

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013



CITY OF BUENA VISTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2013**

Prepared by

Timothy Dudley, Director of Finance

Buena Vista, Virginia

**CITY OF BUENA VISTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-4
GFOA Certificate of Achievement	5
Organizational Chart.....	6
List of Elected and Appointed Officials	7

FINANCIAL SECTION

Independent Auditors' Report	8-10
Management's Discussion and Analysis	11-19

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	20
Statement of Activities	2	21-22
Fund Financial Statements:		
Balance Sheet—Governmental Funds	3	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	24
Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	5	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6	26
Statement of Net Position—Proprietary Funds	7	27
Statement of Revenues, Expenses, and Changes In Net Position— Proprietary Funds	8	28
Statement of Cash Flows—Proprietary Funds	9	29
Statement of Fiduciary Net Position—Fiduciary Funds.....	10	30

**CITY OF BUENA VISTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Notes to Financial Statements.....		31-69
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual: General Fund	11	70
Schedule of Pension Funding Progress.....	12	71
Schedule of OPEB Funding Progress.....	13	72
Other Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - School Construction Fund Capital Projects Fund	14	73
Statement of Changes in Assets and Liabilities—Agency Funds	15	74
Nonmajor Governmental Funds:		
Combining Balance Sheet—Nonmajor Governmental Funds.....	16	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —Nonmajor Governmental Funds	17	76
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	18	77
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	19	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances —Budget and Actual.....	20	79-81
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	21	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	22	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual.....	23	84-85
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet	24	86

**CITY OF BUENA VISTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Discretely Presented Component Unit - School Board: (Continued)		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —Governmental Funds.....	25	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances Fund Balances—Budget and Actual	26	88
Schedule of Revenues, Expenditures and Changes in Fund - Balances—Budget and Actual - Nonmajor Special Revenue Fund	27	89
Supporting Schedules:		
Schedule of Revenues—Budget and Actual Governmental Funds	1	90-95
Schedule of Expenditures—Budget and Actual Governmental Funds	2	96-99

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component.....	1	100-101
Changes in Net Position.....	2	102-105
Governmental Activities Tax Revenues by Source.....	3	106-107
Fund Balances of Governmental Funds	4	108-109
Changes in Fund Balances of Governmental Funds.....	5	110-111
General Government Tax Revenues by Source	6	112-113
Assessed Value and Estimated Actual Value of Taxable Property	7	114
Property Tax Rates.....	8	115
Principal Property Taxpayers	9	116
Property Tax Levies and Collections.....	10	117
Ratio of Outstanding Debt by Type	11	118-119

**CITY OF BUENA VISTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	12	120
Legal Debt Margin Information	13	121-122
Pledged Revenue Coverage	14	123-124
Demographic and Economic Statistics	15	125
Principal Employers	16	126
Full-time Equivalent City Employees by Function	17	127-128
Operating Indicators by Function	18	129-130
Capital Asset Statistics by Function	19	131-132

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	133-134
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	135-136
Schedule of Expenditures of Federal Awards.....	137-138
Schedule of Findings and Questioned Costs.....	139

INTRODUCTORY SECTION

CITY OF BUENA VISTA

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



December 15, 2013

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, 2013.

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, 2013. The independent auditors' 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 3,229 with 3,004 employed for an unemployment rate of 7.0 percent.

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

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

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

Southern Virginia University (SVU) is a tremendous asset to the City. The college has approximately 729 students as of fall 2012. SVU is investing millions of dollars in building new dormitories, new athletic facilities and acquiring additional properties to accommodate the expected increase in students. A new church has also been constructed on the SVU grounds. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

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

Long-term Financial Planning

The City of Buena Vista's unassigned fund balance in the general fund is 12.2 percent of budgeted general fund revenues. For planning purposes, the City would prefer a 20-25 percent fund balance that could reduce the amount of funds borrowed on future projects.

Major Initiatives and Accomplishments

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

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

The engineering/public works department oversaw an active program of projects related to water distribution, roads, sidewalks, drainage and sewers. Dickinson well was shut down by the Virginia Health Department. Through voluntary water conservation and the hard work of the Public Works Department, auxiliary wells were refurbished and brought on line. The cost of the new project to bring the well back on line will be approximately \$4,765,000 million dollars funded primarily from selling bonds that was completed and closed in July 2011. The City is currently working on this project and is expecting a Spring 2014 finish.

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

The Commonwealth has implemented new regulations for water quality. The wastewater treatment plant was 27 years old in the year 2013. Our engineering consultant will prepare a preliminary engineering report that is needed to evaluate current trends and future requirements of the facility. The choice between refurbishing the current facility or upgrading to a different process will be determined after the engineering study. The overall cost of the project could approach \$15 million dollars that will be funded by Commonwealth funds and Rural Development funds.

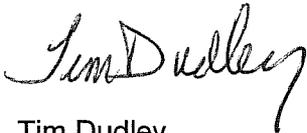
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Buena Vista for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tim Dudley". The signature is written in a cursive, flowing style.

Tim Dudley
Finance Director



Government Finance Officers Association

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

Presented to

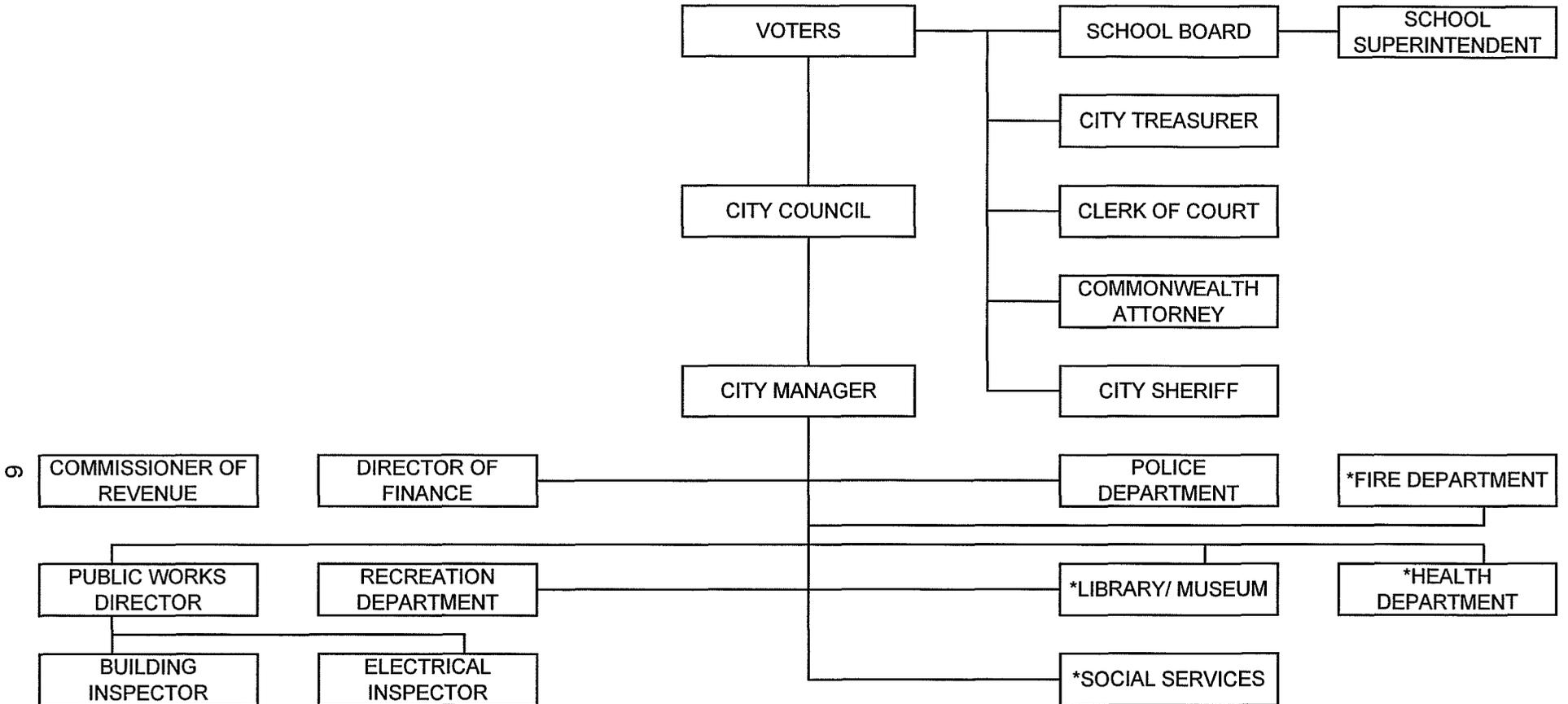
**City of Buena Vista
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

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, 2013

CITY COUNCIL

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

CITY OFFICIALS

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

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of and for the year ended June 30, 2013, 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-19, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 supporting schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2013, on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Buena Vista, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2013

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Management's Discussion and Analysis

As management of the City of Buena Vista, we offer readers of the City of Buena Vista's financial statements this narrative overview and analysis of the financial activities of the City of Buena Vista for the fiscal year ended June 30, 2013. 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 \$11,003,784 (net position). Of this amount, \$3,217,406 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased \$828,547 from the prior fiscal year largely due to the increase in property tax and local tax collections.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,313,307, an increase of \$497,869 in comparison with the prior year. Of this amount, \$1,326,960 is unassigned and available for spending at the government's discretion (unassigned fund balance). The difference is mainly an increase in property taxes and local taxes collected in the General Fund.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,392,969, or 13.8 percent of total General Fund expenditures.

The City of Buena Vista's long-term debt decreased \$806,205, or 3.1 percent due to the Long-term debt retirements included \$313,818 for the floodwall, \$144,070 for the education revenue bond for the athletic complex at Parry McCluer High School. \$16,800 of debt retirement went towards the Senior Citizen's Center which was provided by a lease revenue bond payable. The Literary Loan for the building of Parry McCluer High, was reduced by \$375,000. Also the 2.5 million dollar loans to finance the Dabney Lancaster Community College educational satellite was reduced by \$31,000. The City also paid \$53,496 for a lease purchase on 6 public safety vehicles. The total long-term debt for the City stands at \$25,570,629. Of this amount, there is a charge of \$352,001 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is a decrease of \$11,558 for employee compensated absences. The amount of debt service due within one year decreased \$707,678.

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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 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 2013 General Fund Budget required a \$470,245 or 4.3% increase over FY 2012 expenditures. There was level funding for our schools and many of our departmental service operations. Some areas of the budget include both increases and reductions as a result of accurate budgeting adjustments that reflect the true cost of the activity or commodity.

There were some increases in the budget this year that were not in our control. These were primarily mandated Virginia Retirement System costs, insurances increases, Rockbridge Regional Jail per diem increases and Regional 911 communications costs. In order to maintain our current level of services, the budget increased the Real Estate Property Rate 14 cents, from \$.93 cents to \$1.07.

It included additional revenue enhancement measures such as increased Cemetery fees, Glen Maury Park fees, meals and lodging taxes from 4% to 6% and increased the vehicle decal fee from \$25 to \$35. These alternative taxing areas reduce the pressure on increasing the real property rate and capture a broader population of tax payers.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, assets exceeded liabilities by \$11,003,784 at the close of fiscal year 2013 for the primary government and \$2,469,797 for the Component Unit School Board.

The City of Buena Vista's governmental activities net position of \$10,566,782 reflects its investment in capital assets of 79 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 \$1,031,048 during FY 2013. Key components of this change are discussed on page 15 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, 2013 and June 30, 2012:

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 4,495,500	\$ 3,798,190	\$ 4,800,251	\$ 4,973,270	\$ 9,295,751	\$ 8,771,460
Capital Assets	16,113,694	16,514,850	13,178,680	13,256,086	29,292,374	29,770,936
Total Assets	\$ 20,609,194	\$ 20,313,040	\$ 17,978,931	\$ 18,229,356	\$ 38,588,125	\$ 38,542,396
Long-term Liabilities	\$ 8,436,221	\$ 9,144,893	\$ 17,134,409	\$ 17,231,941	\$ 25,570,630	\$ 26,376,834
Other liabilities	873,348	1,632,413	407,520	357,912	1,280,868	1,990,325
Total Liabilities	\$ 9,309,569	\$ 10,777,306	\$ 17,541,929	\$ 17,589,853	\$ 26,851,498	\$ 28,367,159
Deferred inflows of resources	\$ 732,843	\$ -	\$ -	\$ -	\$ 732,843	\$ -
Net Position:						
Net investment in capital assets	\$ 8,383,865	\$ 7,825,868	\$ (1,603,483)	\$ (2,890,305)	\$ 6,780,382	\$ 4,935,563
Restricted	191,002	107,314	814,994	3,211,557	1,005,996	3,318,871
Unrestricted (deficit)	1,991,915	1,602,552	1,225,491	318,251	3,217,406	1,920,803
Total Net Position	\$ 10,566,782	\$ 9,535,734	\$ 437,002	\$ 639,503	\$ 11,003,784	\$ 10,175,237

Governmental Activities. Net position of governmental activities increased for the City of Buena Vista by \$1,031,048 for FY 2013, while net position of business-type activities decreased by \$202,501 or 31% for the fiscal year. Key components of the change are discussed on page 16 of the MD&A.

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**CITY OF BUENA VISTA'S CHANGE IN NET POSITION
YEARS ENDING JUNE 30, 2013 AND JUNE 30, 2012**

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 804,399	\$ 752,118	\$ 2,478,282	\$ 2,463,186	\$ 3,282,681	\$ 3,215,304
Operating grants	2,952,688	3,042,330	-	-	2,952,688	3,042,330
Capital grants	-	-	190,455	-	190,455	-
General Revenues:						
Property taxes	5,777,309	4,948,762	-	-	5,777,309	4,948,762
Other taxes	1,485,511	1,630,454	-	-	1,485,511	1,630,454
Grants and contributions not restricted to specific programs	1,007,441	675,434	-	-	1,007,441	675,434
Use of money and property	136,639	160,234	-	-	136,639	160,234
Miscellaneous	186,182	189,394	8,653	61	194,835	189,455
Total Revenue	\$ 12,350,169	\$ 11,398,726	\$ 2,677,390	\$ 2,463,247	\$ 15,027,559	\$ 13,861,973
Expenses:						
General Government						
admin	\$ 1,434,120	\$ 1,555,693	\$ -	\$ -	\$ 1,434,120	\$ 1,555,693
Judicial Admin	781,762	834,369	-	-	781,762	834,369
Public Safety	2,094,716	1,974,531	-	-	2,094,716	1,974,531
Public works	1,528,167	1,532,334	-	-	1,528,167	1,532,334
Health and Welfare	1,262,700	1,387,794	-	-	1,262,700	1,387,794
Education	2,678,335	2,388,442	-	-	2,678,335	2,388,442
Parks, Recreation, Culture	502,721	493,121	-	-	502,721	493,121
Community Development	380,195	524,202	-	-	380,195	524,202
Interest on long-term debt	328,515	329,680	-	-	328,515	329,680
Water and Sewer	-	-	2,147,225	2,420,579	2,147,225	2,420,579
Golf Course	-	-	1,060,556	1,808,156	1,060,556	1,808,156
Total Expenses	\$ 10,991,231	\$ 11,020,166	\$ 3,207,781	\$ 4,228,735	\$ 14,199,012	\$ 15,248,901
Increase (decrease) in net position before transfers	\$ 1,358,938	\$ 378,560	\$ (530,391)	\$ (1,765,488)	\$ 828,547	\$ (1,386,928)
Transfers	(327,890)	(365,258)	327,890	365,258	-	-
Increase (decrease) in net position	\$ 1,031,048	\$ 13,302	\$ (202,501)	\$ (1,400,230)	\$ 828,547	\$ (1,386,928)
Net position, beginning as restated	9,535,734	9,522,432	639,503	2,039,733	10,175,237	11,562,165
Net position, ending	\$ 10,566,782	\$ 9,535,734	\$ 437,002	\$ 639,503	\$ 11,003,784	\$ 10,175,237

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 804,399	\$ 752,118	\$ 2,478,282	\$ 2,463,186	\$ 3,282,681	\$ 3,215,304
Operating grants	2,952,688	3,042,330	-	-	2,952,688	3,042,330
Capital grants	-	-	190,455	-	190,455	-
General Revenues:						
Property taxes	5,777,309	4,948,762	-	-	5,777,309	4,948,762
Other taxes	1,485,511	1,630,454	-	-	1,485,511	1,630,454
Grants and contributions not restricted to specific programs	1,007,441	675,434	-	-	1,007,441	675,434
Use of money and property	136,639	160,234	-	-	136,639	160,234
Miscellaneous	186,182	189,394	8,653	61	194,835	189,455
Total Revenue	\$ 12,350,169	\$ 11,398,726	\$ 2,677,390	\$ 2,463,247	\$ 15,027,559	\$ 13,861,973
Expenses:						
General Government						
admin	\$ 1,434,120	\$ 1,555,693	\$ -	\$ -	\$ 1,434,120	\$ 1,555,693
Judicial Admin	781,762	834,369	-	-	781,762	834,369
Public Safety	2,094,716	1,974,531	-	-	2,094,716	1,974,531
Public works	1,528,167	1,532,334	-	-	1,528,167	1,532,334
Health and Welfare	1,262,700	1,387,794	-	-	1,262,700	1,387,794
Education	2,678,335	2,388,442	-	-	2,678,335	2,388,442
Parks, Recreation, Culture	502,721	493,121	-	-	502,721	493,121
Community Development	380,195	524,202	-	-	380,195	524,202
Interest on long-term debt	328,515	329,680	-	-	328,515	329,680
Water and Sewer	-	-	2,147,225	2,420,579	2,147,225	2,420,579
Golf Course	-	-	1,060,556	1,808,156	1,060,556	1,808,156
Total Expenses	\$ 10,991,231	\$ 11,020,166	\$ 3,207,781	\$ 4,228,735	\$ 14,199,012	\$ 15,248,901
Increase (decrease) in net position before transfers	\$ 1,358,938	\$ 378,560	\$ (530,391)	\$ (1,765,488)	\$ 828,547	\$ (1,386,928)
Transfers	(327,890)	(365,258)	327,890	365,258	-	-
Increase (decrease) in net position	\$ 1,031,048	\$ 13,302	\$ (202,501)	\$ (1,400,230)	\$ 828,547	\$ (1,386,928)
Net position, beginning as restated	9,535,734	9,522,432	639,503	2,039,733	10,175,237	11,562,165
Net position, ending	\$ 10,566,782	\$ 9,535,734	\$ 437,002	\$ 639,503	\$ 11,003,784	\$ 10,175,237

Governmental Activities

Key factors contributing to the increase of \$1,031,048 in net position for governmental activities were:

- The City had an increase in its real estate tax rate and local tax collections that increased the cash, fund balance and revenues for the year. Taxes receivable also increased for the fiscal year due to the increase in the City's tax rates.
- Total liabilities decreased \$1,467,737 or 14% for FY 2013. The long-term liabilities due within one year decreased \$769,688. This decrease is due to the City's increased emphasis on reducing its debt position.
- Net investment in capital assets also increased \$557,997 for the fiscal year due to construction and the purchase of capital assets.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$328,281. This is lower than the \$381,426 that was transferred in FY2012. Prior to this transfer, net position of business-type activities decreased by \$554,117. The enterprise funds received \$327,890 in net transfers. The golf course required a transfer of \$328,281. Both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) combined, experienced a loss of \$202,501 Additional information follows concerning the City's Business-Type Activities:

- Since the inception of the golf course in 2004, it has had an operating loss of \$2,690,760. The golf course was originally planned to bring development to the community of Buena Vista. It was hoped that both single family dwellings and commercial development would offset some of the cost of the course through a higher tax base and user fees. The recent economical climate in both the national and regional economies has had a detrimental effect on both the rounds of golf being played and the development of the area. The golf course revenues are not able to support both the operational expenditures and the interest and fiscal charges. The General Fund has subsidized the golf course with transfers totaling \$4,490,081 leaving the golf course with a (\$2,690,760) ending balance of assets. For the fiscal budget 2013, the City council did appropriate funds for the debt service. The council met with ACA Financial Guaranty Corp. and reached an acceptable compromise to restructuring the debt. The City funded \$329,611 in the FY2013 budget to accommodate this restructuring.
- The Water/Sewer Fund posted an increase in net position of \$23,335 for the fiscal year. Most of this increase is due to an increase in operating revenues, especially the water revenues and sewer revenues and penalties. However, this increase was offset by the increase in interest and fiscal charges from the Dickinson Well Project.

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, 2013, amounts to \$29,292,374 (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 2013 was \$478,562 or 1.6 percent. The main reason for the decrease was depreciation in both the governmental activities and business – type activities increased \$1,174,243 for the fiscal year ending 2013.

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 14-Capital Assets) to the financial statements.

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION JUNE 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,108,097	\$ 2,108,097	\$ 1,364,900	\$ 1,364,900	\$ 3,472,997	\$ 3,472,997
Construction in Progress	295,895	-	420,603	77,475	716,498	77,475
Buildings & Improvements	10,385,202	10,682,928	476,242	488,990	10,861,444	11,171,918
Infrastructure	2,755,175	3,027,259	10,869,019	11,234,996	13,624,194	14,262,255
Machinery & Equipment	569,325	696,566	47,916	89,725	617,241	786,291
Total	\$ <u>16,113,694</u>	\$ <u>16,514,850</u>	\$ <u>13,178,680</u>	\$ <u>13,256,086</u>	\$ <u>29,292,374</u>	\$ <u>29,770,936</u>

Long – term debt. At the end of FY 2013, the City of Buena Vista primary government had total long-term debt outstanding of \$25,570,629. This represents a 3 percent decrease or \$806,205 from the last fiscal year. Further information on the City's long-term debt can be found at (Note 8-Long-term Liabilities) to the financial statements.

CITY OF BUENA VISTA'S LONG-TERM DEBT JUNE 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 823,774	\$ 627,636	\$ -	\$ -	\$ 823,774	\$ 627,636
Lease-Revenue Bonds			11,690,196	11,928,834	11,690,196	11,928,834
Revenue Bonds	602,188	765,422	4,663,500	4,763,500	5,265,688	5,528,922
Literary Loans	3,375,000	3,750,000	-	-	3,375,000	3,750,000
Capital Leases	259,536	382,170	-	-	259,536	382,170
Loan Payable	2,892,176	3,163,754	655,318	424,019	3,547,494	3,587,773
OPEB	278,012	238,811	73,989	64,190	352,001	303,001
Compensated absences	205,534	217,100	51,406	51,398	256,940	268,498
Total	\$ <u>8,436,220</u>	\$ <u>9,144,893</u>	\$ <u>17,134,409</u>	\$ <u>17,231,941</u>	\$ <u>25,570,629</u>	\$ <u>26,376,834</u>

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Buena Vista is approximately \$36,976,630.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2014.

- 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 the same at \$1.07 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 but added \$2.00 to the sewer rate. This will result in a water rate of \$7.43 per 1000 gallons used and a sewer rate of \$7.39 per 1000 gallons used.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 1,936,076	\$ 1,312,935	\$ 3,249,011	\$ 570,554
Cash in custody of others	-	-	-	12,116
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,250,532	-	1,250,532	-
Accounts receivable	180,805	445,471	626,276	14,359
Due from primary government	-	-	-	441,851
Due from other governmental units	771,960	-	771,960	194,883
Inventories	-	-	-	11,553
Prepaid items	24,741	-	24,741	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	331,386	3,003,850	3,335,236	-
Cash and cash equivalents (in custody of others)	-	37,995	37,995	-
Capital assets (net of accumulated depreciation):				
Land	2,108,097	1,364,900	3,472,997	4,634
Buildings and improvements	10,385,202	476,242	10,861,444	2,651,705
Machinery and equipment	569,325	47,916	617,241	5,417
Infrastructure	2,755,175	10,869,019	13,624,194	-
Construction in progress	295,895	420,603	716,498	-
Total assets	<u>\$ 20,609,194</u>	<u>\$ 17,978,931</u>	<u>\$ 38,588,125</u>	<u>\$ 3,907,072</u>
LIABILITIES				
Accounts payable	\$ 241,624	\$ 28,281	\$ 269,905	\$ 131,999
Accrued liabilities	100,166	33,094	133,260	768,635
Accrued interest payable	89,708	249,592	339,300	-
Due to component unit	441,851	-	441,851	-
Unearned revenue	-	26,798	26,798	-
Deposits held in escrow	-	69,755	69,755	-
Long-term liabilities:				
Due within one year	1,161,255	439,198	1,600,452	151,981
Due in more than one year	7,274,966	16,695,211	23,970,177	384,660
Total liabilities	<u>\$ 9,309,569</u>	<u>\$ 17,541,929</u>	<u>\$ 26,851,498</u>	<u>\$ 1,437,275</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 732,843	\$ -	\$ 732,843	\$ -
Total Deferred Inflows of Resources	<u>\$ 732,843</u>	<u>\$ -</u>	<u>\$ 732,843</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 8,383,865	\$ (1,603,483)	\$ 6,780,382	\$ 2,661,756
Restricted for:				
Community development block grant	82,462	-	82,462	-
Debt service and bond covenants	108,540	814,994	923,534	-
Unrestricted (deficit)	1,991,915	1,225,491	3,217,406	(191,959)
Total net position	<u>\$ 10,566,782</u>	<u>\$ 437,002</u>	<u>\$ 11,003,784</u>	<u>\$ 2,469,797</u>

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

City of Buena Vista, Virginia

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,434,120	\$ 12,854	\$ 139,140	\$ -
Judicial administration	781,762	894	285,742	-
Public safety	2,094,716	92,936	423,493	-
Public works	1,528,167	594,270	1,077,991	-
Health and welfare	1,262,700	-	653,369	-
Education	2,678,335	-	372,953	-
Parks, recreation, and cultural	502,721	103,445	-	-
Community development	380,195	-	-	-
Interest on long-term debt	328,515	-	-	-
Total governmental activities	<u>\$ 10,991,231</u>	<u>\$ 804,399</u>	<u>\$ 2,952,688</u>	<u>\$ -</u>
Business-type activities:				
Water and Sewer	\$ 2,147,225	\$ 2,006,397	\$ -	\$ 155,964
Golf Course	1,060,556	471,885	-	34,491
Total business-type activities	<u>\$ 3,207,781</u>	<u>\$ 2,478,282</u>	<u>\$ -</u>	<u>\$ 190,455</u>
Total primary government	<u>\$ 14,199,012</u>	<u>\$ 3,282,681</u>	<u>\$ 2,952,688</u>	<u>\$ 190,455</u>
COMPONENT UNIT:				
School Board	\$ 10,451,814	\$ 187,093	\$ -	\$ -
Total component unit	<u>\$ 10,451,814</u>	<u>\$ 187,093</u>	<u>\$ -</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.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,282,126)	\$ -	\$ (1,282,126)	\$ -
(495,126)	-	(495,126)	-
(1,578,287)	-	(1,578,287)	-
144,094	-	144,094	-
(609,331)	-	(609,331)	-
(2,305,382)	-	(2,305,382)	-
(399,276)	-	(399,276)	-
(380,195)	-	(380,195)	-
(328,515)	-	(328,515)	-
<u>\$ (7,234,144)</u>	<u>\$ -</u>	<u>\$ (7,234,144)</u>	<u>\$ -</u>
\$ -	\$ 15,136	\$ 15,136	\$ -
-	(554,180)	(554,180)	-
<u>\$ -</u>	<u>\$ (539,044)</u>	<u>\$ (539,044)</u>	<u>\$ -</u>
<u>\$ (7,234,144)</u>	<u>\$ (539,044)</u>	<u>\$ (7,773,188)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (10,264,721)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,264,721)</u>
\$ 5,777,309	\$ -	\$ 5,777,309	\$ -
407,119	-	407,119	-
269,962	-	269,962	-
290,324	-	290,324	-
175,858	-	175,858	-
170,345	-	170,345	-
171,903	-	171,903	-
136,639	-	136,639	21,238
186,182	8,653	194,835	-
1,007,441	-	1,007,441	10,360,519
(327,890)	327,890	-	-
<u>\$ 8,265,192</u>	<u>\$ 336,543</u>	<u>\$ 8,601,735</u>	<u>\$ 10,381,757</u>
\$ 1,031,048	\$ (202,501)	\$ 828,547	\$ 117,036
9,535,734	639,503	10,175,237	2,352,761
<u>\$ 10,566,782</u>	<u>\$ 437,002</u>	<u>\$ 11,003,784</u>	<u>\$ 2,469,797</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2013

	General	School Construction Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,303,952	\$ 280,527	\$ 351,597	\$ 1,936,076
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,250,532	-	-	1,250,532
Accounts receivable	158,443	-	22,362	180,805
Due from other funds	51,601	-	-	51,601
Due from other governmental units	771,960	-	-	771,960
Prepaid items	24,741	-	-	24,741
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	108,540	222,846	-	331,386
Total assets	<u>\$ 3,669,769</u>	<u>\$ 503,373</u>	<u>\$ 373,959</u>	<u>\$ 4,547,101</u>
LIABILITIES				
Accounts payable	\$ 213,572	\$ 14,795	\$ 13,257	\$ 241,624
Accrued liabilities	89,544	-	10,622	100,166
Due to other funds	-	-	51,601	51,601
Due to component unit	441,851	-	-	441,851
Total liabilities	<u>\$ 744,967</u>	<u>\$ 14,795</u>	<u>\$ 75,480</u>	<u>\$ 835,242</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 1,398,552	\$ -	\$ -	\$ 1,398,552
Total Deferred Inflows of Resources	<u>\$ 1,398,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,552</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid items	\$ 24,741	\$ -	\$ -	\$ 24,741
Restricted:				
Debt Service	108,540	-	-	108,540
School capital projects	-	222,846	-	222,846
Community development block grant	-	-	82,462	82,462
Assigned:				
Senior Center	-	-	9,529	9,529
Debt service	-	265,732	220,961	486,693
Green Hill Cemetary	-	-	51,536	51,536
Unassigned, reported in:				
General fund	1,392,969	-	-	1,392,969
Parks and recreation	-	-	(66,009)	(66,009)
Total fund balances	<u>\$ 1,526,250</u>	<u>\$ 488,578</u>	<u>\$ 298,479</u>	<u>\$ 2,313,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,669,769</u>	<u>\$ 503,373</u>	<u>\$ 373,959</u>	<u>\$ 4,547,101</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, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 2,313,307
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,113,694
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	665,709
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,525,928)</u>
Net position of governmental activities	<u>\$ 10,566,782</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	General	School Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 5,566,575	\$ -	\$ -	\$ 5,566,575
Other local taxes	1,485,511	-	-	1,485,511
Permits, privilege fees, and regulatory licenses	35,195	-	-	35,195
Fines and forfeitures	78,145	-	-	78,145
Revenue from the use of money and property	33,935	11,088	91,616	136,639
Charges for services	643,164	-	47,895	691,059
Miscellaneous	184,381	-	1,801	186,182
Recovered costs	9,122	-	17,020	26,142
Intergovernmental revenues:				
Local government	-	372,953	-	372,953
Commonwealth	3,481,495	-	-	3,481,495
Federal	105,681	-	-	105,681
Total revenues	<u>\$ 11,623,204</u>	<u>\$ 384,041</u>	<u>\$ 158,332</u>	<u>\$ 12,165,577</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,069,263	\$ -	\$ -	\$ 1,069,263
Judicial administration	768,349	-	-	768,349
Public safety	2,012,328	-	-	2,012,328
Public works	1,452,948	-	-	1,452,948
Health and welfare	1,262,149	-	6,381	1,268,530
Education	2,469,550	-	-	2,469,550
Parks, recreation, and cultural	94,129	-	396,785	490,914
Community development	399,905	-	-	399,905
Capital projects	-	295,895	32,385	328,280
Debt service:				
Principal retirement	350,800	564,846	330,635	1,246,281
Interest and other fiscal charges	189,465	136,816	17,162	343,443
Total expenditures	<u>\$ 10,068,886</u>	<u>\$ 997,557</u>	<u>\$ 783,348</u>	<u>\$ 11,849,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,554,318</u>	<u>\$ (613,516)</u>	<u>\$ (625,016)</u>	<u>\$ 315,786</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 305,134	\$ 564,302	\$ 879,436
Transfers out	(1,197,326)	-	(10,000)	(1,207,326)
Issuance of general obligation bonds	-	509,973	-	509,973
Total other financing sources (uses)	<u>\$ (1,187,326)</u>	<u>\$ 815,107</u>	<u>\$ 554,302</u>	<u>\$ 182,083</u>
Net change in fund balances	\$ 366,992	\$ 201,591	\$ (70,714)	\$ 497,869
Fund balances - beginning	1,159,258	286,987	369,193	1,815,438
Fund balances - ending	<u>\$ 1,526,250</u>	<u>\$ 488,578</u>	<u>\$ 298,479</u>	<u>\$ 2,313,307</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	497,869
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	(401,156)
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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.	210,734
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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.	736,308
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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>(12,707)</u>
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Change in net position of governmental activities	\$ <u><u>1,031,048</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position
 Proprietary Funds
 June 30, 2013

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,298,538	\$ 14,397	\$ 1,312,935
Accounts receivable, net of allowance for uncollectibles	438,604	6,867	445,471
Total current assets	<u>\$ 1,737,142</u>	<u>\$ 21,264</u>	<u>\$ 1,758,406</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 3,003,850	\$ -	\$ 3,003,850
Cash and cash equivalents (in custody of others)	-	37,995	37,995
Total restricted assets	<u>\$ 3,003,850</u>	<u>\$ 37,995</u>	<u>\$ 3,041,845</u>
Capital assets:			
Land	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	637,336	637,336
Equipment	247,792	435,810	683,602
Infrastructure	13,523,431	5,854,800	19,378,231
Construction in progress	385,616	34,987	420,603
Accumulated Depreciation	(8,572,807)	(733,185)	(9,305,992)
Total capital assets	<u>\$ 5,584,032</u>	<u>\$ 7,594,648</u>	<u>\$ 13,178,680</u>
Total noncurrent assets	<u>\$ 8,587,882</u>	<u>\$ 7,632,643</u>	<u>\$ 16,220,525</u>
Total assets	<u>\$ 10,325,024</u>	<u>\$ 7,653,907</u>	<u>\$ 17,978,931</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 15,173	\$ 13,108	\$ 28,281
Accrued liabilities	23,213	9,881	33,094
Accrued interest payable	113,542	136,050	249,592
Unearned revenue	26,798	-	26,798
Customer deposits	69,755	-	69,755
Bonds payable - current portion	172,154	228,489	400,643
Compensated absences - current portion	28,615	9,940	38,555
Total current liabilities	<u>\$ 449,250</u>	<u>\$ 397,468</u>	<u>\$ 846,718</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 6,679,454	\$ 9,273,599	\$ 15,953,053
Leases and other obligations - net of current portion	-	655,318	655,318
Net OPEB obligation	59,020	14,969	73,989
Compensated absences - net of current portion	9,538	3,313	12,851
Total noncurrent liabilities	<u>\$ 6,748,012</u>	<u>\$ 9,947,199</u>	<u>\$ 16,695,211</u>
Total liabilities	<u>\$ 7,197,262</u>	<u>\$ 10,344,667</u>	<u>\$ 17,541,929</u>
NET POSITION			
Net investment in capital assets	\$ 959,275	\$ (2,562,758)	\$ (1,603,483)
Restricted for debt service and bond covenants	776,999	37,995	814,994
Unrestricted	1,391,488	(165,997)	1,225,491
Total net position	<u>\$ 3,127,762</u>	<u>\$ (2,690,760)</u>	<u>\$ 437,002</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,147,558	\$ -	\$ 1,147,558
Sewer revenues	749,726	-	749,726
Penalties	48,690	-	48,690
Course fees	-	216,288	216,288
Golf cart rentals	-	204,197	204,197
Golf clubs and balls	-	17,891	17,891
Meter service charges	46,238	-	46,238
Reconnection fees and other charges	14,185	-	14,185
Food and beverage sales	-	33,509	33,509
Miscellaneous	8,590	63	8,653
Total operating revenues	\$ 2,014,987	\$ 471,948	\$ 2,486,935
OPERATING EXPENSES			
Personal services	\$ 638,474	\$ 222,959	\$ 861,433
Fringe benefits	263,037	58,524	321,561
Contractual services	24,230	149	24,379
Other charges	383,976	154,881	538,857
Depreciation	380,033	72,099	452,132
Rentals and leases	-	9	9
Total operating expenses	\$ 1,689,750	\$ 508,621	\$ 2,198,371
Operating income (loss)	\$ 325,237	\$ (36,673)	\$ 288,564
NONOPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	\$ (403,401)	\$ (551,935)	\$ (955,336)
Nutrient credit purchase	(54,074)	-	(54,074)
Total nonoperating revenues (expenses)	\$ (457,475)	\$ (551,935)	\$ (1,009,410)
Income before contributions and transfers	\$ (132,238)	\$ (588,608)	\$ (720,846)
Capital contributions and construction grants	\$ 155,964	\$ 34,491	\$ 190,455
Transfers in	-	328,281	328,281
Transfers out	(391)	-	(391)
Change in net position	\$ 23,335	\$ (225,836)	\$ (202,501)
Total net position - beginning, as restated	3,104,427	(2,464,924)	639,503
Total net position - ending	\$ 3,127,762	\$ (2,690,760)	\$ 437,002

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,972,769	\$ 470,582	\$ 2,443,351
Payments to suppliers	(406,875)	(155,772)	(562,647)
Payments to employees	(901,912)	(278,114)	(1,180,026)
Net cash provided by (used for) operating activities	<u>\$ 672,572</u>	<u>\$ 36,696</u>	<u>\$ 709,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (391)	\$ -	\$ (391)
Transfers from other funds	-	328,281	328,281
Net cash provided by (used for) noncapital financing activities	<u>\$ (391)</u>	<u>\$ 328,281</u>	<u>\$ 327,890</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (339,739)	\$ (34,987)	\$ (374,726)
Purchase of nutrient credits	(54,074)	-	(54,074)
Principal payments on bonds	(125,258)	(213,380)	(338,638)
Capital grants and contributions	155,964	34,491	190,455
Proceeds from indebtedness	-	231,299	231,299
Interest payments	(359,138)	(543,641)	(902,779)
Net cash provided by (used for) capital and related financing activities	<u>\$ (722,245)</u>	<u>\$ (526,218)</u>	<u>\$ (1,248,463)</u>
Net increase (decrease) in cash and cash equivalents	\$ (50,064)	\$ (161,241)	\$ (211,305)
Cash and cash equivalents - beginning, including restricted cash of \$3,112,168 and \$99,389, respectively	<u>\$ 4,352,452</u>	<u>\$ 213,633</u>	<u>\$ 4,566,085</u>
Cash and cash equivalents - ending, including restricted cash of \$3,003,850 and \$37,995, respectively	<u>\$ 4,302,388</u>	<u>\$ 52,392</u>	<u>\$ 4,354,780</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 325,237</u>	<u>\$ (36,673)</u>	<u>\$ 288,564</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 380,033	\$ 72,097	\$ 452,130
Amortization expense			
(Increase) decrease in accounts receivable	(36,922)	(1,364)	(38,286)
Increase (decrease) in compensated absences	553	(546)	7
Increase (decrease) in net OPEB obligation	8,330	1,469	9,799
Increase (decrease) in accounts payable	1,331	(733)	598
Increase (decrease) in unearned revenue	510	-	510
Increase (decrease) in customer deposits	2,784	-	2,784
Increase (decrease) in accrued liabilities	(9,284)	2,446	(6,838)
Total adjustments	<u>\$ 347,335</u>	<u>\$ 73,369</u>	<u>\$ 420,704</u>
Net cash provided by (used for) operating activities	<u>\$ 672,572</u>	<u>\$ 36,696</u>	<u>\$ 709,268</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,975</u>
Total assets	\$ <u><u>1,975</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>1,975</u>
Total liabilities	\$ <u><u>1,975</u></u>

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended Component Units – The City has no blended component units for the year ended June 30, 2013.

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

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

Other Organizations:

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

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

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

A. Financial Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Receivables and payables

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

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

2. Property Taxes

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

3. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$138,655 at June 30, 2013 and is comprised of property taxes.

4. Use of Estimates

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

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

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

5. Capital assets

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

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

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

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

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

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

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

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

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

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

6. *Compensated Absences*

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

7. *Long-term obligations*

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

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

8. *Fund equity*

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

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

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

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

8. Fund equity (continued)

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

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

9. Net Position

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

10. Prepaid Items

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

11. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2013 the general, golf, and water and sewer funds had restricted cash for debt service of \$108,540, \$37,995, and \$776,999, respectively. Additionally, the school construction fund had restricted cash for school capital projects of \$222,846 and the water and sewer fund had unspent bond proceeds of \$2,226,851.

As of June 30, 2013 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 \$99,389.

12. 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 -

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

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City does not have any deferred outflows of resources as of June 30, 2013.

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

14. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The City implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

15. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The City implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Beginning net position has been restated to reflect the write off of bond issue cost in the water and sewer, and golf funds in the amounts of \$363,473 and 606,489, respectively. Reference Note 17 for additional details on the restatement of net position.

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 \$(8,525,928) and \$(536,641) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ (1,425,962)	\$ -
Accrued interest payable	(89,708)	-
Net OPEB obligation	(278,012)	(334,000)
Capital leases	(259,536)	-
Loans payable	(6,267,176)	-
Compensated absences	<u>(205,534)</u>	<u>(202,641)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u>(8,525,928)</u>	\$ <u>(536,641)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net 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 \$(401,156) and \$(134,243) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Capital outlay	\$ 320,955	\$ 6,196
Depreciation expense	<u>(722,111)</u>	<u>(140,439)</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>(401,156)</u>	\$ <u>(134,243)</u>

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$736,308 difference in the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 313,835
Revenue bonds	163,234
Loans payable	646,578
Capital leases	<u>122,634</u>
Debt issued or incurred:	
Issuance of general obligation debt	<u>(509,973)</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>\$ 736,308</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these \$(12,707) and \$37,517 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Compensated absences	\$ 11,566	\$ 80,517
Net OPEB obligation	(39,201)	(43,000)
Accrued interest payable	<u>14,928</u>	<u>-</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>\$ (12,707)</u>	<u>\$ 37,517</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, 2013. 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.

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)**B. Excess of expenditures over appropriations**

For the year ended June 30, 2013, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
Park and Recreation	\$ 51,345
Flood Protection	21,833
CDBG fund	5,151
School Construction	362,950
Total All Funds	\$ <u>441,279</u>

C. Deficit fund equity

At June 30, 2013, the parks and recreation and golf course funds had deficit fund equity of \$66,009 and \$2,690,760 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 CONTINUED**NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):**

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 14,654
SNAP	222,846
Total	<u>\$ 237,500</u>

External Investment Pool

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

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

Interest Rate Risk

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

NOTE 5—DUE FROM OTHER GOVERNMENTS:

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

	Primary Government	Discretely Presented Component Unit School Board	Total Reporting Entity
<u>Federal Government:</u>			
Categorical aid - Welfare	\$ 2,426	\$ -	\$ 2,426
Categorical aid - IDEA Part B Section 611 special education	-	19,482	19,482
Categorical aid - Title I	-	16,596	16,596
Categorical aid - Title II Part A	-	985	985
<u>Commonwealth of Virginia:</u>			
Local sales tax	-	157,820	157,820
State sales tax	73,856	-	73,856
Personal property tax relief funds	374,445	-	374,445
Categorical aid - welfare	9,397	-	9,397
Categorical aid - criminal victim witness program	12,634	-	12,634
Communications tax	50,997	-	50,997
Comprehensive Service Act funds - Rockbridge County	188,711	-	188,711
Other state funds	59,494	-	59,494
Totals	<u>\$ 771,960</u>	<u>\$ 194,883</u>	<u>\$ 966,843</u>

NOTE 6—INTERFUND OBLIGATIONS:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 441,851	\$ 51,601
Park and Recreation Fund	51,601	-
Total Primary Government	<u>\$ 493,452</u>	<u>\$ 51,601</u>
Component Unit-School Board:		
School Fund	\$ -	\$ 441,851
Total Component Unit	<u>\$ -</u>	<u>\$ 441,851</u>
Total reporting entity	<u>\$ 493,452</u>	<u>\$ 493,452</u>

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

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 1,197,326
Park and Recreation Fund	255,805	-
Flood Protection Fund	300,000	-
Senior Center Fund	8,497	-
School Construction Fund	305,134	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 879,436</u>	<u>\$ 1,207,326</u>
Business-type activities:		
Golf Course Fund	\$ 328,281	\$ -
Water & Sewer Fund	-	391
Total business-type activities	<u>\$ 328,281</u>	<u>\$ 391</u>
Total primary government	<u>\$ 1,207,717</u>	<u>\$ 1,207,717</u>

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 CONTINUED

NOTE 8—LONG-TERM OBLIGATIONS:Primary Government-Governmental Activity Obligations

The following is a summary of long-term obligation transactions for the City's governmental activities for the year ended June 30, 2013.

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
<u>General long-term obligations:</u>				
General obligation bonds	\$ 627,636	\$ 509,973	\$ 313,835	\$ 823,774
Revenue bonds	765,422	-	163,234	602,188
Literary loan	3,750,000	-	375,000	3,375,000
Capital leases	382,170	-	122,634	259,536
Loans payable	3,163,754	-	271,578	2,892,176
OPEB obligation	238,811	60,001	20,800	278,012
Compensated absences	217,100	42,709	54,275	205,534
Total general long-term debt	<u>\$ 9,144,893</u>	<u>\$ 612,683</u>	<u>\$ 1,321,356</u>	<u>\$ 8,436,220</u>

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

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NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)Primary Government-Governmental Activity Obligations (Continued)

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

Year Ending June 30,	General Obligation Bonds		Revenue Bond	
	Principal	Interest	Principal	Interest
2014	\$ 336,982	\$ 25,118	\$ 158,345	26,262
2015	23,181	19,583	166,004	18,603
2016	23,181	19,583	174,034	10,573
2017	23,181	19,583	103,805	9,051
2018	23,181	19,583	-	-
2019	23,181	19,583	-	-
2020	23,181	19,583	-	-
2021	23,181	19,583	-	-
2022	23,181	19,583	-	-
2023	23,181	19,583	-	-
2024	23,181	19,583	-	-
2025	23,181	19,583	-	-
2026	23,181	19,583	-	-
2027	23,181	19,583	-	-
2028	23,181	19,583	-	-
2029	23,181	19,583	-	-
2030	23,181	19,583	-	-
2031	23,181	19,583	-	-
2032	23,181	19,583	-	-
2033	23,181	19,583	-	-
2034	23,181	19,583	-	-
2035	23,172	9,791	-	-
Totals	\$ 823,774	\$ 426,569	\$ 602,188	\$ 64,489

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 CONTINUED

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activity Obligations (continued)

Year Ending June 30,	Literary Fund Loan		Capital Leases Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 375,000	\$ 67,500	\$ 103,125	\$ 12,931	\$ 33,652	\$ 118,114
2015	375,000	60,000	109,171	7,368	35,368	116,406
2016	375,000	52,500	47,240	1,432	564,080	114,612
2017	375,000	45,000	-	-	38,913	112,725
2018	375,000	37,500	-	-	40,895	110,743
2019	375,000	30,000	-	-	42,979	108,659
2020	375,000	22,500	-	-	45,168	106,470
2021	375,000	15,000	-	-	47,470	104,169
2022	375,000	7,500	-	-	49,888	101,750
2023	-	-	-	-	52,429	99,209
2024	-	-	-	-	55,100	96,538
2025	-	-	-	-	57,908	93,731
2026	-	-	-	-	60,858	90,780
2027	-	-	-	-	63,958	87,680
2028	-	-	-	-	67,217	84,422
2029	-	-	-	-	70,641	80,997
2030	-	-	-	-	74,240	77,398
2031	-	-	-	-	78,022	73,616
2032	-	-	-	-	81,997	69,641
2033	-	-	-	-	86,174	65,464
2034	-	-	-	-	90,564	61,074
2035	-	-	-	-	95,178	56,460
2036	-	-	-	-	100,027	51,611
2037	-	-	-	-	105,123	46,515
2038	-	-	-	-	110,478	41,160
2039	-	-	-	-	116,107	35,531
2040	-	-	-	-	122,022	29,616
2041	-	-	-	-	128,238	23,400
2042	-	-	-	-	134,771	16,867
2043	-	-	-	-	141,637	10,001
2044	-	-	-	-	101,074	2,786
Totals	\$ <u>3,375,000</u>	\$ <u>337,500</u>	\$ <u>259,536</u>	\$ <u>21,731</u>	\$ <u>2,892,176</u>	\$ <u>2,288,145</u>

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)Primary Government-Governmental Activity Obligations (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness:</u>		
<u>General Obligation Bonds:</u>		
\$3,452,000 Bonds, Series 2003, dated May 15, 2003 maturing annually with principal payments of \$313,818. Interest is payable semi-annually accruing at 3.50%, maturing September 1, 2008 through 2013.	\$ 313,801	\$ 313,801
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at rates of 1.9%. Interest is reimbursed by a federal interest subsidy.	509,973	23,181
Total general obligation bonds	\$ 823,774	\$ 336,982
<u>Education Revenue Bond Payable:</u>		
\$2,000,000 Education Revenue Bond issued December 1, 2000 through the Buena Vista Industrial Development Authority due in semi-annual installments of \$92,303 including interest at 4.78% through July 29, 2016.	\$ 602,188	\$ 158,345
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 3,375,000	\$ 375,000
\$750,000 refinancing of loan payable for land purchased, dated August 26, 2009, due in full on August 26, 2012. Payments are due quarterly in the amount of \$13,514 including principal and interest at 6%.	527,316	128
\$1,800,000 loan payable dated March 5, 2009, used to refinance existing debt. Due in annual installments of \$109,179 including interest at 5% through 2044.	1,702,699	24,137
\$700,000 loan payable dated March 5, 2009, used to refinance existing debt. Due in annual installments of \$42,459 including interest at 5% through 2044.	662,161	9,387
Total loans payable	\$ 6,267,176	\$ 408,652

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 CONTINUED**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government-Governmental Activity Obligations (continued)

Details of long-term obligations (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Indebtedness: (continued)</u>		
<u>Capital Leases:</u>		
\$225,421 capital lease for school buses, dated November 8, 2010, due in annual payment of \$48,860, including interest at 3% through August 1, 2015.	\$ 138,207	\$ 44,714
\$176,000 capital lease for public safety vehicles, dated February 7, 2012, due in annual payment of \$67,196, including interest at 7%, through February 7, 2015.	121,329	58,411
Sub-total capital leases	<u>\$ 259,536</u>	<u>\$ 103,125</u>
Net OPEB Obligation	<u>\$ 278,012</u>	<u>\$ -</u>
Compensated absences (payable from the General and Park and Recreation Funds)	<u>\$ 205,534</u>	<u>\$ 154,151</u>
Total general obligations	<u>\$ 8,436,220</u>	<u>\$ 1,161,255</u>

Primary Government-Enterprise Fund Obligations

The following is a summary of changes in long-term obligation transactions for the City's enterprise activities for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2013</u>
<u>Enterprise Fund obligations:</u>				
Revenue bonds	\$ 4,763,500	\$ -	\$ 100,000	\$ 4,663,500
Lease-revenue bonds	11,928,834	-	238,638	11,690,196
Other obligations	424,019	231,299	-	655,318
Net OPEB obligations	64,190	15,000	5,201	73,989
Compensated absences	51,398	68,557	68,549	51,406
Total enterprise obligation	<u>\$ 17,231,941</u>	<u>\$ 314,856</u>	<u>\$ 412,388</u>	<u>\$ 17,134,409</u>

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

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)Primary Government-Enterprise Fund Obligations (Continued)

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

Year Ending June 30,	Revenue Bonds/Notes Payable	
	Principal	Interest
2014	\$ 400,643	\$ 860,390
2015	417,739	841,912
2016	444,933	822,500
2017	462,226	800,269
2018	419,626	777,045
2019	407,135	755,829
2020	529,760	734,998
2021	557,505	707,427
2022	585,377	678,431
2023	613,380	648,003
2024	641,522	616,136
2025	679,807	580,638
2026	718,244	543,039
2027	756,838	503,826
2028	795,598	463,141
2029	839,530	417,496
2030	888,644	368,432
2031	937,945	316,319
2032	1,225,945	261,194
2033	642,151	187,775
2034	677,074	152,603
2035	712,223	115,554
2036	1,082,219	76,481
2037	453,947	53,524
2038	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	40,303	290
Total	\$ <u>17,009,014</u>	\$ <u>12,476,898</u>

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Enterprise Fund Indebtedness:</u>		
<u>Revenue Bonds:</u>		
\$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.	\$ 4,663,500	\$ 155,000
\$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.	3,045,196	45,643
\$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.	8,645,000	200,000
Sub-total revenue bonds	\$ <u>16,353,696</u>	\$ <u>400,643</u>
<u>Other Obligations:</u>		
Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments comencing July 1, 2035 through January 1, 2040.	\$ 655,318	\$ -
Net OPEB obligation	\$ 73,989	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 51,406	\$ 38,555
Total Enterprise Fund indebtedness	\$ <u>17,134,409</u>	\$ <u>439,198</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 CONTINUED**NOTE 8—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, 2013.

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>General Long-Term Obligation</u>				
Net OPEB obligation	\$ 291,000	\$ 337,000	\$ 294,000	\$ 334,000
Compensated absences	283,158	61,062	141,579	202,641
Total Long-Term Obligation	<u>\$ 574,158</u>	<u>\$ 398,062</u>	<u>\$ 435,579</u>	<u>\$ 536,641</u>

Details of Long-term Indebtedness:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Net OPEB obligation	\$ 334,000	\$ -
Compensated absences (payable from the School Fund)	\$ 202,641	\$ 151,981
Total Long-term obligations, Discretely Presented Component Unit - School Board	<u>\$ 536,641</u>	<u>\$ 151,981</u>

NOTE 9—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:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Machinery and Equipment	\$ 429,576
Less: Accumulated depreciation	(136,644)
Total	<u>\$ 292,932</u>

NOTE 9—CAPITAL LEASES: (CONTINUED)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2013, are as follows:

Year Ended June 30,	Governmental Activities
2014	\$ 116,056
2015	116,539
2016	48,672
Total minimum lease payments	\$ 281,267
Less: Amount representing interest	(21,731)
Present value of minimum lease payments	\$ 259,536

NOTE 10—DEFINED BENEFIT PENSION PLAN:**A. Plan Description**

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

NOTE 10—DEFINED BENEFIT PENSION PLAN (Continued):

A. Plan Description (Continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the City of Buena Vista, Virginia is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's and School's contribution rates, for the fiscal year ended 2013, were 14.28%, and 5.12%, respectively, of annual covered payroll.

Discretely Presented Component Unit – School Board:

The School Board's contributions for professional employees were \$532,330, \$324,200, and \$211,283, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 12.66% for July 2013 through August, 2013 and 11.66% for September 2013 through June 2013, 6.33%, and 6.93%, of current covered payroll.

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

For fiscal year 2013, the City's and School Board's annual pension costs of \$415,104 and \$15,238 were equal to the City's and School Board's required and actual contributions for the City and the School Board Non-Professionals employees, respectively.

	Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
City	6/30/11	\$ 293,201	100%	\$ -
	6/30/12	293,068	100%	-
	6/30/13	415,104	100%	-
Discretely Presented				
Component Unit:				
School Board Non Professional	6/30/11	\$ -	100%	\$ -
	6/30/12	-	100%	-
	6/30/13	15,238	100%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 5.60% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the City's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 72.86% funded. The actuarial accrued liability for benefits was \$15,951,627, and the actuarial value of assets was \$11,621,561, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,330,066. The covered payroll (annual payroll of active employees covered by the plan) was \$2,894,098, and ratio of the UAAL to the covered payroll was 149.62%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's non-professional plan was 110.70% funded. The actuarial accrued liability for benefits was \$1,346,647, and the actuarial value of assets was \$1,490,730, resulting in an unfunded actuarial accrued liability (UAAL) of (\$144,083). The covered payroll (annual payroll of active employees covered by the plan) was \$371,923, and ratio of the UAAL to the covered payroll was (38.74)%.

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

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS:

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

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**City:****A. Plan Description:**

The City offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The City will pay a portion of the medical insurance for eligible retirees equal to that received by regular working full time employees (\$378.40 for fiscal year 2013). Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the City for retirees regardless of age if he/she has been employed by the City for at least 10 years immediately prior to the disability. The City reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The City's general fund has been used in prior years to liquidate the net other post employment benefit obligation of the governmental funds. The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$76,000 for fiscal year 2013. The City has paid \$26,000 towards this obligation during fiscal year 2013. 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		12,000
Adjustment to annual required contributions		(13,000)
Annual OPEB cost (expense)	\$	75,000
Contributions made		(26,000)
Increase in net OPEB obligation	\$	49,000
Net OPEB obligation-beginning of year		303,001
Net OPEB obligation-end of year	\$	352,001

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**City: (Continued)**

For 2013, the City's expected cash payment of \$26,000 was \$50,000 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:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 75,000	34.67%	\$ 352,001
6/30/12	139,000	44.60%	303,001
6/30/11	133,000	39.10%	225,959

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 903,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 903,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 2,854,000
UAAL as a percentage of covered payroll	31.64%

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

E. Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 10% for Pre-Medicare coverage in 2010. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

City: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

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

Interest Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

School Board:

A. Plan Description:

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

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**School Board: (Continued)****B. Funding Policy:**

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$337,000 for fiscal year 2013. The School Board has paid \$294,000 towards this obligation during FY13. 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	\$	337,000
Interest on net OPEB obligation		10,000
Adjustment to annual required contributions		<u>(10,000)</u>
Annual OPEB cost (expense)	\$	337,000
Contributions made		<u>(294,000)</u>
Increase in net OPEB obligation	\$	43,000
Net OPEB obligation-beginning of year		<u>291,000</u>
Net OPEB obligation-end of year	\$	<u><u>334,000</u></u>

For 2013, the School Board's expected cash payment of \$294,000 was \$43,000 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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 337,000	87.24%	\$ 334,000
6/30/12	337,000	87.24%	291,000
6/30/11	329,000	80.85%	248,000

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**School Board: (continued)****D. Funded Status and Funding Progress:**

The funded status of the plan as of June 30, 2013 is as follows:

Actuarial accrued liability (AAL)	\$	3,648,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	3,648,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	5,126,000
UAAL as a percentage of covered payroll		71.2%

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

E. Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Presumptions used in determining the health care cost trends include that Medical Per Capita costs, Average Costs and premiums are assumed to increase 10% for Pre-Medicare coverage in 2010. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Cost Method

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

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**School Board: (Continued)****Interest Assumptions**

Funding interest rate	4.00%
Annual amortization increase rate	2.50%

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

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$50,552, \$30,730, and \$32,257, respectively and equaled the required contributions for each year.

NOTE 12—UNAVAILABLE REVENUE:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue in the government-wide financial statements and fund financial statements totaling \$732,843, and \$1,398,552, respectively is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$189,694 at June 30, 2013.
- B. Unbilled Property Taxes—Property taxes for the second half of 2013 that had not been billed as of June 30, 2013 amounted to \$543,149.
- C. Unavailable Property Taxes—Uncollected tax billings not available for funding of current expenditures totaled \$665,709.

NOTE 13—CONTINGENT LIABILITIES:

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

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

NOTE 14—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,108,097	\$ -	\$ -	\$ 2,108,097
Construction in progress	-	295,895	-	295,895
Total capital assets not being depreciated	\$ 2,108,097	\$ 295,895	\$ -	\$ 2,403,992
Capital assets being depreciated:				
Buildings and improvements	\$ 14,062,548	\$ -	\$ -	\$ 14,062,548
Infrastructure	28,076,576	-	-	28,076,576
Machinery and Equipment	2,278,875	25,060	-	2,303,935
Total capital assets being depreciated	\$ 44,417,999	\$ 25,060	\$ -	\$ 44,443,059
Accumulated depreciation:				
Buildings and improvements	\$ (3,379,620)	\$ (297,726)	\$ -	\$ (3,677,346)
Infrastructure	(25,049,317)	(272,084)	-	(25,321,401)
Machinery and Equipment	(1,582,309)	(152,301)	-	(1,734,610)
Total accumulated depreciation	\$ (30,011,246)	\$ (722,111)	\$ -	\$ (30,733,357)
Capital assets being depreciated, net	\$ 14,406,753	\$ (697,051)	\$ -	\$ 13,709,702
Governmental activities capital assets, net	\$ 16,514,850	\$ (401,156)	\$ -	\$ 16,113,694

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 CONTINUED**NOTE 14—CAPITAL ASSETS: (CONTINUED)**

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Construction in progress	77,475	343,128	-	420,603
Total capital assets not being depreciated	\$ 1,442,375	\$ 343,128	\$ -	\$ 1,785,503
Capital assets being depreciated:				
Infrastructure	\$ 19,346,633	\$ 31,598	\$ -	\$ 19,378,231
Buildings	637,336	-	-	637,336
Equipment	683,602	-	-	683,602
Total capital assets being depreciated	\$ 20,667,570	\$ 31,598	\$ -	\$ 20,699,169
Accumulated depreciation:				
Infrastructure	\$ (8,111,637)	\$ (397,575)	\$ -	\$ (8,509,212)
Buildings	(148,346)	(12,748)	-	(161,094)
Equipment	(593,877)	(41,809)	-	(635,686)
Total accumulated depreciation	\$ (8,853,860)	\$ (452,132)	\$ -	\$ (9,305,992)
Capital assets being depreciated, net	\$ 11,813,710	\$ (420,534)	\$ -	\$ 11,393,177
Business-type activities capital assets, net	\$ 13,256,085	\$ (77,406)	\$ -	\$ 13,178,680

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

General government administration	\$ 350,545
Judicial administration	8,867
Public safety	78,375
Public works	59,604
Health and welfare	3,292
Education	208,785
Parks, recreation and cultural	12,643
Total depreciation expense - governmental activities	\$ 722,111
Business-type activities:	
Water and Sewer	\$ 380,033
Golf course	72,099
Total depreciation expense - business-type activities	\$ 452,132

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 CONTINUED

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit

School Board

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ 4,634
Total capital assets not being depreciated	\$ 4,634	\$ -	\$ -	\$ 4,634
Capital assets being depreciated:				
Buildings and improvements	\$ 5,703,236	\$ -	\$ -	\$ 5,703,236
Vehicles	516,827	6,196	(11,849)	511,174
Total capital assets being depreciated	\$ 6,220,063	\$ 6,196	\$ (11,849)	\$ 6,214,410
Accumulated depreciation:				
Buildings and improvements	\$ (2,927,796)	\$ (123,735)	\$ -	\$ (3,051,531)
Vehicles	(500,008)	(16,704)	10,955	(505,757)
Total accumulated depreciation	\$ (3,427,804)	\$ (140,439)	\$ 10,955	\$ (3,557,288)
Capital assets being depreciated, net	\$ 2,792,259	\$ (134,243)	\$ (894)	\$ 2,657,122
Governmental activities capital assets, net	\$ 2,796,893	\$ (134,243)	\$ (894)	\$ 2,661,756

Depreciation expense for the Component Unit School Board was \$140,439 for the year ended June 30, 2013 and was charged to the education function.

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

NOTE 15—RISK MANAGEMENT:

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

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

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

NOTE 16—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2013 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTE 17—RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

Beginning net position has been restated in the financial statements as detailed below:

	Primary Government: Business-type Activities
Net position as previously reported, July 1, 2012	\$ 1,609,465
To write off bond issue cost - water and sewer fund	(363,473)
To write off bond issue cost - golf fund	(606,489)
Net position as restated, July 1, 2012	<u>\$ 639,503</u>

NOTE 18—LITIGATION:

At June 30, 2013, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 19—CONSTRUCTION CONTRACTS OUTSTANDING:

The Component Unit School Board had the following material contract outstanding at June 30, 2013:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent as of June 30, 2013</u>	<u>Amount of Contract Remaining at Year End</u>
Middle school energy project	\$ <u>510,000</u>	\$ <u>281,100</u>	\$ <u>228,900</u>

NOTE 20—UPCOMING PRONOUNCEMENTS:

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 5,408,489	\$ 5,408,489	\$ 5,566,575	\$ 158,086
Other local taxes	1,394,258	1,394,258	1,485,511	91,253
Permits, privilege fees, and regulatory licenses	32,950	32,950	35,195	2,245
Fines and forfeitures	60,700	60,700	78,145	17,445
Revenue from the use of money and property	62,571	62,571	33,935	(28,636)
Charges for services	699,420	699,420	643,164	(56,256)
Miscellaneous	161,800	161,800	184,381	22,581
Recovered costs	-	-	9,122	9,122
Intergovernmental revenues:				
Commonwealth	3,500,959	3,500,959	3,481,495	(19,464)
Federal	102,000	102,000	105,681	3,681
Total revenues	<u>\$ 11,423,147</u>	<u>\$ 11,423,147</u>	<u>\$ 11,623,204</u>	<u>\$ 200,057</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,135,086	\$ 1,143,807	\$ 1,069,263	\$ 74,544
Judicial administration	757,857	805,288	768,349	36,939
Public safety	1,968,585	2,039,339	2,012,328	27,011
Public works	1,669,275	1,671,375	1,452,948	218,427
Health and welfare	1,466,607	1,477,207	1,262,149	215,058
Education	2,315,211	2,315,211	2,469,550	(154,339)
Parks, recreation, and cultural	93,587	93,587	94,129	(542)
Community development	504,105	504,855	399,905	104,950
Debt service:				
Principal retirement	209,278	209,278	350,800	(141,522)
Interest and other fiscal charges	177,771	177,771	189,465	(11,694)
Total expenditures	<u>\$ 10,297,362</u>	<u>\$ 10,437,718</u>	<u>\$ 10,068,886</u>	<u>\$ 368,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,125,785</u>	<u>\$ 985,429</u>	<u>\$ 1,554,318</u>	<u>\$ 568,889</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers out	(1,125,785)	(985,429)	(1,197,326)	(211,897)
Total other financing sources (uses)	<u>\$ (1,125,785)</u>	<u>\$ (985,429)</u>	<u>\$ (1,187,326)</u>	<u>\$ (201,897)</u>
Net change in fund balances	\$ -	\$ -	\$ 366,992	\$ 366,992
Fund balances - beginning	-	-	1,159,258	1,159,258
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,526,250</u>	<u>\$ 1,526,250</u>

Schedule of Pension Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:

City Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	11,621,561	\$ 15,951,627	\$ 4,330,066	72.86%	\$ 2,894,098	149.62%
06/30/11	11,777,419	15,449,913	3,672,494	76.23%	2,895,929	126.82%
06/30/10	11,683,528	15,119,873	3,436,345	77.27%	3,017,810	113.87%
06/30/09	11,803,893	13,685,074	1,881,181	86.25%	3,218,132	58.46%
06/30/08	11,749,435	12,914,273	1,164,838	90.98%	3,181,191	36.62%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 1,490,730	\$ 1,346,647	\$ (144,083)	110.70%	\$ 371,923	-38.74%
06/30/11	1,537,944	1,415,167	(122,777)	108.68%	281,102	-43.68%
06/30/10	1,546,165	1,288,089	(258,076)	120.04%	361,826	-71.33%
06/30/09	1,587,329	1,229,318	(358,011)	129.12%	387,112	-92.48%
06/30/08	1,625,061	1,193,054	(432,007)	136.21%	423,988	-101.89%

Schedule of OPEB Funding Progress
As of June 30, 2013

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)
06/30/12	\$ -	\$ 903,000	\$ 903,000	0.00%	\$ 2,854,000	31.64%
06/30/11	-	1,557,000	1,557,000	0.00%	2,731,000	57.01%
06/30/10	-	1,478,000	1,478,000	0.00%	2,731,000	54.12%
06/30/09	-	1,674,000	1,674,000	0.00%	3,294,000	50.82%
06/30/08	-	1,610,000	1,610,000	0.00%	3,214,000	50.09%

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)
06/30/12	\$ -	\$ 3,648,000	\$ 3,648,000	0.00%	\$ 5,126,000	71.17%
06/30/11	-	3,648,000	3,648,000	0.00%	5,126,000	71.17%
06/30/10	-	3,592,000	3,592,000	0.00%	5,126,000	70.10%
06/30/09	-	2,988,000	2,988,000	0.00%	4,323,000	69.30%
06/30/08	-	2,880,000	2,880,000	0.00%	4,218,000	68.30%

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
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 11,088	\$ 11,088
Intergovernmental revenues:				
Local government	324,093	324,093	372,953	48,860
Total revenues	<u>\$ 324,093</u>	<u>\$ 324,093</u>	<u>\$ 384,041</u>	<u>\$ 59,948</u>
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 295,895	\$ (295,895)
Debt service:				
Principal retirement	634,607	634,607	564,846	69,761
Interest and other fiscal charges	-	-	136,816	(136,816)
Total expenditures	<u>\$ 634,607</u>	<u>\$ 634,607</u>	<u>\$ 997,557</u>	<u>\$ (362,950)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (310,514)</u>	<u>\$ (310,514)</u>	<u>\$ (613,516)</u>	<u>\$ (303,002)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 310,514	\$ 310,514	\$ 305,134	\$ (5,380)
Proceeds of general obligation bonds	-	-	509,973	509,973
Total other financing sources (uses)	<u>\$ 310,514</u>	<u>\$ 310,514</u>	<u>\$ 815,107</u>	<u>\$ 504,593</u>
Net change in fund balances	\$ -	\$ -	\$ 201,591	\$ 201,591
Fund balances - beginning	-	-	286,987	286,987
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,578</u>	<u>\$ 488,578</u>

FIDUCIARY FUNDS

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
 For the Year Ended June 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 11,662	\$ 671	\$ 10,358	\$ 1,975
Total assets	<u>\$ 11,662</u>	<u>\$ 671</u>	<u>\$ 10,358</u>	<u>\$ 1,975</u>
LIABILITIES				
Amounts held for social services clients	\$ 11,662	\$ 671	\$ 10,358	\$ 1,975
Total liabilities	<u>\$ 11,662</u>	<u>\$ 671</u>	<u>\$ 10,358</u>	<u>\$ 1,975</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 60,781	\$ 290,816	\$ 351,597
Receivables (net of allowance for uncollectibles):			
Accounts receivable	3,059	19,303	22,362
Total assets	<u>\$ 63,840</u>	<u>\$ 310,119</u>	<u>\$ 373,959</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,561	\$ 6,696	\$ 13,257
Accrued liabilities	10,622	-	10,622
Due to other funds	51,601	-	51,601
Total liabilities	<u>\$ 68,784</u>	<u>\$ 6,696</u>	<u>\$ 75,480</u>
Fund balances:			
Restricted:			
Community development block grant	\$ -	\$ 82,462	\$ 82,462
Assigned:			
Debt service	-	220,961	220,961
Green Hill Cemetary	51,536	-	51,536
Designated for other	9,529	-	9,529
Unassigned	(66,009)	-	(66,009)
Total fund balances	<u>\$ (4,944)</u>	<u>\$ 303,423</u>	<u>\$ 298,479</u>
Total liabilities and fund balances	<u>\$ 63,840</u>	<u>\$ 310,119</u>	<u>\$ 373,959</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 91,111	\$ 505	\$ 91,616
Charges for services	47,895	-	47,895
Miscellaneous	1,801	-	1,801
Recovered costs	17,020	-	17,020
Total revenues	<u>\$ 157,827</u>	<u>\$ 505</u>	<u>\$ 158,332</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 6,381	\$ -	\$ 6,381
Parks, recreation, and cultural	396,785	-	396,785
Capital projects	-	32,385	32,385
Debt service:			
Principal retirement	16,800	313,835	330,635
Interest and other fiscal charges	613	16,549	17,162
Total expenditures	<u>\$ 420,579</u>	<u>\$ 362,769</u>	<u>\$ 783,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (262,752)</u>	<u>\$ (362,264)</u>	<u>\$ (625,016)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 264,302	\$ 300,000	\$ 564,302
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>\$ 254,302</u>	<u>\$ 300,000</u>	<u>\$ 554,302</u>
Net change in fund balances	\$ (8,450)	\$ (62,264)	\$ (70,714)
Fund balances - beginning	3,506	365,687	369,193
Fund balances - ending	<u><u>\$ (4,944)</u></u>	<u><u>\$ 303,423</u></u>	<u><u>\$ 298,479</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2013

	<u>Park and Recreation Fund</u>	<u>Senior Center Fund</u>	<u>Green Hill Cemetery Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 325	\$ 8,920	\$ 51,536	\$ 60,781
Receivables (net of allowance for uncollectibles):				
Accounts receivable	2,450	609	-	3,059
Total assets	<u>\$ 2,775</u>	<u>\$ 9,529</u>	<u>\$ 51,536</u>	<u>\$ 63,840</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,561	\$ -	\$ -	\$ 6,561
Accrued liabilities	10,622	-	-	10,622
Due to other funds	51,601	-	-	51,601
Total liabilities	<u>\$ 68,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,784</u>
Fund balances:				
Assigned:				
Green Hill Cemetery	\$ -	\$ -	\$ 51,536	\$ 51,536
Senior citizens program	-	9,529	-	9,529
Debt service	-	-	-	-
Unassigned	(66,009)	-	-	(66,009)
Total fund balances	<u>\$ (66,009)</u>	<u>\$ 9,529</u>	<u>\$ 51,536</u>	<u>\$ (4,944)</u>
Total liabilities and fund balances	<u>\$ 2,775</u>	<u>\$ 9,529</u>	<u>\$ 51,536</u>	<u>\$ 63,840</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 91,106	\$ -	\$ 5	\$ 91,111
Charges for services	46,845	-	1,050	47,895
Miscellaneous	1,801	-	-	1,801
Recovered costs	-	17,020	-	17,020
Total revenues	<u>\$ 139,752</u>	<u>\$ 17,020</u>	<u>\$ 1,055</u>	<u>\$ 157,827</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 6,381	\$ -	\$ 6,381
Parks, recreation, and cultural	396,785	-	-	396,785
Debt service:				
Principal retirement	-	16,800	-	16,800
Interest and other fiscal charges	-	613	-	613
Total expenditures	<u>\$ 396,785</u>	<u>\$ 23,794</u>	<u>\$ -</u>	<u>\$ 420,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (257,033)</u>	<u>\$ (6,774)</u>	<u>\$ 1,055</u>	<u>\$ (262,752)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 255,805	\$ 8,497	\$ -	\$ 264,302
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ 255,805</u>	<u>\$ 8,497</u>	<u>\$ (10,000)</u>	<u>\$ 254,302</u>
Net change in fund balances	\$ (1,228)	\$ 1,723	\$ (8,945)	\$ (8,450)
Fund balances - beginning	(64,781)	7,806	60,481	3,506
Fund balances - ending	<u><u>\$ (66,009)</u></u>	<u><u>\$ 9,529</u></u>	<u><u>\$ 51,536</u></u>	<u><u>\$ (4,944)</u></u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Park & Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 108,618	\$ 108,618	\$ 91,106	\$ (17,512)
Charges for services	58,135	58,135	46,845	(11,290)
Miscellaneous	5,500	5,500	1,801	(3,699)
Recovered costs	-	-	-	-
Total revenues	<u>\$ 172,253</u>	<u>\$ 172,253</u>	<u>\$ 139,752</u>	<u>\$ (32,501)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	335,840	345,440	396,785	(51,345)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 335,840</u>	<u>\$ 345,440</u>	<u>\$ 396,785</u>	<u>\$ (51,345)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (163,587)</u>	<u>\$ (173,187)</u>	<u>\$ (257,033)</u>	<u>\$ (83,846)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 163,587	\$ 173,187	\$ 255,805	\$ 82,618
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 163,587</u>	<u>\$ 173,187</u>	<u>\$ 255,805</u>	<u>\$ 82,618</u>
Net change in fund balances	\$ -	\$ -	\$ (1,228)	\$ (1,228)
Fund balances - beginning	-	-	(64,781)	(64,781)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,009)</u>	<u>\$ (66,009)</u>

Exhibit 20

Senior Center Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
31,000	31,000	17,020	(13,980)
<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 17,020</u>	<u>\$ (13,980)</u>
\$ 13,200	\$ 13,200	\$ 6,381	\$ 6,819
-	-	-	-
17,800	17,800	16,800	1,000
-	-	613	(613)
<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 23,794</u>	<u>\$ 7,206</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,774)</u>	<u>\$ (6,774)</u>
\$ -	\$ -	\$ 8,497	\$ 8,497
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,497</u>	<u>\$ 8,497</u>
\$ -	\$ -	\$ 1,723	\$ 1,723
-	-	7,806	7,806
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,529</u>	<u>\$ 9,529</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Green Hill Cemetery Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 5	\$ 5
Charges for services	-	-	1,050	1,050
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,055</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,055</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
Net change in fund balances	\$ -	\$ -	\$ (8,945)	\$ (8,945)
Fund balances - beginning	-	-	60,481	60,481
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,536</u>	<u>\$ 51,536</u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2013

	<u>Community Development Block Grant</u>	<u>Flood Protection Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 63,159	\$ 227,657	\$ 290,816
Receivables (net of allowance for uncollectibles):			
Accounts receivable	19,303	-	19,303
Total assets	<u>\$ 82,462</u>	<u>\$ 227,657</u>	<u>\$ 310,119</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 6,696	\$ 6,696
Total liabilities	<u>\$ -</u>	<u>\$ 6,696</u>	<u>\$ 6,696</u>
Fund balances:			
Restricted:			
Community development block grant	\$ 82,462	\$ -	\$ 82,462
Assigned:			
Debt service	-	220,961	220,961
Total fund balances	<u>\$ 82,462</u>	<u>\$ 220,961</u>	<u>\$ 303,423</u>
Total liabilities and fund balances	<u>\$ 82,462</u>	<u>\$ 227,657</u>	<u>\$ 310,119</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2013

	Community Development Block Grant	Flood Protection Revenue Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 485	\$ 20	\$ 505
Total revenues	<u>\$ 485</u>	<u>\$ 20</u>	<u>\$ 505</u>
EXPENDITURES			
Current:			
Capital projects	\$ 5,151	\$ 27,234	\$ 32,385
Debt service:			
Principal retirement	-	313,835	313,835
Interest and other fiscal charges	-	16,549	16,549
Total expenditures	<u>\$ 5,151</u>	<u>\$ 357,618</u>	<u>\$ 362,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,666)</u>	<u>\$ (357,598)</u>	<u>\$ (362,264)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 300,000	\$ 300,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Net change in fund balances	\$ (4,666)	\$ (57,598)	\$ (62,264)
Fund balances - beginning	87,128	278,559	365,687
Fund balances - ending	<u>\$ 82,462</u>	<u>\$ 220,961</u>	<u>\$ 303,423</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2013

	Community Development Block Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 485	\$ 485
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 485</u>
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ -	\$ 5,151	\$ (5,151)
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,151</u>	<u>\$ (5,151)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,666)</u>	<u>\$ (4,666)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (4,666)	\$ (4,666)
Fund balances - beginning	-	-	87,128	87,128
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,462</u>	<u>\$ 82,462</u>

Exhibit 23

Flood Protection Revenue Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 20	\$ 20
\$ -	\$ -	\$ 20	\$ 20
\$ -	\$ -	\$ 27,234	\$ (27,234)
\$ 313,818	\$ 313,818	\$ 313,835	\$ (17)
21,967	21,967	16,549	5,418
<u>\$ 335,785</u>	<u>\$ 335,785</u>	<u>\$ 357,618</u>	<u>\$ (21,833)</u>
<u>\$ (335,785)</u>	<u>\$ (335,785)</u>	<u>\$ (357,598)</u>	<u>\$ (21,813)</u>
<u>\$ 335,785</u>	<u>\$ 335,785</u>	<u>\$ 300,000</u>	<u>\$ (35,785)</u>
<u>\$ 335,785</u>	<u>\$ 335,785</u>	<u>\$ 300,000</u>	<u>\$ (35,785)</u>
\$ -	\$ -	\$ (57,598)	\$ (57,598)
-	-	278,559	278,559
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,961</u>	<u>\$ 220,961</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2013

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 532,842	\$ 37,712	\$ 570,554
Cash in custody of others	12,116		12,116
Receivables (net of allowance for uncollectibles):			
Accounts receivable	13,584	775	14,359
Due from primary government	441,851	-	441,851
Due from other governmental units	194,883	-	194,883
Inventories	-	11,553	11,553
Total assets	<u>\$ 1,195,276</u>	<u>\$ 50,040</u>	<u>\$ 1,245,316</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 131,999	\$ -	\$ 131,999
Contracts payable	768,635	-	768,635
Total liabilities	<u>\$ 900,634</u>	<u>\$ -</u>	<u>\$ 900,634</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 11,553	\$ 11,553
Committed:			
School capital projects	294,642	-	294,642
School lunch program	-	38,487	38,487
Total fund balances	<u>\$ 294,642</u>	<u>\$ 50,040</u>	<u>\$ 344,682</u>
Total liabilities and fund balances	<u>\$ 1,195,276</u>	<u>\$ 50,040</u>	<u>\$ 1,245,316</u>

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

Total fund balances per above	\$ 344,682
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,661,756
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(536,641)</u>
Net position of governmental activities	<u>\$ 2,469,797</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 21,238	\$ -	\$ 21,238
Charges for services	47,820	140,167	187,987
Recovered costs	257,239	-	257,239
Intergovernmental revenues:			
Local government	2,438,142	-	2,438,142
Commonwealth	6,895,055	7,212	6,902,267
Federal	560,779	250,546	811,325
Total revenues	<u>\$ 10,220,273</u>	<u>\$ 397,925</u>	<u>\$ 10,618,198</u>
EXPENDITURES			
Current:			
Education	\$ 10,002,652	\$ 400,890	\$ 10,403,542
Total expenditures	<u>\$ 10,002,652</u>	<u>\$ 400,890</u>	<u>\$ 10,403,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 217,621</u>	<u>\$ (2,965)</u>	<u>\$ 214,656</u>
Net change in fund balances	\$ 217,621	\$ (2,965)	\$ 214,656
Fund balances - beginning	77,021	53,005	130,026
Fund balances - ending	<u>\$ 294,642</u>	<u>\$ 50,040</u>	<u>\$ 344,682</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 \$ 214,656

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. (134,243)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (894)

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. 37,517

Change in net position of governmental activities \$ 117,036

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 21,238	\$ 11,238
Charges for services	40,000	40,000	47,820	7,820
Recovered costs	239,646	239,646	257,239	17,593
Intergovernmental revenues:				
Local government	2,283,803	2,283,803	2,438,142	154,339
Commonwealth	7,156,399	7,156,399	6,895,055	(261,344)
Federal	640,906	640,906	560,779	(80,127)
Total revenues	<u>\$ 10,370,754</u>	<u>\$ 10,370,754</u>	<u>\$ 10,220,273</u>	<u>\$ (150,481)</u>
EXPENDITURES				
Current:				
Education	\$ 10,370,754	\$ 10,370,754	\$ 10,002,652	\$ 368,102
Total expenditures	<u>\$ 10,370,754</u>	<u>\$ 10,370,754</u>	<u>\$ 10,002,652</u>	<u>\$ 368,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,621</u>	<u>\$ 217,621</u>
Net change in fund balances	\$ -	\$ -	\$ 217,621	\$ 217,621
Fund balances - beginning	-	-	77,021	77,021
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,642</u>	<u>\$ 294,642</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 150,000	\$ 150,000	\$ 140,167	\$ (9,833)
Intergovernmental revenues:				
Commonwealth	6,260	6,260	7,212	952
Federal	313,151	313,151	250,546	(62,605)
Total revenues	<u>\$ 469,411</u>	<u>\$ 469,411</u>	<u>\$ 397,925</u>	<u>\$ (71,486)</u>
EXPENDITURES				
Current:				
Education	\$ 469,411	\$ 469,411	\$ 400,890	\$ 68,521
Total expenditures	<u>\$ 469,411</u>	<u>\$ 469,411</u>	<u>\$ 400,890</u>	<u>\$ 68,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,965)</u>	<u>\$ (2,965)</u>
Net change in fund balances	\$ -	\$ -	\$ (2,965)	\$ (2,965)
Fund balances - beginning	-	-	53,005	53,005
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,040</u>	<u>\$ 50,040</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,916,489	\$ 3,916,489	\$ 3,931,276	\$ 14,787
Real and personal public service corporation taxes	100,000	100,000	140,962	40,962
Personal property taxes	1,053,000	1,053,000	1,116,388	63,388
Machinery and tools taxes	270,000	270,000	303,662	33,662
Penalties	48,000	48,000	49,154	1,154
Interest	21,000	21,000	25,133	4,133
Total general property taxes	<u>\$ 5,408,489</u>	<u>\$ 5,408,489</u>	<u>\$ 5,566,575</u>	<u>\$ 158,086</u>
Other local taxes:				
Local sales and use taxes	\$ 365,000	\$ 365,000	\$ 407,119	\$ 42,119
Consumers' utility taxes	275,000	275,000	269,962	(5,038)
Meals taxes	248,890	248,890	290,324	41,434
Lodging taxes	17,300	17,300	20,822	3,522
Business and professional license taxes	170,000	170,000	175,858	5,858
Motor vehicle licenses	176,068	176,068	170,345	(5,723)
Water utility taxes	85,000	85,000	96,719	11,719
Bank stock taxes	25,000	25,000	26,755	1,755
Recordation taxes	32,000	32,000	27,607	(4,393)
Total other local taxes	<u>\$ 1,394,258</u>	<u>\$ 1,394,258</u>	<u>\$ 1,485,511</u>	<u>\$ 91,253</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,729	\$ (171)
Right of way fees	22,000	22,000	24,656	2,656
Transfer fees	150	150	139	(11)
Permits and other licenses	8,900	8,900	8,671	(229)
Total permits, privilege fees, and regulatory licenses	<u>\$ 32,950</u>	<u>\$ 32,950</u>	<u>\$ 35,195</u>	<u>\$ 2,245</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 77,555	\$ 17,555
Parking fines	700	700	590	(110)
Total fines and forfeitures	<u>\$ 60,700</u>	<u>\$ 60,700</u>	<u>\$ 78,145</u>	<u>\$ 17,445</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 4,000	\$ 4,000	\$ 4,035	\$ 35
Sale of property	26,000	26,000	25,000	(1,000)
Sale of cemetery lots	32,571	32,571	4,900	(27,671)
Total revenue from use of money and property	<u>\$ 62,571</u>	<u>\$ 62,571</u>	<u>\$ 33,935</u>	<u>\$ (28,636)</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 321	\$ (179)
Commonwealth attorney fees	500	500	894	394
Charges for waste collection and disposal	520,000	520,000	475,660	(44,340)
Landfill tipping fees	97,000	97,000	75,775	(21,225)
Grave Openings	63,720	63,720	55,550	(8,170)
Courthouse maintenance fees	4,000	4,000	7,640	3,640
Courthouse security fees	10,000	10,000	12,962	2,962
Jail administration fees	1,150	1,150	1,508	358
Other charges for services	2,550	2,550	12,854	10,304
Total charges for services	<u>\$ 699,420</u>	<u>\$ 699,420</u>	<u>\$ 643,164</u>	<u>\$ (56,256)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 47,576	\$ 32,576
Regional Industrial Park	-	-	5	5
IDA tax payment	10,000	10,000	-	(10,000)
Dabney lease revenue	136,800	136,800	136,800	-
Total miscellaneous revenue	<u>\$ 161,800</u>	<u>\$ 161,800</u>	<u>\$ 184,381</u>	<u>\$ 22,581</u>
Recovered costs:				
Social service refunds	-	-	2,521	2,521
Other recovered costs	-	-	6,601	6,601
Total recovered costs	<u>-</u>	<u>-</u>	<u>9,122</u>	<u>9,122</u>
Total revenue from local sources	<u>\$ 7,820,188</u>	<u>\$ 7,820,188</u>	<u>\$ 8,036,028</u>	<u>\$ 215,840</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 340	\$ (160)
Communication tax	326,000	326,000	322,556	(3,444)
Rolling stock	4,000	4,000	13,223	9,223
Auto rental tax	10	10	567	557
State recordation tax	12,000	12,000	7,836	(4,164)
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>\$ 1,007,441</u>	<u>\$ 2,012</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 151,480	\$ 151,480	\$ 149,039	\$ (2,441)
Sheriff	156,570	156,570	144,671	(11,899)
Commissioner of revenue	65,910	65,910	56,393	(9,517)
Treasurer	62,570	62,570	57,502	(5,068)
Registrar/electoral board	40,000	40,000	25,245	(14,755)
Police	176,732	176,732	168,518	(8,214)
Juror Expense	3,000	3,000	3,060	60
Clerk of the Circuit Court	134,623	134,623	133,643	(980)
Total shared expenses	<u>\$ 790,885</u>	<u>\$ 790,885</u>	<u>\$ 738,071</u>	<u>\$ (52,814)</u>
Other categorical aid:				
Welfare administration and assistance	\$ 120,000	\$ 120,000	\$ 113,401	\$ (6,599)
Comprehensive services act	586,000	586,000	479,867	(106,133)
Street and Highway Maintenance	970,000	970,000	1,072,140	102,140
Victim-witness grant	28,645	28,645	27,830	(815)
Fire programs	-	-	18,966	18,966
Two for life	-	-	4,957	4,957
Other state grants	-	-	5,851	5,851
Seized funds	-	-	12,971	12,971
Total other categorical aid	<u>\$ 1,704,645</u>	<u>\$ 1,704,645</u>	<u>\$ 1,735,983</u>	<u>\$ 31,338</u>
Total categorical aid	<u>\$ 2,495,530</u>	<u>\$ 2,495,530</u>	<u>\$ 2,474,054</u>	<u>\$ (21,476)</u>
Total revenue from the Commonwealth	<u>\$ 3,500,959</u>	<u>\$ 3,500,959</u>	<u>\$ 3,481,495</u>	<u>\$ (19,464)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 102,000	\$ 102,000	\$ 60,101	\$ (41,899)
Ground transportation safety grant	-	-	9,268	9,268
FEMA grant	-	-	36,312	36,312
Total categorical aid	<u>\$ 102,000</u>	<u>\$ 102,000</u>	<u>\$ 105,681</u>	<u>\$ 3,681</u>
Total revenue from the federal government	<u>\$ 102,000</u>	<u>\$ 102,000</u>	<u>\$ 105,681</u>	<u>\$ 3,681</u>
Total General Fund	<u>\$ 11,423,147</u>	<u>\$ 11,423,147</u>	<u>\$ 11,623,204</u>	<u>\$ 200,057</u>
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 108,618	\$ 108,618	\$ 91,106	\$ (17,512)
Total revenue from use of money and property	<u>\$ 108,618</u>	<u>\$ 108,618</u>	<u>\$ 91,106</u>	<u>\$ (17,512)</u>
Charges for services:				
Recreation fees	\$ 58,135	\$ 58,135	\$ 46,845	\$ (11,290)
Total charges for services	<u>\$ 58,135</u>	<u>\$ 58,135</u>	<u>\$ 46,845</u>	<u>\$ (11,290)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 5,500	\$ 5,500	\$ 1,801	\$ (3,699)
Total miscellaneous revenue	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 1,801</u>	<u>\$ (3,699)</u>
Total revenue from local sources	<u>\$ 172,253</u>	<u>\$ 172,253</u>	<u>\$ 139,752</u>	<u>\$ (32,501)</u>
Total Park and Recreation Fund	<u>\$ 172,253</u>	<u>\$ 172,253</u>	<u>\$ 139,752</u>	<u>\$ (32,501)</u>
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 31,000	\$ 31,000	\$ 17,020	\$ (13,980)
Total recovered costs	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 17,020</u>	<u>\$ (13,980)</u>
Total revenue from local sources	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 17,020</u>	<u>\$ (13,980)</u>
Total Senior Center Fund	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 17,020</u>	<u>\$ (13,980)</u>
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5	\$ 5
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 1,050	\$ 1,050
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 1,050</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,055</u>
Total Green Hill Cemetery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,055</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Buena Vista School Board	\$ 324,093	\$ 324,093	\$ 372,953	\$ 48,860
Total revenues from local governments	<u>\$ 324,093</u>	<u>\$ 324,093</u>	<u>\$ 372,953</u>	<u>\$ 48,860</u>
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,088	\$ 11,088
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,088</u>	<u>\$ 11,088</u>
Total School Construction Fund	<u>\$ 324,093</u>	<u>\$ 324,093</u>	<u>\$ 384,041</u>	<u>\$ 59,948</u>
Flood Protection Fund:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 20	\$ 20
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>
Total Flood Protection Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>
Community Development Block Grant:				
Revenue from local sources:				
Revenue from the use of money	\$ -	\$ -	\$ 485	\$ 485
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 485</u>
Total Community Development Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 485</u>
Total Primary Government	<u>\$ 11,950,493</u>	<u>\$ 11,950,493</u>	<u>\$ 12,165,577</u>	<u>\$ 215,084</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 105	\$ 105
Revenue from the use of property	10,000	10,000	21,133	11,133
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 21,238</u>	<u>\$ 11,238</u>
Charges for services:				
Charges for education	\$ 40,000	\$ 40,000	\$ 47,820	\$ 7,820
Total charges for services	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 47,820</u>	<u>\$ 7,820</u>
Recovered costs:				
Other recovered costs	\$ 239,646	\$ 239,646	\$ 257,239	\$ 17,593
Total recovered costs	<u>\$ 239,646</u>	<u>\$ 239,646</u>	<u>\$ 257,239</u>	<u>\$ 17,593</u>
Total revenue from local sources	<u>\$ 289,646</u>	<u>\$ 289,646</u>	<u>\$ 326,297</u>	<u>\$ 36,651</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,283,803	\$ 2,283,803	\$ 2,438,142	\$ 154,339
Total revenues from local governments	<u>\$ 2,283,803</u>	<u>\$ 2,283,803</u>	<u>\$ 2,438,142</u>	<u>\$ 154,339</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 829,177	\$ 829,177	\$ 845,396	\$ 16,219
Basic school aid	3,947,277	3,947,277	3,827,645	(119,632)
At-risk	78,284	78,284	76,305	(1,979)
Project graduation	-	-	6,016	6,016
Alternative education	37,599	37,599	37,608	9
Gifted and talented	39,503	39,503	38,575	(928)
Special Education	658,939	658,939	615,291	(43,648)
Remedial summer school	61,722	61,722	49,454	(12,268)
Remedial education	110,944	110,944	108,338	(2,606)
Vocational education	119,349	119,349	116,546	(2,803)
Technology funds	180,000	180,000	180,000	-
Fringe benefits	684,158	684,158	668,086	(16,072)
Adult education	7,859	7,859	9,629	1,770
Reduced class size (K-3)	111,425	111,425	73,660	(37,765)
Free textbooks	75,417	75,417	73,645	(1,772)
Early reading intervention	37,957	37,957	30,366	(7,591)
Special education - homebound	5,416	5,416	8,648	3,232
Vocational education - equipment	-	-	3,355	3,355
Vocational occupational preparedness	18,401	18,401	10,211	(8,190)
Standards of Learning algebra readiness	15,544	15,544	13,013	(2,531)
Other state funds	137,428	137,428	103,268	(34,160)
Total categorical aid	<u>\$ 7,156,399</u>	<u>\$ 7,156,399</u>	<u>\$ 6,895,055</u>	<u>\$ (261,344)</u>
Total revenue from the Commonwealth	<u>\$ 7,156,399</u>	<u>\$ 7,156,399</u>	<u>\$ 6,895,055</u>	<u>\$ (261,344)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 280,985	\$ 280,985	\$ 259,444	\$ (21,541)
Title VI-B, special education	227,514	227,514	224,854	(2,660)
Title VI-B, pre-school	10,773	10,773	13,982	3,209
Title IV, Drug Education	1,893	1,893	-	(1,893)
Vocational Education	21,500	21,500	15,618	(5,882)
Title II, Improving teacher quality	76,879	76,879	43,236	(33,643)
Schools and roads - grants to states	21,362	21,362	2,234	(19,128)
Title II, Ed tech	-	-	1,411	1,411
Total categorical aid	<u>\$ 640,906</u>	<u>\$ 640,906</u>	<u>\$ 560,779</u>	<u>\$ (80,127)</u>
Total revenue from the federal government	<u>\$ 640,906</u>	<u>\$ 640,906</u>	<u>\$ 560,779</u>	<u>\$ (80,127)</u>
Total School Operating Fund	<u>\$ 10,370,754</u>	<u>\$ 10,370,754</u>	<u>\$ 10,220,273</u>	<u>\$ (150,481)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 150,000	\$ 150,000	\$ 140,167	\$ (9,833)
Total charges for services	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 140,167</u>	<u>\$ (9,833)</u>
Total revenue from local sources	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 140,167</u>	<u>\$ (9,833)</u>
Intergovernmental revenues:				
Revenues from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,260	\$ 6,260	\$ 7,212	\$ 952
Total categorical aid	<u>\$ 6,260</u>	<u>\$ 6,260</u>	<u>\$ 7,212</u>	<u>\$ 952</u>
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 25,847	\$ 25,847
School food program grant	<u>313,151</u>	<u>313,151</u>	<u>224,699</u>	<u>(88,452)</u>
Total categorical aid	<u>\$ 313,151</u>	<u>\$ 313,151</u>	<u>\$ 250,546</u>	<u>\$ (62,605)</u>
Total revenue from the federal government	<u>\$ 313,151</u>	<u>\$ 313,151</u>	<u>\$ 250,546</u>	<u>\$ (62,605)</u>
Total School Cafeteria Fund	<u>\$ 469,411</u>	<u>\$ 469,411</u>	<u>\$ 397,925</u>	<u>\$ (71,486)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,840,165</u>	<u>\$ 10,840,165</u>	<u>\$ 10,618,198</u>	<u>\$ (221,967)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 39,598	\$ 42,898	\$ 41,941	\$ 957
General and financial administration:				
City Manager	\$ 133,175	\$ 133,875	\$ 135,537	\$ (1,662)
City Attorney/Legal Services	70,000	70,000	41,692	28,308
Finance	365,637	365,633	322,005	43,628
Commissioner of Revenue	202,137	193,237	185,619	7,618
City Treasurer	263,234	266,159	275,833	(9,674)
Reassessment	-	10,300	4,806	5,494
Other general and financial administration	-	-	4,848	(4,848)
Total general and financial administration	\$ 1,034,183	\$ 1,039,204	\$ 970,340	\$ 68,864
Board of elections:				
Electoral board and officials	\$ 61,305	\$ 61,705	\$ 56,982	\$ 4,723
Total general government administration	\$ 1,135,086	\$ 1,143,807	\$ 1,069,263	\$ 74,544
Judicial administration:				
Courts:				
Circuit court	\$ 6,700	\$ 6,700	\$ 4,828	\$ 1,872
General district court	5,050	5,600	4,510	1,090
Juvenile/Domestic relations court	21,780	47,130	45,508	1,622
Clerk of the circuit court	213,803	228,234	220,215	8,019
Sheriff	278,592	281,692	265,464	16,228
Total courts	\$ 525,925	\$ 569,356	\$ 540,525	\$ 28,831
Commonwealth's attorney:				
Commonwealth's attorney	\$ 231,932	\$ 235,932	\$ 227,824	\$ 8,108
Total judicial administration	\$ 757,857	\$ 805,288	\$ 768,349	\$ 36,939
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 28,645	\$ 28,645	\$ 28,662	\$ (17)
Police Department	1,216,164	1,257,064	1,220,725	36,339
Total law enforcement and traffic control	\$ 1,244,809	\$ 1,285,709	\$ 1,249,387	\$ 36,322
Fire and rescue services:				
Fire department	\$ 115,700	\$ 134,354	\$ 146,300	\$ (11,946)
Rescue Squad	99,500	110,700	117,796	(7,096)
Central Shenandoah EMS Council	210,802	210,802	213,435	(2,633)
Total fire and rescue services	\$ 426,002	\$ 455,856	\$ 477,531	\$ (21,675)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 881	\$ 2,119
Magistrate	315	315	115	200
Regional Jail	294,309	294,309	284,354	9,955
Total correction and detention	\$ 297,624	\$ 297,624	\$ 285,350	\$ 12,274

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical Examiner	\$ 150	\$ 150	\$ 60	\$ 90
Total other protection	\$ 150	\$ 150	\$ 60	\$ 90
Total public safety	\$ 1,968,585	\$ 2,039,339	\$ 2,012,328	\$ 27,011
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 267,878	\$ 269,978	\$ 279,190	\$ (9,212)
Street Maintenance Department	611,560	611,560	522,857	88,703
Street Lights	73,000	73,000	52,397	20,603
Total maintenance of highways, streets, bridges & sidewalks	\$ 952,438	\$ 954,538	\$ 854,444	\$ 100,094
Sanitation and waste removal:				
Refuse Department	\$ 268,251	\$ 268,251	\$ 242,030	\$ 26,221
Refuse Disposal	200,000	200,000	112,651	87,349
Total sanitation and waste removal	\$ 468,251	\$ 468,251	\$ 354,681	\$ 113,570
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 139,222	\$ 139,222	\$ 144,467	\$ (5,245)
Green Hill Cemetery Maintenance	109,364	109,364	99,356	10,008
Total maintenance of general buildings and grounds	\$ 248,586	\$ 248,586	\$ 243,823	\$ 4,763
Total public works	\$ 1,669,275	\$ 1,671,375	\$ 1,452,948	\$ 218,427
Health and welfare:				
Mental health and mental retardation:				
Mental Health	\$ 85,818	\$ 85,818	\$ 87,357	\$ (1,539)
Welfare:				
Property Tax Relief	\$ 70,500	\$ 81,100	\$ 80,890	\$ 210
Social Services	1,250,000	1,250,000	1,036,313	213,687
VA Municipal League	4,305	4,305	4,305	-
Valley Program for Aging	35,413	35,413	35,413	-
Total Action Against Poverty	2,700	2,700	-	2,700
Rockbridge Area Hospice	1,000	1,000	1,000	-
Rockbridge Area Rental Assistance	4,871	4,871	4,871	-
Rockbridge Free Clinic	12,000	12,000	12,000	-
Total welfare	\$ 1,380,789	\$ 1,391,389	\$ 1,174,792	\$ 216,597
Total health and welfare	\$ 1,466,607	\$ 1,477,207	\$ 1,262,149	\$ 215,058

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to City School Board	\$ 2,283,803	\$ 2,283,803	\$ 2,438,142	\$ (154,339)
Contribution to Community Colleges	30,408	30,408	30,408	-
Contribution to Buena Vista Colored School	1,000	1,000	1,000	-
Total education	<u>\$ 2,315,211</u>	<u>\$ 2,315,211</u>	<u>\$ 2,469,550</u>	<u>\$ (154,339)</u>
Parks, recreation, and cultural:				
Library:				
Rockbridge/ Buena Vista Regional Library	\$ 93,587	\$ 93,587	\$ 94,129	\$ (542)
Total parks, recreation, and cultural	<u>\$ 93,587</u>	<u>\$ 93,587</u>	<u>\$ 94,129</u>	<u>\$ (542)</u>
Community development:				
Planning and community development:				
Community development administration	\$ 312,139	\$ 312,889	\$ 274,226	\$ 38,663
Economic Development	33,500	33,500	-	33,500
Central Shenandoah Planning District Commission	19,794	19,794	4,949	14,845
Rockbridge Area Occupation Center	12,543	12,543	12,543	-
Blue Ridge Legal Services	921	921	921	-
Beautification Committee	2,000	2,000	494	1,506
Visitor's Center	35,876	35,876	37,552	(1,676)
Project Horizon	2,140	2,140	2,140	-
Paxton House	10,000	10,000	7,740	2,260
Rockbridge Area transportation system	25,000	25,000	21,500	3,500
Virginia Institute of government	500	500	-	500
VEPGA	-	-	108	(108)
Rockbridge Area Relief Association	200	200	-	200
Food Bank	500	500	500	-
Talking book center	1,800	1,800	1,800	-
Employee programs	45,192	45,192	34,432	10,760
Total planning and community development	<u>\$ 502,105</u>	<u>\$ 502,855</u>	<u>\$ 398,905</u>	<u>\$ 103,950</u>
Environmental management:				
Soil and Water Conservation	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000
Total environmental management	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Total community development	<u>\$ 504,105</u>	<u>\$ 504,855</u>	<u>\$ 399,905</u>	<u>\$ 104,950</u>
Debt service:				
Principal retirement	\$ 209,278	\$ 209,278	\$ 350,800	\$ (141,522)
Interest and other fiscal charges	177,771	177,771	189,465	(11,694)
Total debt service	<u>\$ 387,049</u>	<u>\$ 387,049</u>	<u>\$ 540,265</u>	<u>\$ (153,216)</u>
Total General Fund	<u>\$ 10,297,362</u>	<u>\$ 10,437,718</u>	<u>\$ 10,068,886</u>	<u>\$ 368,832</u>
Special Revenue Fund:				
Park & Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Insurance	\$ -	\$ -	\$ 907	\$ (907)
Administration	52,915	53,415	47,249	6,166
Recreation	23,140	30,640	47,585	(16,945)
Parks and Ground Maintenance	116,683	116,683	118,846	(2,163)
Activities	95,115	96,715	115,068	(18,353)
Swimming Pool	47,987	47,987	67,130	(19,143)
Total Park and Recreation Fund	<u>\$ 335,840</u>	<u>\$ 345,440</u>	<u>\$ 396,785</u>	<u>\$ (51,345)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (continued)				
Senior Center Fund:				
Health and Welfare:				
Senior center	\$ 13,200	\$ 13,200	\$ 6,381	\$ 6,819
Debt Service				
Principal Retirement	\$ 17,800	\$ 17,800	\$ 16,800	\$ 1,000
Interest and fiscal charges	-	-	613	(613)
Total Debt Service	<u>\$ 17,800</u>	<u>\$ 17,800</u>	<u>\$ 17,413</u>	<u>\$ 387</u>
Total Senior Center Fund	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 23,794</u>	<u>\$ 7,206</u>
Capital Projects Funds:				
School Construction Fund:				
Capital Outlay:				
School construction	\$ -	\$ -	\$ 295,895	\$ (295,895)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,895</u>	<u>\$ (295,895)</u>
Debt service:				
Principal retirement	\$ 634,607	\$ 634,607	\$ 564,846	\$ 69,761
Interest and other fiscal charges	-	-	136,816	(136,816)
Total debt service	<u>\$ 634,607</u>	<u>\$ 634,607</u>	<u>\$ 701,662</u>	<u>\$ (67,055)</u>
Total School Construction Fund	<u>\$ 634,607</u>	<u>\$ 634,607</u>	<u>\$ 997,557</u>	<u>\$ (362,950)</u>
Flood Protection Fund:				
Capital Outlay:				
Flood control construction and maintenance	\$ -	\$ -	\$ 27,234	\$ (27,234)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,234</u>	<u>\$ (27,234)</u>
Debt service:				
Principal retirement	\$ 313,818	\$ 313,818	\$ 313,835	\$ (17)
Interest and other fiscal charges	21,967	21,967	16,549	5,418
Total debt service	<u>\$ 335,785</u>	<u>\$ 335,785</u>	<u>\$ 330,384</u>	<u>\$ 5,401</u>
Total Flood Protection Fund	<u>\$ 335,785</u>	<u>\$ 335,785</u>	<u>\$ 357,618</u>	<u>\$ (21,833)</u>
Community Development Block Grant Fund:				
Capital projects expenditures:				
Community Development projects	\$ -	\$ -	\$ 5,151	\$ (5,151)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,151</u>	<u>\$ (5,151)</u>
Total Community Development Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,151</u>	<u>\$ (5,151)</u>
Total Primary Government	<u>\$ 11,634,594</u>	<u>\$ 11,784,550</u>	<u>\$ 11,849,791</u>	<u>\$ (65,241)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 7,781,489	\$ 7,781,489	\$ 7,519,252	\$ 262,237
Administration and Health Services	424,673	424,673	323,632	101,041
Transportation	284,040	284,040	313,707	(29,667)
Operation and Maintenance	942,311	942,311	915,312	26,999
Technology	565,288	565,288	557,796	7,492
Contribution to City of Buena Vista, Virginia	372,953	372,953	372,953	-
Total Education of Schools	<u>\$ 10,370,754</u>	<u>\$ 10,370,754</u>	<u>\$ 10,002,652</u>	<u>\$ 368,102</u>
Total School Operating Fund	<u>\$ 10,370,754</u>	<u>\$ 10,370,754</u>	<u>\$ 10,002,652</u>	<u>\$ 368,102</u>
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
School Nutrition	\$ 469,411	\$ 469,411	\$ 400,890	\$ 68,521
Total Cafeteria Fund	<u>\$ 469,411</u>	<u>\$ 469,411</u>	<u>\$ 400,890</u>	<u>\$ 68,521</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,840,165</u>	<u>\$ 10,840,165</u>	<u>\$ 10,403,542</u>	<u>\$ 436,623</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

1-6

Revenue Capacity

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

7-10

Debt Capacity

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

11-14

Demographic and Economic Information

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

15

Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it 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			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 6,650,384	\$ 5,621,558	\$ 4,864,446	\$ 4,211,880
Restricted	-	-	-	-
Unrestricted	4,837,113	4,704,389	5,884,854	5,411,415
Total governmental activities net position	<u>\$ 11,487,497</u>	<u>\$ 10,325,947</u>	<u>\$ 10,749,300</u>	<u>\$ 9,623,295</u>
Business-type activities				
Net investment in capital assets	\$ 4,745,428	\$ 4,517,398	\$ 4,140,571	\$ 2,949,581
Restricted	-	-	-	848,453
Unrestricted	(100,394)	(608,496)	(738,884)	(1,312,012)
Total business-type activities net position	<u>\$ 4,645,034</u>	<u>\$ 3,908,902</u>	<u>\$ 3,401,687</u>	<u>\$ 2,486,022</u>
Primary government				
Net investment in capital assets	\$ 11,395,812	\$ 10,138,956	\$ 9,005,017	\$ 7,161,461
Restricted	-	-	-	848,453
Unrestricted	4,736,719	4,095,893	5,145,970	4,099,403
Total primary government net position	<u>\$ 16,132,531</u>	<u>\$ 14,234,849</u>	<u>\$ 14,150,987</u>	<u>\$ 12,109,317</u>

Table 1

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	7,977,056	\$	7,547,301	\$	7,199,549	\$	7,461,749	\$	7,825,868	\$	8,383,865
			-		-		104,685		107,314		191,002
	<u>2,954,996</u>		<u>2,615,596</u>		<u>2,401,537</u>		<u>1,955,998</u>		<u>1,602,552</u>		<u>1,991,915</u>
\$	<u><u>10,932,052</u></u>	\$	<u><u>10,162,897</u></u>	\$	<u><u>9,601,086</u></u>	\$	<u><u>9,522,432</u></u>	\$	<u><u>9,535,734</u></u>	\$	<u><u>10,566,782</u></u>
\$	2,781,984	\$	2,911,128	\$	2,574,999	\$	1,304,944	\$	(2,890,305)	\$	(1,603,483)
	867,659		848,559		848,452		186,704		3,211,557		814,994
	<u>(656,977)</u>		<u>(1,231,929)</u>		<u>(989,540)</u>		<u>548,085</u>		<u>1,288,213</u>		<u>1,225,491</u>
\$	<u><u>2,992,666</u></u>	\$	<u><u>2,527,758</u></u>	\$	<u><u>2,433,911</u></u>	\$	<u><u>2,039,733</u></u>	\$	<u><u>1,609,465</u></u>	\$	<u><u>437,002</u></u>
\$	10,759,040	\$	10,458,429	\$	9,774,548	\$	8,766,693	\$	4,935,563	\$	6,780,382
	867,659		848,559		848,452		291,389		3,318,871		1,005,996
	<u>2,298,019</u>		<u>1,383,667</u>		<u>1,411,997</u>		<u>2,504,083</u>		<u>2,890,765</u>		<u>3,217,406</u>
\$	<u><u>13,924,718</u></u>	\$	<u><u>12,690,655</u></u>	\$	<u><u>12,034,997</u></u>	\$	<u><u>11,562,165</u></u>	\$	<u><u>11,145,199</u></u>	\$	<u><u>11,003,784</u></u>

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

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

Table 2

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 1,191,515	\$ 2,013,515	\$ 2,000,877	\$ 1,488,136	\$ 1,555,693	\$ 1,434,120	
596,948	666,736	718,851	698,976	834,369	781,762	
1,666,689	1,774,179	1,896,548	1,853,412	1,974,531	2,094,716	
2,994,946	2,032,597	1,785,838	1,645,418	1,532,334	1,528,167	
1,117,070	1,471,928	1,423,633	1,373,423	1,387,794	1,262,700	
554,187	2,225,190	2,540,852	2,429,651	2,388,442	2,678,335	
581,445	543,381	455,459	470,587	493,121	502,721	
544,350	477,741	532,525	440,144	524,202	380,195	
346,791	374,344	370,086	340,654	329,680	328,515	
<u>\$ 9,593,941</u>	<u>\$ 11,579,611</u>	<u>\$ 11,724,669</u>	<u>\$ 10,740,401</u>	<u>\$ 11,020,166</u>	<u>\$ 10,991,231</u>	
\$ 1,875,328	\$ 1,840,673	\$ 1,826,382	\$ 1,734,258	\$ 2,057,106	\$ 2,147,225	
1,645,137	1,454,701	1,188,907	1,191,768	1,201,667	1,060,556	
<u>\$ 3,520,465</u>	<u>\$ 3,295,374</u>	<u>\$ 3,015,289</u>	<u>\$ 2,926,026</u>	<u>\$ 3,258,773</u>	<u>\$ 3,207,781</u>	
<u>\$ 13,114,406</u>	<u>\$ 14,874,985</u>	<u>\$ 14,739,958</u>	<u>\$ 13,666,427</u>	<u>\$ 14,278,939</u>	<u>\$ 14,199,012</u>	
\$ 26,616	\$ 30,253	\$ 65,834	\$ 8,441	\$ 19,321	\$ 12,854	
644	667	341	2,041	1,488	894	
12,017	81,937	91,828	71,311	107,031	92,936	
557,235	634,775	605,353	471,529	526,476	594,270	
86,423	90,478	60,268	69,415	97,802	103,445	
2,897,897	3,107,371	3,274,247	2,913,191	3,042,330	2,952,688	
1,071,492	-	34,923	-	-	-	
<u>\$ 4,652,324</u>	<u>\$ 3,945,481</u>	<u>\$ 4,132,794</u>	<u>\$ 3,535,928</u>	<u>\$ 3,794,448</u>	<u>\$ 3,757,087</u>	
\$ 1,658,072	\$ 1,541,154	\$ 1,647,493	\$ 1,587,034	\$ 1,975,335	\$ 2,006,397	
835,938	655,199	591,335	418,580	487,851	471,885	
-	-	-	-	-	190,455	
<u>\$ 2,494,010</u>	<u>\$ 2,196,353</u>	<u>\$ 2,238,828</u>	<u>\$ 2,005,614</u>	<u>\$ 2,463,186</u>	<u>\$ 2,668,737</u>	
<u>\$ 7,146,334</u>	<u>\$ 6,141,834</u>	<u>\$ 6,371,622</u>	<u>\$ 5,541,542</u>	<u>\$ 6,257,634</u>	<u>\$ 6,425,824</u>	
\$ (4,941,617)	\$ (7,634,130)	\$ (7,591,875)	\$ (7,204,473)	\$ (7,225,718)	\$ (7,234,144)	
(1,026,455)	(1,099,021)	(776,461)	(920,412)	(795,587)	(539,044)	
<u>\$ (5,968,072)</u>	<u>\$ (8,733,151)</u>	<u>\$ (8,368,336)</u>	<u>\$ (8,124,885)</u>	<u>\$ (8,021,305)</u>	<u>\$ (7,773,188)</u>	

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

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

Table 2

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 5,003,837	\$ 4,868,906	\$ 5,223,823	\$ 5,009,886	\$ 4,948,762	\$ 5,777,309	
391,902	363,627	345,773	397,404	378,736	407,119	
276,078	274,681	294,001	248,874	256,535	269,962	
182,152	182,056	196,708	167,780	192,920	290,324	
361,701	328,652	330,009	328,377	321,702	-	
182,082	179,437	175,694	174,242	177,887	175,858	
-	-	-	-	-	-	
133,238	128,123	126,257	127,561	125,579	170,345	
-	-	-	-	-	-	
213,280	185,098	208,553	171,758	177,095	171,903	
694,017	684,393	675,957	736,104	675,434	1,007,441	
209,473	356,190	151,987	139,688	160,234	136,639	
135,208	130,751	170,308	146,107	189,394	186,182	
-	-	-	-	-	-	
-	(7,272)	-	-	-	-	
<u>(1,532,594)</u>	<u>(809,667)</u>	<u>(679,006)</u>	<u>(521,962)</u>	<u>(365,258)</u>	<u>(327,890)</u>	
\$ <u>6,250,374</u>	\$ <u>6,864,975</u>	\$ <u>7,220,064</u>	\$ <u>7,125,819</u>	\$ <u>7,239,020</u>	\$ <u>8,265,192</u>	
\$ 15,278	\$ 3,146	\$ -	\$ -	\$ -	\$ -	
-	-	3,608	4,272	61	8,653	
(14,773)	-	-	-	-	-	
<u>1,532,594</u>	<u>809,667</u>	<u>679,006</u>	<u>521,962</u>	<u>365,258</u>	<u>327,890</u>	
\$ <u>1,533,099</u>	\$ <u>812,813</u>	\$ <u>682,614</u>	\$ <u>526,234</u>	\$ <u>365,319</u>	\$ <u>336,543</u>	
\$ <u>7,783,473</u>	\$ <u>7,677,788</u>	\$ <u>7,902,678</u>	\$ <u>7,652,053</u>	\$ <u>7,604,339</u>	\$ <u>8,601,735</u>	
\$ 1,308,757	\$ (769,155)	\$ (371,811)	\$ (78,654)	\$ 13,302	\$ 1,031,048	
<u>506,644</u>	<u>(286,208)</u>	<u>(93,847)</u>	<u>(394,178)</u>	<u>(430,268)</u>	<u>(202,501)</u>	
\$ <u>1,815,401</u>	\$ <u>(1,055,363)</u>	\$ <u>(465,658)</u>	\$ <u>(472,832)</u>	\$ <u>(416,966)</u>	\$ <u>828,547</u>	

City of Buena Vista, Virginia

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Meals Tax	Cell Phone Tax	Business License Tax	Franchise License Tax
2013	\$ 5,777,309	\$ 407,119	\$ 269,962	\$ 290,324	\$ -	\$ 175,858	\$ -
2012	4,948,762	378,736	256,535	192,920	321,702	177,887	-
2011	5,009,886	397,404	248,874	167,780	328,377	174,242	-
2010	5,223,823	345,773	294,001	196,708	330,009	175,694	-
2009	4,868,906	363,627	274,681	182,056	328,652	179,437	-
2008	5,003,837	391,902	276,078	182,152	361,701	182,082	-
2007	5,468,056	391,387	566,100	169,072	55,886	181,281	41,681
2006	6,102,424	359,834	462,224	153,017	77,065	169,818	78,560
2005	4,256,304	341,367	478,170	139,969	82,772	160,451	623,300
2004	3,457,494	349,457	499,059	139,830	98,584	148,718	69,332

Table 3

Motor Vehicle License Tax	E-911 Tax	Other Local Tax	Total
\$ 170,345	\$ -	\$ 171,903	\$ 7,262,820
125,579	-	177,095	6,579,216
127,561	-	171,758	6,625,882
126,257	-	208,553	6,900,818
128,123	-	185,098	6,510,580
133,238	-	213,280	6,744,270
131,757	58,332	134,202	7,197,754
135,766	92,702	142,523	7,773,933
136,064	95,564	106,618	6,420,579
106,374	71,897	95,439	5,036,184

City of Buena Vista, Virginia

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

	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unassigned	<u>1,892,533</u>	<u>1,824,442</u>	<u>1,768,794</u>	<u>3,312,815</u>
Total general fund	<u>\$ 1,892,533</u>	<u>\$ 1,824,442</u>	<u>\$ 1,768,794</u>	<u>\$ 3,312,815</u>
All other governmental funds				
Restricted:				
Community development block grant	\$ -	\$ -	\$ -	\$ -
School capital projects	-	-	-	-
Assigned:				
Parks and recreation	-	-	-	-
Debt service	-	-	-	-
Senior Center	-	-	-	-
Green Hill Cemetary	-	-	-	-
Unassigned, reported in:				
Special revenue funds	146,174	152,367	117,611	(289,477)
Capital projects funds	<u>2,340,506</u>	<u>1,918,648</u>	<u>1,826,421</u>	<u>1,456,981</u>
Total all other governmental funds	<u>\$ 2,486,680</u>	<u>\$ 2,071,015</u>	<u>\$ 1,944,032</u>	<u>\$ 1,167,504</u>

Note: GASB 54 was implemented during fiscal year 2011

Table 4

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ -	\$ -	\$ -	\$ -	\$ 23,647	\$ 24,741	
-	-	-	104,685	107,314	108,540	
<u>1,337,155</u>	<u>1,353,762</u>	<u>1,497,759</u>	<u>1,178,003</u>	<u>1,028,297</u>	<u>1,392,969</u>	
<u>\$ 1,337,155</u>	<u>\$ 1,353,762</u>	<u>\$ 1,497,759</u>	<u>\$ 1,282,688</u>	<u>\$ 1,159,258</u>	<u>\$ 1,526,250</u>	
\$ -	\$ -	\$ -	\$ 74,784	\$ 87,128	\$ 82,462	
-	-	-	-	-	222,846	
-	-	-	614,525	565,546	486,693	
-	-	-	-	7,806	9,529	
-	-	-	61,627	60,481	51,536	
115,176	128,822	73,167	(50,987)	(64,781)	(66,009)	
<u>1,260,164</u>	<u>1,073,011</u>	<u>664,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 1,375,340</u>	<u>\$ 1,201,833</u>	<u>\$ 737,716</u>	<u>\$ 699,949</u>	<u>\$ 656,180</u>	<u>\$ 787,057</u>	

City of Buena Vista, Virginia

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
General property taxes	\$ 3,470,266	\$ 4,037,659	\$ 4,767,410	\$ 5,468,056	\$ 5,050,037
Other local taxes	1,578,690	1,603,305	1,671,509	1,729,698	1,740,433
Permits, privilege fees and regulatory licenses	24,736	20,650	19,805	49,651	82,399
Fines and forfeitures	51,830	78,852	73,895	65,062	67,218
Revenue from use of money and property	113,074	124,834	113,964	186,796	209,473
Charges for services	650,173	730,509	652,084	707,817	682,935
Miscellaneous	68,333	85,163	84,926	203,641	135,208
Recovered costs	-	-	-	12,971	54,075
Intergovernmental:					
Local government	26,168	26,625	20,308	10,033	-
Commonwealth	3,018,564	3,041,985	3,364,439	3,243,926	3,438,185
Federal	224,340	151,155	218,900	274,875	1,225,221
Total revenues	\$ 9,226,174	\$ 9,900,737	\$ 10,987,240	\$ 11,952,526	\$ 12,685,184
Expenditures					
General government administration	\$ 890,337	\$ 924,489	\$ 1,044,406	\$ 1,982,241	\$ 1,177,680
Judicial administration	573,023	612,735	660,811	654,829	659,675
Public safety	1,572,006	1,617,431	1,657,427	1,780,266	1,709,107
Public works	1,831,342	2,174,628	2,148,466	2,085,456	3,237,176
Health and welfare	760,001	730,696	1,013,795	1,106,517	1,138,437
Education	2,556,977	2,249,647	2,279,712	1,966,991	2,532,423
Parks, recreation and cultural	522,720	469,725	505,527	533,729	585,231
Community development	207,997	232,135	319,041	194,075	489,732
Nondepartmental	6,461	23,075	27,676	-	-
Capital outlay	266,852	495,649	255,672	138,013	2,022,976
Debt service					
Principal	917,091	919,265	1,007,188	1,072,553	1,081,207
Interest and other fiscal charges	343,703	363,937	330,868	420,363	359,111
Total expenditures	\$ 10,448,510	\$ 10,813,412	\$ 11,250,589	\$ 11,935,033	\$ 14,992,755
Excess of revenues over (under) expenditures	\$ (1,222,336)	\$ (912,675)	\$ (263,349)	\$ 17,493	\$ (2,307,571)
Other financing sources (uses)					
Transfers in	\$ 1,202,024	\$ 746,801	\$ 888,069	\$ 614,610	\$ 1,456,151
Transfers out	(902,366)	(746,801)	(1,040,338)	(614,610)	(2,988,745)
Refunding bonds issued	-	-	-	-	-
Issuance of long-term debt	-	-	-	750,000	100,752
Issuance of general obligation bonds					
Issuance of bond anticipation notes	-	-	-	-	1,663,151
Issuance of refunding loan payable	-	-	-	-	-
Redemption of refunded loan	-	-	-	-	-
Capital leases	111,493	428,919	170,000	-	-
Total other financing sources (uses)	\$ 411,151	\$ 428,919	\$ 17,731	\$ 750,000	\$ 231,309
Net change in fund balances	\$ (811,185)	\$ (483,756)	\$ (245,618)	\$ 767,493	\$ (2,076,262)
Debt service as a percentage of noncapital expenditures	12.38%	12.44%	12.17%	12.66%	12.16%

Table 5

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

City of Buena Vista, Virginia

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business License Tax	Franchise License Tax	Motor Vehicle License Tax	Bank Stock Tax
2013	\$ 5,566,575	\$ 407,119	\$ 269,962	\$ 175,858	\$ -	\$ 170,345	\$ 26,755
2012	5,128,101	378,736	256,535	177,887	-	125,579	47,100
2011	5,000,774	397,404	248,874	174,242	-	127,561	54,919
2010	5,036,684	345,773	294,001	175,694	-	126,257	51,602
2009	4,982,364	363,627	274,681	179,437	-	128,123	40,194
2008	5,050,037	391,902	276,078	182,082	-	133,238	47,515
2007	5,468,056	391,387	566,100	181,281	41,681	131,757	34,030
2006	4,767,410	359,834	462,224	169,818	78,560	135,766	38,717
2005	4,037,659	341,367	478,170	160,451	62,330	136,064	32,532
2004	3,470,266	349,457	499,059	148,718	69,332	106,374	29,731

Table 6

Recordation and Wills Tax	Meals Tax	Other Local Tax	Total
\$ 27,607	\$ 290,324	\$ 117,541	\$ 7,052,086
25,867	192,920	425,830	6,758,555
23,283	167,780	421,933	6,616,770
41,553	196,708	445,407	6,713,679
36,102	182,056	437,454	6,624,038
53,119	182,152	474,347	6,790,470
63,641	169,072	92,417	7,139,422
68,056	153,017	205,517	6,438,919
40,080	139,969	212,342	5,640,964
30,270	139,830	205,919	5,048,956

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
2013	\$ 369,766,300	\$ 75,726,890	\$ 14,824,925	\$ 460,318,115	\$ 395,836,370	116.29%	\$ 12.24
2012	398,252,780	72,758,896	13,617,540	484,629,216	422,040,596	114.83%	11.96
2011	396,922,080	71,020,705	13,884,688	481,827,473	466,706,192	103.24%	11.90
2010	395,269,480	70,764,045	11,824,822	477,858,347	476,159,281	92.90%	11.90
2009	393,844,500	75,320,618	11,349,391	480,514,509	593,227,789	81.00%	11.79
2008	363,681,730	81,628,870	12,193,672	457,504,272	649,864,023	70.40%	11.88
2007	357,475,000	98,916,496	10,351,192	466,742,688	645,563,884	72.30%	12.80
2006	290,043,800	57,045,516	11,791,726	358,881,042	467,902,271	76.70%	12.80
2005	270,017,543	42,152,162	10,406,172	322,575,877	354,478,986	91.00%	10.10
2004	252,817,505	37,910,249	12,044,574	302,772,328	384,228,843	78.80%	10.28

(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	
2013	\$ 1.07	\$ 5.85	\$ 1.07	\$ 4.25	\$ 12.24
2012	0.93	5.85	0.93	4.25	11.96
2011	0.90	5.85	0.90	4.25	11.90
2010	0.90	5.85	0.90	4.25	11.90
2009	0.85	5.85	0.85	4.25	11.79
2008	0.89	5.85	0.89	4.25	11.88
2007	0.90	6.75	0.90	4.25	12.80
2006	0.90	6.75	0.90	4.25	12.80
2005	0.80	4.25	0.80	4.25	10.10
2004	0.89	4.25	0.89	4.25	10.28

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 Ten Years Prior

Taxpayer	Type Business	Fiscal Year 2013		Fiscal Year 2004	
		2013 Assessed Valuation	% of Total Assessed Valuation	2004 Assessed Valuation	% of Total Assessed Valuation
Modine	Manufacturing - heating supplies	8,058,700	1.87%	5,851,120	2.67%
Virginia Electric and Power	Utility	7,513,050	1.74%	6,711,320	2.62%
GPH Buena Vista LLC (2)	Nursing home	3,808,590	0.88%	4,050,800	0.00%
Everbrite	Manufacturing - signs	3,349,525	0.78%	2,939,490	1.68%
Eforay	Manufacturing-HVAC	3,264,100	0.76%	2,788,510	1.56%
Rebkee (1)	Retail Merchants	3,165,500	0.73%	-	0.00%
Shenandoah Valley Investors (1)	Manufacturing	3,133,800	0.73%	-	0.00%
Treemont Village	Apartment complex	3,042,200	0.71%	-	0.00%
Knopp Company (1)	Apartment complex	2,863,300	0.66%	2,278,900	0.98%
Ramsey Enterprises LLC	Commercial Real Estate	2,745,650	0.64%	-	0.00%
Columbia Gas	Utility	2,668,433	0.00%	2,080,579	4.71%
Fitzgerald Lumber & Log	Lumber Mill	2,491,905	0.00%	-	1.62%
Palmyra Holdings LLC	Commercial Real Estate	2,347,065	0.00%	-	1.14%
Central Telephone Company	Utility	2,129,225	0.00%	2,088,316	0.96%
Daryl Limited Co.	Manufacturing	2,029,600	0.00%	-	0.91%
		<u>52,610,643</u>	<u>9.50%</u>	<u>28,789,035</u>	<u>18.85%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 6,195,432	\$ 5,838,533	94.24%	\$ -	\$ 5,838,533	94.24%
2012	5,849,241	5,475,831	93.62%	215,305	5,691,136	97.30%
2011	5,661,547	5,377,064	94.98%	193,645	5,570,709	98.40%
2010	5,611,405	5,244,565	93.46%	245,027	5,489,592	97.83%
2009	5,511,443	5,356,497	97.19%	86,292	5,442,789	98.75%
2008	5,609,091	5,420,981	96.65%	148,559	5,569,540	99.29%
2007	5,990,921	5,816,443	97.09%	170,610	5,987,053	99.94%
2006	5,028,745	4,882,933	97.10%	143,235	5,026,168	99.95%
2005	4,454,042	4,330,103	97.22%	122,378	4,452,481	99.96%
2004	4,049,434	3,835,983	94.73%	212,936	4,048,919	99.99%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia

City of Buena Vista, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Literary Fund Loans	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases	Other Obligations
2013	\$ 823,774	\$ 3,375,000	\$ 602,188	\$ 2,892,176	\$ 259,536	\$ 16,323,696	\$ -	\$ 655,318
2012	627,636	3,750,000	765,422	3,163,754	382,170	16,692,334	-	424,019
2011	941,454	4,125,000	926,292	3,193,926	101,859	13,127,451	-	-
2010	1,255,272	4,500,000	1,080,515	3,215,680	179,167	13,512,737	-	-
2009	1,569,090	4,875,000	1,228,397	3,250,000	345,952	13,708,989	11,500	-
2008	1,882,910	5,250,000	1,368,860	2,413,151	362,420	13,896,720	80,164	-
2007	2,196,728	5,625,000	1,497,244	750,000	525,673	14,076,078	146,257	-
2006	2,510,546	6,000,000	1,627,806	-	780,225	14,233,925	209,861	-
2005	2,824,364	6,375,000	1,753,119	-	803,283	14,261,015	271,119	-
2004	3,138,182	6,750,000	1,873,426	-	484,503	10,883,105	175,000	-

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

	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$	24,931,688	20.33%	\$ 3,713
	25,805,335	16.37%	3,889
	22,415,982	13.01%	3,464
	23,743,371	13.78%	3,740
	24,988,928	14.50%	3,936
	25,254,225	14.66%	3,948
	24,816,980	14.40%	3,879
	25,362,363	17.08%	3,995
	26,287,900	17.71%	4,140
	23,304,216	15.70%	3,671

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2012	\$ 4,198,774	\$ -	\$ 4,198,774	0.91%	\$ 625
2012	4,377,636	-	4,377,636	0.90%	660
2011	5,066,454	-	5,066,454	1.14%	783
2010	5,755,272	-	5,755,272	1.30%	906
2009	6,444,090	-	6,444,090	1.45%	1,015
2008	7,132,910	-	7,132,910	1.71%	1,115
2007	7,821,728	-	7,821,728	1.87%	1,223
2006	8,510,546	-	8,510,546	2.37%	1,340
2005	9,199,364	-	9,199,364	2.85%	1,449
2004	9,888,182	-	9,888,182	3.27%	1,557

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

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

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

City of Buena Vista, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt limit (1)	\$ 25,281,751	\$ 27,001,754	\$ 29,004,380	\$ 35,747,500	\$ 36,368,173
Total net debt applicable to limit (2)	23,304,216	26,287,900	25,362,363	24,816,980	25,254,225
Legal debt margin	\$ 1,977,535	\$ 713,854	\$ 3,642,017	\$ 10,930,520	\$ 11,113,948
Total net debt applicable to the limit as a percentage of debt limit	92.18%	97.36%	87.44%	69.42%	69.44%

(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					
	2009	2010	2011	2012	2013
\$	39,384,450	\$ 39,526,948	\$ 39,692,208	39,825,278	\$ 36,976,630
	<u>24,988,928</u>	<u>23,743,371</u>	<u>22,415,982</u>	<u>25,805,335</u>	<u>24,931,688</u>
\$	<u>14,395,522</u>	<u>15,783,577</u>	<u>20,814,660</u>	<u>14,019,943</u>	<u>12,044,942</u>
	63.45%	60.07%	51.85%	64.80%	67.43%

City of Buena Vista, Virginia

Pledged-Revenue Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds (3)						
Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 2,014,987	\$ 1,689,750	\$ 325,237	\$ 125,258	\$ 403,401	61.52%
2012	1,975,335	1,664,180	311,155	299,091	333,964	49.15%
2011	1,591,284	1,575,252	16,032	78,266	159,006	6.76%
2010	1,651,101	1,661,771	(10,670)	74,269	164,611	-4.47%
2009	1,541,154	1,682,258	(141,104)	70,338	158,415	-59.31%
2008	1,658,072	1,705,050	(46,978)	66,478	170,278	-19.84%
2007	1,608,729	1,760,267	(151,538)	51,648	179,484	-65.56%
2006	1,690,353	1,777,900	(87,547)	27,090	179,093	-42.46%
2005	1,641,310	1,468,690	172,620	27,090	165,641	89.57%
2004	1,592,355	1,394,118	198,237	24,833	91,413	170.53%

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

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

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

Golf Course Revenue Bonds (1,2,3)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 471,948	\$ 508,621	\$ (36,673)	\$ 213,380	\$ 551,935	-4.79%	
487,912	617,024	(129,112)	899,525	584,643	-8.70%	
418,602	662,568	(243,966)	307,020	529,200	-29.17%	
591,335	666,547	(75,212)	121,983	521,956	-11.68%	
655,199	903,238	(248,039)	117,393	548,856	-38.39%	
835,938	1,088,193	(252,255)	112,880	551,765	-37.95%	
747,703	936,520	(188,817)	106,199	495,929	-31.36%	
867,058	932,558	(65,500)	-	444,721	-14.73%	
462,319	868,797	(406,478)	-	363,831	-111.72%	
1,585	479,076	(477,491)	-	257,560	-185.39%	

Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2013	6,714	\$ 122,651,352	\$ 18,268	36.8	1,198	7.70%
2012	6,636	157,624,908	23,753	37.6	1,198	7.40%
2011	6,471	172,309,592	26,628	39.3	1,104	8.60%
2010	6,349	172,309,592	27,140	39.3	1,120	8.70%
2009	6,349	172,309,592	27,140	39.3	1,211	5.60%
2008	6,397	172,309,592	26,936	39.3	1,133	4.10%
2007	6,397	172,309,592	26,936	39.3	1,133	3.40%
2006	6,349	148,458,997	23,383	36.5	1,128	3.00%
2005	6,349	148,458,997	23,383	36.5	1,122	3.00%
2004	6,349	148,458,997	23,383	36.5	1,081	3.90%
2003	6,349	145,157,187	22,863	36.5	948	4.20%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2013			Fiscal Year 2004 (1)		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Southern Virginia University	225	1	6.96%			0.00%
Modine Manufacturing	174	2	5.38%			0.00%
Buena Vista City Schools	198	3	6.13%			0.00%
Munters	176	4	5.45%			0.00%
Sayres	110	5	3.40%			0.00%
Everbrite	99	6	3.06%			0.00%
GGNSC - Shenandoah Valley Health	77	7	2.38%			0.00%
City of Buena Vista, VA	77	8	2.38%			0.00%
Mundet	43	9	1.33%			0.00%
ADS	36	10	1.11%			0.00%
Totals	<u>1,215</u>		<u>37.59%</u>			<u>0.00%</u>

Source: Individual city departments

(1) Data not available.

City of Buena Vista, Virginia

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

Function	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General government	14	15	15	13	13	13	12	12
Judicial administration	8	8	8	8	8	8	8	8
Public safety								
Police department	15	16	17	13	13	13	12	16
Fire & rescue	0	0	0	0				
Building inspections	1	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	1	1	1
Public works								
General maintenance	40	42	42	42	42	42	38	33
Landfill	0	0	0	0	0	0	0	0
Engineering	0	0	0	0	0	0	0	0
Health and welfare								
Department of social services	0	0	0	0	0	0	0	0
Culture and recreation								
Parks and recreation	6	10	11	11	11	5	3	5
Museum	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0
Community development								
Planning	2	2	2	2	3	2	3	2
Totals	<u>87</u>	<u>95</u>	<u>97</u>	<u>91</u>	<u>92</u>	<u>85</u>	<u>78</u>	<u>78</u>

Source: Individual city departments

Table 17

<u>Fiscal Year</u>	
<u>2012</u>	<u>2013</u>
12	11
8	8
15	15
1	1
1	1
33	33
0	0
0	0
0	0
5	3
0	0
0	0
<u>2</u>	<u>2</u>
<u>77</u>	<u>74</u>

City of Buena Vista, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public safety							
Sheriffs department:							
Civil papers	2,347	2,300	3,214	3,400	3,970	3,569	4,171
Building inspections:							
Permits issued	142	113	106	128	91	84	73
Public works							
Landfill:							
Recycling (tons/year)	0	0	0	0	0	248	327
Community development							
Planning:							
Zoning permits issued	40	60	52	54	41	35	48
Component Unit - School Board							
Education:							
School age population	1,081	1,122	1,128	1,219	1,136	1,211	1,101
Number of teachers	93.28	94.65	97.07	99.00	102.00	111.00	108.00
Local expenditures per pupil	\$ 2,844	\$ 2,313	\$ 2,450	\$ 1,878	\$ 2,219	\$ 2,051	\$ 2,347

Source: Individual city departments

Table 18

Fiscal Year		
2011	2012	2013
3,888	4,021	4004
62	61	66
367	377	343
63	64	46
1,135	1,175	1,035
98.00	88.00	86.00
\$ 2,188	\$ 1,944	\$ 9,238

City of Buena Vista, Virginia

Capital Asset Statistics by Function
Last Ten Fiscal Years

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

Source: Individual city departments

Table 19

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

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COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Buena Vista, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2013.

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.

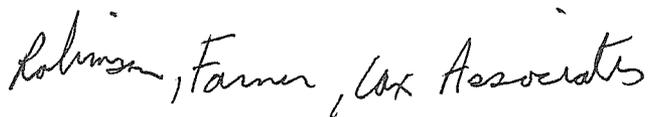
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Handwritten signature in cursive script that reads "Robinson, Farmer, Cox Associates".

Staunton, Virginia
December 15, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2013. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Buena Vista, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Buena Vista, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Famer, Cox Associates

Staunton, Virginia
December 15, 2013

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	\$ 5,602
Temporary Assistance for Needy Families	93.558	Not available	2,777
Foster Care - Title IV-E	93.658	Not available	14,614
Adoption Assistance	93.659	Not available	17,671
Social Services Block Grant	93.667	86667	<u>19,437</u>
Total Department of Health and Human Services			<u>\$ 60,101</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii	14.228	Not available	<u>\$ 155,964</u>
Total Department of Housing and Urban Development			<u>\$ 155,964</u>
Department of Agriculture:			
Direct Payments:			
Schools and Roads - Grants to States	10.665	N/A	<u>\$ 2,234</u>
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 25,847
Department of Education:			
National school lunch program	10.555	40623	<u>218,969</u>
Total Child Nutrition Cluster			<u>\$ 244,816</u>
School breakfast program	10.553	40591	5,730
Total Department of Agriculture			<u>\$ 252,780</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Disaster Assistance Projects	87.088	Not available	<u>\$ 36,312</u>
Total Department of Homeland Security			<u>\$ 36,312</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	Not available	<u>\$ 9,268</u>
Total Department of Transportation			<u>\$ 9,268</u>

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 259,444
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	43071	224,854
Title VI-B: Special Education preschool incentive grant	84.173	Not available	13,982
Career and Technical Education: Basic Grants to States	84.048	61095	15,618
Education Technology State Grants	84.318	61600	1,411
Improving Teacher Quality State Grants	84.367	61480	<u>43,236</u>
Total Department of Education			\$ <u>558,545</u>
Total Federal Assistance			\$ <u><u>1,072,970</u></u>

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, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 105,681
Enterprise funds	<u>155,964</u>
Total primary government	\$ <u>261,645</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 560,779
School cafeteria fund	<u>250,546</u>
Total discretely presented component unit - School Board	\$ <u>811,325</u>
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u><u>1,072,970</u></u>

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I-Grants to Local Educational Agencies
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: \$300,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

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

There were no prior audit findings related to federal awards.

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