finner, Cox Associates*

Staunton, Virginia  
November 30, 2017

## Management's Discussion and Analysis

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

### Financial Highlights

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

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

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

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

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **General Fund Budgetary Highlights**

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

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

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

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

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

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

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

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

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

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

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

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



## **Governmental Activities**

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

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

## **Business-type Activities**

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

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

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## Financial Analysis of the Government's Funds

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

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

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

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

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

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

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

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

## Capital Assets and Debt Administration

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

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

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

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

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

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

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

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

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

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

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

## **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position  
June 30, 2017

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

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

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City of Buena Vista, Virginia

Statement of Activities  
 Year Ended June 30, 2017

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2017

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

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

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

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

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds	\$ (194,426)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	333,641
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	331,947
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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.	279,123
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(278,103)</u>
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Change in net position of governmental activities	<u>\$ 472,182</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, 2017

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

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



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

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

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

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

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

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2017

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

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

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

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

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

**Other Organizations:**

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

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

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

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

**Other Organizations: (continued)**

Maury Service Authority:

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

Rockbridge County Regional Jail Commission:

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

Rockbridge Regional Public Safety Communications Center:

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

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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



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

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

**1. Cash and Cash Equivalents**

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

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

**2. Receivables and payables**

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

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

**3. Property Taxes**

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

**4. Allowance for Uncollectible Accounts**

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

**5. Use of Estimates**

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

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

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**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)**

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

**7. *Compensated Absences***

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

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

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

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

**9. *Fund equity***

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

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

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

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

**9. Fund equity (continued)**

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

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

**10. Net Position**

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

**11. Net Position Flow Assumption**

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

**12. Prepaid Items**

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

**13. Restricted Assets**

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

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

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

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

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

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

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

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

***15. Pensions***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A. Budgetary information**

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

**B. Excess of expenditures over appropriations**

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

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

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

**C. Deficit fund equity**

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

**NOTE 4—DEPOSITS AND INVESTMENTS:**

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

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

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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 14,845
Total	<u>\$ 14,845</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

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

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

Interest Rate Risk

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

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

**NOTE 5—JOINT VENTURES:**

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

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

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

**NOTE 6—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	\$ 5,605	\$ -
Categorical aid - Edward Byrne Memorial JAG	3,500	-
Categorical aid - victim witness grant	15,652	-
Categorical aid - Seized funds	3,181	-
Categorical aid - IDEA part B section 611 special education	-	73,355
Categorical aid - title I	-	34,452
Categorical aid - title II part A	-	8,547
Categorical aid - twenty-first century	-	63,314
Categorical aid - title VI	-	3,500
Categorical aid - vocational education	-	17,200
<u>Commonwealth of Virginia:</u>		
Local sales tax	-	191,527
State sales tax	64,977	-
Personal property tax relief funds	374,445	-
Categorical aid - street maintenance	275,135	-
Communications tax	48,909	-
Comprehensive Service Act funds - Rockbridge County	289,000	-
Other state funds	65,374	-
Totals	<u>\$ 1,145,778</u>	<u>\$ 391,895</u>

**NOTE 7—DUE TO OTHER GOVERNMENTS:**

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

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

**NOTE 8—INTERFUND OBLIGATIONS:**

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	\$ -	\$ 110,964	\$ -	\$ 246,076
Park and Recreation Fund	51,601	-	-	-
Golf Course	59,363	-	-	-
Total Primary Government	<u>\$ 110,964</u>	<u>\$ 110,964</u>	<u>\$ -</u>	<u>\$ 246,076</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 246,076	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,076</u>	<u>\$ -</u>
Total reporting entity	<u>\$ 110,964</u>	<u>\$ 110,964</u>	<u>\$ 246,076</u>	<u>\$ 246,076</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 amounts payable to the General Fund resulted from cash advances to the Park and Recreation Fund and Golf Course Fund.

**NOTE 9—INTERFUND TRANSFERS:**

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

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 870,786
Park Activities Fund	294,858	-
School Construction Fund	305,134	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 609,992</u>	<u>\$ 880,786</u>
Business-type activities:		
Golf Course Fund	\$ 270,794	\$ -
Total business-type activities	<u>\$ 270,794</u>	<u>\$ -</u>
Total primary government	<u>\$ 880,786</u>	<u>\$ 880,786</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, 2017 CONTINUED

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

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

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

**NOTE 10—LONG-TERM OBLIGATIONS:**

Primary Government-Governmental Activities Obligations

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

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

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

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

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Primary Government-Governmental Activities Obligations (Continued)

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

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

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CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

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

Primary Government-Governmental Activities Obligations (continued)

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



**NOTE 10—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>
<b><u>Governmental Activities Indebtedness:</u></b>		
<u>General Obligation Bonds:</u>		
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at a rate of 1.9%. Interest is reimbursed by a federal interest subsidy.	\$ 417,249	\$ 23,181
Total general obligation bonds	<u>\$ 417,249</u>	<u>\$ 23,181</u>
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 1,875,000	\$ 375,000
\$1,800,000 loan payable dated March 5, 2009, due in annual installments of \$109,179 including interest at 5% through 2044.	1,587,259	35,802
\$700,000 loan payable dated March 5, 2009, due in annual installments of \$42,459 including interest at 5% through 2044.	615,030	11,451
\$300,000 loan payable dated October 1, 2014, issued to finance the purchase of real property, due in monthly installments of \$2,431 including interest at 4.875% through October 1, 2029.	<u>260,093</u>	<u>15,846</u>
Total loans payable	<u>\$ 4,337,382</u>	<u>\$ 438,099</u>

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

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

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations (continued)

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

Primary Government-Business-type Activities Obligations

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

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

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

**NOTE 10—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,	Revenue Bonds/Other Obligation	
	Principal	Interest
2018	\$ 9,606,466	\$ 366,920
2019	147,135	359,091
2020	254,760	352,304
2021	267,505	339,565
2022	280,377	326,187
2023	293,380	312,165
2024	306,522	297,493
2025	324,807	280,107
2026	343,244	261,670
2027	361,838	242,176
2028	385,598	221,616
2029	404,530	198,184
2030	433,644	173,594
2031	457,945	147,193
2032	716,008	119,294
2033	107,151	74,613
2034	112,074	69,690
2035	117,223	64,541
2036	122,608	59,156
2037	128,240	53,524
2038	134,132	47,632
2039	140,294	41,470
2040	146,739	35,025
2041	153,480	28,284
2042	160,531	21,233
2043	167,905	13,859
2044	175,619	6,145
2045	40,137	290
Total	\$ <u>16,289,892</u>	\$ <u>4,513,021</u>

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

Details of long-term obligations:

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

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

Discretely Presented Component Unit—School Board:

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

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

Details of Long-term Indebtedness:

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

**NOTE 11—CAPITAL LEASES:**

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

The assets acquired through capital leases are as follows:

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

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

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

**NOTE 12—PENSION PLAN:**

***Plan Description***

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

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

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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



**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

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



**NOTE 12—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

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

***Employees Covered by Benefit Terms***

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

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

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

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

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

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***Contributions (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$136 and \$7,034 for the years ended June 30, 2017 and June 30, 2016, respectively.

***Net Pension Liability/Asset***

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

***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:

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

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

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

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

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

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

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

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

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

**NOTE 12—PENSION PLAN: (CONTINUED)*****Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the City and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability***

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

NOTE 12—PENSION PLAN: (CONTINUED)

*Changes in Net Pension (Asset)*

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

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

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

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

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

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

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

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

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



**NOTE 12—PENSION PLAN: (CONTINUED)**

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**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

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

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

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

**NOTE 12—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

For the year ended June 30, 2017, the school division recognized pension expense of \$836,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

\$756,473 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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

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

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

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

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

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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

**NOTE 12—PENSION PLAN: (CONTINUED)**

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

***Pension Plan Fiduciary Net Position***

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

**NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:**

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

**City:**

**A. Plan Description:**

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

**B. Funding Policy:**

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

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

**City: (continued)**

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

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

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

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

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

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

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

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

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

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

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**City: (continued)**

**E. Actuarial Methods and Assumptions:**

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

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

**Cost Method**

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

**Interest Assumptions**

Funding interest rate	4.00%
Annual amortization increase rate	2.50%



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

**School Board:**

**A. Plan Description:**

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

**B. Funding Policy:**

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

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

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

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

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

**School Board: (continued)**

**C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

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

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

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

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

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

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

**E. Actuarial Methods and Assumptions:**

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

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

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

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**School Board: (continued)**

**E. Actuarial Methods and Assumptions: (Continued)**

Cost Method

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

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

**VRS Health Insurance Credit Program**

**A. Plan Description**

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

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

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

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

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**School Board: (continued)**

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

**B. Funding Policy**

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

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

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

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

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

**NOTE 15—CONTINGENT LIABILITIES:**

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

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

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

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

**NOTE 16—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 2017, \$74,676 in settlement amounts exceeded coverage.

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

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

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

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NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017 CONTINUED

NOTE 17—CAPITAL ASSETS:

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

Primary Government

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

**NOTE 17—CAPITAL ASSETS: (CONTINUED)**

**Primary Government (Continued)**

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

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

**Discretely Presented Component Unit**

**School Board**

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

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

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 CONTINUED

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**NOTE 18—RISK MANAGEMENT:**

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

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

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

**NOTE 19—ARBITRAGE REBATE COMPLIANCE:**

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

**NOTE 20—LITIGATION:**

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

**NOTE 21—UPCOMING PRONOUNCEMENTS:**

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

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



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

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

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

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

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

**NOTE 22—COMMITMENTS AND CONTINGENCIES:**

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

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

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

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

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

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

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

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

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

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

## General Fund

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

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

Schedule of OPEB Funding Progress  
June 30, 2017

**PRIMARY GOVERNMENT:**

**City Other Postemployment Benefit Program**

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

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

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

**DISCRETELY PRESENTED COMPONENT UNIT:**

**School Board Other Postemployment Benefit Program**

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

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

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

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

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

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

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

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

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

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

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

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



Schedule of Employer Contributions  
 Years Ended June 30, 2008 through June 30, 2017

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

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

Notes to Required Supplementary Information  
Year Ended June 30, 2017

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

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

## **OTHER SUPPLEMENTARY INFORMATION**

### **MAJOR CAPITAL PROJECT FUNDS**

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

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

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

## **FIDUCIARY FUND**

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

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

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

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **Nonmajor Governmental Funds**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

### **CAPITAL PROJECT FUNDS**

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

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

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

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

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

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

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2017

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

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

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

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City of Buena Vista, Virginia

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

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

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



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

	<b>Community Development Block Grant</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 452	\$ 452
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 452</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 452	\$ 452
Net change in fund balances	\$ -	\$ -	\$ 452	\$ 452
Fund balances - beginning	-	-	94,473	94,473
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,925</u>	<u>\$ 94,925</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, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

## **SUPPORTING SCHEDULES**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2017 (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	\$ 80	\$ 70
Total other protection	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 80</u>	<u>\$ 70</u>
Total public safety	<u>\$ 2,439,448</u>	<u>\$ 2,583,798</u>	<u>\$ 2,647,082</u>	<u>\$ (63,284)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 143,476	\$ 143,476	\$ 125,213	\$ 18,263
Street Maintenance Department	681,065	1,711,259	1,462,500	248,759
Storm Drainage Department	30,824	30,824	29,952	872
Street Lights	66,000	66,000	63,699	2,301
Street Improvements	-	-	233	(233)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 921,365</u>	<u>\$ 1,951,559</u>	<u>\$ 1,681,597</u>	<u>\$ 269,962</u>
Sanitation and waste removal:				
Refuse Department	\$ 364,949	\$ 364,949	\$ 512,296	\$ (147,347)
Refuse Disposal	204,000	204,000	204,045	(45)
Total sanitation and waste removal	<u>\$ 568,949</u>	<u>\$ 568,949</u>	<u>\$ 716,341</u>	<u>\$ (147,392)</u>
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 319,074	\$ 463,910	\$ 359,214	\$ 104,696
Green Hill Cemetary Maintenance	116,774	116,774	86,195	30,579
Total maintenance of general buildings and grounds	<u>\$ 435,848</u>	<u>\$ 580,684</u>	<u>\$ 445,409</u>	<u>\$ 135,275</u>
Total public works	<u>\$ 1,926,162</u>	<u>\$ 3,101,192</u>	<u>\$ 2,843,347</u>	<u>\$ 257,845</u>
Mental health and mental retardation:				
Mental Health	\$ 86,170	\$ 86,170	\$ 86,170	\$ -
Total mental health and mental retardation	<u>\$ 86,170</u>	<u>\$ 86,170</u>	<u>\$ 86,170</u>	<u>\$ -</u>
Welfare:				
Property Tax Relief	\$ 81,000	\$ 81,000	\$ 75,765	\$ 5,235
Social Services	1,250,000	1,648,647	1,860,695	(212,048)
VA Municipal League	4,606	4,606	9,139	(4,533)
Valley Program for Aging	43,912	43,912	43,912	-
Total Action Against Poverty	2,700	2,700	-	2,700
Rockbridge Area Hospice	1,000	1,000	1,000	-
Rockbridge Area Rental Assistance	11,180	11,180	11,180	-
Rockbridge Free Clinic	18,000	18,000	18,000	-
Total welfare	<u>\$ 1,412,398</u>	<u>\$ 1,811,045</u>	<u>\$ 2,019,691</u>	<u>\$ (208,646)</u>
Total health and welfare	<u>\$ 1,498,568</u>	<u>\$ 1,897,215</u>	<u>\$ 2,105,861</u>	<u>\$ (208,646)</u>

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

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

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

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

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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### Tables

#### Financial Trends

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

#### Revenue Capacity

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

#### Debt Capacity

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

#### Demographic and Economic Information

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

#### Operating Information

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

#### Sources:

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

**City of Buena Vista, Virginia**

Net Position by Component

Last Ten Fiscal Years

*(accrual basis of accounting)*

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

Table 1

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



**City of Buena Vista, Virginia**

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

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

Table 2

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

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

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

Table 2

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

**City of Buena Vista, Virginia**

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

*(accrual basis of accounting)*

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

**Table 3**

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

**City of Buena Vista, Virginia**

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

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

Note: GASB 54 was implemented during fiscal year 2011

Table 4

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



**City of Buena Vista, Virginia**

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

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

Table 5

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

**City of Buena Vista, Virginia**

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

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

**Table 6**

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

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

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

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Personal property is assessed at 100% of fair market value as of January 1, 1995.
- (4) Source: Virginia Department of Taxation (Public Service Corporations).

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

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

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

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

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

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

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2008

Property Tax Levies and Collections  
Last Ten Fiscal Years

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

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia



**City of Buena Vista, Virginia**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

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

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

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

Table 11

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

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

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

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

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

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

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**City of Buena Vista, Virginia**

Legal Debt Margin Information  
Last Ten Fiscal Years

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

(1) The debt limit is calculated on Table 7

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

Table 13

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

**City of Buena Vista, Virginia**

Pledged-Revenue Coverage  
Last Ten Fiscal Years

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

- (1) Increase in principal and interest paid is due to the refinancing of several issues with the 2011A issue.
- (2) The amount reported as 2017 principal and interest for the Golf Course Revenue Bonds reflects the amount of debt service owed in 2017 rather than the amount actually paid. Reference note 22 to the financial statements for additional information regarding the reason for this difference.

Table 14

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



Demographic and Economic Statistics  
Last Ten Fiscal Years

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

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

Principal Employers  
Current Year and Nine Years Ago

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

Source: Individual City departments

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

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

Source: Individual City departments

Operating Indicators by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Sheriffs department:										
Civil papers	3,970	3,569	4,171	3,888	4,021	4,004	4,004	4,004	4,004	4,004
Building inspections:										
Permits issued	91	84	73	62	61	66	61	71	71	61
Public works										
Landfill:										
Recycling (tons/year)	0	248	327	367	377	343	343	343	343	343
Community development										
Planning:										
Zoning permits issued	41	35	48	63	64	46	48	36	36	50
Component Unit - School Board										
Education:										
School age population	1,136	1,211	1,101	1,135	1,175	1,035	1,046	1,046	965	930
Number of teachers	102	111	108	98	88	86	80	80	79	75
Local expenditures per pupil	\$ 1,878	\$ 2,219	\$ 2,051	\$ 2,276	\$ 2,114	\$ 1,944	\$ 9,238	\$ 9,709	\$ 9,709	\$ 9,709

Source: Individual City departments

Capital Asset Statistics by Function  
Last Ten Fiscal Years

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

Source: Individual City departments

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

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

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 30, 2017



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Report on Compliance for Each Major Federal Program**

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

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

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

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

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

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 30, 2017

**City of Buena Vista, Virginia**

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

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Not available	\$ 5,590
Temporary Assistance for Needy Families	93.558	Not available	786
Child Care and Development Block Grant	93.575	Not available	(200)
Foster Care - Title IV-E	93.658	Not available	8,208
Adoption Assistance	93.659	Not available	49,946
Social Services Block Grant	93.667	86667	<u>1,413</u>
Total Department of Health and Human Services			<u>\$ 65,743</u>
Department of Agriculture:			
Pass Through Payments:			
Cooperative Forestry Assistance	10.664	Not available	\$ 4,000
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 29,045
Department of Education:			
National School Lunch Program	10.555	40623	<u>161,902</u>
School Breakfast Program	10.553	40591	<u>\$ 56,539</u>
Total Child Nutrition Cluster			<u>247,486</u>
Total Department of Agriculture			<u>\$ 251,486</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	Not available	\$ 50,105
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	69,137
Equitable Sharing Program	16.922	Not available	<u>3,181</u>
Total Department of Justice			<u>\$ 122,423</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	Not available	<u>\$ 12,600</u>
Total Department of Transportation			<u>\$ 12,600</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 251,583
Career and Technical Education: Basic Grants to States	84.048	61095	35,206
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	43071	253,038
Title VI-B: Special Education Preschool Grants	84.173	Not available	13,311
Twenty-first Century Community Learning Centers	84.287	Not available	223,098
Rural Education	84.358	Not available	10,494
Supporting Effective Instruction State Grant	84.367	61480	<u>69,609</u>
Total Department of Education			<u>\$ 856,339</u>
Total Expenditures of Federal Awards			<u>\$ 1,308,591</u>

**City of Buena Vista, Virginia**

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

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Notes to Schedule of Expenditures of Federal Awards:

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Buena Vista, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

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

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

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

Pass-through identifying numbers are presented where available.

**NOTE C - FOOD DISTRIBUTION**

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

**NOTE D - SUBRECIPIENTS**

No awards were passed through to subrecipients.

**NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS**

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

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

Discretely presented component unit - School Board:

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

Total federal expenditures per the Schedule of Expenditures of  
Federal awards

\$ 1,308,591

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

**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   none reported

Noncompliance material to financial statements noted?      yes   x   no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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**Child Nutrition Cluster**

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

**Special Education Cluster**

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

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

Auditee qualified as low-risk auditee?   x   yes      no

**Section II-Financial Statement Findings**

None

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

None

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

There were no prior year audit findings.