

CITY OF BUENA VISTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019



CITY OF BUENA VISTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2019**

Prepared by

Charles Clemmer, Director of Finance

Buena Vista, Virginia

**CITY OF BUENA VISTA, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION

CITY OF BUENA VISTA

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



December 19, 2019

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, 2019.

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, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

The City of Buena Vista is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

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

Local Economy

Buena Vista City Council is committed to creating jobs for its citizens and generating new revenue sources by both encouraging businesses to locate in the City and cultivating local entrepreneurs. The Virginia Employment Commission lists the current labor force at 3,491 with 3,411 employed for an unemployment rate of 2.3 percent. The largest sectors of the City's economy are industrial/manufacturing, historically a strong sector, and education, driven by the local school system and Southern Virginia University.

Southern Virginia University (SVU) is a tremendous growth engine in the City. One of the fastest private residential four-year institutions in the country at 50% growth in the last five years, the school enrolled over 1,100 students in the 2019-2020 school year and projects over 1,200 in the 2020-2021 school year. Recent construction projects have included the Walnut Avenue Apartments and a tennis center and multi-million dollar stadium at The Fields athletic complex. In 2019, SVU kicked off construction of a 100,000 square foot academic and residential complex partly funded with a Department of Housing and Community Development loan. Additionally, the University remains the largest employer within City limits. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

The City is concentrating resources on revitalizing our downtown core. A bustling and vibrant destination for much of the twentieth century, Buena Vista's downtown retail has experienced the same headwinds as all small towns with the growth of big-box stores and online shopping. In 2009, the City established a low-interest revolving loan fund for small business creation or expansion, providing seed money for over a dozen businesses in the last ten years. In 2015 the City established a downtown Façade Improvement Grant program, resulting in nearly \$100,000 of investment in building renovations. In 2019 the City was awarded \$35,000 for a Community Development Block Grant from the DHCD to further aide in the downtown revitalization. Also in 2017, the City saw unprecedented investment of over a million dollars by Ed Walker, a Roanoke-based developer known for creative place-making,

who purchased more than a dozen buildings in the center of the City with bold plans for rehabilitation. In 2019, Ed Walker appointed Jamie Goodwin as a project manager to help oversee the restoration.

In addition to downtown revitalization, the City is rediscovering and marketing its outdoor recreation assets. The City owns and manages a 315-acre riverfront event venue and campground, Glen Maury Park, as well as a signature mountain-top golf course, the Vista Links. Further, the flood protection levee completed in 1997 includes a 2.5 mile elevated Riverwalk, a popular walking and jogging trail that runs right next to downtown and the river. In FY 19 the Rockbridge Trail Club constructed a new mountain bike trail within Glen Maury Park. Also, the Park has planned to expand its events, hosting at least one major activity per month. Beyond these, the Rockbridge region is an outdoor recreation destination, offering the Appalachian Trail, the George Washington National Forest, the Maury River, and numerous other hiking/biking trails and parks. In 2015 Rockbridge County, Buena Vista, and Lexington kicked off a regional outdoor recreation facilities planning and marketing study that culminated with the creation of the Rockbridge Outdoors Partnership, a network of over thirty governments, schools, nonprofits, and businesses to coordinate and advance use and promotion of these assets.

Long-term Planning and Major Initiatives and Accomplishments

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

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

Exciting things are on the horizon as the city begins construction on the new industrial park on route 501. In FY 19, the City laid the foundations for the project, receiving an initial investment of approximately \$115,000 from Columbia Gas. This investment made the City eligible for an additional \$357,000 in VDOT economic development access funds. These funds along with approximately \$450,000 in Water and Sewer infrastructure funds will help finance the construction. This project continued into FY 20 and should be completed by year end.

The engineering/public works department oversaw an active program of projects related to water distribution, roads, sidewalks, drainage and sewers. Due to citizen support, the City was awarded \$5,000 from Domino's through the Paving for Pizza Program, becoming the first recipient in the state of Virginia. Additionally, the City completed the Enderly Heights Safe Routes to School project, which constructed new sidewalks and flashing pedestrian lights to improve access to Enderly Heights Elementary School. The City received over \$200,000 in federal funding to complete this project.

The Police Department was very proactive in securing grant funding for multiple projects. The PD obtained \$30,000 in state funding to support an additional school resource officer. A grant for over \$100,000 was awarded to the Police Department for school security updates. They also acquired over \$175,000 in other state and federal grants to cover additional expenses, including \$25,000 from the USDA for the purchase of a new vehicle.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Buena Vista for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. 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,



Charles Clemmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Buena Vista
Virginia**

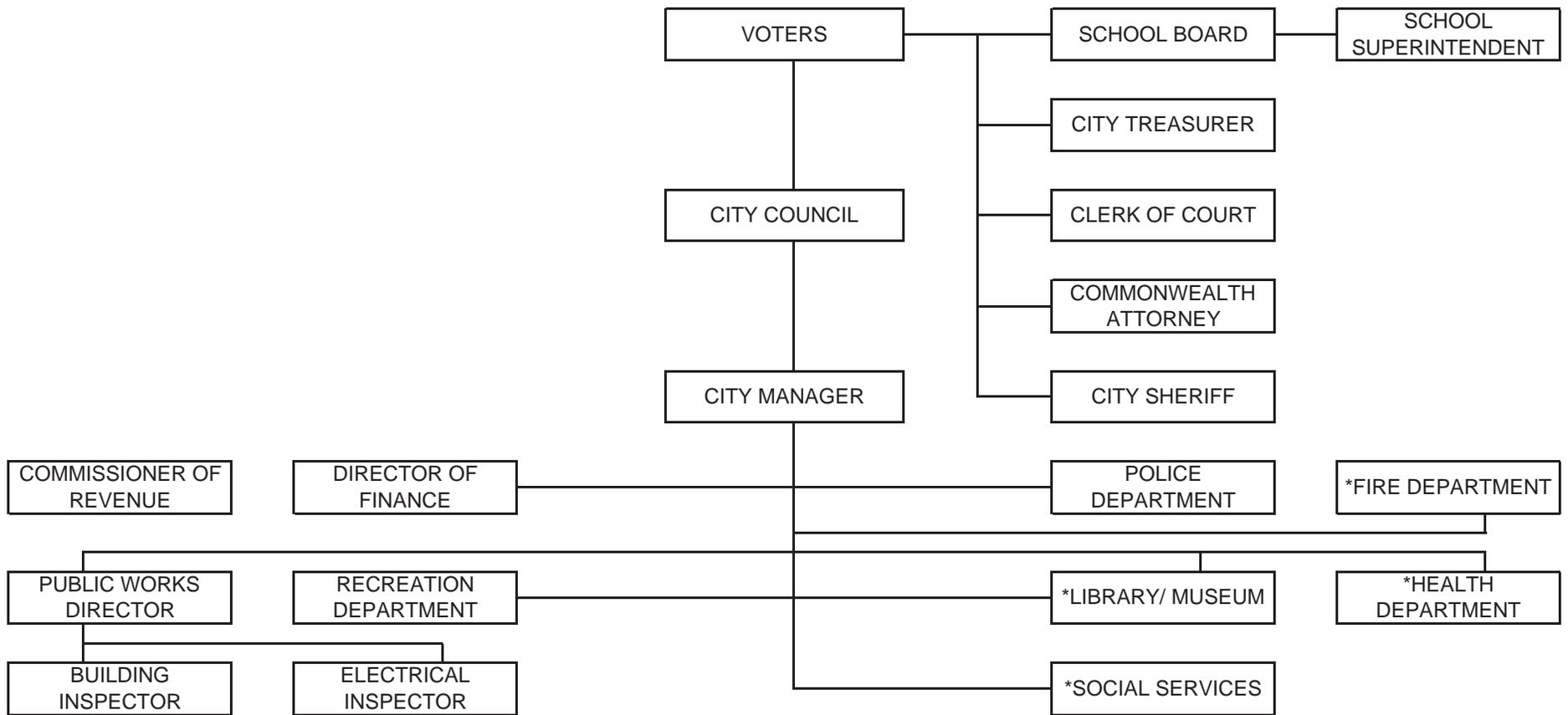
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**CITY OF BUENA VISTA
ORGANIZATION CHART**



*=ADMINISTERED BY OTHER LOCAL GOVERNMENTAL UNITS

CITY OF BUENA VISTA, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2019

CITY COUNCIL

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

CITY OFFICIALS

William Fitzgerald..... Mayor

Tyson Cooper. Vice-Mayor

Jay Scudder City Manager

MarVita F. FlintCommissioner of Revenue

Charles ClemmerDirector of Finance

Mary Lee Huffman City Treasurer

Keith HartmanChief of Police

Chris ColemanClerk of Court

Randy Hamilton Sheriff

Chris Russell Commonwealth's Attorney

Brian Kearney City Attorney

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 units, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2019, 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.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2019, the City adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 2 to the financial statements, in 2019, the City restated beginning balances to reflect prior year sales tax receivable and an unreported capital lease. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 11-19, 99, and 100-114, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 on our consideration of the City of Buena Vista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Buena Vista, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Buena Vista, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 16, 2019

Management's Discussion and Analysis

As management of the City of Buena Vista, Virginia we offer readers of the City of Buena Vista's financial statements this narrative overview and analysis of the financial activities of the City of Buena Vista for the fiscal year ended June 30, 2019. 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 \$5,959,518 (net position). Of this amount, (\$4,092,845) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities total net position decreased \$490,190 from the prior fiscal year largely due to the decrease in cash and cash equivalents.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,911,238, a decrease of \$862,663 in comparison with the prior year. Of this amount, \$1,471,951 is unassigned and available for spending at the government's discretion (unassigned fund balance). The decrease is attributable to increases in health and welfare expenditures.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,471,951, or 10 percent of total General Fund expenditures.

The City of Buena Vista's primary government long-term liabilities decreased \$414,765, or 4.8%. The Long-term debt retirements included the Literary Loan for the building of Parry McCluer High that was reduced by \$375,000. Also, the 2.5 million-dollar loans to finance the Dabney Lancaster Community College educational satellite was reduced by \$62,068. The City also paid \$18,059 for a loan on a medical building. The net pension liability increased by \$41,874. The total long-term debt for the City stands at \$24,910,241. Of this amount, there is a charge of \$1,277,000 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is \$297,563 for employee compensated absences. The amount of pension liability is \$3,143,643, an increase of \$41,874.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

The FY 2019 General Fund Budget was \$12,435,380. The appropriation for the school's budget remained level and there was level funding for many of our departmental service operations. Some areas of the budget include both increases and reductions as a result of accurate budgeting adjustments that reflect the true cost of the activity or commodity.

There were some increases in the budget this year, such as salary and benefit increases, due to higher health and liability insurance costs. Additional funds were budgeted for the City's comprehensive services welfare programs which saw total expenses equaling \$3,418,214, an increase of \$816,595 compared to FY 18. This is an uncontrollable regional expense. The real estate rate remained the same at \$1.21 per one hundred dollar valuation.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buena Vista, primary government assets exceeded liabilities by \$5,959,518 at the close of fiscal year 2019 for the primary government.

The City of Buena Vista's governmental activities net investment in capital assets of \$9,710,411 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Buena Vista uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City of Buena Vista's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net position of the primary government decreased \$1,372,600 during FY 2019. Key components of this change are discussed on page 16 in the MD&A.

The following is a condensed summary of the City's statement of net position for the fiscal years ending June 30, 2019 and June 30, 2018.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,529,992	\$ 5,312,486	\$ 2,551,782	\$ 2,883,370	\$ 7,081,774	\$ 8,195,856
Capital Assets	13,929,357	14,076,121	13,697,049	14,049,394	27,626,406	28,125,515
Total Assets	\$ 18,459,349	\$ 19,388,607	\$ 16,248,831	\$ 16,932,764	\$ 34,708,180	\$ 36,321,371
Deferred Outflows	\$ 698,947	873,716	130,010	150,358	828,957	1,024,074
Long-term Liabilities	\$ 8,153,324	\$ 8,688,230	\$ 16,756,917	\$ 16,940,097	\$ 24,910,241	\$ 25,628,327
Other liabilities	1,000,389	913,417	2,478,202	2,052,736	3,478,591	2,966,153
Total Liabilities	\$ 9,153,713	\$ 9,601,647	\$ 19,235,119	\$ 18,992,833	\$ 28,388,832	\$ 28,594,480
Deferred inflows of resources	\$ 1,090,422	\$ 1,256,325	\$ 98,365	\$ 162,522	\$ 1,188,787	\$ 1,418,847
Net Position:						
Net investment in capital assets	\$ 9,710,411	\$ 9,297,910	\$ (618,159)	\$ (421,031)	\$ 9,092,252	\$ 8,876,879
Restricted	310,654	208,672	649,457	589,348	960,111	798,020
Unrestricted (deficit)	(1,106,904)	(102,231)	(2,985,941)	(2,240,550)	(4,092,845)	(2,342,781)
Total Net Position	\$ 8,914,161	\$ 9,404,351	\$ (2,954,643)	\$ (2,072,233)	\$ 5,959,518	\$ 7,332,118

Governmental Activities. Net position of governmental activities decreased for the City of Buena Vista by \$490,190 for FY 2019, while net position of business-type activities decreased \$882,410 for the fiscal year. Key components of the change are discussed on page 16 of the MD&A.

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**CITY OF BUENA VISTA'S CHANGE IN NET POSITION
FOR YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 817,713	\$ 854,702	\$ 2,325,442	\$ 2,343,777	\$ 3,143,155	\$ 3,198,479
Operating grants	4,948,486	4,545,783	-	-	4,948,486	4,545,783
Capital grants	200,804	-	-	-	200,804	-
General Revenues:						
Property taxes	6,045,670	6,027,804	-	-	6,045,670	6,027,804
Other taxes	1,546,500	1,560,558	-	-	1,546,500	1,560,558
Grants and contributions not restricted to specific programs	949,351	959,916	-	-	949,351	959,916
Use of money and property	210,411	174,807	15,970	7,335	226,381	182,142
Miscellaneous	364,791	228,992	1,786	8,663	366,577	237,655
Total Revenue	\$ 15,083,726	\$ 14,352,562	\$ 2,343,198	\$ 2,359,775	\$ 17,426,924	\$ 16,712,337
Expenses:						
General Government						
admin	\$ 1,464,836	\$ 1,436,939	\$ -	\$ -	\$ 1,464,836	\$ 1,436,939
Judicial Admin	1,027,787	880,505	-	-	1,027,787	880,505
Public Safety	3,060,196	2,864,208	-	-	3,060,196	2,864,208
Public works	2,413,388	2,316,348	-	-	2,413,388	2,316,348
Health and Welfare	3,382,721	2,534,961	-	-	3,382,721	2,534,961
Education	2,669,456	3,037,829	-	-	2,669,456	3,037,829
Parks, Recreation, Culture	617,980	606,652	-	-	617,980	606,652
Community Development	475,645	464,611	-	-	475,645	464,611
Interest on long-term debt	207,889	183,087	-	-	207,889	183,087
Water and Sewer	-	-	2,474,759	2,269,976	2,474,759	2,269,976
Golf Course	-	-	1,004,867	1,035,255	1,004,867	1,035,255
Total Expenses	\$ 15,319,898	\$ 14,325,140	\$ 3,479,626	\$ 3,305,231	\$ 18,799,524	\$ 17,630,371
Increase (decrease) in net position before transfers						
	\$ (236,172)	\$ 27,422	\$ (1,136,428)	\$ (945,456)	\$ (1,372,600)	\$ (918,034)
Transfers	(254,018)	(253,937)	254,018	253,937	-	-
Increase (decrease) in net position						
	\$ (490,190)	\$ (226,515)	\$ (882,410)	\$ (691,519)	\$ (1,372,600)	\$ (918,034)
Net position, beginning as restated						
	9,404,351	9,630,866	(2,072,233)	(1,380,714)	7,332,118	8,250,152
Net position, ending	\$ 8,914,161	\$ 9,404,351	\$ (2,954,643)	\$ (2,072,233)	\$ 5,959,518	\$ 7,332,118

Governmental Activities

Key factors contributing to the decrease of \$490,190 in net position for governmental activities were:

- The City had a decrease in cash and cash equivalents of \$458,370 or 25%. The decrease was the result of further increases in expenditures for the comprehensive services welfare program.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$254,018. This is slightly more than the \$253,937 that was transferred in FY 2018. Prior to this transfer, net position of the golf course business-type activity decreased by \$701,771. Both funds that make up the business-type activities of the City (Water/Sewer Fund and Golf Course Fund) combined, experienced a decrease in net position of \$882,410, mainly due to the golf course operating losses and accrual of interest expense. Additional information follows concerning the City's Business-Type Activities:

- Since opening the golf course in 2004, it has had a cumulative operating loss of \$5,095,232. The golf course revenues are not able to support both the operational expenditures and the interest and fiscal charges. The General Fund has subsidized the golf course with transfers totaling \$6,441,977 leaving the golf course with a \$5,095,232 ending balance of net assets. For the fiscal budget 2019, the City council did not appropriate funds for the debt service.
- The Water/Sewer Fund posted a decrease in net position of \$434,657 for the fiscal year. Most of this decrease is due to an increase in water and sewer expenditures across all departments as well as a decrease in revenues.

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Financial Analysis of the Government's Funds

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

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

As of the end of FY 2019, the City of Buena Vista's governmental funds reported combined ending fund balances of \$1,911,238, a decrease of \$862,663 in comparison with the prior year. The decrease was the result of unplanned increases in expenditures for the comprehensive services act program. Cash and cash equivalents decreased as a result of the use of fund balance to support these health and welfare programs during the year. Approximately 77% or \$1,471,951 represents unassigned fund balance that is available for spending at the government's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been assigned toward such items as 1) for subsequent expenditure in the School Construction Fund 2) for subsequent expenditure in capital projects and special revenue funds 3) for debt service and prepaid expense in the general fund.

The General Fund is the chief operating fund of the City of Buena Vista. At the end of FY 2019, unassigned fund balance of the general fund was \$1,471,951. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to the general fund total expenditures. Unassigned fund balance represents 10% of total general fund expenditures.

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

- The Water and Sewer fund had a decrease in net position of \$434,657. As discussed earlier, the decrease is primarily due to an increase in the water and sewer expenditures and a decrease in collected revenues. The unrestricted cash position of the Water and Sewer fund had a decrease of \$379,826. The fund began the year with \$1,538,050 in unrestricted cash and ended with \$1,158,224 in unrestricted cash. The City's water and Sewer rates remained the same in FY 2019.
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (\$5,095,232), at June 30, 2019.

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

- The School Construction Fund balance increased \$14,374 for FY 2019. This was due to new capital leases used to acquire technology and band equipment for the school.

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, 2019, amounts to \$27,626,406 (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 2019 was \$499,108 or 1.8%. The main reason was the annual depreciation expenses.

The City completed a variety of public works projects to include, pavement of City streets, curb and guttering, and water and sewer line replacement. The following is a summary of the City's capital assets. Further information on the City's capital assets can be found at Note 21 of the financial statements.

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION FOR YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,146,648	\$ 2,146,648	\$ 1,364,900	\$ 1,364,900	\$ 3,511,548	\$ 3,511,548
Construction in Progress	116,214	-	-	-	116,214	-
Buildings & Improvements	8,192,942	8,459,121	408,158	452,932	8,601,100	8,912,053
Infrastructure	2,786,755	2,719,729	11,672,682	12,065,187	14,459,437	14,784,916
Machinery & Equipment	686,798	750,623	251,309	166,374	938,107	916,997
Total	\$ 13,929,357	\$ 14,076,121	\$ 13,697,049	\$ 14,049,393	\$ 27,626,406	\$ 28,125,514

Long – term liabilities. At the end of FY 2019, the City of Buena Vista's primary government had total long-term liabilities outstanding of \$24,910,241. This represents a decrease of \$718,086, or 2.8% from the last fiscal year. The City's bond issuer rating from Moody's is Ba1. Further information on the City's long-term debt can be found at (Note 10-Long-term Obligations) to the financial statements.

CITY OF BUENA VISTA'S LONG-TERM DEBT FOR YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 370,887	\$ 394,068	-	-	\$ 370,887	\$ 394,068
Lease-Revenue Bonds	-	-	10,972,750	11,029,906	10,972,750	11,029,906
Revenue Bonds	-	-	3,798,500	3,888,500	3,798,500	3,888,500
Literary Loans	1,125,000	1,500,000	-	-	1,125,000	1,500,000
Capital Leases	396,375	477,333	-	-	396,375	477,333
Loan Payable	2,326,683	2,406,810	1,201,840	1,201,840	3,528,523	3,608,650
Net OPEB Liabilities	1,081,233	1,088,165	195,767	235,835	1,277,000	1,324,000
Compensated absences	207,009	210,965	90,554	93,136	297,563	304,101
Net Pension Liability	2,646,137	2,610,889	497,506	490,880	3,143,643	3,101,769
Total	\$ 8,153,324	\$ 8,688,230	\$ 16,756,917	\$ 16,940,097	\$ 24,910,241	\$ 25,628,327

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limit for the City of Buena Vista is approximately \$32,780,098.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2020.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 1,243,309	\$ 1,166,063	\$ 2,409,372	\$ 982,238	\$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,475,774	-	1,475,774	-	-
Accounts receivable	214,100	360,900	575,000	20,229	-
Due from other governmental units	1,163,453	-	1,163,453	225,936	-
Due from component unit	141,559	-	141,559	-	-
Internal balances	85,262	(85,262)	-	-	-
Inventories	19,665	-	19,665	18,383	-
Prepaid items	71,785	4,582	76,367	-	-
Restricted assets:					
Cash and cash equivalents	115,085	986,129	1,101,214	-	-
Cash and cash equivalents (in custody of others)	-	119,370	119,370	-	-
Net pension asset	-	-	-	308,765	-
Capital assets (net of accumulated depreciation):					
Land	2,146,648	1,364,900	3,511,548	4,634	1,107,200
Buildings and improvements	8,192,942	408,158	8,601,100	3,732,404	-
Machinery and equipment	686,798	251,309	938,107	89,538	-
Infrastructure	2,786,755	11,672,682	14,459,437	-	-
Construction in progress	116,214	-	116,214	-	-
Total assets	\$ 18,459,349	\$ 16,248,831	\$ 34,708,180	\$ 5,382,127	\$ 1,107,200
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 645,626	\$ 120,280	\$ 765,906	\$ 941,958	\$ -
OPEB related items	53,321	9,730	63,051	218,702	-
Total deferred outflows of resources	\$ 698,947	\$ 130,010	\$ 828,957	\$ 1,160,660	\$ -
LIABILITIES					
Accounts payable	\$ 547,570	\$ 61,708	\$ 609,278	\$ 353,702	\$ -
Accrued liabilities	88,212	13,472	101,684	671,730	-
Accrued interest payable	46,924	2,328,647	2,375,571	-	-
Due to other governmental units	156,726	-	156,726	-	-
Due to primary government	-	-	-	141,559	-
Deposits held in escrow	-	74,375	74,375	-	-
Unearned revenue	160,957	-	160,957	-	-
Long-term liabilities:					
Due within one year	846,496	9,759,516	10,606,012	165,800	-
Due in more than one year	7,306,828	6,997,401	14,304,229	10,177,266	-
Total liabilities	\$ 9,153,713	\$ 19,235,119	\$ 28,388,832	\$ 11,510,057	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 113,519	\$ 81,259	\$ 194,778	\$ 1,267,453	\$ -
OPEB related items	93,894	17,106	111,000	296,000	-
Deferred revenue - property taxes	883,009	-	883,009	-	-
Total deferred inflows of resources	\$ 1,090,422	\$ 98,365	\$ 1,188,787	\$ 1,563,453	\$ -
NET POSITION					
Net investment in capital assets	\$ 9,710,411	\$ (618,159)	\$ 9,092,252	\$ 3,826,576	\$ 1,107,200
Restricted:					
Industrial development project	115,750	-	115,750	-	-
Community development block grant	79,819	-	79,819	-	-
Repayment of loans payable	115,085	649,457	764,542	-	-
Unrestricted (deficit)	(1,106,904)	(2,985,941)	(4,092,845)	(10,357,299)	-
Total net position	\$ 8,914,161	\$ (2,954,643)	\$ 5,959,518	\$ (6,530,723)	\$ 1,107,200

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

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City of Buena Vista, Virginia

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,464,836	\$ 2,241	\$ 372,164	\$ -
Judicial administration	1,027,787	1,058	307,261	-
Public safety	3,060,196	52,353	585,840	-
Public works	2,413,388	674,044	1,283,450	200,804
Health and welfare	3,382,721	-	2,399,771	-
Education	2,669,456	-	-	-
Parks, recreation, and cultural	617,980	88,017	-	-
Community development	475,645	-	-	-
Interest on long-term debt	207,889	-	-	-
Total governmental activities	<u>\$ 15,319,898</u>	<u>\$ 817,713</u>	<u>\$ 4,948,486</u>	<u>\$ 200,804</u>
Business-type activities:				
Water and Sewer	\$ 2,474,759	\$ 2,024,132	\$ -	\$ -
Golf Course	1,004,867	301,310	-	-
Total business-type activities	<u>\$ 3,479,626</u>	<u>\$ 2,325,442</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 18,799,524</u>	<u>\$ 3,143,155</u>	<u>\$ 4,948,486</u>	<u>\$ 200,804</u>
COMPONENT UNIT:				
School Board	\$ 10,722,245	\$ 142,326	\$ 8,492,578	\$ -
EDA	115,750	-	-	-
Total component unit	<u>\$ 10,837,995</u>	<u>\$ 142,326</u>	<u>\$ 8,492,578</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
 Gain on disposal of capital assets
 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.

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (1,090,431)	\$ -	\$ (1,090,431)	\$ -	\$ -
(719,468)	-	(719,468)	-	-
(2,422,003)	-	(2,422,003)	-	-
(255,090)	-	(255,090)	-	-
(982,950)	-	(982,950)	-	-
(2,669,456)	-	(2,669,456)	-	-
(529,963)	-	(529,963)	-	-
(475,645)	-	(475,645)	-	-
(207,889)	-	(207,889)	-	-
<u>\$ (9,352,895)</u>	<u>\$ -</u>	<u>\$ (9,352,895)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (450,627)	\$ (450,627)	\$ -	\$ -
-	(703,557)	(703,557)	-	-
<u>\$ -</u>	<u>\$ (1,154,184)</u>	<u>\$ (1,154,184)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (9,352,895)</u>	<u>\$ (1,154,184)</u>	<u>\$ (10,507,079)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,087,341)	\$ -
-	-	-	-	(115,750)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,087,341)</u>	<u>\$ (115,750)</u>
\$ 6,045,670	\$ -	\$ 6,045,670	\$ -	\$ -
387,031	-	387,031	-	-
260,778	-	260,778	-	-
354,913	-	354,913	-	-
189,708	-	189,708	-	-
160,662	-	160,662	-	-
193,408	-	193,408	-	-
210,411	15,970	226,381	75	-
364,791	1,786	366,577	-	-
949,351	-	949,351	2,632,968	-
-	-	-	-	115,750
(254,018)	254,018	-	-	-
<u>\$ 8,862,705</u>	<u>\$ 271,774</u>	<u>\$ 9,134,479</u>	<u>\$ 2,633,043</u>	<u>\$ 115,750</u>
<u>\$ (490,190)</u>	<u>\$ (882,410)</u>	<u>\$ (1,372,600)</u>	<u>\$ 545,702</u>	<u>\$ -</u>
<u>9,404,351</u>	<u>(2,072,233)</u>	<u>7,332,118</u>	<u>(7,076,425)</u>	<u>1,107,200</u>
<u>\$ 8,914,161</u>	<u>\$ (2,954,643)</u>	<u>\$ 5,959,518</u>	<u>\$ (6,530,723)</u>	<u>\$ 1,107,200</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,154,209	\$ 89,100	\$ 1,243,309
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,475,774	-	1,475,774
Accounts receivable	194,554	19,546	214,100
Due from other funds	59,363	25,899	85,262
Due from component unit	141,559	-	141,559
Due from other governmental units	1,163,453	-	1,163,453
Inventories	19,665	-	19,665
Prepaid items	69,494	2,291	71,785
Restricted assets:			
Cash and cash equivalents	115,085	-	115,085
Total assets	<u>\$ 4,393,156</u>	<u>\$ 136,836</u>	<u>\$ 4,529,992</u>
LIABILITIES			
Accounts payable	\$ 532,823	\$ 14,747	\$ 547,570
Accrued liabilities	85,416	2,796	88,212
Due to other governmental units	156,726	-	156,726
Unearned revenue	160,957	-	160,957
Total liabilities	<u>\$ 935,922</u>	<u>\$ 17,543</u>	<u>\$ 953,465</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,665,289	\$ -	\$ 1,665,289
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	\$ 69,494	\$ 2,291	\$ 71,785
Inventory	19,665	-	19,665
Restricted:			
Repayment of loans payable	115,085	-	115,085
Industrial development project	115,750	-	115,750
Community development block grant	-	79,819	79,819
Assigned:			
Senior Center	-	7,603	7,603
Green Hill Cemetary	-	14,650	14,650
Parks and recreation	-	14,930	14,930
Unassigned	1,471,951	-	1,471,951
Total fund balances	<u>\$ 1,791,945</u>	<u>\$ 119,293</u>	<u>\$ 1,911,238</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,393,156</u>	<u>\$ 136,836</u>	<u>\$ 4,529,992</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, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,911,238
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	2,146,648
Buildings and improvements		8,192,942
Machinery and equipment		686,798
Infrastructure		2,786,755
Construction in progress		<u>116,214</u>
		13,929,357
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.		
Deferred revenue - property taxes	\$	<u>782,280</u>
		782,280
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds		
Pension related items	\$	645,626
OPEB related items		<u>53,321</u>
		698,947
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$	(370,887)
Accrued interest payable		(46,924)
Capital leases payable		(396,375)
Loans payable		(3,451,683)
Compensated absences		(207,009)
Net pension liability		(2,646,137)
Net OPEB liability		<u>(1,081,233)</u>
		(8,200,248)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(113,519)
OPEB related items		<u>(93,894)</u>
		<u>(207,413)</u>
Net position of governmental activities	\$	<u><u>8,914,161</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2019

	<u>General</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 6,037,950	\$ -	\$ -	\$ 6,037,950
Other local taxes	1,546,500	-	-	1,546,500
Permits, privilege fees, and regulatory licenses	24,621	-	-	24,621
Fines and forfeitures	40,254	-	-	40,254
Revenue from the use of money and property	77,853	7,862	124,696	210,411
Charges for services	708,171	-	44,667	752,838
Miscellaneous	352,404	-	12,387	364,791
Recovered costs	51,247	-	8,684	59,931
Intergovernmental:				
Local government	-	169,088	-	169,088
Commonwealth	5,454,072	-	-	5,454,072
Federal	475,481	-	-	475,481
Total revenues	<u>\$ 14,768,553</u>	<u>\$ 176,950</u>	<u>\$ 190,434</u>	<u>\$ 15,135,937</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,219,895	\$ -	\$ -	\$ 1,219,895
Judicial administration	1,012,532	-	-	1,012,532
Public safety	3,062,164	-	-	3,062,164
Public works	2,571,675	-	-	2,571,675
Health and welfare	3,418,214	-	7,899	3,426,113
Education	2,457,090	-	-	2,457,090
Parks, recreation, and cultural	166,795	-	453,056	619,851
Community development	581,633	-	15,854	597,487
Capital projects	-	80	-	80
Debt service:				
Principal retirement	157,774	540,967	-	698,741
Interest and other fiscal charges	157,443	60,986	-	218,429
Total expenditures	<u>\$ 14,805,215</u>	<u>\$ 602,033</u>	<u>\$ 476,809</u>	<u>\$ 15,884,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (36,662)</u>	<u>\$ (425,083)</u>	<u>\$ (286,375)</u>	<u>\$ (748,120)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 299,982	\$ 310,110	\$ 620,092
Transfers out	(864,110)	-	(10,000)	(874,110)
Issuance of capital leases	-	139,475	-	139,475
Total other financing sources (uses)	<u>\$ (854,110)</u>	<u>\$ 439,457</u>	<u>\$ 300,110</u>	<u>\$ (114,543)</u>
Net change in fund balances	\$ (890,772)	\$ 14,374	\$ 13,735	\$ (862,663)
Fund balances - beginning, as restated	2,682,717	(14,374)	105,558	2,773,901
Fund balances - ending	<u>\$ 1,791,945</u>	<u>\$ -</u>	<u>\$ 119,293</u>	<u>\$ 1,911,238</u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$	(862,663)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital outlays	\$	538,433	
Depreciation expense		(472,911)	
Allocation of debt financed school assets based on current year repayments		<u>(212,286)</u>	(146,764)

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

Property taxes	\$	<u>7,720</u>	7,720
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$	698,741	
Issuance of capital leases		<u>(139,475)</u>	559,266

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

Change in compensated absences	\$	3,956	
Change in accrued interest		10,540	
Pension expense		(29,434)	
OPEB expense		<u>(32,811)</u>	<u>(47,749)</u>

Change in net position of governmental activities	\$	<u><u>(490,190)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 June 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Golf Course Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,158,224	\$ 7,839	\$ 1,166,063
Accounts receivable, net of allowance for uncollectibles	354,987	5,913	360,900
Prepaid expenses	3,818	764	4,582
Total current assets	\$ 1,517,029	\$ 14,516	\$ 1,531,545
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 986,129	\$ -	\$ 986,129
Cash and cash equivalents (in custody of others)	-	119,370	119,370
Total restricted assets	\$ 986,129	\$ 119,370	\$ 1,105,499
Capital assets:			
Land	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	722,543	722,543
Equipment	565,614	482,472	1,048,086
Infrastructure	16,709,791	5,854,800	22,564,591
Accumulated depreciation	(10,952,539)	(1,050,532)	(12,003,071)
Total capital assets	\$ 6,322,866	\$ 7,374,183	\$ 13,697,049
Total noncurrent assets	\$ 7,308,995	\$ 7,493,553	\$ 14,802,548
Total assets	\$ 8,826,024	\$ 7,508,069	\$ 16,334,093
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 97,791	\$ 22,489	\$ 120,280
OPEB related items	7,909	1,821	9,730
Total deferred outflows of resources	\$ 105,700	\$ 24,310	\$ 130,010
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 48,656	\$ 13,052	\$ 61,708
Accrued liabilities	10,158	3,314	13,472
Due to other funds	25,899	59,363	85,262
Accrued interest payable	82,372	2,246,275	2,328,647
Customer deposits	74,375	-	74,375
Other obligations - current portion	-	1,201,840	1,201,840
Bonds payable - current portion	218,919	8,270,841	8,489,760
Compensated absences - current portion	32,142	35,774	67,916
Total current liabilities	\$ 492,521	\$ 11,830,459	\$ 12,322,980
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 5,619,167	\$ 662,323	\$ 6,281,490
Net OPEB liabilities	157,076	38,691	195,767
Compensated absences - net of current portion	10,714	11,924	22,638
Net pension liability	424,558	72,948	497,506
Total noncurrent liabilities	\$ 6,211,515	\$ 785,886	\$ 6,997,401
Total liabilities	\$ 6,704,036	\$ 12,616,345	\$ 19,320,381
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 73,230	\$ 8,029	\$ 81,259
OPEB related items	13,869	3,237	17,106
Total deferred inflows of resources	\$ 87,099	\$ 11,266	\$ 98,365
NET POSITION			
Net investment in capital assets	\$ 940,822	\$ (1,558,981)	\$ (618,159)
Restricted for debt service and bond covenants	530,087	119,370	649,457
Unrestricted	669,680	(3,655,621)	(2,985,941)
Total net position	\$ 2,140,589	\$ (5,095,232)	\$ (2,954,643)

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,016,026	\$ -	\$ 1,016,026
Sewer revenues	889,872	-	889,872
Penalties	53,515	-	53,515
Course fees	-	108,380	108,380
Golf cart rentals	-	152,793	152,793
Golf clubs and balls	-	17,130	17,130
Meter service charges	45,074	-	45,074
Reconnection fees and other charges	19,645	-	19,645
Food and beverage sales	-	23,007	23,007
Miscellaneous	-	1,786	1,786
Total operating revenues	<u>\$ 2,024,132</u>	<u>\$ 303,096</u>	<u>\$ 2,327,228</u>
OPERATING EXPENSES			
Personal services	\$ 657,418	\$ 210,313	\$ 867,731
Fringe benefits	205,130	65,745	270,875
Contractual services	39,117	-	39,117
Other charges	819,102	152,743	971,845
Depreciation	439,516	49,315	488,831
Rentals and leases	-	31,051	31,051
Total operating expenses	<u>\$ 2,160,283</u>	<u>\$ 509,167</u>	<u>\$ 2,669,450</u>
Operating income (loss)	<u>\$ (136,151)</u>	<u>\$ (206,071)</u>	<u>\$ (342,222)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	\$ 15,970	\$ -	\$ 15,970
Interest expense	(314,476)	(495,700)	(810,176)
Total nonoperating revenues (expenses)	<u>\$ (298,506)</u>	<u>\$ (495,700)</u>	<u>\$ (794,206)</u>
Income before transfers	<u>\$ (434,657)</u>	<u>\$ (701,771)</u>	<u>\$ (1,136,428)</u>
Transfers in	<u>\$ -</u>	<u>\$ 254,018</u>	<u>\$ 254,018</u>
Change in net position	<u>\$ (434,657)</u>	<u>\$ (447,753)</u>	<u>\$ (882,410)</u>
Total net position - beginning	<u>2,575,246</u>	<u>(4,647,479)</u>	<u>(2,072,233)</u>
Total net position - ending	<u><u>\$ 2,140,589</u></u>	<u><u>\$ (5,095,232)</u></u>	<u><u>\$ (2,954,643)</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,032,106	\$ 303,918	\$ 2,336,024
Payments to suppliers	(881,854)	(180,738)	(1,062,592)
Payments to employees	(932,599)	(279,764)	(1,212,363)
Net cash provided by (used for) operating activities	\$ 217,653	\$ (156,584)	\$ 61,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 254,018	\$ 254,018
Net cash provided by (used for) noncapital financing activities	\$ -	\$ 254,018	\$ 254,018
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (109,737)	\$ (26,750)	\$ (136,487)
Principal payments on bonds	(130,614)	(16,542)	(147,156)
Interest expense	(315,976)	(43,094)	(359,070)
Net cash provided by (used for) capital and related financing activities	\$ (556,327)	\$ (86,386)	\$ (642,713)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 15,970	\$ -	\$ 15,970
Net cash provided by (used in) investing activities	\$ 15,970	\$ -	\$ 15,970
Net increase (decrease) in cash and cash equivalents	\$ (322,704)	\$ 11,048	\$ (311,656)
Cash and cash equivalents - beginning, including restricted cash of \$929,007 and \$108,322, respectively	2,467,057	116,161	2,583,218
Cash and cash equivalents - ending, including restricted cash of \$986,129 and \$119,370, respectively	\$ 2,144,353	\$ 127,209	\$ 2,271,562
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (136,151)	\$ (206,071)	\$ (342,222)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 439,516	\$ 49,315	\$ 488,831
(Increase) decrease in accounts receivable	(14,925)	822	(14,103)
(Increase) decrease in prepaid items	6,027	2,109	8,136
(Increase) decrease in deferred outflows of resources	22,852	(2,504)	20,348
Increase (decrease) in compensated absences	(4,283)	1,701	(2,582)
Increase (decrease) in net OPEB liabilities	(40,386)	318	(40,068)
Increase (decrease) in accounts payable	(29,662)	947	(28,715)
Increase (decrease) in customer deposits	(3,000)	-	(3,000)
Increase (decrease) in due to other funds	25,899	-	25,899
Increase (decrease) in accrued liabilities	4,662	1,414	6,076
Increase (decrease) in deferred inflows of resources	(58,551)	(5,606)	(64,157)
Increase (decrease) in net pension liability	5,655	971	6,626
Total adjustments	\$ 353,804	\$ 49,487	\$ 403,291
Net cash provided by (used for) operating activities	\$ 217,653	\$ (156,584)	\$ 61,069

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	Blues Education Foundation Private-Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 9,635	\$ 1,863
Total assets	<u>\$ 9,635</u>	<u>\$ 1,863</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 1,863
Total liabilities	<u>\$ -</u>	<u>\$ 1,863</u>
NET POSITION		
Restricted for grant awards	\$ 9,635	\$ -
Total net position	<u>\$ 9,635</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2019

	Blues Education Foundation Private-Purpose Trust
ADDITIONS	
Contributions and events:	
Donations	\$ 366
Event revenue	1,664
Total contributions	<u>\$ 2,030</u>
Investment earnings:	
Interest	\$ 9
Total investment earnings	<u>\$ 9</u>
Total additions	<u>\$ 2,039</u>
DEDUCTIONS	
Grants awarded	\$ 4,919
Total deductions	<u>\$ 4,919</u>
Change in net position	\$ (2,880)
Net position - beginning	12,515
Net position - ending	<u><u>\$ 9,635</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, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended Component Units – The City has no blended component units for the year ended June 30, 2019.

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

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

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

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

Other Organizations:

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

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

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

A. Financial Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

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

Rockbridge County Regional Jail Commission:

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

Rockbridge Regional Public Safety Communications Center:

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Receivables and payables

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$252,018 at June 30, 2019 and is comprised of property tax and water and sewer receivables of \$153,512, and \$98,506, respectively.

5. Use of Estimates

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

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

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

6. Capital assets

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

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

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

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

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

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

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

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

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

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

7. *Compensated Absences*

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

8. *Long-term obligations*

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

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

9. *Fund balance*

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – 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)

9. Fund balance (continued)

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

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

10. Net Position

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

11. Net Position Flow Assumption

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

12. Prepaid Items

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

13. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2019 the general, golf, and water and sewer funds had restricted cash for debt service of \$115,085, \$119,370, and \$530,087, respectively. Additionally, the water and sewer fund had unspent bond proceeds of \$456,042.

As of June 30, 2019 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 \$119,370.

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

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

14. Deferred Outflows/Inflows of Resources

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

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

15. Pensions

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

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

16. Other Postemployment Benefits (OPEB)

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

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

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

NOTE 2—ADOPTION OF ACCOUNTING PRINCIPLES:

The City implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in the notes to financial statements. No restatement was required as a result of this implementation.

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NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriations ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts between the school system’s departments without the approval of the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects and Proprietary Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse at year-end.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2019. Several supplemental appropriations were necessary during the year.
9. The following funds have legally adopted budgets: General, Park and Recreation, Emergency 911, Senior Center, School Construction, Flood Protection, Water and Sewer, Golf Course, School Operating and School Cafeteria Funds. The legal level of control, the level on which expenditures may not legally exceed appropriations, is the departmental level.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the City’s accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2019, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
General	\$ 2,369,835
Park and Recreation	77,244
CDBG fund	15,854
School Construction	100,795
Total All Funds	\$ 2,563,728

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

C. Deficit fund equity

At June 30, 2019, the golf course and school health insurance funds had deficit fund equity of \$5,095,939, and \$121,278, respectively.

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

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

City's Rated Debt Investments' Values

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):

External Investment Pool

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

Interest Rate Risk

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

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

NOTE 5—JOINT VENTURES:

As described in Note 1-A, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2019 is provided below:

	Maury Service Authority (1)	Rockbridge County Regional Jail Commission	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 38,232,076	\$ 3,308,447	\$ 7,989,703	\$ 7,264,024
Total liabilities and deferred inflows of resources	12,163,969	1,651,813	5,269,983	7,164,792
Total net position	<u>\$ 26,068,107</u>	<u>\$ 1,656,634</u>	<u>\$ 2,719,720</u>	<u>\$ 99,232</u>
For the year ended June 30, 2018				
Operating revenue	\$ 2,925,069	\$ 4,138,079	\$ 4,372,785	\$ 242,637
Operating expenses	(3,381,713)	(4,250,705)	(7,493,485)	(1,693,960)
Nonoperating income (expense)	1,197,661	8,657	3,798,735	1,275,875
Change in net position	<u>\$ 741,017</u>	<u>\$ (103,969)</u>	<u>\$ 678,035</u>	<u>\$ (175,448)</u>
Net position at beginning of year, as restated	25,327,090	1,760,603	2,041,685	274,680
Net position at end of year	<u>\$ 26,068,107</u>	<u>\$ 1,656,634</u>	<u>\$ 2,719,720</u>	<u>\$ 99,232</u>

(1) Maury Service Authority June 30, 2019 summary financial data was not available at the time of report issuance. June 30, 2018 data is presented above.

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 6—DUE FROM OTHER GOVERNMENTS:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Federal Government:</u>		
Categorical aid - welfare	\$ 10,799	\$ -
Categorical aid - IDEA part B section 611 special education	-	20,737
Categorical aid - Title I ARRA	-	35,903
Categorical aid - safe routes to school	83,884	-
Categorical aid - title II part A	-	18,547
Categorical aid - twenty-first century	-	17,389
Categorical aid - title IV part A	-	3,060
Categorical aid - IDEA part B section 619 special education preschool	-	2,149
Categorical aid - vocational education	-	209
<u>Commonwealth of Virginia:</u>		
State sales tax	68,417	127,942
Personal property tax relief funds	374,445	-
Categorical aid - welfare	11,912	-
Communications tax	42,673	-
Comprehensive Service Act funds - Rockbridge County	481,867	-
Other state funds	89,456	-
Totals	<u>\$ 1,163,453</u>	<u>\$ 225,936</u>

NOTE 7—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the City entered into an agreement with the County of Rockbridge, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2019, the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$156,726.

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 8—INTERFUND OBLIGATIONS:

Fund	Due From Other Funds	Due To Other Funds	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 59,363	\$ -	\$ -	\$ 141,559
Park and Recreation Fund	25,899	-	-	-
Golf Course	-	59,363	-	-
Water and Sewer Fund	-	25,899	-	-
Total Primary Government	<u>\$ 85,262</u>	<u>\$ 85,262</u>	<u>\$ -</u>	<u>\$ 141,559</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 141,559	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,559</u>	<u>\$ -</u>
Total reporting entity	<u>\$ 85,262</u>	<u>\$ 85,262</u>	<u>\$ 141,559</u>	<u>\$ 141,559</u>

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

NOTE 9—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 864,110
Park Activities Fund	310,110	-
School Construction Fund	299,982	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 620,092</u>	<u>\$ 874,110</u>
Business-type Activities:		
Golf Course Fund	\$ 254,018	\$ -
Total business-type activities	<u>\$ 254,018</u>	<u>\$ -</u>
Total primary government	<u>\$ 874,110</u>	<u>\$ 874,110</u>
Total interfund transfers	<u>\$ 874,110</u>	<u>\$ 874,110</u>

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 9—INTERFUND TRANSFERS (CONTINUED):

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

Transfers to/from other funds:	
Transfer to the General Fund from the Green Hill Cemetery Fund: to fund capital projects	\$ 10,000
Transfer to the Park and Recreation Fund from the General Fund: to supplement Park and Recreation Fund operations	310,110
Transfer to School Construction Fund from the General Fund: to fund debt service payments for long-term obligations	299,982
Transfer to the Golf Course Fund from the General Fund to supplement Golf Course Fund operations	<u>254,018</u>
Total transfers	<u>\$ 874,110</u>

NOTE 10—LONG-TERM OBLIGATIONS:

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligation transactions for the City’s governmental activities for the year ended June 30, 2019.

	Balance July 1, 2018 as Restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Direct Borrowings and Placements:				
General obligation bonds	\$ 394,068	\$ -	\$ 23,181	\$ 370,887
Literary loan	1,500,000	-	375,000	1,125,000
Loans payable	2,406,810	-	80,127	2,326,683
Total Direct Borrowings and Placements	<u>\$ 4,300,878</u>	<u>\$ -</u>	<u>\$ 478,308</u>	<u>\$ 3,822,570</u>
Other Long-Term Obligations:				
Capital leases	\$ 477,333	\$ 139,475	\$ 220,433	\$ 396,375
Net OPEB liabilities	1,088,165	149,320	156,252	1,081,233
Compensated absences	210,965	154,268	158,224	207,009
Net pension liability	2,610,889	1,493,246	1,457,998	2,646,137
Total Other Long-Term Obligations	<u>\$ 4,387,352</u>	<u>\$ 1,936,309</u>	<u>\$ 1,992,907</u>	<u>\$ 4,330,754</u>
Total governmental activities obligations	<u>\$ 8,688,230</u>	<u>\$ 1,936,309</u>	<u>\$ 2,471,215</u>	<u>\$ 8,153,324</u>

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

The City’s outstanding general obligation bonds and loans payable from direct borrowings and placements related to governmental activities of \$3,822,570 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The City has pledged to secure the payment and performance of the City’s obligations under the bonds with the City’s right, title, and interest to all revenue collected by the City.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements					
	General Obligation Bonds		Literary Fund Loan		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 23,181	\$ 19,583	\$ 375,000	\$ 22,500	\$ 67,171	\$ 93,904
2021	23,181	19,583	375,000	15,000	71,523	91,905
2022	23,181	19,583	375,000	7,500	72,493	89,209
2023	23,181	19,583	-	-	77,134	87,234
2024	23,181	19,583	-	-	80,613	83,755
2025	23,181	19,583	-	-	84,256	80,112
2026	23,181	19,583	-	-	88,072	76,296
2027	23,181	19,583	-	-	92,069	72,300
2028	23,181	19,583	-	-	96,255	68,113
2029	23,181	19,583	-	-	100,640	63,728
2030	23,181	19,583	-	-	86,831	58,953
2031	23,181	19,583	-	-	79,079	56,114
2032	23,181	19,583	-	-	82,295	52,898
2033	23,181	19,583	-	-	85,645	49,548
2034	23,181	19,583	-	-	96,662	46,058
2035	23,172	9,791	-	-	92,770	42,423
2036	-	-	-	-	96,558	38,636
2037	-	-	-	-	100,504	34,690
2038	-	-	-	-	104,615	30,579
2039	-	-	-	-	108,898	26,295
2040	-	-	-	-	113,361	21,832
2041	-	-	-	-	118,012	17,182
2042	-	-	-	-	122,858	12,335
2043	-	-	-	-	127,909	7,285
2044	-	-	-	-	80,460	2,021
Totals	\$ 370,887	\$ 303,536	\$ 1,125,000	\$ 45,000	\$ 2,326,683	\$ 1,303,405

Year Ending June 30,	Capital Leases	
	Principal	Interest
2020	\$ 225,887	\$ 12,338
2021	86,038	3,971
2022	68,183	1,558
2023	16,267	-
Totals	\$ 396,375	\$ 17,867

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities Indebtedness:</u>		
<u>Direct Borrowings and Placements:</u>		
<u>General Obligation Bonds:</u>		
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at a rate of 1.9%. Interest is reimbursed by a federal interest subsidy.	\$ 370,887	\$ 23,181
Total general obligation bonds	<u>\$ 370,887</u>	<u>\$ 23,181</u>
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 1,125,000	\$ 375,000
\$1,800,000 loan payable dated March 5, 2009, due in annual installments of \$109,179 including interest at 5% through 2044.	1,527,673	38,482
\$700,000 loan payable dated March 5, 2009, due in annual installments of \$42,459 including interest at 5% through 2044.	572,822	12,647
\$300,000 loan payable dated October 1, 2014, issued to finance the purchase of real property, due in monthly installments of \$2,431 including interest at 4.875% through October 1, 2029.	<u>226,188</u>	<u>16,042</u>
Total loans payable	<u>\$ 3,451,683</u>	<u>\$ 442,171</u>

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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities Indebtedness: (continued)</u>		
Other Long-term obligations:		
<u>Capital Leases:</u>		
\$294,292 capital lease for school buses, dated July 7, 2015, due in annual payment of \$53,474, including interest at 3% through August 15, 2021.	\$ 151,257	\$ 48,936
\$97,045 capital lease for police cars, dated July 27, 2016, due in annual payment of \$35,107, including interest at 4%, through 2020.	33,746	33,746
\$135,697 capital lease for a refuse truck, dated July 8, 2016, due in annual payment of \$48,929, including interest at 4%, through 2020.	47,032	47,032
\$192,542 capital lease for chromebooks, dated August 24, 2017, due in annual payments of \$64,181, including interest at 4.53% , through 2020	61,400	61,400
\$58,140 capital lease for chromebooks, dated July 20, 2018, due in annual payments of \$20,268, including interest at 4.65%, through 2021.	37,872	18,506
\$81,335 capital lease for band instruments, dated August 6, 2018, due in annual payments of \$16,267	<u>65,068</u>	<u>16,267</u>
Total capital leases	\$ <u>396,375</u>	\$ <u>225,887</u>
Net OPEB liabilities	\$ <u>1,081,233</u>	\$ <u>-</u>
Compensated absences (payable from the General and Park and Recreation Funds)	\$ <u>207,009</u>	\$ <u>155,257</u>
Net pension liability	\$ <u>2,646,137</u>	\$ <u>-</u>
Total governmental activities obligations	<u>\$ 8,153,324</u>	<u>\$ 846,496</u>

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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations

The following is a summary of changes in long-term obligation transactions for the City’s enterprise funds for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
Direct Borrowings and Placements:				
Revenue bonds	\$ 3,888,500	\$ -	\$ 90,000	\$ 3,798,500
Lease-revenue bonds	11,029,906	-	57,156	10,972,750
Total Direct Borrowings and Placements	<u>\$ 14,918,406</u>	<u>\$ -</u>	<u>\$ 147,156</u>	<u>\$ 14,771,250</u>
Other Long-Term Obligations				
Other obligations	\$ 1,201,840	\$ -	\$ -	\$ 1,201,840
Net OPEB liabilities	235,835	22,422	62,490	195,767
Compensated absences	93,136	67,270	69,852	90,554
Net pension liabilities	490,880	280,750	274,124	497,506
Total Other Long-Term Obligations	<u>\$ 2,021,691</u>	<u>\$ 370,442</u>	<u>\$ 406,466</u>	<u>\$ 1,985,667</u>
Total business-type obligations	<u>\$ 16,940,097</u>	<u>\$ 370,442</u>	<u>\$ 553,622</u>	<u>\$ 16,756,917</u>

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

The City’s outstanding revenue bonds from direct borrowings and direct placements related to business-type activities of \$14,771,250 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The City has pledged to secure the payment and performance of the City’s obligations under the bonds with the City’s right, title, and interest to revenue collected by the City. In addition, the City pledged the city courthouse, police department building, and municipal golf course as collateral for Lease-Revenue Bond Series 2005A. The City is currently in default for this debt, but the insurer has not claimed the pledged collateral.

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CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Other Obligations	
	Principal	Interest	Principal	Interest
2020	\$ 8,489,760	\$ 352,304	\$ 1,201,840	\$ -
2021	267,505	339,565	-	-
2022	280,377	326,187	-	-
2023	293,380	312,165	-	-
2024	306,522	297,492	-	-
2025	324,807	280,107	-	-
2026	343,244	261,670	-	-
2027	361,838	242,176	-	-
2028	385,598	221,616	-	-
2029	404,530	198,184	-	-
2030	433,644	173,595	-	-
2031	457,945	147,194	-	-
2032	715,945	119,294	-	-
2033	107,151	74,613	-	-
2034	112,074	69,690	-	-
2035	117,223	64,541	-	-
2036	122,608	59,156	-	-
2037	128,240	53,524	-	-
2038	134,132	47,632	-	-
2039	140,294	41,470	-	-
2040	146,739	35,025	-	-
2041	153,480	28,284	-	-
2042	160,531	21,233	-	-
2043	167,905	13,859	-	-
2044	175,619	6,145	-	-
2045	40,159	290	-	-
Total	\$ 14,771,250	\$ 3,787,011	\$ 1,201,840	\$ -

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Business-type Activities Indebtedness:</u>		
<u>Direct Borrowings and Placements:</u>		
\$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.	\$ 3,798,500	\$ 159,159
\$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.	2,737,750	95,601
\$9,205,000 Lease-Revenue Bond, Series 2005A, dated April 14, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at interest rates from 4.125% to 5.500% per annum. Semi-annual interest payments commence January 1, 2006 through maturity. Annual principal payments ranging from \$180,000 to \$630,000 commence July 1, 2010 through July 1, 2035. The City has ceased paying rent payments to the Public Recreational Facilities Authority of Buena Vista and the bonds are in default of the debt agreement. The full principal balance of the bonds is classified as current because violation of the debt agreement makes the full obligation callable by the lender. See Note 25 for additional information on events related to these bonds.	8,235,000	8,235,000
Total Direct Borrowings and Placements	\$ <u>14,771,250</u>	\$ <u>8,489,760</u>
<u>Other Long-term Obligations:</u>		
<u>Other Obligations:</u>		
Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments commencing July 1, 2035 through January 1, 2040. See Note 25 for additional information on events related to this agreement.	\$ 1,201,840	\$ 1,201,840
Net OPEB liabilities	\$ 195,767	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 90,554	\$ 67,916
Net pension liability	\$ 497,506	\$ -
Total business-type activities indebtedness	\$ <u>16,756,917</u>	\$ <u>9,759,516</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit—School Board:

The following is a summary of long-term obligation transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2019.

	Balance June 30, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
<u>General Long-Term Obligations</u>				
Net OPEB liabilities	\$ 2,773,000	\$ 321,000	\$ 536,000	\$ 2,558,000
Compensated absences	213,955	167,577	160,466	221,066
Net pension liability	8,136,000	1,685,830	2,257,830	7,564,000
Total Long-Term Obligations	<u>\$ 11,122,955</u>	<u>\$ 2,174,407</u>	<u>\$ 2,954,296</u>	<u>\$ 10,343,066</u>

Details of Long-term Indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB liabilities	\$ 2,558,000	\$ -
Compensated absences (payable from the School Fund)	\$ 221,066	\$ 165,800
Net pension liability	\$ 7,564,000	\$ -
Total Long-term obligations, Discretely Presented Component Unit - School Board	<u>\$ 10,343,066</u>	<u>\$ 165,800</u>

NOTE 11—CAPITAL LEASES:

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

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 527,234
Less: Accumulated depreciation	(245,341)
Total	<u>\$ 281,893</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, are as follows:

Year Ended June 30,	Governmental Activities
2020	137,510
2021	53,474
2022	53,474
Total minimum lease payments	\$ 244,458
Less: Amount representing interest	(12,423)
Present value of minimum lease payments	<u>\$ 232,035</u>

NOTE 12—PENSION PLANS:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 12—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	75	28
Inactive members:		
Vested inactive members	6	3
Non-vested inactive members	9	16
Inactive members active elsewhere in VRS	27	5
Total inactive members	42	24
Active members	79	22
Total covered employees	196	74

NOTE 12—PENSION PLANS: (CONTINUED)

Contributions

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

The City's contractually required employer contribution rate for the year ended June 30, 2019 was 14.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$499,822 and \$420,150 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 1.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$4,526 and (\$0) for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability/Asset

The net pension liability (NPL)/ net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

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NOTE 12—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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NOTE 12—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related
 Pre-Retirement:
 RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

NOTE 12—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 12—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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NOTE 12—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) was also provided an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 19,020,693	\$ 15,918,924	\$ 3,101,769
Changes for the year:			
Service cost	\$ 416,975	\$ -	\$ 416,975
Interest	1,289,662	-	1,289,662
Differences between expected and actual experience	56,071	-	56,071
Contributions - employer	-	420,150	(420,150)
Contributions - employee	-	156,960	(156,960)
Net investment income	-	1,155,010	(1,155,010)
Benefit payments, including refunds of employee contributions	(1,193,913)	(1,193,913)	-
Administrative expenses	-	(10,265)	10,265
Other changes	-	(1,021)	1,021
Net changes	\$ 568,795	\$ 526,921	\$ 41,874
Balances at June 30, 2018	\$ 19,589,488	\$ 16,445,845	\$ 3,143,643

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NOTE 12—PENSION PLANS: (CONTINUED)**Changes in Net Pension (Asset)**

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at June 30, 2017	\$ 1,441,243	\$ 1,759,577	\$ (318,334)
Changes for the year:			
Service cost	\$ 36,778	\$ -	\$ 36,778
Interest	96,694	-	96,694
Differences between expected and actual experience	19,871	-	19,871
Contributions - employer	-	(4)	4
Contributions - employee	-	17,551	(17,551)
Net investment income	-	127,502	(127,502)
Benefit payments, including refunds of employee contributions	(119,813)	(119,813)	-
Administrative expenses	-	(1,164)	1,164
Other changes	-	(111)	111
Net changes	\$ 33,530	\$ 23,961	\$ 9,569
Balances at June 30, 2018	\$ 1,474,773	\$ 1,783,538	\$ (308,765)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
City of Buena Vista, Virginia			
Net Pension Liability	\$ 5,539,450	\$ 3,143,643	\$ 1,140,986
Component Unit School Board (nonprofessional)			
Net Pension Asset	\$ (173,490)	\$ (308,765)	\$ (424,968)

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 12—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2019, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$484,864 and \$9,827 respectively. At June 30, 2019, the City and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,084	\$ 35,243	\$ 9,467	\$ -
Change in assumptions		35,587		-
Net difference between projected and actual earnings on pension plan investments	-	123,948	-	11,453
Employer contributions subsequent to the measurement date	499,822	-	4,526	-
Total	\$ 765,906	\$ 194,778	\$ 13,993	\$ 11,453

\$499,892 and \$4,526 reported as deferred outflows of resources related to pensions resulting from the City’s and Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30,	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ 177,486	\$ 17,953
2021	62,122	37
2022	(155,770)	(18,384)
2023	(12,532)	(1,592)
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$810,965 and \$831,426 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$7,564,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .06432% as compared to .06616% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$373,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTE 12—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 647,000
Change in assumptions	90,000	-
Net difference between projected and actual earnings on pension plan investments	-	160,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,000	449,000
Employer contributions subsequent to the measurement date	<u>810,965</u>	<u>-</u>
Total	<u>\$ 927,965</u>	<u>\$ 1,256,000</u>

\$810,965 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>	
2020	\$ (193,000)
2021	(276,000)
2022	(441,000)
2023	(179,000)
2024	(50,000)
Thereafter	-

NOTE 12—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 12—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>11,759,992</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		 74.81%

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

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

NOTE 12—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 11,554,000	\$ 7,564,000	\$ 4,261,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
VRS Pension Plans:				
Primary Government	\$ 765,906	\$ 194,778	\$ 3,143,643	\$ 484,864
School Board Nonprofessional	13,993	11,453	(308,765)	9,827
School Board Professional	927,965	1,256,000	7,564,000	373,000
Totals	<u>\$ 1,707,864</u>	<u>\$ 1,462,231</u>	<u>\$ 10,398,878</u>	<u>\$ 867,691</u>

NOTE 13—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

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

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

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

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. City contributions to the GLI Program were \$18,051 and \$17,003 for the years ended June 30, 2019 and June 30, 2018, respectively. School Board contributions to the Group Life Insurance Program for professional employees were \$27,377 and \$27,208, for the years ended June 30, 2019 and June 30, 2018 respectively. School Board contributions to the Group Life Insurance Program for nonprofessional employees were \$1,845 and \$1,961, for the years ended June 30, 2019 and June 30, 2018 respectively.

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

At June 30, 2019, the City reported a liability of \$262,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.01720% as compared to 0.01813% at June 30, 2017.

At June 30, 2019, the School Board reported liability of \$30,000 for nonprofessional employees and \$418,000 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018, the participating employer's proportion for nonprofessional employees was 0.00198% as compared to 0.00185% at June 30, 2017. At June 30, 2018, the participating employer's proportion for School Board professional employees was 0.02752% as compared to 0.02843% at June 30, 2017.

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the City recognized GLI OPEB expense of \$1,000, while the School Board recognized GLI OPEB expense of \$2,000 and (\$2,000) for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,000	\$ 5,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000
Change in assumptions	-	11,000
Changes in proportion	10,000	13,000
Employer contributions subsequent to the measurement date	18,051	-
Total	\$ 41,051	\$ 37,000

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,000	\$ 1,000	\$ 20,000	\$ 8,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,000	-	14,000
Change in assumptions	-	1,000	-	17,000
Changes in proportion	-	-	-	22,000
Employer contributions subsequent to the measurement date	1,845	-	27,377	-
Total	\$ 2,845	\$ 3,000	\$ 47,377	\$ 61,000

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

\$18,051, \$1,845 and \$27,377 for the City and School Board nonprofessional and professional employees respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board				
	Nonprofessional Employees	Professional Employees			
	Year Ended June 30	Year Ended June 30			
2020	\$ (5,000)	2020	\$ (2,000)	2020	\$ (11,000)
2021	(5,000)	2021	-	2021	(11,000)
2022	(5,000)	2022	-	2022	(11,000)
2023	(2,000)	2023	-	2023	(7,000)
2024	2,000	2024	-	2024	(1,000)
Thereafter	1,000	Thereafter	-	Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		<u>1,594,773</u>
Employers' Net GLI OPEB Liability (Asset)	\$	<u><u>1,518,735</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		
		51.22%

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	<u>15.00%</u>	9.53%	<u>1.43%</u>
Total	<u><u>100.00%</u></u>		<u><u>4.80%</u></u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u><u>7.30%</u></u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

NOTE 14—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
City's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 342,000	\$ 262,000	\$ 196,000
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability - nonprofessional employees	\$ 39,000	\$ 30,000	\$ 22,000
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability - professional employees	\$ 546,000	\$ 418,000	\$ 314,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2019 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee HIC Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$63,480 and \$64,279 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$821,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the VRS Teacher Employee Health Insurance Credit Program was .06462% as compared to 0.06636% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$60,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	7,000
Change in proportion	-	41,000
Employer contributions subsequent to the measurement date	<u>63,480</u>	<u>-</u>
Total	<u>\$ 63,480</u>	<u>\$ 53,000</u>

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB: (Continued)

\$63,480 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (9,000)
2021	(9,000)
2022	(9,000)
2023	(9,000)
2024	(9,000)
Thereafter	(8,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Actuarial Assumptions

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 CONTINUED

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
(CONTINUED)**

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	<u>15.00%</u>	9.53%	<u>1.43%</u>
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

Discount Rate

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 917,000	\$ 821,000	\$ 739,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

In addition to the pension benefits described in Note 12, the City administers a single-employer defined benefit healthcare plan, the City of Buena Vista OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

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

Benefits Provided

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

Plan Membership

At July 1, 2018 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	66	129
Total retirees with coverage	3	20
Total	<u>69</u>	<u>149</u>

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2019 was \$22,000. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$105,000.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

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

Total OPEB Liability

The City’s and School Board’s total OPEB liabilities were measured as of July 1, 2018. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.62% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2018
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year’s valuation is 3.62% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2018	\$ 1,052,000	\$ 1,476,000
Changes for the year:		
Service cost	38,000	88,000
Interest	38,000	54,000
Difference between expected and actual experience	(27,000)	(108,000)
Changes in assumptions	(64,000)	(116,000)
Benefit payments	(22,000)	(105,000)
Net changes	<u>(37,000)</u>	<u>(187,000)</u>
Balances at June 30, 2019	<u>\$ 1,015,000</u>	<u>\$ 1,289,000</u>

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

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

	Rate		
	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Primary Government			
\$	1,123,000	\$ 1,015,000	\$ 918,000
Component Unit School Board			
\$	1,384,000	\$ 1,289,000	\$ 1,203,000

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.5% decreasing to 4.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.5% decreasing to 6.00%)
Primary Government			
\$	892,000	\$ 1,015,000	\$ 1,161,000
Component Unit School Board			
\$	1,160,000	\$ 1,289,000	\$ 1,440,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 CONTINUED

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

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

For the year ended June 30, 2019, the Primary Government recognized OPEB expense in the amount of \$59,000. The School Board recognized OPEB expense in the amount of \$97,000. At June 30, 2019, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,000
Changes in assumptions	-	52,000
Employer contributions subsequent to the measurement date	22,000	-
Total	<u>\$ -</u>	<u>\$ 74,000</u>
	<u>Component Unit School Board</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 86,000
Changes in assumptions	-	93,000
Employer contributions subsequent to the measurement date	105,000	-
Total	<u>\$ -</u>	<u>\$ 179,000</u>

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

<u>Primary Government</u>		<u>Component Unit School Board</u>	
<u>Year Ended June 30,</u>		<u>Year Ended June 30,</u>	
2020	\$ (17,000)	2020	\$ (45,000)
2021	(17,000)	2021	(45,000)
2022	(17,000)	2022	(45,000)
2023	(17,000)	2023	(44,000)
2024	(6,000)	2024	-
Thereafter	-	Thereafter	-

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 17—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the City’s OPEB plans as of June 30, 2019:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 14):				
City	\$ 41,051	\$ 37,000	\$ 262,000	\$ 1,000
School Board Nonprofessional	2,845	3,000	30,000	2,000
School Board Professional	47,377	61,000	418,000	(2,000)
Teacher Health Insurance Credit Program (Note 15)	63,480	53,000	821,000	60,000
City Stand-Alone Plan (Note 16)	22,000	74,000	1,015,000	59,000
School Stand-Alone Plan (Note 16)	105,000	179,000	1,289,000	97,000
Totals	<u>\$ 281,753</u>	<u>\$ 407,000</u>	<u>\$ 3,835,000</u>	<u>\$ 217,000</u>

NOTE 18—DEFERRED, UNAVAILABLE, AND UNEARNED REVENUE:

Deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide financial statements and fund financial statements totaling \$883,009, and \$1,665,289, respectively is comprised of the following:

- A. Prepaid Property Taxes—Property taxes due subsequent to June 30, 2019 but paid in advance by the taxpayers totaled \$248,427 at June 30, 2019.
- B. Unbilled Property Taxes—Property taxes for the second half of 2018 that had not been billed as of June 30, 2019 amounted to \$634,582.
- C. Unavailable Property Taxes—Uncollected tax billings not available for funding of current expenditures totaled \$782,280

Unearned revenue reported in the primary government represents lease revenue of \$160,957, which is available to fund current expenditures.

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NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 19—CONTINGENT LIABILITIES:

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

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

The City along with the City of Lexington and County of Rockbridge, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The County of Rockbridge is serving as fiscal agent for the radio upgrade project. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligation at June 30, 2019 was \$6,112,781 and an annual payment of \$757,744 will be paid by the Center through June 2030.

NOTE 20—HEALTH INSURANCE FUND:

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

Significant losses, over \$80,000, are covered by commercial insurance. Stop loss insurance coverage began in October 2015. During fiscal year 2019, there were no settlement amounts exceeding coverage.

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

Piedmont Community Health has established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2019 the plan liability was \$255,014. The net position of the Plan maintained by the School Board can be found on Exhibit 40. The following represents the change in approximate aggregate liabilities for the fund:

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 21—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government

	Balance July 1, 2018	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,146,648	\$ -	\$ -	\$ 2,146,648
Construction in progress	-	116,214	-	116,214
Total capital assets not being depreciated	<u>\$ 2,146,648</u>	<u>\$ 116,214</u>	<u>\$ -</u>	<u>\$ 2,262,862</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 13,080,375	\$ 24,240	\$ -	\$ 13,104,615
Infrastructure	29,034,629	257,813	-	29,292,442
Machinery and Equipment	3,072,495	140,166	-	3,212,661
Total capital assets being depreciated	<u>\$ 45,187,499</u>	<u>\$ 422,219</u>	<u>\$ -</u>	<u>\$ 45,609,718</u>
Accumulated depreciation:				
Buildings and improvements	\$ (4,621,254)	\$ (290,419)	\$ -	\$ (4,911,673)
Infrastructure	(26,314,900)	(190,787)	-	(26,505,687)
Machinery and Equipment	(2,321,872)	(203,991)	-	(2,525,863)
Total accumulated depreciation	<u>\$ (33,258,026)</u>	<u>\$ (685,197)</u>	<u>\$ -</u>	<u>\$ (33,943,223)</u>
Capital assets being depreciated, net	<u>\$ 11,929,473</u>	<u>\$ (262,978)</u>	<u>\$ -</u>	<u>\$ 11,666,495</u>
Governmental activities capital assets, net	<u>\$ 14,076,121</u>	<u>\$ (146,764)</u>	<u>\$ -</u>	<u>\$ 13,929,357</u>

	Balance July 1, 2018	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2019
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Total capital assets not being depreciated	<u>\$ 1,364,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,364,900</u>
Capital assets being depreciated:				
Infrastructure	\$ 22,564,591	\$ -	\$ -	\$ 22,564,591
Buildings	722,543	-	-	722,543
Machinery and equipment	911,599	136,487	-	1,048,086
Total capital assets being depreciated	<u>\$ 24,198,733</u>	<u>\$ 136,487</u>	<u>\$ -</u>	<u>\$ 24,335,220</u>
Accumulated depreciation:				
Infrastructure	\$ (10,499,404)	\$ (392,505)	\$ -	\$ (10,891,909)
Buildings	(269,611)	(44,774)	-	(314,385)
Machinery and equipment	(745,225)	(51,552)	-	(796,777)
Total accumulated depreciation	<u>\$ (11,514,240)</u>	<u>\$ (488,831)</u>	<u>\$ -</u>	<u>\$ (12,003,071)</u>
Capital assets being depreciated, net	<u>\$ 12,684,493</u>	<u>\$ (352,344)</u>	<u>\$ -</u>	<u>\$ 12,332,149</u>
Business-type activities capital assets, net	<u>\$ 14,049,393</u>	<u>\$ (352,344)</u>	<u>\$ -</u>	<u>\$ 13,697,049</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 CONTINUED

NOTE 21—CAPITAL ASSETS: (CONTINUED)

Primary Government (Continued)

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

Governmental activities:	
General government administration	\$ 239,840
Judicial administration	6,038
Public safety	71,539
Public works	127,502
Health and welfare	7,855
Education	212,286
Parks, recreation and cultural	20,137
Total depreciation expense - governmental activities	<u>\$ 685,197</u>
Business-type activities:	
Water and Sewer	\$ 439,516
Golf course	49,315
Total depreciation expense - business-type activities	<u>\$ 488,831</u>

Discretely Presented Component Unit School Board

	Balance July 1, 2018	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ 4,634
Total capital assets not being depreciated	<u>\$ 4,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,634</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,010,107	\$ -	\$ -	\$ 8,010,107
Machinery and equipment	770,310	90,977	(150,288)	710,999
Total capital assets being depreciated	<u>\$ 8,780,417</u>	<u>\$ 90,977</u>	<u>\$ (150,288)</u>	<u>\$ 8,721,106</u>
Accumulated depreciation:				
Buildings and improvements	\$ (4,140,988)	\$ (136,715)	\$ -	\$ (4,277,703)
Machinery and equipment	(743,203)	(28,546)	150,288	(621,461)
Total accumulated depreciation	<u>\$ (4,884,191)</u>	<u>\$ (165,261)</u>	<u>\$ 150,288</u>	<u>\$ (4,899,164)</u>
Capital assets being depreciated, net	<u>\$ 3,896,226</u>	<u>\$ (74,284)</u>	<u>\$ -</u>	<u>\$ 3,821,942</u>
Governmental activities capital assets, net	<u>\$ 3,900,860</u>	<u>\$ (74,284)</u>	<u>\$ -</u>	<u>\$ 3,826,576</u>

Depreciation expense for the Component Unit School Board was \$165,261 for the year ended June 30, 2019 and was charged to the education function.

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

NOTE 22—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 23—ARBITRAGE REBATE COMPLIANCE:

As of June 30, 2019, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTE 24—LITIGATION:

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

NOTE 25—COMMITMENTS AND CONTINGENCIES:

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

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 CONTINUED

NOTE 25—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

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

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

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

NOTE 26—RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

Beginning fund balance has been restated in the financial statements as detailed below:

	Governmental Funds
	<u>General Fund</u>
Fund balance as previously reported, June 30, 2018	\$ 2,641,426
To record additional receivables at year end	<u>41,291</u>
Fund Balance as restated, June 30, 2019	<u><u>\$ 2,682,717</u></u>

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

	Governmental Activities
Net assets as previously reported, June 30 2018	\$ 9,483,201
Fund balance adjustments, reported above	\$ 41,291
Add: unreported capital lease in prior year	<u>(120,141)</u>
Total adjustments	<u>\$ (78,850)</u>
Net Assets as restated, June 30, 2019	<u><u>\$ 9,404,351</u></u>

NOTE 27—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 5,814,000	\$ 5,814,000	\$ 6,037,950	\$ 223,950
Other local taxes	1,513,900	1,513,900	1,546,500	32,600
Permits, privilege fees, and regulatory licenses	37,050	37,050	24,621	(12,429)
Fines and forfeitures	60,700	60,700	40,254	(20,446)
Revenue from the use of money and property	35,000	35,000	77,853	42,853
Charges for services	801,172	801,172	708,171	(93,001)
Miscellaneous	205,536	205,536	352,404	146,868
Recovered costs	-	15,000	51,247	36,247
Intergovernmental:				
Commonwealth	4,409,941	4,409,941	5,454,072	1,044,131
Federal	50,000	50,000	475,481	425,481
Total revenues	<u>\$ 12,927,299</u>	<u>\$ 12,942,299</u>	<u>\$ 14,768,553</u>	<u>\$ 1,826,254</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,214,696	\$ 1,214,696	\$ 1,219,895	\$ (5,199)
Judicial administration	982,765	982,765	1,012,532	(29,767)
Public safety	2,534,954	2,570,481	3,062,164	(491,683)
Public works	2,049,652	2,049,652	2,571,675	(522,023)
Health and welfare	2,051,093	2,051,093	3,418,214	(1,367,121)
Education	2,625,211	2,625,211	2,457,090	168,121
Parks, recreation, and cultural	162,457	162,457	166,795	(4,338)
Community development	514,930	514,930	581,633	(66,703)
Debt service:				
Principal retirement	135,893	135,893	157,774	(21,881)
Interest and other fiscal charges	128,202	128,202	157,443	(29,241)
Total expenditures	<u>\$ 12,399,853</u>	<u>\$ 12,435,380</u>	<u>\$ 14,805,215</u>	<u>\$ (2,369,835)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 527,446</u>	<u>\$ 506,919</u>	<u>\$ (36,662)</u>	<u>\$ (543,581)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers out	(527,446)	(506,919)	(864,110)	(357,191)
Total other financing sources (uses)	<u>\$ (527,446)</u>	<u>\$ (506,919)</u>	<u>\$ (854,110)</u>	<u>\$ (347,191)</u>
Net change in fund balances	\$ -	\$ -	\$ (890,772)	\$ (890,772)
Fund balances - beginning, as restated	-	-	2,682,717	2,682,717
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,945</u>	<u>\$ 1,791,945</u>

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

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

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	6.43200%	0.06616%	0.06874%	0.06844%	0.06896%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,564,000	\$ 8,136,000	\$ 9,633,000	\$ 8,615,000	\$ 8,334,000
Employer's Covered Payroll	\$ 5,232,217	\$ 5,244,764	\$ 5,240,836	\$ 5,105,532	\$ 5,082,174
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.57%	155.13%	183.81%	168.74%	163.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	70.68%	70.68%	70.88%

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

Schedule of Employer Contributions-Pension Plan
 Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 499,822	\$ 499,822	\$ -	\$ 3,471,307	14.40%
2018	420,150	420,150	-	3,269,880	12.85%
2017	433,392	433,392	-	3,343,997	12.96%
2016	456,213	456,213	-	3,112,616	14.66%
2015	423,595	423,595	-	2,867,942	14.77%
2014	420,846	420,846	-	2,947,103	14.28%
2013	415,104	415,104	-	2,906,889	14.28%
2012	293,068	293,068	-	2,864,790	10.23%
2011	293,015	293,015	-	2,864,273	10.23%
2010	242,981	242,981	-	3,025,911	8.03%
Component Unit School Board (nonprofessional)					
2019	\$ 4,526	\$ 4,526	\$ -	\$ 352,715	1.28%
2018	-	-	-	376,028	0.00%
2017	136	136	-	340,987	0.04%
2016	7,034	7,034	-	337,453	2.08%
2015	8,035	8,035	-	346,316	2.32%
2014	16,821	16,821	-	328,542	5.12%
2013	16,769	16,769	-	327,519	5.12%
2012	-	-	-	385,558	0.00%
2011	-	-	-	334,395	0.00%
2010	-	-	-	361,393	0.00%
Component Unit School Board (professional)					
2019	\$ 810,965	\$ 810,965	\$ -	\$ 5,264,774	15.40%
2018	831,426	831,426	-	5,232,217	15.89%
2017	752,811	752,811	-	5,244,764	14.35%
2016	736,862	736,862	-	5,240,836	14.06%
2015	737,854	737,854	-	5,105,532	14.45%
2014	586,176	586,176	-	5,082,174	11.53%
2013	532,330	532,330	-	4,903,590	10.86%
2012	324,200	324,200	-	5,181,231	6.26%
2011	211,283	211,283	-	5,366,815	3.94%
2010	372,292	372,292	-	5,619,414	6.63%

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

Notes to Required Supplementary Information-Pension Plan
 Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

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

Schedule of City's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

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

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

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 Year Ended June 30, 2018

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

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

Schedule of Employer Contributions
 Group Life Insurance Program
 Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 18,051	\$ 18,051	\$ -	\$ 3,471,307	0.52%
2018	17,003	17,003	-	3,269,880	0.52%
2017	17,389	17,389	-	3,343,997	0.52%
2016	14,941	14,941	-	3,112,616	0.48%
2015	13,766	13,766	-	2,867,942	0.48%
2014	14,146	14,146	-	2,947,103	0.48%
2013	13,953	13,953	-	2,906,889	0.48%
2012	8,021	8,021	-	2,864,790	0.28%
2011	8,020	8,020	-	2,864,273	0.28%
2010	6,131	6,131	-	3,025,911	0.20%
Component Unit School Board (nonprofessional)					
2019	\$ 1,845	\$ 1,845	\$ -	\$ 354,713	0.52%
2018	1,961	1,961	-	377,086	0.52%
2017	1,778	1,778	-	341,847	0.52%
2016	1,645	1,645	-	342,623	0.48%
2015	1,662	1,662	-	346,316	0.48%
2014	1,586	1,586	-	330,437	0.48%
2013	1,584	1,584	-	330,100	0.48%
2012	1,080	1,080	-	385,558	0.28%
2011	936	936	-	334,395	0.28%
2010	711	711	-	361,393	0.20%
Component Unit School Board (professional)					
2019	\$ 27,377	\$ 27,377	\$ -	\$ 5,264,774	0.52%
2018	27,208	27,208	-	5,232,217	0.52%
2017	27,273	27,273	-	5,244,764	0.52%
2016	25,156	25,156	-	5,240,836	0.48%
2015	24,507	24,507	-	5,105,532	0.48%
2014	24,394	24,394	-	5,082,174	0.48%
2013	23,537	23,537	-	4,903,590	0.48%
2012	14,507	14,507	-	5,181,231	0.28%
2011	15,027	15,027	-	5,366,815	0.28%
2010	11,414	11,414	-	5,619,414	0.20%

Notes to Required Supplementary Information
Group Life Insurance Program
Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers

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

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of City School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

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

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Program
 Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 63,480	\$ 63,480	\$ -	\$ 5,264,774	1.21%
2018	64,279	64,279	-	5,225,965	1.23%
2017	58,129	58,129	-	5,236,883	1.11%
2016	55,553	55,553	-	5,240,836	1.06%
2015	53,940	53,940	-	5,088,650	1.06%
2014	55,977	55,977	-	5,042,941	1.11%
2013	53,872	53,872	-	4,853,331	1.11%
2012	30,872	30,872	-	5,145,366	0.60%
2011	32,201	32,201	-	5,366,815	0.60%
2010	43,948	43,948	-	5,617,770	0.78%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Program
 Year Ended June 30, 2019

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 Years Ended June 30, 2018 and June 30, 2019

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 Years Ended June 30, 2018 and June 30, 2019

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

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

Notes to Required Supplementary Information - OPEB
 Year Ended June 30, 2019

Valuation Date: 7/1/2017
 Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of July 1, 2017
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.5% in 2018, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

OTHER SUPPLEMENTARY INFORMATION

MAJOR CAPITAL PROJECT FUNDS

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

School Construction Fund-Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2019

	<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	\$ 18,173	\$ 18,173	\$ 7,862	\$ (10,311)
Intergovernmental:				
Local government	177,931	177,931	169,088	(8,843)
Total revenues	<u>\$ 196,104</u>	<u>\$ 196,104</u>	<u>\$ 176,950</u>	<u>\$ (19,154)</u>
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 80	\$ (80)
Debt service:				
Principal retirement	447,117	447,117	540,967	(93,850)
Interest and other fiscal charges	54,121	54,121	60,986	(6,865)
Total expenditures	<u>\$ 501,238</u>	<u>\$ 501,238</u>	<u>\$ 602,033</u>	<u>\$ (100,795)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (305,134)</u>	<u>\$ (305,134)</u>	<u>\$ (425,083)</u>	<u>\$ (119,949)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 305,134	\$ 305,134	\$ 299,982	\$ (5,152)
Issuance of capital leases	-	-	139,475	139,475
Total other financing sources (uses)	<u>\$ 305,134</u>	<u>\$ 305,134</u>	<u>\$ 439,457</u>	<u>\$ 134,323</u>
Net change in fund balances	\$ -	\$ -	\$ 14,374	\$ 14,374
Fund balances - beginning	-	-	(14,374)	(14,374)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUND

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

Statement of Changes in Assets and Liabilities
 Agency Fund
 Year Ended June 30, 2019

	<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	\$ 1,913	\$ 255	\$ 305	\$ 1,863
Total assets	<u>\$ 1,913</u>	<u>\$ 255</u>	<u>\$ 305</u>	<u>\$ 1,863</u>
LIABILITIES				
Amounts held for social services clients	\$ 1,913	\$ 255	\$ 305	\$ 1,863
Total liabilities	<u>\$ 1,913</u>	<u>\$ 255</u>	<u>\$ 305</u>	<u>\$ 1,863</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 23,481	\$ 65,619	\$ 89,100
Receivables (net of allowance for uncollectibles):			
Accounts receivable	5,346	14,200	19,546
Due from other funds	25,899	-	25,899
Prepaid items	2,291	-	2,291
Total assets	<u>\$ 57,017</u>	<u>\$ 79,819</u>	<u>\$ 136,836</u>
LIABILITIES			
Accounts payable	\$ 14,747	\$ -	\$ 14,747
Accrued liabilities	2,796	-	2,796
Total liabilities	<u>\$ 17,543</u>	<u>\$ -</u>	<u>\$ 17,543</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 2,291	\$ -	\$ 2,291
Restricted:			
Community development block grant	-	79,819	79,819
Assigned:			
Green Hill Cemetary	14,650	-	14,650
Senior citizens program	7,603	-	7,603
Parks and recreation	14,930	-	14,930
Total fund balances	<u>\$ 39,474</u>	<u>\$ 79,819</u>	<u>\$ 119,293</u>
Total liabilities and fund balances	<u>\$ 57,017</u>	<u>\$ 79,819</u>	<u>\$ 136,836</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 124,696	\$ -	\$ 124,696
Charges for services	44,667	-	44,667
Miscellaneous	11,959	428	12,387
Recovered costs	8,684	-	8,684
Total revenues	<u>\$ 190,006</u>	<u>\$ 428</u>	<u>\$ 190,434</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 7,899	\$ -	\$ 7,899
Parks, recreation, and cultural	453,056	-	453,056
Community development	-	15,854	15,854
Total expenditures	<u>\$ 460,955</u>	<u>\$ 15,854</u>	<u>\$ 476,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (270,949)</u>	<u>\$ (15,426)</u>	<u>\$ (286,375)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 310,110	\$ -	\$ 310,110
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>\$ 300,110</u>	<u>\$ -</u>	<u>\$ 300,110</u>
Net change in fund balances	\$ 29,161	\$ (15,426)	\$ 13,735
Fund balances - beginning	10,313	95,245	105,558
Fund balances - ending	<u>\$ 39,474</u>	<u>\$ 79,819</u>	<u>\$ 119,293</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2019

	<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	\$ 663	\$ 8,168	\$ 14,650	\$ 23,481
Receivables (net of allowance for uncollectibles):				
Accounts receivable	5,346	-	-	5,346
Due from other funds	25,899	-	-	25,899
Prepaid items	2,291	-	-	2,291
Total assets	<u>\$ 34,199</u>	<u>\$ 8,168</u>	<u>\$ 14,650</u>	<u>\$ 57,017</u>
LIABILITIES				
Accounts payable	\$ 14,182	\$ 565	\$ -	\$ 14,747
Accrued liabilities	2,796	-	-	2,796
Total liabilities	<u>\$ 16,978</u>	<u>\$ 565</u>	<u>\$ -</u>	<u>\$ 17,543</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 2,291	\$ -	\$ -	\$ 2,291
Assigned:				
Green Hill Cemetery	-	-	14,650	14,650
Senior citizens program	-	7,603	-	7,603
Parks and recreation	14,930	-	-	14,930
Total fund balances	<u>\$ 17,221</u>	<u>\$ 7,603</u>	<u>\$ 14,650</u>	<u>\$ 39,474</u>
Total liabilities and fund balances	<u>\$ 34,199</u>	<u>\$ 8,168</u>	<u>\$ 14,650</u>	<u>\$ 57,017</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2019

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 124,331	\$ -	\$ 365	\$ 124,696
Charges for services	39,417	-	5,250	44,667
Miscellaneous	11,959	-	-	11,959
Recovered costs	-	8,684	-	8,684
Total revenues	<u>\$ 175,707</u>	<u>\$ 8,684</u>	<u>\$ 5,615</u>	<u>\$ 190,006</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 7,899	\$ -	\$ 7,899
Parks, recreation, and cultural	453,056	-	-	453,056
Total expenditures	<u>\$ 453,056</u>	<u>\$ 7,899</u>	<u>\$ -</u>	<u>\$ 460,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (277,349)</u>	<u>\$ 785</u>	<u>\$ 5,615</u>	<u>\$ (270,949)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 310,110	\$ -	\$ -	\$ 310,110
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ 310,110</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 300,110</u>
Net change in fund balances	\$ 32,761	\$ 785	\$ (4,385)	\$ 29,161
Fund balances - beginning	(15,540)	6,818	19,035	10,313
Fund balances - ending	<u>\$ 17,221</u>	<u>\$ 7,603</u>	<u>\$ 14,650</u>	<u>\$ 39,474</u>

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City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2019

	Park and Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 106,000	\$ 106,000	\$ 124,331	\$ 18,331
Charges for services	35,300	35,300	39,417	4,117
Miscellaneous	2,200	2,200	11,959	9,759
Recovered costs	-	-	-	-
Total revenues	<u>\$ 143,500</u>	<u>\$ 143,500</u>	<u>\$ 175,707</u>	<u>\$ 32,207</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	375,812	375,812	453,056	(77,244)
Total expenditures	<u>\$ 375,812</u>	<u>\$ 375,812</u>	<u>\$ 453,056</u>	<u>\$ (77,244)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (232,312)</u>	<u>\$ (232,312)</u>	<u>\$ (277,349)</u>	<u>\$ (45,037)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 232,312	\$ 232,312	\$ 310,110	\$ 77,798
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 232,312</u>	<u>\$ 232,312</u>	<u>\$ 310,110</u>	<u>\$ 77,798</u>
Net change in fund balances	\$ -	\$ -	\$ 32,761	\$ 32,761
Fund balances - beginning	-	-	(15,540)	(15,540)
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,221</u></u>	<u><u>\$ 17,221</u></u>

Senior Center Fund				Green Hill Cemetery Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365	\$ 365
-	-	-	-	-	-	5,250	5,250
-	-	-	-	-	-	-	-
8,500	8,500	8,684	184	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,684</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,615</u>	<u>\$ 5,615</u>
\$ 8,500	\$ 8,500	\$ 7,899	\$ 601	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,899</u>	<u>\$ 601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 785	\$ 785	\$ -	\$ -	\$ 5,615	\$ 5,615
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(10,000)	(10,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
\$ -	\$ -	\$ 785	\$ 785	\$ -	\$ -	\$ (4,385)	\$ (4,385)
-	-	6,818	6,818	-	-	19,035	19,035
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,603</u>	<u>\$ 7,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,650</u>	<u>\$ 14,650</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Fund
 Year Ended June 30, 2019

	Community Development Block Grant Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 428	\$ 428
Total revenues	\$ -	\$ -	\$ 428	\$ 428
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ 15,854	\$ (15,854)
Total expenditures	\$ -	\$ -	\$ 15,854	\$ (15,854)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (15,426)	\$ (15,426)
Net change in fund balances	\$ -	\$ -	\$ (15,426)	\$ (15,426)
Fund balances - beginning	-	-	95,245	95,245
Fund balances - ending	-	-	79,819	79,819

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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

INTERNAL SERVICE FUND

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

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2019

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 740,494	\$ 108,008	\$ 848,502
Receivables (net of allowance for uncollectibles):			
Accounts receivable	8,882	11,347	20,229
Due from other governmental units	225,936	-	225,936
Inventories	-	18,383	18,383
Total assets	<u>\$ 975,312</u>	<u>\$ 137,738</u>	<u>\$ 1,113,050</u>
LIABILITIES			
Accounts payable	\$ 93,259	\$ 5,429	\$ 98,688
Contracts payable	671,730	-	671,730
Due to primary government	141,559	-	141,559
Total liabilities	<u>\$ 906,548</u>	<u>\$ 5,429</u>	<u>\$ 911,977</u>
FUND BALANCES			
Nonspendable:			
Inventories	\$ -	\$ 18,383	\$ 18,383
Committed:			
School capital projects	68,764	-	68,764
School lunch program	-	113,926	113,926
Total fund balances	<u>\$ 68,764</u>	<u>\$ 132,309</u>	<u>\$ 201,073</u>
Total liabilities and fund balances	<u>\$ 975,312</u>	<u>\$ 137,738</u>	<u>\$ 1,113,050</u>

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

Total fund balances per above \$ 201,073

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

Land	\$ 4,634	
Buildings and improvements	3,732,404	
Machinery and equipment	89,538	
	<u>3,826,576</u>	

The net pension asset is not an available resource and, therefore, is not reported in the funds. 308,765

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

Pension related	\$ 941,958	
OPEB related	218,702	
	<u>1,160,660</u>	

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

Health Insurance Fund	\$ (121,278)	(121,278)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (221,066)	
Net pension liability	(7,564,000)	
Net OPEB liability	(2,558,000)	
	<u>(10,343,066)</u>	

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

Pension related	\$ (1,267,453)	
OPEB related	(296,000)	
	<u>(1,563,453)</u>	

Net position of governmental activities \$ (6,530,723)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	<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	\$ 75	\$ -	\$ 75
Charges for services	47,817	94,509	142,326
Recovered costs	116,649	-	116,649
Intergovernmental:			
Local government	2,420,682	-	2,420,682
Commonwealth	7,445,341	8,434	7,453,775
Federal	727,928	310,875	1,038,803
Total revenues	<u>\$ 10,758,492</u>	<u>\$ 413,818</u>	<u>\$ 11,172,310</u>
EXPENDITURES			
Current:			
Education	\$ 10,750,831	\$ 416,184	\$ 11,167,015
Total expenditures	<u>\$ 10,750,831</u>	<u>\$ 416,184</u>	<u>\$ 11,167,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,661</u>	<u>\$ (2,366)</u>	<u>\$ 5,295</u>
Net change in fund balances	\$ 7,661	\$ (2,366)	\$ 5,295
Fund balances - beginning	61,103	134,675	195,778
Fund balances - ending	<u>\$ 68,764</u>	<u>\$ 132,309</u>	<u>\$ 201,073</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 \$ 5,295

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

Capital outlays	\$ 90,977	
Depreciation expense	(377,547)	
Allocation of debt financed school assets based on current year repayments	<u>212,286</u>	(74,284)

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

Change in compensated absences	\$ (7,111)	
Pension expense	432,234	
OPEB expense	<u>142,254</u>	567,377

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 47,314

Change in net position of governmental activities \$ 545,702

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 75	\$ 75
Charges for services	25,000	25,000	47,817	22,817
Recovered costs	65,000	65,000	116,649	51,649
Intergovernmental:				
Local government	2,583,803	2,583,803	2,420,682	(163,121)
Commonwealth	7,844,655	7,844,655	7,445,341	(399,314)
Federal	790,639	790,639	727,928	(62,711)
Total revenues	<u>\$ 11,309,097</u>	<u>\$ 11,309,097</u>	<u>\$ 10,758,492</u>	<u>\$ (550,605)</u>
EXPENDITURES				
Current:				
Education	\$ 11,309,097	\$ 11,309,097	\$ 10,750,831	\$ 558,266
Total expenditures	<u>\$ 11,309,097</u>	<u>\$ 11,309,097</u>	<u>\$ 10,750,831</u>	<u>\$ 558,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,661</u>	<u>\$ 7,661</u>
Net change in fund balances	\$ -	\$ -	\$ 7,661	\$ 7,661
Fund balances - beginning	-	-	61,103	61,103
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,764</u>	<u>\$ 68,764</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 40,000	\$ 40,000	\$ 94,509	\$ 54,509
Intergovernmental:				
Commonwealth	40,000	40,000	8,434	(31,566)
Federal	317,991	317,991	310,875	(7,116)
Total revenues	<u>\$ 397,991</u>	<u>\$ 397,991</u>	<u>\$ 413,818</u>	<u>\$ 15,827</u>
EXPENDITURES				
Current:				
Education	\$ 397,991	\$ 397,991	\$ 416,184	\$ (18,193)
Total expenditures	<u>\$ 397,991</u>	<u>\$ 397,991</u>	<u>\$ 416,184</u>	<u>\$ (18,193)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,366)</u>	<u>\$ (2,366)</u>
Net change in fund balances	\$ -	\$ -	\$ (2,366)	\$ (2,366)
Fund balances - beginning	-	-	134,675	134,675
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,309</u>	<u>\$ 132,309</u>

Statement of Net Position
 Internal Service Fund
 Discretely Presented Component Unit - School Board
 June 30, 2019

	Health Insurance Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 133,736
Total assets	<u>\$ 133,736</u>
LIABILITIES	
Claims payable	\$ 255,014
Total liabilities	<u>\$ 255,014</u>
NET POSITION	
Unrestricted	\$ (121,278)
Total net position	<u>\$ (121,278)</u>
Total liabilities and net position	<u>\$ 133,736</u>

Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 1,595,629
Total operating revenues	<u>\$ 1,595,629</u>
OPERATING EXPENSES	
Insurance claims paid and expenses	\$ 1,548,373
Total operating expenses	<u>\$ 1,548,373</u>
Operating income (loss)	<u>\$ 47,256</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 58
Total nonoperating revenues (expenses)	<u>\$ 58</u>
Change in net position	\$ 47,314
Total net position - beginning	<u>(168,592)</u>
Total net position - ending	<u>\$ (121,278)</u>

Statement of Cash Flows
 Internal Service Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 1,595,629
Payments for premiums	(1,560,003)
Net cash provided by (used for) operating activities	<u>\$ 35,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 58
Net cash provided by (used for) investing activities	<u>\$ 58</u>
Net increase (decrease) in cash and cash equivalents	\$ 35,684
Cash and cash equivalents - beginning	98,052
Cash and cash equivalents - ending	<u>\$ 133,736</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 47,256
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ (11,630)
Total adjustments	<u>\$ (11,630)</u>
Net cash provided by (used for) operating activities	<u>\$ 35,626</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019

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	\$ 3,922,000	\$ 3,922,000	\$ 3,993,932	\$ 71,932
Real and personal public service corporation taxes	254,000	254,000	269,837	15,837
Personal property taxes	1,221,000	1,221,000	1,338,826	117,826
Machinery and tools taxes	334,000	334,000	329,927	(4,073)
Penalties	58,000	58,000	63,223	5,223
Interest	25,000	25,000	42,205	17,205
Total general property taxes	<u>\$ 5,814,000</u>	<u>\$ 5,814,000</u>	<u>\$ 6,037,950</u>	<u>\$ 223,950</u>
Other local taxes:				
Local sales and use taxes	\$ 377,000	\$ 377,000	\$ 387,031	\$ 10,031
Consumers' utility taxes	263,300	263,300	260,778	(2,522)
Meals taxes	319,800	319,800	354,913	35,113
Lodging taxes	20,100	20,100	16,587	(3,513)
Business and professional license taxes	184,000	184,000	189,708	5,708
Motor vehicle licenses	168,900	168,900	160,662	(8,238)
Water utility taxes	106,100	106,100	103,786	(2,314)
Bank stock taxes	48,700	48,700	32,698	(16,002)
Recordation taxes	26,000	26,000	40,337	14,337
Total other local taxes	<u>\$ 1,513,900</u>	<u>\$ 1,513,900</u>	<u>\$ 1,546,500</u>	<u>\$ 32,600</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,235	\$ (665)
Right of way fees	22,000	22,000	11,739	(10,261)
Transfer fees	150	150	226	76
Permits and other licenses	13,000	13,000	11,421	(1,579)
Total permits, privilege fees, and regulatory licenses	<u>\$ 37,050</u>	<u>\$ 37,050</u>	<u>\$ 24,621</u>	<u>\$ (12,429)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 39,264	\$ (20,736)
Parking fines	700	700	990	290
Total fines and forfeitures	<u>\$ 60,700</u>	<u>\$ 60,700</u>	<u>\$ 40,254</u>	<u>\$ (20,446)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,000	\$ 2,000	\$ 4,660	\$ 2,660
Sale of property	-	-	16,000	16,000
Sale of cemetery lots	32,000	32,000	27,150	(4,850)
Carilion lease revenue	1,000	1,000	30,043	29,043
Total revenue from use of money and property	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 77,853</u>	<u>\$ 42,853</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	1,058	558
Charges for waste collection and disposal	630,000	630,000	643,443	13,443
Landfill tipping fees	85,000	85,000	351	(84,649)
Grave openings	63,083	63,083	43,350	(19,733)
Courthouse maintenance fees	4,000	4,000	5,629	1,629
Courthouse security fees	12,739	12,739	8,982	(3,757)
Jail administration fees	1,150	1,150	2,603	1,453
Other charges for services	4,200	4,200	2,241	(1,959)
Total charges for services	<u>\$ 801,172</u>	<u>\$ 801,172</u>	<u>\$ 708,171</u>	<u>\$ (93,001)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 66,000	\$ 66,000	\$ 212,868	\$ 146,868
Dabney lease revenue	139,536	139,536	139,536	-
Total miscellaneous	<u>\$ 205,536</u>	<u>\$ 205,536</u>	<u>\$ 352,404</u>	<u>\$ 146,868</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 35,487	\$ 35,487
Other recovered costs	-	-	15,760	15,760
Budget reappropriation	-	15,000	-	(15,000)
Total recovered costs	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 51,247</u>	<u>\$ 36,247</u>
Total revenue from local sources	<u>\$ 8,467,358</u>	<u>\$ 8,482,358</u>	<u>\$ 8,839,000</u>	<u>\$ 356,642</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 2,621	\$ 2,121
Communication tax	326,000	326,000	267,360	(58,640)
Rolling stock	4,000	4,000	6,078	2,078
Auto rental tax	10	10	725	715
State recordation tax	12,000	12,000	9,648	(2,352)
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>\$ 949,351</u>	<u>\$ (56,078)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 159,217	\$ 159,217	\$ 161,578	\$ 2,361
Sheriff	161,799	161,799	162,533	734
Commissioner of revenue	78,551	78,551	73,221	(5,330)
Treasurer	63,718	63,718	63,554	(164)
Registrar/electoral board	36,000	36,000	35,755	(245)
Police	176,732	176,732	189,172	12,440
Juror Expense	3,000	3,000	1,590	(1,410)
Clerk of the Circuit Court	132,178	132,178	144,093	11,915
Total shared expenses	<u>\$ 811,195</u>	<u>\$ 811,195</u>	<u>\$ 831,496</u>	<u>\$ 20,301</u>
Other categorical aid:				
Welfare administration and assistance	\$ 100,000	\$ 100,000	\$ 112,761	\$ 12,761
Comprehensive services act	1,160,000	1,160,000	2,187,037	1,027,037
Street and Highway Maintenance	1,218,000	1,218,000	1,257,322	39,322
Local Law Enforcement Grant	-	-	7,500	7,500
School resource officer grant	-	-	30,546	30,546
Victim-witness grant	69,317	69,317	13,914	(55,403)
Fire programs	22,000	22,000	23,018	1,018
Four for life	-	-	5,056	5,056
Other state grants	24,000	24,000	26,128	2,128
Seized funds	-	-	9,943	9,943
Total other categorical aid	<u>\$ 2,593,317</u>	<u>\$ 2,593,317</u>	<u>\$ 3,673,225</u>	<u>\$ 1,079,908</u>
Total categorical aid	<u>\$ 3,404,512</u>	<u>\$ 3,404,512</u>	<u>\$ 4,504,721</u>	<u>\$ 1,100,209</u>
Total revenue from the Commonwealth	<u>\$ 4,409,941</u>	<u>\$ 4,409,941</u>	<u>\$ 5,454,072</u>	<u>\$ 1,044,131</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 50,000	\$ 50,000	\$ 99,973	\$ 49,973
Ground transportation safety grant	-	-	1,147	1,147
Emergency management performance grant	-	-	7,205	7,205
Seized funds	-	-	9,661	9,661
Safe routes to schools	-	-	200,804	200,804
Homeland security grant program	-	-	59,980	59,980
USDA police grant	-	-	25,470	25,470
Victim-witness grant	-	-	41,745	41,745
Byrne justice assistance grant	-	-	29,496	29,496
Total categorical aid	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 475,481</u>	<u>\$ 425,481</u>
Total revenue from the federal government	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 475,481</u>	<u>\$ 425,481</u>
Total General Fund	<u>\$ 12,927,299</u>	<u>\$ 12,942,299</u>	<u>\$ 14,768,553</u>	<u>\$ 1,826,254</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	\$ 106,000	\$ 106,000	\$ 124,331	\$ 18,331
Total revenue from use of money and property	<u>\$ 106,000</u>	<u>\$ 106,000</u>	<u>\$ 124,331</u>	<u>\$ 18,331</u>
Charges for services:				
Recreation fees	\$ 35,300	\$ 35,300	\$ 39,417	\$ 4,117
Total charges for services	<u>\$ 35,300</u>	<u>\$ 35,300</u>	<u>\$ 39,417</u>	<u>\$ 4,117</u>
Miscellaneous:				
Miscellaneous	\$ 2,200	\$ 2,200	\$ 11,959	\$ 9,759
Total miscellaneous	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ 11,959</u>	<u>\$ 9,759</u>
Total revenue from local sources	<u>\$ 143,500</u>	<u>\$ 143,500</u>	<u>\$ 175,707</u>	<u>\$ 32,207</u>
Total Park and Recreation Fund	<u>\$ 143,500</u>	<u>\$ 143,500</u>	<u>\$ 175,707</u>	<u>\$ 32,207</u>
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 8,500	\$ 8,500	\$ 8,684	\$ 184
Total recovered costs	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,684</u>	<u>\$ 184</u>
Total revenue from local sources	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,684</u>	<u>\$ 184</u>
Total Senior Center Fund	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,684</u>	<u>\$ 184</u>
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 365	\$ 365
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 365</u>
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 5,250	\$ 5,250
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,250</u>	<u>\$ 5,250</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,615</u>	<u>\$ 5,615</u>
Total Green Hill Cemetery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,615</u>	<u>\$ 5,615</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista School Board	\$ 177,931	\$ 177,931	\$ 169,088	\$ (8,843)
Total revenues from local governments	<u>\$ 177,931</u>	<u>\$ 177,931</u>	<u>\$ 169,088</u>	<u>\$ (8,843)</u>
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 18,173	\$ 18,173	\$ 7,862	\$ (10,311)
Total revenue from use of money and property	<u>\$ 18,173</u>	<u>\$ 18,173</u>	<u>\$ 7,862</u>	<u>\$ (10,311)</u>
Total School Construction Fund	<u>\$ 196,104</u>	<u>\$ 196,104</u>	<u>\$ 176,950</u>	<u>\$ (19,154)</u>
Community Development Block Grant:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 428	\$ 428
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 428</u>
Total Community Development Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 428</u>
Total Primary Government	<u>\$ 13,275,403</u>	<u>\$ 13,290,403</u>	<u>\$ 15,135,937</u>	<u>\$ 1,845,534</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	\$ -	\$ -	\$ 75	\$ 75
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</u>
Charges for services:				
Charges for education	\$ 25,000	\$ 25,000	\$ 47,817	\$ 22,817
Total charges for services	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 47,817</u>	<u>\$ 22,817</u>
Recovered costs:				
Other recovered costs	\$ 65,000	\$ 65,000	\$ 116,649	\$ 51,649
Total recovered costs	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 116,649</u>	<u>\$ 51,649</u>
Total revenue from local sources	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 164,541</u>	<u>\$ 74,541</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista, Virginia	\$ 2,583,803	\$ 2,583,803	\$ 2,420,682	\$ (163,121)
Total revenue from local governments	<u>\$ 2,583,803</u>	<u>\$ 2,583,803</u>	<u>\$ 2,420,682</u>	<u>\$ (163,121)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,054,393	\$ 1,054,393	\$ 1,066,993	\$ 12,600
Basic school aid	3,719,340	3,719,340	3,303,711	(415,629)
At-risk	124,294	124,294	125,194	900
Project graduation	3,886	3,886	3,886	-
Alternative education	51,985	51,985	52,481	496
Gifted and talented	37,544	37,544	34,202	(3,342)
Special Education	529,440	529,440	500,416	(29,024)
Remedial summer school	47,251	47,251	41,361	(15,890)
Remedial education	167,796	167,796	152,863	(14,933)
Vocational education	478,871	478,871	436,252	(42,619)
Technology funds	180,000	180,000	179,985	(15)
Lottery	238,957	238,957	254,178	15,221
School security grant	-	-	79,153	79,153
Fringe benefits	891,850	891,850	812,475	(79,375)
Adult education	-	-	1,258	1,258
Reduced class size (K-3)	110,225	110,225	111,124	899
Enrollment loss	-	-	75,000	75,000
Free textbooks	77,148	77,148	70,282	(6,866)
Early reading intervention	19,072	19,072	19,072	-
Math reading specialist	-	-	5,000	5,000
Special education - homebound	10,536	10,536	11,155	619
Salary supplement	75,000	75,000	-	(75,000)
English as a second language	1,097	1,097	1,645	548
Vocational occupational preparedness	8,773	8,773	1,867	(6,906)
Standards of Learning algebra readiness	16,577	16,577	13,852	(2,725)
Other state funds	620	620	101,936	101,316
Total categorical aid	<u>\$ 7,844,655</u>	<u>\$ 7,844,655</u>	<u>\$ 7,445,341</u>	<u>\$ (399,314)</u>
Total revenue from the Commonwealth	<u>\$ 7,844,655</u>	<u>\$ 7,844,655</u>	<u>\$ 7,445,341</u>	<u>\$ (399,314)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 251,735	\$ 251,735	\$ 250,045	\$ (1,690)
Title VI-B, special education	235,522	235,522	226,477	(9,045)
Title VI-B, pre-school	10,210	10,210	10,564	354
Title IV-B, 21st Century	200,000	200,000	170,483	(29,517)
Vocational Education	16,500	16,500	20,426	3,926
Title II, Improving teacher quality	36,188	36,188	35,589	(599)
Schools and roads - grants to states	21,000	21,000	5,848	(15,152)
Title IV, Innovative education	19,484	19,484	8,496	(10,988)
Total categorical aid	<u>\$ 790,639</u>	<u>\$ 790,639</u>	<u>\$ 727,928</u>	<u>\$ (62,711)</u>
Total revenue from the federal government	<u>\$ 790,639</u>	<u>\$ 790,639</u>	<u>\$ 727,928</u>	<u>\$ (62,711)</u>
Total School Operating Fund	<u>\$ 11,309,097</u>	<u>\$ 11,309,097</u>	<u>\$ 10,758,492</u>	<u>\$ (550,605)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria Sales	\$ 40,000	\$ 40,000	\$ 94,509	\$ 54,509
Total charges for services	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 94,509</u>	<u>\$ 54,509</u>
Total revenue from local sources	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 94,509</u>	<u>\$ 54,509</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 40,000	\$ 40,000	\$ 8,434	\$ (31,566)
Total revenue from the commonwealth	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 8,434</u>	<u>\$ (31,566)</u>
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 23,409	\$ 23,409
School food program grant	317,991	317,991	287,466	(30,525)
Total categorical aid	<u>\$ 317,991</u>	<u>\$ 317,991</u>	<u>\$ 310,875</u>	<u>\$ (7,116)</u>
Total revenue from the federal government	<u>\$ 317,991</u>	<u>\$ 317,991</u>	<u>\$ 310,875</u>	<u>\$ (7,116)</u>
Total School Cafeteria Fund	<u>\$ 397,991</u>	<u>\$ 397,991</u>	<u>\$ 413,818</u>	<u>\$ 15,827</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,707,088</u>	<u>\$ 11,707,088</u>	<u>\$ 11,172,310</u>	<u>\$ (534,778)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2019

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 39,598	\$ 39,598	\$ 40,314	\$ (716)
General and financial administration:				
City Manager	\$ 76,124	\$ 76,124	\$ 74,467	\$ 1,657
City Attorney/Legal Services	70,000	70,000	73,937	(3,937)
Finance	289,292	289,292	292,135	(2,843)
Independent Auditor	40,000	40,000	51,860	(11,860)
Commissioner of Revenue	220,890	220,890	208,754	12,136
City Treasurer	270,559	270,559	276,220	(5,661)
Reassessment	36,000	36,000	5,589	30,411
Other general and financial administration	74,600	74,600	98,291	(23,691)
Total general and financial administration	<u>\$ 1,077,465</u>	<u>\$ 1,077,465</u>	<u>\$ 1,081,253</u>	<u>\$ (3,788)</u>
Board of elections:				
Electoral board and officials	\$ 97,633	\$ 97,633	\$ 98,328	\$ (695)
Total board of elections	<u>\$ 97,633</u>	<u>\$ 97,633</u>	<u>\$ 98,328</u>	<u>\$ (695)</u>
Total general government administration	<u>\$ 1,214,696</u>	<u>\$ 1,214,696</u>	<u>\$ 1,219,895</u>	<u>\$ (5,199)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 6,250	\$ 6,250	\$ 2,672	\$ 3,578
General district court	6,800	6,800	4,012	2,788
Juvenile/Domestic relations court	33,490	33,490	54,144	(20,654)
Clerk of the circuit court	239,887	239,887	239,893	(6)
Sheriff	423,497	423,497	436,066	(12,569)
Total courts	<u>\$ 709,924</u>	<u>\$ 709,924</u>	<u>\$ 736,787</u>	<u>\$ (26,863)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 272,841	\$ 272,841	\$ 275,745	\$ (2,904)
Total commonwealth's attorney	<u>\$ 272,841</u>	<u>\$ 272,841</u>	<u>\$ 275,745</u>	<u>\$ (2,904)</u>
Total judicial administration	<u>\$ 982,765</u>	<u>\$ 982,765</u>	<u>\$ 1,012,532</u>	<u>\$ (29,767)</u>
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 69,317	\$ 72,089	\$ 70,847	\$ 1,242
Police Department	1,496,691	1,511,691	1,922,878	(411,187)
Total law enforcement and traffic control	<u>\$ 1,566,008</u>	<u>\$ 1,583,780</u>	<u>\$ 1,993,725</u>	<u>\$ (409,945)</u>
Fire and rescue services:				
Fire department	\$ 158,000	\$ 175,755	\$ 170,042	\$ 5,713
Rescue squad	110,903	110,903	132,706	(21,803)
Central dispatch	316,477	316,477	307,234	9,243
Total fire and rescue services	<u>\$ 585,380</u>	<u>\$ 603,135</u>	<u>\$ 609,982</u>	<u>\$ (6,847)</u>
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 1,084	\$ 1,916
Magistrate	416	416	100	316
Regional Jail	380,000	380,000	457,213	(77,213)
Total correction and detention	<u>\$ 383,416</u>	<u>\$ 383,416</u>	<u>\$ 458,397</u>	<u>\$ (74,981)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Public safety: (Continued)				
Other protection:				
Medical Examiner	\$ 150	\$ 150	\$ 60	\$ 90
Total other protection	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 60</u>	<u>\$ 90</u>
Total public safety	<u>\$ 2,534,954</u>	<u>\$ 2,570,481</u>	<u>\$ 3,062,164</u>	<u>\$ (491,683)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 189,671	\$ 189,671	\$ 142,012	\$ 47,659
Street Maintenance Department	614,853	614,853	1,017,577	(402,724)
Storm Drainage Department	15,500	15,500	1,345	14,155
Street Lights	67,000	67,000	63,835	3,165
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 887,024</u>	<u>\$ 887,024</u>	<u>\$ 1,224,769</u>	<u>\$ (337,745)</u>
Sanitation and waste removal:				
Refuse Department	\$ 477,448	\$ 477,448	\$ 495,582	\$ (18,134)
Refuse Disposal	250,000	250,000	201,981	48,019
Total sanitation and waste removal	<u>\$ 727,448</u>	<u>\$ 727,448</u>	<u>\$ 697,563</u>	<u>\$ 29,885</u>
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 308,095	\$ 308,095	\$ 488,937	\$ (180,842)
Green Hill Cemetary Maintenance	127,085	127,085	160,406	(33,321)
Total maintenance of general buildings and grounds	<u>\$ 435,180</u>	<u>\$ 435,180</u>	<u>\$ 649,343</u>	<u>\$ (214,163)</u>
Total public works	<u>\$ 2,049,652</u>	<u>\$ 2,049,652</u>	<u>\$ 2,571,675</u>	<u>\$ (522,023)</u>
Health and welfare:				
Mental health and mental retardation:				
Mental Health	\$ 88,297	\$ 88,297	\$ 97,627	\$ (9,330)
Total mental health and mental retardation	<u>\$ 88,297</u>	<u>\$ 88,297</u>	<u>\$ 97,627</u>	<u>\$ (9,330)</u>
Welfare:				
Property Tax Relief	\$ 80,000	\$ 80,000	\$ 67,343	\$ 12,657
Social Services	1,800,000	1,800,000	3,169,420	(1,369,420)
VA Municipal League	4,606	4,606	9,212	(4,606)
Valley Program for Aging	43,912	43,912	43,912	-
Total Action Against Poverty	2,700	2,700	-	2,700
Rockbridge Area Hospice	1,000	1,000	-	1,000
Rockbridge Area Rental Assistance	12,578	12,578	8,200	4,378
Rockbridge Free Clinic	18,000	18,000	22,500	(4,500)
Total welfare	<u>\$ 1,962,796</u>	<u>\$ 1,962,796</u>	<u>\$ 3,320,587</u>	<u>\$ (1,357,791)</u>
Total health and welfare	<u>\$ 2,051,093</u>	<u>\$ 2,051,093</u>	<u>\$ 3,418,214</u>	<u>\$ (1,367,121)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

General Fund: (Continued)

Education:

Other instructional costs:

Contribution to City School Board	\$ 2,583,803	\$ 2,583,803	\$ 2,420,682	\$ 163,121
Contribution to Community Colleges	36,408	36,408	36,408	-
Contribution to Buena Vista Colored School	5,000	5,000	-	5,000
Total education	<u>\$ 2,625,211</u>	<u>\$ 2,625,211</u>	<u>\$ 2,457,090</u>	<u>\$ 168,121</u>

Parks, recreation, and cultural:

Library:

Rockbridge/ Buena Vista Regional Library	\$ 162,457	\$ 162,457	\$ 166,795	\$ (4,338)
Total library	<u>\$ 162,457</u>	<u>\$ 162,457</u>	<u>\$ 166,795</u>	<u>\$ (4,338)</u>

Total parks, recreation, and cultural	<u>\$ 162,457</u>	<u>\$ 162,457</u>	<u>\$ 166,795</u>	<u>\$ (4,338)</u>
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Community development:

Planning and community development:

Community development administration	\$ 151,420	\$ 151,420	\$ 125,481	\$ 25,939
Central Shenandoah Planning District Commission	20,188	20,188	20,188	-
Blue Ridge Legal Services	1,293	1,293	1,293	-
Beautification Committee	2,000	2,000	-	2,000
Arts Council	5,000	5,000	10,000	(5,000)
Visitor's Center	44,155	44,155	44,155	-
Project Horizon	2,140	2,140	2,140	-
Paxton House	10,000	10,000	10,000	-
Rockbridge Area transportation system	25,000	25,000	21,447	3,553
American Legion	3,600	3,600	3,600	-
Small business development center	3,000	3,000	3,000	-
VEPGA	500	500	318	182
Rockbridge Area Relief Association	1,500	1,500	1,500	-
Food Bank	500	500	-	500
Talking book center	1,692	1,692	1,692	-
Employee programs	30,000	30,000	19,518	10,482
Business Development	210,942	210,942	315,301	(104,359)
Total planning and community development	<u>\$ 512,930</u>	<u>\$ 512,930</u>	<u>\$ 579,633</u>	<u>\$ (66,703)</u>

Environmental management:

Soil and Water Conservation	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Total environmental management	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

Total community development	<u>\$ 514,930</u>	<u>\$ 514,930</u>	<u>\$ 581,633</u>	<u>\$ (66,703)</u>
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Debt service:

Principal retirement	\$ 135,893	\$ 135,893	\$ 157,774	\$ (21,881)
Interest and other fiscal charges	128,202	128,202	157,443	(29,241)
Total debt service	<u>\$ 264,095</u>	<u>\$ 264,095</u>	<u>\$ 315,217</u>	<u>\$ (51,122)</u>

Total General Fund	<u>\$ 12,399,853</u>	<u>\$ 12,435,380</u>	<u>\$ 14,805,215</u>	<u>\$ (2,369,835)</u>
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Special Revenue Fund:

Park & Recreation Fund:

Parks, recreation, and cultural:

Parks and recreation:

Insurance	\$ -	\$ -	\$ 2,977	\$ (2,977)
Administration	103,961	103,961	92,933	11,028
Recreation	106,992	106,992	121,428	(14,436)
Parks and Ground Maintenance	87,772	87,772	128,746	(40,974)
Activities	19,300	19,300	27,317	(8,017)
Swimming Pool	57,787	57,787	79,655	(21,868)
Total Parks and Recreation	<u>\$ 375,812</u>	<u>\$ 375,812</u>	<u>\$ 453,056</u>	<u>\$ (77,244)</u>

Total Park and Recreation Fund	<u>\$ 375,812</u>	<u>\$ 375,812</u>	<u>\$ 453,056</u>	<u>\$ (77,244)</u>
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Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Special Revenue Funds: (continued)

Senior Center Fund:

Health and Welfare:

Senior center	\$ 8,500	\$ 8,500	\$ 7,899	\$ 601
Total health and welfare	<u>8,500</u>	<u>8,500</u>	<u>7,899</u>	<u>601</u>
Total Senior Center Fund	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,899</u>	<u>\$ 601</u>

Capital Projects Funds:

School Construction Fund:

Capital Outlay:

School construction	\$ -	\$ -	\$ 80	\$ (80)
Total capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ (80)</u>

Debt service:

Principal retirement	\$ 447,117	\$ 447,117	\$ 540,967	\$ (93,850)
Interest and other fiscal charges	54,121	54,121	60,986	(6,865)
Total debt service	<u>\$ 501,238</u>	<u>\$ 501,238</u>	<u>\$ 601,953</u>	<u>\$ (100,715)</u>

Total School Construction Fund	<u>\$ 501,238</u>	<u>\$ 501,238</u>	<u>\$ 602,033</u>	<u>\$ (100,795)</u>
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Community Development Block Grant Fund:

Capital projects expenditures:

Community development	\$ -	\$ -	\$ 15,854	\$ (15,854)
Total Community Development Block Grant Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,854</u>	<u>\$ (15,854)</u>

Total Primary Government	<u>\$ 13,285,403</u>	<u>\$ 13,320,930</u>	<u>\$ 15,884,057</u>	<u>\$ (2,547,273)</u>
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Discretely Presented Component Unit - School Board

Special revenue funds:

School Operating Fund:

Education:

Instruction	\$ 8,538,710	\$ 8,538,710	\$ 8,057,848	\$ 480,862
Administration and Health Services	563,101	563,101	566,160	(3,059)
Transportation	325,680	325,680	404,508	(78,828)
Operation and Maintenance	910,023	910,023	986,779	(76,756)
Technology	582,528	582,528	566,448	16,080
Contribution to City of Buena Vista, Virginia	389,055	389,055	169,088	219,967
Total Education of Schools	<u>\$ 11,309,097</u>	<u>\$ 11,309,097</u>	<u>\$ 10,750,831</u>	<u>\$ 558,266</u>

Total education	<u>11,309,097</u>	<u>11,309,097</u>	<u>10,750,831</u>	<u>558,266</u>
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Total School Operating Fund	<u>\$ 11,309,097</u>	<u>\$ 11,309,097</u>	<u>\$ 10,750,831</u>	<u>\$ 558,266</u>
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Special Revenue Fund:

School Cafeteria Fund:

Education:

School food services:

School Nutrition	\$ 397,991	\$ 397,991	\$ 416,184	\$ (18,193)
Total education	<u>\$ 397,991</u>	<u>\$ 397,991</u>	<u>\$ 416,184</u>	<u>\$ (18,193)</u>

Total School Cafeteria Fund	<u>\$ 397,991</u>	<u>\$ 397,991</u>	<u>\$ 416,184</u>	<u>\$ (18,193)</u>
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Total Discretely Presented Component Unit - School Board	<u>\$ 11,707,088</u>	<u>\$ 11,707,088</u>	<u>\$ 11,167,015</u>	<u>\$ 540,073</u>
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STATISTICAL SECTION

STATISTICAL SECTION

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Financial Trends

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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			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 7,199,549	\$ 7,461,749	\$ 7,825,868	\$ 8,383,865
Restricted	-	104,685	107,314	191,002
Unrestricted	2,401,537	1,955,998	1,602,552	1,991,915
Total governmental activities net position	<u>\$ 9,601,086</u>	<u>\$ 9,522,432</u>	<u>\$ 9,535,734</u>	<u>\$ 10,566,782</u>
Business-type activities				
Net investment in capital assets	\$ 2,574,999	\$ 1,304,944	\$ (2,890,305)	\$ (1,603,483)
Restricted	848,452	186,704	3,211,557	814,994
Unrestricted	(989,540)	548,085	1,288,213	1,225,491
Total business-type activities net position	<u>\$ 2,433,911</u>	<u>\$ 2,039,733</u>	<u>\$ 1,609,465</u>	<u>\$ 437,002</u>
Primary government				
Net investment in capital assets	\$ 9,774,548	\$ 8,766,693	\$ 4,935,563	\$ 6,780,382
Restricted	848,452	291,389	3,318,871	1,005,996
Unrestricted	1,411,997	2,504,083	2,890,765	3,217,406
Total primary government net position	<u>\$ 12,034,997</u>	<u>\$ 11,562,165</u>	<u>\$ 11,145,199</u>	<u>\$ 11,003,784</u>

Table 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,787,455	\$ 7,963,203	\$ 8,551,947	\$ 9,164,709	\$ 9,418,051	\$ 9,710,411
203,321	204,585	205,881	207,337	208,672	310,654
2,535,594	482,642	1,191,643	941,248	(143,522)	(1,106,904)
<u>\$ 11,526,370</u>	<u>\$ 8,650,430</u>	<u>\$ 9,949,471</u>	<u>\$ 10,313,294</u>	<u>\$ 9,483,201</u>	<u>\$ 8,914,161</u>
\$ (805,396)	\$ 49,145	\$ (125,963)	\$ (271,422)	\$ (421,031)	\$ (618,159)
849,815	839,260	815,382	782,330	589,348	649,457
994,498	(702,747)	(1,226,666)	(1,760,050)	(2,240,550)	(2,985,941)
<u>\$ 1,038,917</u>	<u>\$ 185,658</u>	<u>\$ (537,247)</u>	<u>\$ (1,249,142)</u>	<u>\$ (2,072,233)</u>	<u>\$ (2,954,643)</u>
\$ 7,982,059	\$ 8,012,348	\$ 8,425,984	\$ 8,893,287	\$ 8,997,020	\$ 9,092,252
1,053,136	1,043,845	1,021,263	989,667	798,020	960,111
3,530,092	(220,105)	(35,023)	(818,802)	(2,384,072)	(4,092,845)
<u>\$ 12,565,287</u>	<u>\$ 8,836,088</u>	<u>\$ 9,412,224</u>	<u>\$ 9,064,152</u>	<u>\$ 7,410,968</u>	<u>\$ 5,959,518</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government administration	\$ 2,000,877	\$ 1,488,136	\$ 1,555,693	\$ 1,434,120
Judicial administration	718,851	698,976	834,369	781,762
Public safety	1,896,548	1,853,412	1,974,531	2,094,716
Public works	1,785,838	1,645,418	1,532,334	1,528,167
Health and welfare	1,423,633	1,373,423	1,387,794	1,262,700
Education	2,540,852	2,429,651	2,388,442	2,678,335
Parks, recreation and cultural	455,459	470,587	493,121	502,721
Community development	532,525	440,144	524,202	380,195
Interest on long-term debt	370,086	340,654	329,680	328,515
Total governmental activities expenses	<u>\$ 11,724,669</u>	<u>\$ 10,740,401</u>	<u>\$ 11,020,166</u>	<u>\$ 10,991,231</u>
Business-type activities:				
Water and sewer	\$ 1,826,382	\$ 1,734,258	\$ 2,057,106	\$ 2,147,225
Golf course	1,188,907	1,191,768	1,201,667	1,060,556
Total business-type activities expenses	<u>\$ 3,015,289</u>	<u>\$ 2,926,026</u>	<u>\$ 3,258,773</u>	<u>\$ 3,207,781</u>
Total primary government expenses	<u>\$ 14,739,958</u>	<u>\$ 13,666,427</u>	<u>\$ 14,278,939</u>	<u>\$ 14,199,012</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 65,834	\$ 8,441	\$ 19,321	\$ 12,854
Judicial administration	341	2,041	1,488	894
Public safety	91,828	71,311	107,031	92,936
Public works	605,353	471,529	526,476	594,270
Parks, recreation and cultural	60,268	69,415	97,802	103,445
Operating grants and contributions	3,274,247	2,913,191	3,042,330	2,952,688
Capital grants and contributions	34,923	-	-	-
Total governmental activities program revenues	<u>\$ 4,132,794</u>	<u>\$ 3,535,928</u>	<u>\$ 3,794,448</u>	<u>\$ 3,757,087</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 1,647,493	\$ 1,587,034	\$ 1,975,335	\$ 2,006,397
Golf course	591,335	418,580	487,851	471,885
Capital grants and contributions	-	-	-	190,455
Total business-type activities program revenues	<u>\$ 2,238,828</u>	<u>\$ 2,005,614</u>	<u>\$ 2,463,186</u>	<u>\$ 2,668,737</u>
Total primary government program revenues	<u>\$ 6,371,622</u>	<u>\$ 5,541,542</u>	<u>\$ 6,257,634</u>	<u>\$ 6,425,824</u>
Net (expense) / revenue				
Governmental activities	\$ (7,591,875)	\$ (7,204,473)	\$ (7,225,718)	\$ (7,234,144)
Business-type activities	(776,461)	(920,412)	(795,587)	(539,044)
Total primary government net expense	<u>\$ (8,368,336)</u>	<u>\$ (8,124,885)</u>	<u>\$ (8,021,305)</u>	<u>\$ (7,773,188)</u>

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,352,667	\$ 1,331,648	\$ 1,433,595	\$ 1,451,815	\$ 1,436,939	\$ 1,464,836
744,136	739,630	784,356	860,720	880,505	1,027,787
2,421,580	2,078,802	2,265,851	2,631,032	2,864,208	3,060,196
1,543,028	1,710,983	1,960,690	2,064,999	2,316,348	2,413,388
1,430,280	1,515,132	1,487,186	2,094,471	2,534,961	3,382,721
2,507,520	3,987,920	2,461,405	3,053,399	2,917,688	2,669,456
512,800	467,036	541,016	616,884	606,652	617,980
476,304	443,371	437,882	483,507	464,611	475,645
244,753	237,479	195,175	180,959	183,087	207,889
<u>\$ 11,233,068</u>	<u>\$ 12,512,001</u>	<u>\$ 11,567,156</u>	<u>\$ 13,437,786</u>	<u>\$ 14,204,999</u>	<u>\$ 15,319,898</u>
\$ 2,164,971	\$ 2,111,346	\$ 2,309,955	\$ 2,298,746	\$ 2,269,976	\$ 2,474,759
1,041,770	1,171,247	1,072,226	1,061,779	1,035,255	1,004,867
<u>\$ 3,206,741</u>	<u>\$ 3,282,593</u>	<u>\$ 3,382,181</u>	<u>\$ 3,360,525</u>	<u>\$ 3,305,231</u>	<u>\$ 3,479,626</u>
<u>\$ 14,439,809</u>	<u>\$ 15,794,594</u>	<u>\$ 14,949,337</u>	<u>\$ 16,798,311</u>	<u>\$ 17,510,230</u>	<u>\$ 18,799,524</u>
\$ 3,129	\$ 2,418	\$ 6,111	\$ 2,583	\$ 3,507	\$ 2,241
1,413	1,082	1,657	1,669	881	1,058
101,687	65,546	72,387	73,081	81,260	52,353
732,987	716,207	714,462	744,410	677,866	674,044
92,251	85,177	86,880	94,478	91,188	88,017
3,287,030	2,869,831	3,330,959	4,526,619	4,545,783	4,948,486
-	-	-	-	-	200,804
<u>\$ 4,218,497</u>	<u>\$ 3,740,261</u>	<u>\$ 4,212,456</u>	<u>\$ 5,442,840</u>	<u>\$ 5,400,485</u>	<u>\$ 5,967,003</u>
\$ 2,064,255	\$ 2,113,865	\$ 2,065,614	\$ 2,044,753	\$ 2,042,514	\$ 2,024,132
439,807	385,436	352,310	331,401	301,263	301,310
813,106	38,901	100	-	-	-
<u>\$ 3,317,168</u>	<u>\$ 2,538,202</u>	<u>\$ 2,418,024</u>	<u>\$ 2,376,154</u>	<u>\$ 2,343,777</u>	<u>\$ 2,325,442</u>
<u>\$ 7,535,665</u>	<u>\$ 6,278,463</u>	<u>\$ 6,630,480</u>	<u>\$ 7,818,994</u>	<u>\$ 7,744,262</u>	<u>\$ 8,292,445</u>
\$ (7,014,571)	\$ (8,771,740)	\$ (7,354,700)	\$ (7,994,946)	\$ (8,804,514)	\$ (9,352,895)
110,427	(744,391)	(964,157)	(984,371)	(961,454)	(1,154,184)
<u>\$ (6,904,144)</u>	<u>\$ (9,516,131)</u>	<u>\$ (8,318,857)</u>	<u>\$ (8,979,317)</u>	<u>\$ (9,765,968)</u>	<u>\$ (10,507,079)</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,223,823	\$ 5,009,886	\$ 4,948,762	\$ 5,777,309
Local sales and use taxes	345,773	397,404	378,736	407,119
Consumer utility taxes	294,001	248,874	256,535	269,962
Meals taxes	196,708	167,780	192,920	290,324
Cellular phone taxes and right of ways	330,009	328,377	321,702	-
Business and professional licenses taxes	175,694	174,242	177,887	175,858
Motor vehicle licenses taxes	126,257	127,561	125,579	170,345
Other local taxes	208,553	171,758	177,095	171,903
Unrestricted grants and contributions	675,957	736,104	675,434	1,007,441
Unrestricted revenues from use of money and property	151,987	139,688	160,234	136,639
Miscellaneous	170,308	146,107	189,394	186,182
Loss on disposition of assets	-	-	-	-
Transfers	(679,006)	(521,962)	(365,258)	(327,890)
Total governmental activities	<u>\$ 7,220,064</u>	<u>\$ 7,125,819</u>	<u>\$ 7,239,020</u>	<u>\$ 8,265,192</u>
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	3,608	4,272	61	8,653
Transfers	679,006	521,962	365,258	327,890
Total business-type activities	<u>\$ 682,614</u>	<u>\$ 526,234</u>	<u>\$ 365,319</u>	<u>\$ 336,543</u>
Total primary government	<u>\$ 7,902,678</u>	<u>\$ 7,652,053</u>	<u>\$ 7,604,339</u>	<u>\$ 8,601,735</u>
Change in Net Position				
Governmental activities	\$ (371,811)	\$ (78,654)	\$ 13,302	\$ 1,031,048
Business-type activities	(93,847)	(394,178)	(430,268)	(202,501)
Total primary government	<u>\$ (465,658)</u>	<u>\$ (472,832)</u>	<u>\$ (416,966)</u>	<u>\$ 828,547</u>

Table 2

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	5,655,373	\$	5,600,403	\$	5,974,703	\$	5,905,508	\$	6,027,804	\$	6,045,670
	366,318		396,151		378,543		377,061		388,643		387,031
	264,219		264,454		263,677		263,392		267,128		260,778
	297,771		326,384		340,008		319,870		314,150		354,913
	-		-		-		-		-		-
	172,418		174,344		174,412		184,093		176,301		189,708
	170,032		166,550		166,467		168,992		161,220		160,662
	195,495		203,309		196,196		201,057		211,825		193,408
	994,313		1,039,468		982,759		973,816		959,916		949,351
	168,566		190,386		182,946		183,630		174,807		210,411
	180,254		214,621		235,226		160,503		228,992		364,791
	-		-		-		-		-		-
	(490,600)		(441,351)		(241,196)		(270,794)		(253,937)		(254,018)
\$	<u>7,974,159</u>	\$	<u>8,134,719</u>	\$	<u>8,653,741</u>	\$	<u>8,467,128</u>	\$	<u>8,656,849</u>	\$	<u>8,862,705</u>
\$	-	\$	-	\$	40	\$	902	\$	7,335	\$	15,970
	888		447		16		780		8,663		1,786
	490,600		441,351		241,196		270,794		253,937		254,018
\$	<u>491,488</u>	\$	<u>441,798</u>	\$	<u>241,252</u>	\$	<u>272,476</u>	\$	<u>269,935</u>	\$	<u>271,774</u>
\$	<u>8,465,647</u>	\$	<u>8,576,517</u>	\$	<u>8,894,993</u>	\$	<u>8,739,604</u>	\$	<u>8,926,784</u>	\$	<u>9,134,479</u>
\$	959,588	\$	(637,021)	\$	1,299,041	\$	472,182	\$	(147,665)	\$	(490,190)
	601,915		(302,593)		(722,905)		(711,895)		(691,519)		(882,410)
\$	<u>1,561,503</u>	\$	<u>(939,614)</u>	\$	<u>576,136</u>	\$	<u>(239,713)</u>	\$	<u>(839,184)</u>	\$	<u>(1,372,600)</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
2019	\$ 6,045,670	\$ 387,031	\$ 260,778	\$ 354,913	-	\$ 189,708
2018	6,027,804	388,643	267,128	314,150	-	176,301
2017	5,905,508	377,061	263,392	319,870	-	184,093
2016	5,974,703	378,543	263,677	340,008	-	174,412
2015	5,600,403	396,151	264,454	326,384	-	174,344
2014	5,655,373	366,318	264,219	297,771	-	172,418
2013	5,777,309	407,119	269,962	290,324	-	175,858
2012	4,948,762	378,736	256,535	192,920	321,702	177,887
2011	5,009,886	397,404	248,874	167,780	328,377	174,242
2010	5,223,823	345,773	294,001	196,708	330,009	175,694

Table 3

Motor Vehicle License Tax	Other Local Tax	Total
\$ 160,662	\$ 193,408	\$ 7,592,170
161,220	211,825	7,547,071
168,992	201,057	7,419,973
166,467	196,196	7,494,006
166,550	203,309	7,131,595
170,032	195,495	7,121,626
170,345	171,903	7,262,820
125,579	177,095	6,579,216
127,561	171,758	6,625,882
126,257	208,553	6,900,818

City of Buena Vista, Virginia

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

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Nonspendable	\$ -	\$ -	\$ 23,647	\$ 24,741
Restricted	-	104,685	107,314	108,540
Unassigned	1,497,759	1,178,003	1,028,297	1,392,969
Total general fund	<u>\$ 1,497,759</u>	<u>\$ 1,282,688</u>	<u>\$ 1,159,258</u>	<u>\$ 1,526,250</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted:				
Community development block grant	-	74,784	87,128	82,462
School capital projects	-	-	-	222,846
Assigned:				
Debt service	-	614,525	565,546	486,693
Senior Center	-	-	7,806	9,529
Green Hill Cemetary	-	61,627	60,481	51,536
Parks and recreation	-	-	-	-
Unassigned, reported in:				
Special revenue funds	73,167	(50,987)	(64,781)	(66,009)
Capital projects funds	664,549	-	-	-
Total all other governmental funds	<u>\$ 737,716</u>	<u>\$ 699,949</u>	<u>\$ 656,180</u>	<u>\$ 787,057</u>

Note: GASB 54 was implemented during fiscal year 2011

Table 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 26,568	\$ 27,924	\$ 132,433	\$ 98,341	\$ 93,516	\$ 89,159
109,520	110,509	111,408	112,412	113,427	230,835
2,297,349	2,698,796	3,044,256	2,790,572	2,434,483	1,471,951
<u>\$ 2,433,437</u>	<u>\$ 2,837,229</u>	<u>\$ 3,288,097</u>	<u>\$ 3,001,325</u>	<u>\$ 2,641,426</u>	<u>\$ 1,791,945</u>
\$ 1,075	\$ -	\$ 818	\$ 818	\$ 818	\$ 2,291
93,801	94,076	94,473	94,925	95,245	79,819
223,184	214,496	-	-	-	-
255,195	-	-	-	-	-
5,761	4,512	7,382	5,715	6,818	7,603
46,188	38,305	33,002	26,564	19,035	14,650
-	-	-	-	-	14,930
(80,744)	(66,610)	(62,692)	(71,600)	(16,358)	-
-	(228,900)	(14,375)	(13,827)	(14,374)	-
<u>\$ 544,460</u>	<u>\$ 55,879</u>	<u>\$ 58,608</u>	<u>\$ 42,595</u>	<u>\$ 91,184</u>	<u>\$ 119,293</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
General property taxes	\$ 5,036,684	\$ 5,000,774	\$ 5,128,101	\$ 5,566,575
Other local taxes	1,676,995	1,615,996	1,630,454	1,485,511
Permits, privilege fees and regulatory licenses	42,597	32,548	43,497	35,195
Fines and forfeitures	73,899	56,870	88,951	78,145
Revenue from use of money and property	151,987	139,688	160,234	136,639
Charges for services	707,128	532,071	619,670	691,059
Miscellaneous	170,308	146,107	211,218	186,182
Recovered costs	74,733	30,537	43,878	26,142
Intergovernmental:				
Local government	324,093	324,093	372,953	372,953
Commonwealth	3,443,597	3,201,924	3,226,557	3,481,495
Federal	217,437	123,278	118,254	105,681
Total revenues	\$ 11,919,458	\$ 11,203,886	\$ 11,643,767	\$ 12,165,577
Expenditures				
General government administration	\$ 985,770	\$ 1,111,062	\$ 1,182,731	\$ 1,069,263
Judicial administration	703,827	683,819	813,087	768,349
Public safety	1,804,153	1,775,565	2,104,240	2,012,328
Public works	1,672,395	1,494,922	1,500,611	1,452,948
Health and welfare	1,491,844	1,386,566	1,408,127	1,268,530
Education	2,350,852	2,239,651	2,160,872	2,469,550
Parks, recreation and cultural	455,423	478,682	521,591	490,914
Community development	519,316	450,938	542,077	399,905
Capital outlay	125,654	48,384	51,483	328,280
Debt service				
Principal	1,037,806	942,103	1,000,969	1,246,281
Interest and other fiscal charges	413,531	323,070	335,920	343,443
Total expenditures	\$ 11,560,571	\$ 10,934,762	\$ 11,621,708	\$ 11,849,791
Excess (deficiency) of revenues over (under) expenditures	\$ 358,887	\$ 269,124	\$ 22,059	\$ 315,786
Other financing sources (uses)				
Transfers in	\$ 593,959	\$ 951,086	\$ 950,648	\$ 879,436
Transfers out	(1,272,965)	(1,473,048)	(1,315,906)	(1,207,326)
Refunding bonds issued	-	-	-	-
Issuance of long-term debt	-	-	176,000	-
Issuance of general obligation bonds	-	-	-	509,973
Issuance of refunding loan payable	750,000	750,000	-	-
Redemption of refunded loan	(750,000)	(750,000)	-	-
Total other financing sources (uses)	\$ (679,006)	\$ (521,962)	\$ (189,258)	\$ 182,083
Net change in fund balances	\$ (320,119)	\$ (252,838)	\$ (167,199)	\$ 497,869
Debt service as a percentage of noncapital expenditures	12.69%	11.62%	11.82%	13.79%

Table 5

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	5,816,792	\$	5,687,818	\$	5,741,167	\$	5,803,302	\$	6,005,861	\$	6,037,950
	1,466,253		1,531,192		1,519,303		1,514,465		1,519,267		1,546,500
	56,039		44,163		40,924		66,319		37,805		24,621
	85,102		52,441		57,242		57,544		66,589		40,254
	168,566		190,386		182,946		183,630		174,807		210,411
	790,326		773,826		783,331		792,358		750,308		752,838
	180,254		214,621		235,226		160,503		228,992		364,791
	38,313		6,062		10,776		30,787		33,502		59,931
	372,953		48,860		193,474		193,474		193,474		169,088
	3,865,603		3,805,864		4,053,919		5,102,195		4,931,116		5,454,072
	42,787		54,575		66,325		204,766		381,109		475,481
\$	<u>12,882,988</u>	\$	<u>12,409,808</u>	\$	<u>12,884,633</u>	\$	<u>14,109,343</u>	\$	<u>14,322,830</u>	\$	<u>15,135,937</u>
\$	1,040,690	\$	1,087,930	\$	1,171,159	\$	1,198,390	\$	1,126,123	\$	1,219,895
	730,301		750,287		789,640		844,801		854,800		1,012,532
	2,344,890		2,108,910		2,205,651		2,647,082		2,858,765		3,062,164
	1,466,101		1,933,435		2,193,090		2,843,347		2,427,429		2,571,675
	1,468,281		1,512,651		1,487,742		2,115,142		2,609,039		3,426,113
	2,283,301		2,286,258		2,220,877		2,812,881		2,648,982		2,457,090
	510,236		457,666		531,499		615,116		643,457		619,851
	480,235		759,790		444,948		491,121		480,471		597,487
	15,583		223,186		294,357		55		65		80
	1,104,081		1,003,427		928,069		511,865		574,197		698,741
	284,099		229,706		217,100		185,917		156,875		218,429
\$	<u>11,727,798</u>	\$	<u>12,353,246</u>	\$	<u>12,484,132</u>	\$	<u>14,265,717</u>	\$	<u>14,380,203</u>	\$	<u>15,884,057</u>
\$	<u>1,155,190</u>	\$	<u>56,562</u>	\$	<u>400,501</u>	\$	<u>(156,374)</u>	\$	<u>(57,373)</u>	\$	<u>(748,120)</u>
\$	698,134	\$	880,904	\$	587,788	\$	609,992	\$	672,207	\$	620,092
	(1,188,734)		(1,322,255)		(828,984)		(880,786)		(926,144)		(874,110)
	-		300,000		-		-		-		-
	-		-		294,292		232,742		-		139,475
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	<u>(490,600)</u>	\$	<u>(141,351)</u>	\$	<u>53,096</u>	\$	<u>(38,052)</u>	\$	<u>(253,937)</u>	\$	<u>(114,543)</u>
\$	<u>664,590</u>	\$	<u>(84,789)</u>	\$	<u>453,597</u>	\$	<u>(194,426)</u>	\$	<u>(311,310)</u>	\$	<u>(862,663)</u>
	11.84%		10.65%		9.39%		9.39%		5.22%		5.98%

City of Buena Vista, Virginia

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Business License Tax	Motor Vehicle License Tax	Bank Stock Tax	Recordation and Wills Tax
2019	\$ 6,037,950	\$ 387,031	\$ 260,778	\$ 189,708	\$ 160,662	\$ 32,698	\$ 40,337
2018	6,005,861	388,643	267,128	176,301	161,220	56,012	32,543
2017	5,803,302	377,061	263,392	184,093	168,992	48,715	26,039
2016	5,741,167	378,543	263,677	174,412	166,467	44,278	25,412
2015	5,687,818	396,151	264,454	174,344	166,550	48,115	24,724
2014	5,816,792	366,318	264,219	172,418	170,032	38,430	25,949
2013	5,566,575	407,119	269,962	175,858	170,345	26,755	27,607
2012	5,128,101	378,736	256,535	177,887	125,579	47,100	25,867
2011	5,000,774	397,404	248,874	174,242	127,561	54,919	23,283
2010	5,036,684	345,773	294,001	175,694	126,257	51,602	41,553

Table 6

	Meals Tax	Other Local Tax	Total
\$	354,913	\$ 120,373	\$ 7,584,450
	314,150	123,270	7,525,128
	319,870	126,303	7,317,767
	340,008	126,506	7,260,470
	326,384	130,470	7,219,010
	297,771	131,116	7,283,045
	290,324	117,541	7,052,086
	192,920	425,830	6,758,555
	167,780	421,933	6,616,770
	196,708	445,407	6,713,679

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
2019	\$ 327,800,980	\$ 43,730,511	\$ 22,218,021	\$ 393,749,512	\$ 381,244,686	103.28%	\$ 12.52
2018	327,498,090	42,979,676	23,322,541	393,800,307	334,040,467	117.89%	12.52
2017	327,313,460	40,865,214	23,005,034	391,183,708	341,704,846	114.48%	12.52
2016	364,742,820	41,387,341	21,978,142	428,108,303	372,203,359	115.02%	12.30
2015	370,299,700	38,823,781	16,226,569	425,350,050	340,388,964	124.96%	12.30
2014	369,965,100	37,597,333	14,908,769	460,953,526	379,448,079	121.48%	12.24
2013	369,766,300	38,482,324	14,824,925	460,318,115	395,836,370	116.29%	12.24
2012	398,252,780	37,244,566	13,617,540	484,629,216	422,040,596	114.83%	11.96
2011	396,922,080	35,514,330	13,884,688	446,321,098	432,314,120	103.24%	11.90
2010	395,269,480	35,506,375	11,824,822	442,600,677	476,159,281	92.90%	11.90

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

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

Fiscal Years	Direct Rates				Total Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2019	\$ 1.21	\$ 5.85	\$ 1.21	\$ 4.25	\$ 12.52
2018	1.21	5.85	1.21	4.25	12.52
2017	1.21	5.85	1.21	4.25	12.52
2016	1.10	5.85	1.10	4.25	12.30
2015	1.10	5.85	1.10	4.25	12.30
2014	1.07	5.85	1.07	4.25	12.24
2013	1.07	5.85	1.07	4.25	12.24
2012	0.93	5.85	0.93	4.25	11.96
2011	0.90	5.85	0.90	4.25	11.90
2010	0.90	5.85	0.90	4.25	11.90

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

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

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2019		Fiscal Year 2010	
		2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric and Power	Utility	\$ 3,421,310	0.87%	\$ 7,167,145	1.62%
Modine	Manufacturing	8,173,630	2.08%	7,768,485	1.76%
Nibco (1)	Manufacturing	5,156,000	1.31%	-	0.00%
Columbia Gas (1)	Utility	4,628,980	1.18%	-	0.00%
GPH Buena Vista LLC	Nursing Home	3,715,215	0.94%	3,651,500	0.83%
Everbrite	Manufacturing	3,446,675	0.88%	3,293,160	0.74%
Northwest Hardwoods Inc (1)	Manufacturing	3,218,425	0.82%	-	0.00%
Rebkee Partners Hilltop LLC	Retail Merchants	3,153,500	0.80%	3,165,500	0.72%
Eforay	Research & Develop-Air Cond	3,128,400	0.79%	4,251,035	0.96%
Treemont Village Preservation (1)	Apartments	3,026,200	0.77%	-	0.00%
Knopp Company	Apartments	-	0.00%	2,872,015	0.65%
Daryl Limited Co	Manufacturing	-	0.00%	2,973,700	0.67%
Shenandoah Valley Investors	Manufacturing	-	0.00%	3,133,800	0.71%
Buena Vista Place	Apartments	-	0.00%	2,874,700	0.65%
		<u>\$ 41,068,335</u>	<u>10.43%</u>	<u>\$ 41,151,040</u>	<u>9.30%</u>

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2010

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for 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
2019	\$ 6,656,869	\$ 6,230,502	93.60%	\$ -	\$ 6,230,502	93.60%
2018	6,582,676	6,159,283	93.57%	189,443	6,348,726	96.45%
2017	6,500,078	6,044,153	92.99%	302,986	6,347,139	97.65%
2016	6,521,393	6,102,140	93.57%	343,149	6,445,289	98.83%
2015	6,374,749	6,032,482	94.63%	300,564	6,333,046	99.35%
2014	6,229,683	5,829,158	93.57%	359,038	6,188,196	99.33%
2013	6,195,432	5,838,533	94.24%	344,519	6,183,052	99.80%
2012	5,849,241	5,475,831	93.62%	367,296	5,843,127	99.90%
2011	5,661,547	5,377,064	94.98%	282,104	5,659,168	99.96%
2010	5,611,405	5,244,565	93.46%	365,560	5,610,125	99.98%

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
2019	\$ 370,887	\$ 1,125,000	\$ -	\$ 2,326,683	\$ 396,375	\$ 14,771,250	\$ -	\$ 1,201,840
2018	394,068	1,500,000	-	2,406,810	357,192	14,918,406	-	1,201,840
2017	417,249	1,875,000	-	2,462,382	477,636	15,088,052	-	1,201,840
2016	440,430	2,250,000	-	2,531,282	289,678	15,315,298	-	1,201,840
2015	463,611	2,625,000	-	3,009,116	47,437	15,535,249	-	1,201,840
2014	486,792	3,000,000	444,864	2,760,658	156,279	15,953,006	-	983,874
2013	823,774	3,375,000	602,188	2,892,176	259,536	16,323,696	-	655,318
2012	627,636	3,750,000	765,422	3,163,754	382,170	16,692,334	-	424,019
2011	941,454	4,125,000	926,292	3,193,926	101,859	13,127,451	-	-
2010	1,255,272	4,500,000	1,080,515	3,215,680	179,167	13,512,737	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 15

Table 11

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	20,192,035	17.69%	\$ 3,179
	20,778,316	20.02%	3,284
	21,522,159	21.07%	3,310
	22,028,528	18.06%	3,332
	22,882,253	18.30%	3,479
	23,785,473	20.33%	3,713
	24,931,688	16.37%	3,889
	25,805,335	16.37%	3,889
	22,415,982	13.01%	3,464
	23,743,371	13.78%	3,740

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)
2019	\$ 1,495,887	\$ -	\$ 1,495,887	0.38%	\$ 236
2018	1,894,068	-	1,894,068	0.48%	299
2017	2,292,249	-	2,292,249	0.59%	353
2016	2,690,430	-	2,690,430	0.63%	395
2015	3,088,611	-	3,088,611	0.73%	450
2014	3,486,792	-	3,486,792	0.76%	510
2013	4,198,774	-	4,198,774	0.91%	625
2012	4,377,636	-	4,377,636	0.90%	660
2011	5,066,454	-	5,066,454	1.14%	783
2010	5,755,272	-	5,755,272	1.30%	906

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

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

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

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City of Buena Vista, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit (1)	\$ 39,526,948	\$ 39,692,208	\$ 39,825,278	\$ 36,976,630
Total net debt applicable to limit (2)	<u>23,743,371</u>	<u>22,415,982</u>	<u>25,805,335</u>	<u>24,931,688</u>
Legal debt margin	<u>\$ 15,783,577</u>	<u>\$ 17,276,226</u>	<u>\$ 14,019,943</u>	<u>\$ 12,044,942</u>
Total net debt applicable to the limit as a percentage of debt limit	60.07%	56.47%	64.80%	67.43%

(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					
2014	2015	2016	2017	2018	2019
\$ 36,996,510	\$ 37,029,970	\$ 36,474,282	\$ 32,731,346	\$ 32,749,809	\$ 32,780,098
<u>23,785,473</u>	<u>22,882,353</u>	<u>22,028,528</u>	<u>21,522,159</u>	<u>20,778,316</u>	<u>20,192,035</u>
\$ <u>13,211,037</u>	\$ <u>14,147,617</u>	\$ <u>14,445,754</u>	\$ <u>11,209,187</u>	\$ <u>11,971,493</u>	\$ <u>12,588,063</u>
64.29%	61.79%	60.39%	65.75%	63.45%	61.60%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue Bonds (1)									
Fiscal Year	Water/Sewer		Less:		Debt Service		Coverage		
	Charges and Other		Operating Expenses		Net Available Revenue				
					Principal	Interest			
2019 (2)	\$	2,024,132	\$	2,160,283	\$	130,614	\$	315,976	-30.49%
2018 (2)		2,050,364		1,886,186		148,509		322,088	34.89%
2017		2,045,288		1,919,514		195,081		329,004	24.00%
2016		2,065,614		1,926,450		188,768		337,798	26.43%
2015		2,113,865		1,767,302		178,349		345,431	66.17%
2014		2,064,255		1,777,994		172,201		333,967	56.55%
2013		2,014,987		1,689,750		125,258		403,401	61.52%
2012		1,975,335		1,664,180		299,091		333,964	49.15%
2011		1,591,284		1,575,252		78,266		159,006	6.76%
2010		1,651,101		1,661,771		74,269		164,611	-4.47%

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

Table 14

Golf Course Revenue Bonds (1)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 303,096	\$ 509,167	\$ (206,071)	\$ 276,542	\$ 439,832	-28.77%	
302,076	538,666	(236,590)	271,137	454,197	-32.62%	
331,646	523,001	(191,355)	267,165	538,778	-23.74%	
352,326	554,531	(202,205)	256,246	517,695	-26.13%	
385,443	523,442	(137,999)	239,408	610,843	-16.23%	
440,695	506,793	(66,098)	228,489	534,977	-8.66%	
471,948	508,621	(36,673)	213,380	551,935	-4.79%	
487,912	617,024	(129,112)	899,525	584,643	-8.70%	
418,602	662,568	(243,966)	307,020	529,200	-29.17%	
591,335	666,547	(75,212)	121,983	521,956	-11.68%	

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>
2019	6,351	\$ 114,121,119	\$ 17,969	36.4	923	3.10%
2018	6,327	103,794,435	16,405	35.1	939	4.10%
2017	6,502	102,126,914	15,707	38.1	997	5.20%
2016	6,817	119,024,820	17,460	38.1	966	5.20%
2015	6,867	126,716,751	18,453	36.8	1,046	6.40%
2014	6,836	129,979,704	19,014	36.8	1,046	6.30%
2013	6,714	122,651,352	18,268	36.8	1,198	7.70%
2012	6,636	157,624,908	23,753	37.6	1,198	7.40%
2011	6,471	172,309,592	26,628	39.3	1,104	8.60%
2010	6,349	172,309,592	27,140	39.3	1,120	8.70%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2019			Fiscal Year 2010		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Southern Virginia University	273	1	7.88%	253	1	6.04%
Peoplelink Staffing Solutions	219	2	6.32%	-		0.00%
Modine	218	3	6.29%	203	2	4.85%
Munters Corp	191	4	5.51%	175	4	4.18%
Buena Vista City Public Schools	177	5	5.11%	198	3	4.73%
Pro Careers	122	6	3.52%	-		0.00%
City of Buena Vista, VA	80	7	2.31%	78	8	1.86%
Everbrite	56	8	1.62%	94	6	2.24%
Northwest Hardwoods	52	9	1.50%	-		0.00%
ADS	45	10	1.30%	38	10	0.91%
Mundet	-	-	0.00%	46	9	1.10%
Totals	1,433		41.37%	1,276		30.47%

Source: BLS, VEC, Buisnesses

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	12	12	12	11	11	12	12	12	12	12
Judicial administration	8	8	8	8	8	8	8	9	9	9
Public safety										
Police department	12	16	15	15	15	15	17	18	18	18
Building inspections	1	1	1	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	1	1	0	0	0
Public works										
General maintenance	38	33	33	33	34	34	32	33	33	33
Culture and recreation										
Parks and recreation	3	5	5	3	4	4	4	4	5	5
Community development										
Planning	3	2	2	2	2	2	2	2	2	2
Totals	<u>92</u>	<u>78</u>	<u>77</u>	<u>74</u>	<u>76</u>	<u>77</u>	<u>77</u>	<u>79</u>	<u>80</u>	<u>80</u>

Source: Individual City departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year										
	2010	2011	2012	2013	#	2014	2015	2016	2017	2018	2019
Public safety											
Sheriffs department:											
Civil papers	4,171	3,888	4,021	4,004	#	4,004	4,004	4,004	4,004	4,004	4,004
Building inspections:											
Permits issued	73	62	61	66	#	61	71	71	61	55	77
Landfill:											
Recycling (tons/year)	327	367	377	343	#	343	343	343	343	343	0
Community development											
Planning:											
Zoning permits issued	48	63	64	46	#	48	36	36	50	61	52
Component Unit - School Board											
Education:											
School age population	1,101	1,135	1,175	1,035		1,046	1,046	965	930	948	940
Number of teachers	108	98	88	86	#	80	80	79	75	77	70
Local expenditures per pupil	\$ 2,051	\$ 2,276	\$ 2,114	\$ 1,944		\$ 9,238	\$ 9,709	\$ 9,709	\$ 9,709	\$ 3,343	\$ 1,879

Source: Individual City departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration buildings	18	18	18	18	18	18	18	18	18	18
Vehicles	1	1	1	1	1	1	1	1	1	1
Public safety										
Police department:										
Patrol units	19	19	19	16	16	16	21	21	21	21
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	28	28	29	30	27	27	28	28	28	28
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	5	6	6	6	6	6	6
Parks acreage	615	615	615	615	615	615	615	615	615	615
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	4	4	4	4	4	4	4	4	4	4
School buses	13	13	12	12	12	12	12	12	12	12

Source: Individual City departments

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 GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Buena Vista, Virginia's basic financial statements, and have issued our report thereon dated December 16, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-002.

City of Buena Vista, Virginia's Response to Findings

City of Buena Vista, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Buena Vista, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 16, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Buena Vista, Virginia's major federal programs for the year ended June 30, 2019. City of Buena Vista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Buena Vista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion of each major federal program is not modified with respect to this matter.

The City of Buena Vista, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Buena Vista, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

The City of Buena Vista, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Buena Vista, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Robinson, Farnum, Cox Associates

Staunton, Virginia
December 16, 2019

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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	\$ 2,817
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	Not available	289
Foster Care - Title IV-E	93.658	Not available	26,006
Adoption Assistance	93.659	Not available	58,341
Social Services Block Grant	93.667	86667	<u>12,520</u>
Total Department of Health and Human Services			\$ <u>99,973</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 23,409
Department of Education:			
National School Lunch Program	10.555	40623	<u>199,388</u>
			\$ <u>222,797</u>
School Breakfast Program	10.553	40591	72,254
Summer Food Service Program for Children	10.559	Not available	<u>15,824</u>
Total Child Nutrition Cluster			310,875
Community Facilities Loans and Grants	10.766	Not available	<u>25,470</u>
Total Department of Agriculture			\$ <u>336,345</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	Not available	\$ 41,745
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	29,496
Equitable Sharing Program	16.922	Not available	<u>9,661</u>
Total Department of Justice			\$ <u>80,902</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not available	\$ 7,205
Homeland Security Grant Program	97.067	Not available	<u>59,980</u>
Total Department of Homeland Security			\$ <u>67,185</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	Not available	\$ 634
Highway Planning and Construction	20.205	Not available	200,804
Alcohol Open Container Requirements	20.607	Not available	<u>513</u>
Total Department of Transportation			\$ <u>201,951</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 250,045
Career and Technical Education: Basic Grants to States	84.038	61095	20,426
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	43071	226,477
Title VI-B: Special Education - Preschool Grants	84.173	Not available	<u>10,564</u>
Total Special Education Cluster			\$ <u>237,041</u>
Twenty-first Century Community Learning Centers	84.287	Not available	170,483
Student Support and Academic Enrichment Program	84.424	Not available	8,496
Rural Education	84.358	Not available	5,848
Supporting Effective Instruction State Grants	84.367	61480	<u>35,589</u>
Total Department of Education			\$ <u>727,928</u>
Total Expenditures of Federal Awards			\$ <u>1,514,284</u>

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Buena Vista, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Buena Vista, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Buena Vista, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pass-through identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE E - LOANS

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

NOTE F - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds	\$ 475,481
Total primary government	<u>\$ 475,481</u>

Discretely presented component unit - School Board:

School operating fund	\$ 727,928
School cafeteria fund	310,875
Total discretely presented component unit - School Board	<u>\$ 1,038,803</u>

Total federal expenditures per the Schedule of Expenditures of
Federal awards

\$ 1,514,284

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x yes no

- Significant deficiency(ies) identified? x yes no

Noncompliance material to financial statements noted? x yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? x yes no

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

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

Identification of major programs:

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

Child Nutrition Cluster

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

Highway Planning and Construction

20.205	Safe Routes to School
--------	-------	-----------------------

Special Education Cluster

84.027	.....	Title VI-B: Special Education - Grants to States
84.173	.....	Title VI-B: Special Education - Preschool Grants

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

2019-001 Material Weakness

Criteria: An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.

Condition: The City's financial statements as presented for audit did not contain recorded transactions related to the discretely presented component unit School Board's internal service fund for its self-insured health insurance plan.

Cause: The self-insured health insurance plan was only recently established by the School Board. Therefore, an effective framework of internal control had yet to be established over financial reporting of the internal service fund.

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019

Section II-Financial Statement Findings (Continued)

2019-001 (continued)

Effect: During our audit of the City's component unit school board, it was determined that the internal service fund had not been properly established, and no related transactions for the fiscal year had been posted to the City's accounting records.

Recommendation: It is recommended that a detailed review of the City's financial statements be completed after all year end adjustments have been posted in order to affirm the completeness and accuracy of the financial statements presented for audit.

Management's Response: The City will set up a separate internal service fund for the School Board self-insured health insurance plan. All transactions related to the activity of the school health insurance plan will be posted to this fund. The City will reconcile the fund monthly with the bank records to affirm the completeness and accuracy of the account.

2019-002 Significant Deficiency and Compliance Finding

Criteria: Per Sections 15.2-2507 and 58.1-3001 of the Code of Virginia, no money may be paid out for any expenditure unless and until the governing body has made an appropriation for the expenditure.

Condition: During our audit, it was determined that the City's general fund actual expenditures were \$2,369,835 in excess of appropriations. This overage represents 19% of the original budgeted general fund expenditures.

Cause Management is not requesting appropriation amendments from City Council throughout the year, as needed. Additional federal and state aid was received during the fiscal year, which funded a portion of the unexpected expenditures. Additionally, significant cost overrun was experienced due to increases in the state mandated CSA program.

Effect: The City has expended more money than the amount appropriated by City Council during fiscal year 2019.

Recommendation: It is recommended that management review budget to actual expenditures throughout the year and ensure appropriations are made before money is expended. Additionally, the City must comply with Section 15.2-2506 of the Code of Virginia, which requires a public notice and a public hearing for any budget amendment that exceeds one percent of the total expenditures shown in the currently adopted budget.

Management's Response: Management will take care to more closely monitor expenditure projections, especially those relating to the state mandated CSA program. Budget amendments will be booked if required to ensure enough funds are appropriated. The City will comply with Section 15.2-2507 of the Code of Virginia and confirm that budget amendments are properly adopted.

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019

Section III-Federal Award Findings and Questioned Costs

2019-003 Compliance Finding

Criteria: Per the Office of Management and Budget Compliance Supplement, household income should be used to fill out the application for free and reduced lunch and then approved based on the federal income eligibility guidelines.

Condition: During our audit, we observed one instance where, the principal filled out the application for free and reduced lunch on behalf of the student. We also observed one instance, where a student was approved for free lunch but the income reported on the application exceeded the federal income eligibility guidelines.

Cause: Approval was granted for an application in which the principal filled out the application for the student, with no actual income information for verification of eligibility for the program. Approval was also granted for an application that did not meet the federal income eligibility guidelines.

Effect: Two students were approved for free lunch and should not have been.

Recommendation: It is recommended that parents or guardians complete the applications and the supervisor of food service review and approve the applications based on federal guidelines.

Management's Response: Management will take care to closely monitor applications and the approval process to confirm that all federal guidelines are followed.

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

2018-001

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

Corrective Action

Taken: This is a repeat finding regarding the City's financial statements not containing recorded transactions for the School Board's internal service fund for its self-insured health insurance plan. Please see Finding 2019-001.