

CITY OF BUENA VISTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021



CITY OF BUENA VISTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2021**

Prepared by

Charles Clemmer, Director of Finance

Buena Vista, Virginia

CITY OF BUENA VISTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021

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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 22, 2021

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, 2021.

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, 2021. 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 3,630 with 3,539 employed for an unemployment rate of 2.7 percent. The largest sectors of the City's economy are industrial/manufacturing, historically a strong sector, and education, driven by the local school system and Southern Virginia University.

Southern Virginia University (SVU) is a tremendous growth engine in the City. One of the fastest growing private residential four-year institutions in the country at 50% growth in the last five years, the school had its highest enrollment at over 1,150 students in the 2020-21 school year. SVU also continues to be one of the City's top employers. SVU is responsible for approximately \$9 million dollars in the City's economy every year.

The City has made marked efforts to revitalize the heart of Buena Vista: downtown. In 2020 the City was awarded a \$78,000 grant from the Virginia Outdoors foundation to purchase the land to develop a public open space to be designated as the future Town Square. The City then approved the Economic Development Authority purchase of 0.2743 acres of land at 2117 Magnolia Street that serves as the current site of Town Square. This plot of land provides the City with a new venue to host community events, public gatherings, and provides a fresh of breath air into the downtown scene. Town Square is now home to a large, grant funded mural painted by artist Benjamin Frey, dual resident of Buena Vista and Philadelphia, who worked to solicit community input to create a mural to inspire passers-by to stop and engage. This mural, unveiled in 2021, is the result of a \$7,000 grant awarded to the City in 2020 from Virginia Main Street's Commercial District Affiliate. Frey's piece "Reaching Ever Upwards" and three other pre-existing murals have landed the City of Buena Vista on The Appalachian Mural Trail; a collection of over 130 murals on a route stretching from Virginia to Georgia.

Additionally in 2020, the City received a \$45,000 Community Business Launch Grant from the Department of Housing and Community Development to support The Gauntlet, a program from The Advancement Foundation that aims to increase business development to rebuild local economy by helping small business startups, as well as helping current businesses to develop new strategies for growth. In 2021 these goals were realized when the Gauntlet provided 2 new businesses with a platform to launch and allowed 3 businesses to expand. Bluebell Bakery and Mountain Edge Adult Daycare opened their doors to customers at the end of 2021, joining four other businesses that celebrated opening days that year – Edward Jones Financial Advising, Plant Haven, Augusta Health, and the Axe Warehouse. This widely varied list of businesses has brought a greater diversification to the offerings of downtown Buena Vista. In addition, The Advancement Foundation purchased the former Mundet-Hermatite building using a \$550,000 Go Virginia grant. The building will be the future site of the Center for Innovation and Business Acceleration, which will focus on agriculture innovation, small scale manufacturing, housing, and business incubation.

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 many significant projects as well as the beginning or approval of other major initiatives.

The City was awarded two \$30,000 grants from the United States Department of Agriculture (USDA) for preliminary engineering reports for water and sewer infrastructure. These engineering studies will better help the City plan and implement improvements to water and sewer systems, with a focus on improvements at the Waste Water Treatment Plant.

The City was also pleased to announce that we have been offered a Community Development Block Grant in the amount of \$1,000,000 in support of the Buena Vista Downtown Revitalization Project. The award from the Virginia Department of Housing and Community Development (DHCD) follows the completion of the Downtown Revitalization Strategy funded by a previous community development planning grant from DHCD.

This grant will provide funding for streetscape and related improvements in the downtown area, façade grants for privately owned buildings in the project area, a wayfinding signage program throughout the City to install directional signage to downtown and significant attractions, and administration costs. The Community Development Block Grant program is a national program that provides funding to eligible local governments to address critical community development needs. The Façade Improvement Program funded by the \$1,000,000 award offers local business owners a one-time partnership with the City to improve the exteriors of their buildings in the downtown area with the goals to eliminate blight, stimulate investment, and beautify downtown.

In addition to these grant funded programs, in 2021 the City completed and presented a regional economic development strategic plan in partnership with Lexington and Rockbridge County as part of the Rural Economic Development Innovation Initiative through USDA. The City also anticipates seeing changes brought to the multiple long vacant buildings that were either purchased or began renovations in 2021, including properties found at 1913 Magnolia Ave., 2159 Magnolia Ave., 2175 Magnolia Ave., and 227 W 21st Street.

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 Annual Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized report. 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 Annual Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Charles Clemmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Buena Vista
Virginia**

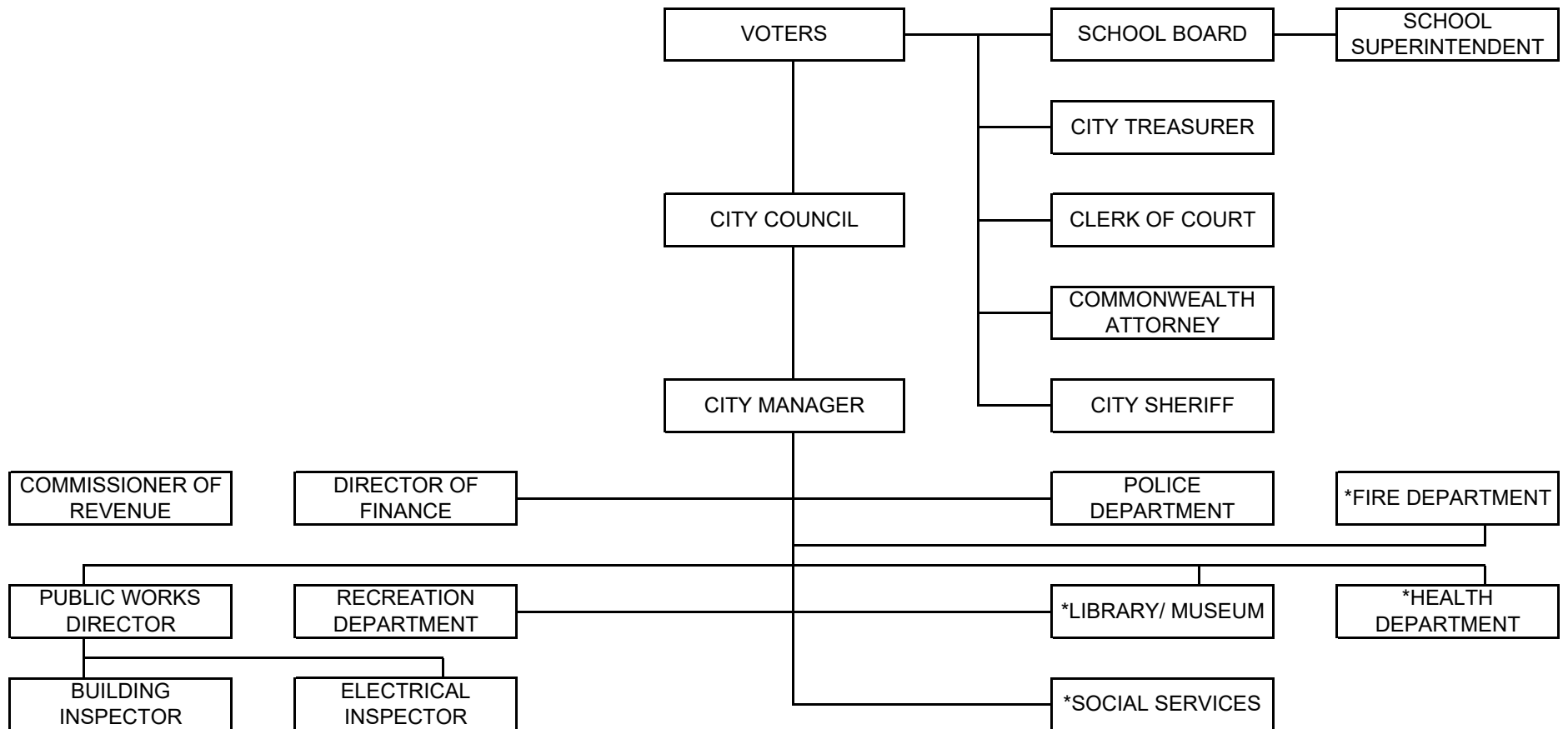
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

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, 2021**

CITY COUNCIL

Danny Staton	William Fitzgerald	Cheryl Hickman
Tyson Cooper		Steve Webb
Stanley Coffey		Melvin Henson

CITY OFFICIALS

William Fitzgerald.....	Mayor
Cheryl Hickman.....	Vice-Mayor
Jason Tyree	City Manager
Ashton Dorton	Commissioner of Revenue
Charles Clemmer	Director of Finance
Mary Lee Huffman	City Treasurer
Keith Hartman	Chief of Police
Chris Coleman	Clerk of Court
Randy Hamilton	Sheriff
Josh Elrod	Commonwealth's Attorney
Brian Kearney	City Attorney

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of and for the year ended June 30, 2021, 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 Citys*, 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 units, each major fund and the aggregate remaining fund information of City of Buena Vista, Virginia, as of June 30, 2021, 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 1 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021, the City restated beginning balances to reflect the requirements of GASB Statement No. 84. 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, 96, and 97-116, 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 basic 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 22, 2021 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 22, 2021

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, 2021. 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 \$4,139,229 (net position). The governmental activities total net position increased \$842,655 from the prior fiscal year largely due to the increase 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 \$2,223,667, an increase of \$944,290 in comparison with the prior year. Of this amount, \$1,944,849 is unassigned and available for spending at the government's discretion (unassigned fund balance). The increase is attributable to increases in property tax revenue, resulting from the rate increase, and in federal revenue received from the CARES Act.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,944,849, or 14 percent of total General Fund expenditures.

The City of Buena Vista's primary government long-term liabilities increased \$81,361. 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 were reduced by \$77,462. The City also paid \$23,181 for a loan on a medical building. The total long-term debt for the City stands at \$24,970,335. Of this amount, there is a charge of \$1,313,710 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is \$329,478 for employee compensated absences. The amount of pension liability is \$4,807,636, an increase of \$735,099.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

The FY 2021 General Fund Budget was \$14,52,344. In order to help grow the fund balance, some departments saw a reduction in their budget including the appropriation to the school's budget. Some areas of the budget include increases to account for CARES Act spending.

Additional funds were budgeted for the City's comprehensive services health/welfare programs and the Regional Jail, these are uncontrollable regional expenses. The real estate rate was raised to \$1.27 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 \$4,139,229 at the close of fiscal year 2021 for the primary government.

The City of Buena Vista's governmental activities net investment in capital assets of \$9,808,390 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 increased \$197,735 during FY 2021. 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, 2021 and June 30, 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 9,414,183	\$ 4,269,785	\$ 2,444,593	\$ 2,354,392	\$ 11,858,776	\$ 6,624,177
Capital Assets	12,877,120	13,228,859	12,819,388	13,252,951	25,696,508	26,481,810
Total Assets	\$ 22,291,303	\$ 17,498,644	\$ 15,263,981	\$ 15,607,343	\$ 37,555,284	\$ 33,105,987
Deferred Outflows	\$ 1,301,049	1,196,598	349,771	172,905	1,650,820	1,369,503
Long-term Liabilities	\$ 8,362,563	\$ 8,248,248	\$ 16,607,772	\$ 16,640,726	\$ 24,970,335	\$ 24,888,974
Other liabilities	5,300,926	1,424,430	3,461,389	2,965,936	8,762,315	4,390,366
Total Liabilities	\$ 13,663,489	\$ 9,672,678	\$ 20,069,161	\$ 19,606,662	\$ 33,732,650	\$ 29,279,340
Deferred inflows of resources	\$ 1,256,681	\$ 1,193,037	\$ 77,544	\$ 61,619	\$ 1,334,225	\$ 1,254,656
Net Position:						
Net investment in capital assets	\$ 9,808,390	\$ 9,672,482	\$ (1,429,450)	\$ (1,263,416)	\$ 8,378,940	\$ 8,409,066
Restricted	184,533	182,606	633,852	638,209	818,385	820,815
Unrestricted (deficit)	(1,320,741)	(2,025,561)	(3,737,355)	(3,262,826)	(5,058,096)	(5,288,387)
Total Net Position	\$ 8,672,182	\$ 7,829,527	\$ (4,532,953)	\$ (3,888,033)	\$ 4,139,229	\$ 3,941,494

Governmental Activities. Net position of governmental activities increased for the City of Buena Vista by \$842,655 for FY 2021, while net position of business-type activities decreased \$644,920 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, 2021 AND JUNE 30, 2020**

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 873,759	\$ 849,722	\$ 2,752,110	\$ 2,298,688	\$ 3,625,869	\$ 3,148,410
Operating grants	5,220,710	5,266,448	31,212	-	5,251,922	5,266,448
Capital grants		1,040	-	-	-	1,040
General Revenues:						
Property taxes	6,592,574	6,043,063	-	-	6,592,574	6,043,063
Other taxes	1,707,918	1,615,868	-	-	1,707,918	1,615,868
Grants and contributions not restricted to specific programs	911,217	936,840	-	-	911,217	936,840
Use of money and property	274,265	205,052	48	9,785	274,313	214,837
Miscellaneous	214,309	234,821	179	990	214,488	235,811
Total Revenue	<u>\$ 15,794,752</u>	<u>15,152,854</u>	<u>\$ 2,783,549</u>	<u>2,309,463</u>	<u>\$ 18,578,301</u>	<u>\$ 17,462,317</u>
Expenses:						
General Government						
admin	\$ 1,795,707	\$ 1,610,849	\$ -	\$ -	\$ 1,795,707	\$ 1,610,849
Judicial Admin	1,019,950	980,103	-	-	1,019,950	980,103
Public Safety	3,316,903	3,132,569	-	-	3,316,903	3,132,569
Public works	2,672,139	2,416,545	-	-	2,672,139	2,416,545
Health and Welfare	2,466,902	3,074,478	-	-	2,466,902	3,074,478
Education	2,275,851	2,907,138	-	-	2,275,851	2,907,138
Parks, Recreation, Culture	518,058	568,944	-	-	518,058	568,944
Community Development	628,416	992,368	-	-	628,416	992,368
Interest on long-term debt	139,701	144,151	-	-	139,701	144,151
Water and Sewer					-	-
Water	-	-	1,433,945	1,592,637	1,433,945	1,592,637
Sewer	-	-	1,048,050	891,033	1,048,050	891,033
Golf Course	-	-	1,064,944	1,053,312	1,064,944	1,053,312
Total Expenses	<u>\$ 14,833,627</u>	<u>\$ 15,827,145</u>	<u>\$ 3,546,939</u>	<u>3,536,982</u>	<u>\$ 18,380,566</u>	<u>\$ 19,364,127</u>
Increase (decrease) in net position before transfers	\$ 961,125	\$ (674,291)	\$ (763,390)	(1,227,519)	\$ 197,735	\$ (1,901,810)
Transfers	<u>(118,470)</u>	<u>(294,129)</u>	<u>118,470</u>	<u>294,129</u>		<u>-</u>
Increase (decrease) in net position	\$ 842,655	\$ (968,420)	\$ (644,920)	\$ (933,390)	\$ 197,735	\$ (1,901,810)
Net position, beginning	<u>7,829,527</u>	<u>8,797,947</u>	<u>(3,888,033)</u>	<u>(2,954,643)</u>	<u>3,941,494</u>	<u>5,843,304</u>
Net position, ending	<u>\$ 8,672,182</u>	<u>\$ 7,829,527</u>	<u>\$ (4,532,953)</u>	<u>(3,888,033)</u>	<u>\$ 4,139,229</u>	<u>\$ 3,941,494</u>

Governmental Activities

Key factors contributing to the increase of \$842,655 in net position for governmental activities were:

- The City had an increase in cash and cash equivalents of \$5,043,340. Most of the increase can be attributed to the \$3,989,654 in American Rescue Plan Act funding received, please see notes to the financial statements (Note 27- COVID-19 Pandemic Subsequent Disclosure) for additional information. Also, General property tax revenue increased by \$549,511 primarily due to the increase in the Real Estate tax rate to \$1.27. In addition, while regional jail expenditures continued to rise, there was a decrease in health/welfare expenditures due to the impact of COVID-19.
- The City's total Liabilities saw an increase primarily due to an increase of \$3,795,956 in Unearned Revenue accounting for the ARPA Funding received.

Business-type Activities

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$118,470. This is less than the \$294,129 that was transferred in FY 2020. Prior to this transfer, net position of the golf course business-type activity decreased by \$618,641. The funds that make up the business-type activities of the City, Water Fund, Sewer Fund and Golf Course Fund, combined, experienced a decrease in net position of \$933,390, mainly due to construction costs for the Industrial Park, the golf course operating losses and accrual of interest expense. 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 \$6,102,363. The Golf Course Fund did see an operating revenue increase of \$193,480 compared to FY 2020. However, 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 \$6,854,576. For the fiscal budget 2021, the City council did not appropriate funds for the debt service.
- The Water Fund posted a decrease in net position of \$149,431 for the fiscal year, in FY 2020 net position decreased by \$475,234. There was an increase in water revenue due to the water rate increasing to \$8.58 per 1000 gallons.
- The Sewer Fund posted an increase in net position of \$4,982. The sewer rate increased to \$8.54 per 1000 gallons.

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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 2021, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,223,667 an increase of \$944,290 in comparison with the prior year. The increase was the increase in revenue from General Property Taxes and CARES Act Funding as well as a decrease in health/welfare expenditures due to the impact of COVID-19. Approximately 87% or \$1,944,849 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 2021, unassigned fund balance of the general fund was \$1,944,849. 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 14% of total general fund expenditures.

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

- The Water fund had a decrease in net position of \$149,431. The ending net position for FY21 is \$714,860. The City's Water rates were raised to \$8.58 per 1000 gallons in FY21
- The Sewer fund had an increase in net position of \$4,982. The ending net position for FY21 is \$854,550. The City's Sewer rates were raised to \$8.54 per 1000 gallons in FY21
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (6,102,363) in FY21.

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

- The School Construction Fund balance remained the same in FY21.

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, 2021, amounts to \$25,696,508 (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 2021 was \$1,813,684 or 6%. The main reason was the annual depreciation expenses and the disposal of assets like vehicles.

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

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION FOR YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,146,648	\$ 2,146,648	\$ 1,364,900	\$ 1,364,900	\$ 3,511,548	\$ 3,511,548
Construction in Progress	15,938		-	-	15,938	-
Buildings & Improvements	7,613,049	7,902,163	376,984	392,571	7,990,033	8,601,100
Infrastructure	2,463,264	2,628,464	10,837,813	11,254,070	13,301,077	14,459,437
Machinery & Equipment	638,221	551,584	239,691	241,410	877,912	938,107
Total	<u>\$ 12,877,120</u>	<u>\$ 13,228,859</u>	<u>\$ 12,819,388</u>	<u>\$ 13,252,951</u>	<u>\$ 25,696,508</u>	<u>\$ 27,510,192</u>

Long – term liabilities. At the end of FY 2021, the City of Buena Vista's primary government had total long-term liabilities outstanding of \$24,970,335. This represents an increase of \$81,361 from the last fiscal year. Further information on the City's long-term debt can be found at Note 9 (Long-term Obligations) in the notes to the financial statements.

CITY OF BUENA VISTA'S LONG-TERM DEBT FOR YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 324,525	\$ 347,706	\$ -	\$ -	\$ 324,525	\$ 347,706
Lease-Revenue Bonds			10,850,441	10,912,970	10,850,441	10,912,970
Revenue Bonds	-	-	3,398,500	3,603,500	3,398,500	3,603,500
Literary Loans	375,000	750,000	-	-	375,000	750,000
Capital Leases	187,446	199,450	-	-	187,446	199,450
Loan Payable	2,181,759	2,259,221	1,201,840	1,201,840	3,383,599	3,461,061
Net OPEB Liabilities	1,080,124	1,008,193	233,586	203,996	1,313,710	1,212,189
Compensated absences	239,521	230,260	89,957	99,301	329,478	329,561
Net Pension Liability	3,974,188	3,453,418	833,448	619,119	4,807,636	4,072,537
Total	<u>\$ 8,362,563</u>	<u>\$ 8,248,248</u>	<u>\$ 16,607,772</u>	<u>\$ 16,640,726</u>	<u>\$ 24,970,335</u>	<u>\$ 24,888,974</u>

State statutes limit the amount of general bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limit for the City of Buena Vista is approximately \$34,054,310.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2022.

- Fund balances still need to increase so that emergency needs may be met and that sufficient funds are available to operate before tax proceeds are received.
- The City shall not sacrifice the maintenance of buildings, equipment or infrastructure for new projects or programs, in particular those at Public Works and the Wastewater Treatment Plant.
- 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 ARPA Act Funding received, please see notes to the financial statements (Note 27- COVID-19 Pandemic Subsequent Disclosure) for additional information, will be used to meet the above goals.
- 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 \$1.27 per \$100 of assessed valuation. The City's personal property tax rate remained \$5.85 per \$100 of assessed valuation.
- The City's water rate remained \$8.58 per 1000 gallons used and the sewer rate remained \$8.54 per 1000 gallons used.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2021

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 6,026,307	\$ 1,465,071	\$ 7,491,378	\$ 1,438,787	\$ -
Investments	-	-	-	353,589	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,716,425	-	1,716,425	-	-
Accounts receivable	204,640	428,980	633,620	4,467	-
Due from other governmental units	1,079,956	-	1,079,956	418,718	-
Due from component unit	105,540	-	105,540	-	-
Internal balances	85,262	(85,262)	-	-	-
Inventories	33,932	-	33,932	38,915	-
Prepaid items	43,207	1,952	45,159	76	-
Restricted assets:					
Cash and cash equivalents	118,914	517,369	636,283	-	-
Cash and cash equivalents (in custody of others)	-	116,483	116,483	-	-
Net pension asset	-	-	-	158,325	-
Capital assets (net of accumulated depreciation):					
Land	2,146,648	1,364,900	3,511,548	4,634	1,107,200
Buildings and improvements	7,613,049	376,984	7,990,033	3,468,790	-
Machinery and equipment	638,221	239,691	877,912	712,220	-
Infrastructure	2,463,264	10,837,813	13,301,077	-	840,878
Construction in progress	15,938	-	15,938	65,995	-
Total assets	\$ 22,291,303	\$ 15,263,981	\$ 37,555,284	\$ 6,664,516	\$ 1,948,078
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,162,886	\$ 320,001	\$ 1,482,887	\$ 2,130,780	\$ -
OPEB related items	138,163	29,770	167,933	1,105,838	-
Total deferred outflows of resources	\$ 1,301,049	\$ 349,771	\$ 1,650,820	\$ 3,236,618	\$ -
LIABILITIES					
Accounts payable	\$ 772,649	\$ 136,732	\$ 909,381	\$ 809,386	\$ -
Accrued liabilities	79,738	18,834	98,572	635,743	-
Accrued interest payable	11,230	3,225,774	3,237,004	-	-
Due to other governmental units	124,913	-	124,913	-	-
Due to primary government	-	-	-	105,540	-
Deposits held in escrow	-	72,625	72,625	-	-
Unearned revenue	4,312,396	7,424	4,319,820	995	-
Long-term liabilities:					
Due within one year	763,656	9,784,684	10,548,340	141,833	-
Due in more than one year	7,598,907	6,823,088	14,421,995	12,119,780	-
Total liabilities	\$ 13,663,489	\$ 20,069,161	\$ 33,732,650	\$ 13,813,277	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 98,760	\$ 43,773	\$ 142,533	\$ 1,056,815	\$ -
OPEB related items	155,514	33,771	189,285	296,935	-
Deferred revenue - property taxes	1,002,407	-	1,002,407	-	-
Total deferred inflows of resources	\$ 1,256,681	\$ 77,544	\$ 1,334,225	\$ 1,353,750	\$ -
NET POSITION					
Net investment in capital assets	\$ 9,808,390	\$ (1,429,553)	\$ 8,378,837	\$ 4,251,639	\$ 1,948,078
Restricted:					
Employee pensions	-	-	-	158,325	-
Community development block grant	65,619	-	65,619	-	-
Repayment of loans payable	118,914	633,852	752,766	-	-
Unrestricted (deficit)	(1,320,741)	(3,737,252)	(5,057,993)	(9,675,857)	-
Total net position	\$ 8,672,182	\$ (4,532,953)	\$ 4,139,229	\$ (5,265,893)	\$ 1,948,078

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

City of Buena Vista, Virginia

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ 1,795,707	\$ 1,977	\$ 689,417	\$ -	
Judicial administration	1,019,950	1,528	316,662	-	
Public safety	3,316,903	29,283	892,627	-	
Public works	2,672,139	754,550	1,472,400	-	
Health and welfare	2,466,902	-	1,696,634	-	
Education	2,275,851	-	-	-	
Parks, recreation, and cultural	518,058	86,421	4,513	-	
Community development	628,416	-	148,457	-	
Interest on long-term debt	139,701	-	-	-	
Total governmental activities	<u>\$ 14,833,627</u>	<u>\$ 873,759</u>	<u>\$ 5,220,710</u>	<u>\$ -</u>	
Business-type activities:					
Water	\$ 1,433,945	\$ 1,253,242	\$ 31,212	\$ -	
Sewer	1,048,050	1,053,032	-	-	
Golf Course	1,064,944	445,836	-	-	
Total business-type activities	<u>\$ 3,546,939</u>	<u>\$ 2,752,110</u>	<u>\$ 31,212</u>	<u>\$ -</u>	
Total primary government	<u>\$ 18,380,566</u>	<u>\$ 3,625,869</u>	<u>\$ 5,251,922</u>	<u>\$ -</u>	
COMPONENT UNITS:					
School Board	\$ 11,422,721	\$ 65,015	\$ 10,054,423	\$ -	
EDA	21,561	-	-	-	
Total component units	<u>\$ 11,444,282</u>	<u>\$ 65,015</u>	<u>\$ 10,054,423</u>	<u>\$ -</u>	

General revenues and transfers:

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

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (1,104,313)	\$ -	\$ (1,104,313)	\$ -	\$ -	
(701,760)	-	(701,760)	-	-	
(2,394,993)	-	(2,394,993)	-	-	
(445,189)	-	(445,189)	-	-	
(770,268)	-	(770,268)	-	-	
(2,275,851)	-	(2,275,851)	-	-	
(427,124)	-	(427,124)	-	-	
(479,959)	-	(479,959)	-	-	
(139,701)	-	(139,701)	-	-	
<u>\$ (8,739,158)</u>	<u>\$ -</u>	<u>\$ (8,739,158)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (149,491)	\$ (149,491)	\$ -	\$ -	
-	4,982	4,982	-	-	
-	(619,108)	(619,108)	-	-	
<u>\$ -</u>	<u>\$ (763,617)</u>	<u>\$ (763,617)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (8,739,158)</u>	<u>\$ (763,617)</u>	<u>\$ (9,502,775)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (1,303,283)	\$ -	
-	-	-	-	(21,561)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,303,283)</u>	<u>\$ (21,561)</u>	
\$ 6,592,574	\$ -	\$ 6,592,574	\$ -	\$ -	
481,248	-	481,248	-	-	
261,312	-	261,312	-	-	
391,982	-	391,982	-	-	
188,928	-	188,928	-	-	
148,416	-	148,416	-	-	
236,032	-	236,032	-	-	
274,265	48	274,313	56,663	-	
214,309	179	214,488	181,061	-	
911,217	-	911,217	2,125,558	-	
(118,470)	118,470	-	-	-	
<u>\$ 9,581,813</u>	<u>\$ 118,697</u>	<u>\$ 9,700,510</u>	<u>\$ 2,363,282</u>	<u>\$ -</u>	
\$ 842,655	\$ (644,920)	\$ 197,735	\$ 1,059,999	\$ (21,561)	
7,829,527	(3,888,033)	3,941,494	(6,325,892)	1,969,639	
<u>\$ 8,672,182</u>	<u>\$ (4,532,953)</u>	<u>\$ 4,139,229</u>	<u>\$ (5,265,893)</u>	<u>\$ 1,948,078</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 5,945,320	\$ 80,987	\$ 6,026,307
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,716,425	-	1,716,425
Accounts receivable	198,530	6,110	204,640
Due from other funds	59,364	25,898	85,262
Due from component unit	105,540	-	105,540
Due from other governmental units	1,079,956	-	1,079,956
Inventories	33,932	-	33,932
Prepaid items	43,207	-	43,207
Restricted assets:			
Cash and cash equivalents	118,914	-	118,914
Total assets	<u>\$ 9,301,188</u>	<u>\$ 112,995</u>	<u>\$ 9,414,183</u>
LIABILITIES			
Accounts payable	\$ 747,734	\$ 24,915	\$ 772,649
Accrued liabilities	74,423	5,315	79,738
Due to other governmental units	124,913	-	124,913
Unearned revenue	4,312,396	-	4,312,396
Total liabilities	<u>\$ 5,259,466</u>	<u>\$ 30,230</u>	<u>\$ 5,289,696</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,900,820	\$ -	\$ 1,900,820
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	\$ 43,207	\$ -	\$ 43,207
Inventory	33,932	-	33,932
Restricted:			
Repayment of loans payable	118,914	-	118,914
Community development block grant	-	65,619	65,619
Assigned:			
Senior Center	-	9,099	9,099
Green Hill Cemetery	-	4,975	4,975
Parks and recreation	-	3,072	3,072
Unassigned	1,944,849	-	1,944,849
Total fund balances	<u>\$ 2,140,902</u>	<u>\$ 82,765</u>	<u>\$ 2,223,667</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,301,188</u>	<u>\$ 112,995</u>	<u>\$ 9,414,183</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,223,667	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	2,146,648	
Buildings and improvements		7,613,049	
Machinery and equipment		638,221	
Infrastructure		2,463,264	
Construction in progress		<u>15,938</u>	
			12,877,120
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>898,413</u>	
			898,413
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds			
Pension related items	\$	1,162,886	
OPEB related items		<u>138,163</u>	
			1,301,049
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	\$	(324,525)	
Accrued interest payable		(11,230)	
Capital leases payable		(187,446)	
Loans payable		(2,556,759)	
Compensated absences		(239,521)	
Net pension liability		(3,974,188)	
Net OPEB liability		<u>(1,080,124)</u>	
			(8,373,793)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(98,760)	
OPEB related items		<u>(155,514)</u>	
			<u>(254,274)</u>
Net position of governmental activities	\$		<u><u>8,672,182</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, 2021

	General	School Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 6,404,088	\$ -	\$ -	\$ 6,404,088
Other local taxes	1,707,918	-	-	1,707,918
Permits, privilege fees, and regulatory licenses	31,993	-	-	31,993
Fines and forfeitures	19,758	-	-	19,758
Revenue from the use of money and property	67,837	27,796	178,632	274,265
Charges for services	784,087	-	37,921	822,008
Miscellaneous	207,899	-	6,410	214,309
Recovered costs	38,778	-	7,957	46,735
Intergovernmental:				
Local government	-	150,060	-	150,060
Commonwealth	4,886,959	-	-	4,886,959
Federal	1,094,908	-	-	1,094,908
Total revenues	<u>\$ 15,244,225</u>	<u>\$ 177,856</u>	<u>\$ 230,920</u>	<u>\$ 15,653,001</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,566,173	\$ -	\$ -	\$ 1,566,173
Judicial administration	950,652	-	-	950,652
Public safety	3,158,038	-	-	3,158,038
Public works	2,549,548	-	-	2,549,548
Health and welfare	2,490,552	-	7,273	2,497,825
Education	2,161,966	-	-	2,161,966
Parks, recreation, and cultural	142,581	-	355,574	498,155
Community development	577,617	-	-	577,617
Debt service:				
Principal retirement	83,377	527,270	-	610,647
Interest and other fiscal charges	103,971	38,649	-	142,620
Total expenditures	<u>\$ 13,784,475</u>	<u>\$ 565,919</u>	<u>\$ 362,847</u>	<u>\$ 14,713,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,459,750</u>	<u>\$ (388,063)</u>	<u>\$ (131,927)</u>	<u>\$ 939,760</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 265,063	\$ 129,773	\$ 404,836
Transfers out	(513,306)	-	(10,000)	(523,306)
Issuance of capital leases	-	123,000	-	123,000
Total other financing sources (uses)	<u>\$ (503,306)</u>	<u>\$ 388,063</u>	<u>\$ 119,773</u>	<u>\$ 4,530</u>
Net change in fund balances	\$ 956,444	\$ -	\$ (12,154)	\$ 944,290
Fund balances - beginning	1,184,458	-	94,919	1,279,377
Fund balances - ending	<u>\$ 2,140,902</u>	<u>\$ -</u>	<u>\$ 82,765</u>	<u>\$ 2,223,667</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, 2021

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

Net change in fund balances - total governmental funds	\$	944,290
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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	\$	347,896	
Depreciation expense		<u>(699,635)</u>	(351,739)

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

Property taxes	\$	<u>188,486</u>	188,486
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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	\$	610,647	
Issuance of capital leases		<u>(123,000)</u>	487,647

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	\$	(9,261)	
Change in accrued interest		2,919	
Pension expense		(416,249)	
OPEB expense		<u>(3,438)</u>	(426,029)

Change in net position of governmental activities	\$	<u><u>842,655</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, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 814,153	\$ 643,079	\$ 7,839	\$ 1,465,071
Accounts receivable, net of allowance for uncollectibles	261,842	163,678	3,460	428,980
Prepaid expenses	-	1,952	-	1,952
Total current assets	<u>\$ 1,075,995</u>	<u>\$ 808,709</u>	<u>\$ 11,299</u>	<u>\$ 1,896,003</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	\$ 517,369	\$ -	\$ -	\$ 517,369
Cash and cash equivalents (in custody of others)	-	-	116,483	116,483
Total restricted assets	<u>\$ 517,369</u>	<u>\$ -</u>	<u>\$ 116,483</u>	<u>\$ 633,852</u>
Capital assets:				
Land	\$ -	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	-	722,543	722,543
Equipment	444,947	212,300	482,472	1,139,719
Infrastructure	14,876,753	1,833,038	5,854,800	22,564,591
Accumulated depreciation	(10,282,664)	(1,538,828)	(1,150,873)	(12,972,365)
Total capital assets	<u>\$ 5,039,036</u>	<u>\$ 506,510</u>	<u>\$ 7,273,842</u>	<u>\$ 12,819,388</u>
Total noncurrent assets	<u>\$ 5,556,405</u>	<u>\$ 506,510</u>	<u>\$ 7,390,325</u>	<u>\$ 13,453,240</u>
Total assets	<u>\$ 6,632,400</u>	<u>\$ 1,315,219</u>	<u>\$ 7,401,624</u>	<u>\$ 15,349,243</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 131,564	\$ 99,794	\$ 88,643	\$ 320,001
OPEB related items	9,512	13,334	6,924	29,770
Total deferred outflows of resources	<u>\$ 141,076</u>	<u>\$ 113,128</u>	<u>\$ 95,567</u>	<u>\$ 349,771</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 49,624	\$ 71,082	\$ 16,026	\$ 136,732
Accrued liabilities	4,899	8,385	5,550	18,834
Due to other funds	14,187	11,712	59,363	85,262
Accrued interest payable	75,219	-	3,150,555	3,225,774
Unearned revenue	7,424	-	-	7,424
Customer deposits	72,625	-	-	72,625
Other obligations - current portion	-	-	1,201,840	1,201,840
Bonds payable - current portion	240,860	-	8,274,517	8,515,377
Compensated absences - current portion	8,900	16,157	42,410	67,467
Total current liabilities	<u>\$ 473,738</u>	<u>\$ 107,336</u>	<u>\$ 12,750,261</u>	<u>\$ 13,331,335</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 5,148,437	\$ -	\$ 585,127	\$ 5,733,564
Net OPEB liabilities	71,594	107,335	54,657	233,586
Compensated absences - net of current portion	2,967	5,386	14,137	22,490
Net pension liability	347,583	300,819	185,046	833,448
Total noncurrent liabilities	<u>\$ 5,570,581</u>	<u>\$ 413,540</u>	<u>\$ 838,967</u>	<u>\$ 6,823,088</u>
Total liabilities	<u>\$ 6,044,319</u>	<u>\$ 520,876</u>	<u>\$ 13,589,228</u>	<u>\$ 20,154,423</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 4,449	\$ 36,955	\$ 2,369	\$ 43,773
OPEB related items	9,848	15,966	7,957	33,771
Total deferred inflows of resources	<u>\$ 14,297</u>	<u>\$ 52,921</u>	<u>\$ 10,326</u>	<u>\$ 77,544</u>
NET POSITION				
Net investment in capital assets	\$ (350,261)	\$ 506,510	\$ (1,585,802)	\$ (1,429,553)
Restricted for debt service and bond covenants	517,369	-	116,483	633,852
Unrestricted	547,752	348,040	(4,633,044)	(3,737,252)
Total net position	<u>\$ 714,860</u>	<u>\$ 854,550</u>	<u>\$ (6,102,363)</u>	<u>\$ (4,532,953)</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2021

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course	Total
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 1,122,596	\$ -	\$ -	\$ 1,122,596
Sewer revenues	-	1,050,455	-	1,050,455
Penalties	61,065	-	-	61,065
Course fees	-	-	245,397	245,397
Golf cart rentals	-	-	138,029	138,029
Golf clubs and balls	-	-	30,445	30,445
Meter service charges	51,557	-	-	51,557
Reconnection fees and other charges	18,024	2,577	-	20,601
Food and beverage sales	-	-	31,965	31,965
Miscellaneous	12	-	167	179
Total operating revenues	\$ 1,253,254	\$ 1,053,032	\$ 446,003	\$ 2,752,289
OPERATING EXPENSES				
Personal services	\$ 254,031	\$ 389,116	\$ 226,425	\$ 869,572
Fringe benefits	112,176	185,954	115,624	413,754
Contractual services	69,240	3,988	-	73,228
Other charges	304,074	419,416	146,868	870,358
Depreciation	399,040	49,576	49,590	498,206
Rentals and leases	-	-	33,824	33,824
Total operating expenses	\$ 1,138,561	\$ 1,048,050	\$ 572,331	\$ 2,758,942
Operating income (loss)	\$ 114,693	\$ 4,982	\$ (126,328)	\$ (6,653)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	\$ 48	\$ -	\$ -	\$ 48
CARES act municipal relief grant	31,212	-	-	31,212
Interest expense	(295,384)	-	(492,613)	(787,997)
Total nonoperating revenues (expenses)	\$ (264,124)	\$ -	\$ (492,613)	\$ (756,737)
Income before transfers	\$ (149,431)	\$ 4,982	\$ (618,941)	\$ (763,390)
Transfers in	\$ -	\$ -	\$ 118,470	\$ 118,470
Change in net position	\$ (149,431)	\$ 4,982	\$ (500,471)	\$ (644,920)
Net position - beginning	864,291	849,568	(5,601,892)	(3,888,033)
Net position - ending	\$ 714,860	\$ 854,550	\$ (6,102,363)	\$ (4,532,953)

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Enterprise Funds			
	Water Fund	Sewer Course	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,243,289	\$ 1,037,747	\$ 443,679	\$ 2,724,715
Payments to suppliers	(396,663)	(359,888)	(177,972)	(934,523)
Payments to employees	(343,058)	(557,658)	(306,806)	(1,207,522)
Net cash provided by (used for) operating activities	\$ 503,568	\$ 120,201	\$ (41,099)	\$ 582,670
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ -	\$ 118,470	\$ 118,470
CARES act municipal relief grant	31,212	-	-	31,212
Net cash provided by (used for) noncapital financing activities	\$ 31,212	\$ -	\$ 118,470	\$ 149,682
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ (13,842)	\$ (50,801)	\$ -	\$ (64,643)
Principal payments on bonds	(229,850)	-	(37,679)	(267,529)
Interest expense	(299,049)	-	(40,493)	(339,542)
Net cash provided by (used for) capital and related financing activities	\$ (542,741)	\$ (50,801)	\$ (78,172)	\$ (671,714)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 48	\$ -	\$ -	\$ 48
Net cash provided by (used in) investing activities	\$ 48	\$ -	\$ -	\$ 48
Net increase (decrease) in cash and cash equivalents	\$ (7,913)	\$ 69,400	\$ (801)	\$ 60,686
Cash and cash equivalents - beginning, including restricted cash of \$520,925 and \$117,284 respectively	1,339,435	573,679	125,123	2,038,237
Cash and cash equivalents - ending, including restricted cash of \$517,369 and \$116,483 respectively	\$ 1,331,522	\$ 643,079	\$ 124,322	\$ 2,098,923
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 114,693	\$ 4,982	\$ (126,328)	\$ (6,653)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 399,040	\$ 49,576	\$ 49,590	\$ 498,206
(Increase) decrease in accounts receivable	(14,639)	(15,285)	(2,324)	(32,248)
(Increase) decrease in prepaid items	1,952	-	781	2,733
(Increase) decrease in deferred outflows of resources	(86,119)	(58,046)	(32,701)	(176,866)
Increase (decrease) in compensated absences	(6,162)	(7,347)	4,165	(9,344)
Increase (decrease) in net OPEB liabilities	(10,229)	29,986	9,833	29,590
Increase (decrease) in accounts payable	(25,301)	63,516	1,939	40,154
Increase (decrease) in unearned revenue	7,424	-	-	7,424
Increase (decrease) in customer deposits	(2,750)	-	-	(2,750)
Increase (decrease) in accrued liabilities	892	1,021	257	2,170
Increase (decrease) in deferred inflows of resources	(10,568)	27,003	(510)	15,925
Increase (decrease) in net pension liability	135,335	24,795	54,199	214,329
Total adjustments	\$ 388,875	\$ 115,219	\$ 85,229	\$ 589,323
Net cash provided by (used for) operating activities	\$ 503,568	\$ 120,201	\$ (41,099)	\$ 582,670

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	Private-Purpose Trust Blues Education Foundation	Custodial Fund Special Welfare Fund
ASSETS		
Cash and cash equivalents	\$ 12,199	\$ 2,225
Total assets	<u>\$ 12,199</u>	<u>\$ 2,225</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
NET POSITION		
Restricted for social services clients	\$ -	\$ 2,225
Restricted for grant awards	<u>12,199</u>	<u>-</u>
Total net position	<u>\$ 12,199</u>	<u>\$ 2,225</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, 2021

	Private-Purpose Trust Blues Education Foundation	Custodial Fund Special Welfare Fund
ADDITIONS		
Contributions and events:		
Donations	\$ 5,615	\$ -
Private contributions	-	422
Total contributions	\$ 5,615	\$ 422
Investment earnings:		
Interest	\$ 5	\$ -
Total additions	\$ 5,620	\$ 422
DEDUCTIONS		
Recipient payments	\$ -	\$ 60
Administrative expenses	1,393	-
Total deductions	\$ 1,393	\$ 60
Net increase (decrease) in fiduciary net position	\$ 4,227	\$ 362
Net position - beginning, as restated	7,972	1,863
Net position - ending	\$ 12,199	\$ 2,225

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021.

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 not prepare separate financial statements.

Other Organizations:

Included in the City's Financial Report: None

Excluded from the City's Financial Report:

Rockbridge Area Community Services Board:

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

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

A. Financial Reporting Entity (continued)

Other Organizations: (continued)

Maury Service Authority:

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

Rockbridge County Regional Jail Commission:

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

Rockbridge Regional Public Safety Communications Center:

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

The *Water Fund* operates the water distribution system.

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Receivables and payables

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$254,354 at June 30, 2021 and is comprised of property tax and water and sewer receivables of \$135,757, and \$118,597, respectively.

5. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

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

6. Capital assets

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

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

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

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

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

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

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

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

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

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

7. *Compensated Absences*

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

8. *Long-term obligations*

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

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

9. *Fund balance*

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

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

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

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

9. Fund Balance (continued)

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

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

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

10. Net Position

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

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

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

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

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

11. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of expendable supplies and fuel. The cost of such inventory is recorded as expenditures/expenses when consumed rather than when purchased.

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

12. Restricted Assets

The enterprise funds maintain restricted cash for debt service that are limited by applicable bond covenants. At June 30, 2021 the general, golf, and water funds had restricted cash for debt service of \$118,914, \$116,483, and \$517,369 respectively.

As of June 30, 2021, 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 \$116,483.

13. Deferred Outflows/Inflows of Resources

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)****14. Pensions**

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

15. Other Postemployment Benefits (OPEB)

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

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

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

E. Adoption of Accounting Principles

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes the 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 implementation of this Statement resulted in the following restatement of net position/fund balance:

	Government-wide Financial Statements Component Unit School Board	Fund Financial Statements Component Unit School Board School Activity Funds	Fiduciary Fund Statements Special Welfare Fund
Net position/fund balances as reported at June 30, 2020	\$ (6,758,035)	\$ -	-
Implementation of GASB Statement No. 84, Fiduciary Activities	432,143	432,143	1,863
Net position/fund balances as restated at June 30, 2020	<u>\$ (6,325,892)</u>	<u>\$ 432,143</u>	<u>1,863</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

1. Prior to April 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriations ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts between the school system's departments without the approval of the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects and Proprietary Funds.
6. Budgets for all funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse at year-end.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2021. 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, 2021, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
Park and Recreation	\$ 40,287
School Operating	47,563
School Cafeteria	48,920
School Construction	114,945
School Activity Funds	189,650
Total All Funds	\$ <u>441,365</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

C. Deficit fund balance

At June 30, 2021, the golf course and school health insurance funds had deficit fund balance of \$6,102,363, and \$185,265 respectively.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investor Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptance 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	\$ 15,706
Total	\$ 15,706

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 3—DEPOSITS AND INVESTMENTS (CONTINUED):

External Investment Pool

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

Interest Rate Risk

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

	<u>Fair Value</u>	<u>Less than 1 yr</u>
LGIP	\$ <u>15,706</u>	\$ <u>15,706</u>

NOTE 4—JOINT VENTURES:

As described in Note 1-A, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2021 is provided below:

	Maury Service Authority (1)	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 37,421,795	\$ 8,571,250	\$ 6,200,694
Total liabilities and deferred inflows of resources	11,152,764	4,604,285	6,061,962
Total net position	\$ <u>26,269,031</u>	\$ <u>3,966,965</u>	\$ <u>138,732</u>
For the year ended June 30, 2021			
Operating revenue	\$ 4,370,691	\$ 4,269,220	\$ 1,594,384
Operating expenses	(4,420,271)	(7,727,188)	(1,637,917)
Nonoperating income (expense)	174,973	4,256,350	-
Change in net position	\$ 125,393	\$ 798,382	\$ (43,533)
Net position at beginning of year	26,143,638	3,168,583	182,265
Net position at end of year	\$ <u>26,269,031</u>	\$ <u>3,966,965</u>	\$ <u>138,732</u>

(1) Maury Service Authority June 30, 2021 summary financial data was not available at the time of report issuance. June 30, 2020 data is presented above.

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED**NOTE 5—DUE FROM OTHER GOVERNMENTS:**

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

	Primary Government	Discretely Presented Component Unit School Board
<u>Federal Government:</u>		
Categorical aid - welfare	\$ 15,101	\$ -
Categorical aid - Emergency Performance Grant	7,088	-
Categorical aid - victim witness grant	37,810	-
Categorical aid - IDEA part B section 611 special education	-	39,579
Categorical aid - Title I	-	72,051
Categorical aid - Title II part A	-	5,258
Categorical aid - twenty-first century	-	24,389
Categorical aid - title IV part A	-	1,573
Categorical aid - title V rural and local	-	5,000
Categorical aid - school food program grant	-	35,268
Other federal funds	-	90,759
<u>Commonwealth of Virginia:</u>		
State sales tax	80,674	144,841
Personal property tax relief funds	374,445	-
Categorical aid - welfare	13,811	-
Categorical aid - School Resource Officer Grant	82,084	-
Categorical aid - criminal victim witness program	12,603	-
Communications tax	36,195	-
Comprehensive Service Act funds - Rockbridge County	351,436	-
Other state funds	68,709	-
Totals	\$ <u>1,079,956</u>	\$ <u>418,718</u>

NOTE 6—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the City entered into an agreement with the County of Rockbridge, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2021, the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$124,913.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 7—INTERFUND OBLIGATIONS:

Fund	Due From Other Funds	Due To Other Funds	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 59,364	\$ -	\$ -	\$ 105,540
Park and Recreation Fund	25,898	-	-	-
Golf Course	-	59,363	-	-
Water Fund	-	14,187	-	-
Sewer Fund	-	11,712	-	-
Total Primary Government	<u>\$ 85,262</u>	<u>\$ 85,262</u>	<u>\$ -</u>	<u>\$ 105,540</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 105,540	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,540</u>	<u>\$ -</u>
Total reporting entity	<u><u>\$ 85,262</u></u>	<u><u>\$ 85,262</u></u>	<u><u>\$ 105,540</u></u>	<u><u>\$ 105,540</u></u>

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

NOTE 8—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 10,000	\$ 513,306
Park Activities Fund	129,773	-
School Construction Fund	265,063	-
Green Hill Cemetery Fund	-	10,000
Total governmental activities	<u>\$ 404,836</u>	<u>\$ 523,306</u>
Business-type Activities:		
Golf Course Fund	\$ 118,470	\$ -
Total business-type activities	<u>\$ 118,470</u>	<u>\$ -</u>
Total primary government	<u>\$ 523,306</u>	<u>\$ 523,306</u>
Total interfund transfers	<u><u>\$ 523,306</u></u>	<u><u>\$ 523,306</u></u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 8—INTERFUND TRANSFERS (CONTINUED):

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

Transfers to/from other funds:

Transfer to the General Fund from the Green Hill Cemetery Fund:	
to fund capital projects	\$ 10,000
Transfer to the Park and Recreation Fund from the General Fund:	
to supplement Park and Recreation Fund operations	129,773
Transfer to School Construction Fund from the General Fund:	
to fund debt service payments for long-term obligations	265,063
Transfer to the Golf Course Fund from the General Fund	
to supplement Golf Course Fund operations	<u>118,470</u>
Total transfers	<u>\$ 523,306</u>

NOTE 9—LONG-TERM OBLIGATIONS:

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligation transactions for the City's governmental activities for the year ended June 30, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Direct Placements:				
General obligation bonds	\$ 347,706	\$ -	\$ 23,181	\$ 324,525
Literary loan	750,000	-	375,000	375,000
Loans payable	2,259,221	-	77,462	2,181,759
Total Direct Borrowings and Direct Placements	<u>\$ 3,356,927</u>	<u>\$ -</u>	<u>\$ 475,643</u>	<u>\$ 2,881,284</u>
Other Long-Term Obligations:				
Capital leases	\$ 199,450	\$ 123,000	\$ 135,004	\$ 187,446
Net OPEB liabilities	1,008,193	188,810	116,879	1,080,124
Compensated absences	230,260	181,957	172,696	239,521
Net pension liability	3,453,418	1,512,605	991,835	3,974,188
Total Other Long-Term Obligations	<u>\$ 4,891,321</u>	<u>\$ 2,006,372</u>	<u>\$ 1,416,414</u>	<u>\$ 5,481,279</u>
Total governmental activities obligations	<u>\$ 8,248,248</u>	<u>\$ 2,006,372</u>	<u>\$ 1,892,057</u>	<u>\$ 8,362,563</u>

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

The City's outstanding general obligation bonds and loans payable from direct borrowings and direct placements related to governmental activities of \$2,881,284 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, 2021 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements					
	General Obligation Bonds		Literary Fund Loan		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	114,743	7,285
2044	-	-	-	-	87,396	2,021
Totals	\$ 324,525	\$ 264,370	\$ 375,000	\$ 7,500	\$ 2,181,759	\$ 1,117,596

Year Ending June 30,	Capital Leases	
	Principal	Interest
2022	\$ 113,341	\$ 6,607
2023	63,708	2,768
2024	6,788	370
2025	3,609	65
Totals	\$ 187,446	\$ 9,810

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities Indebtedness:</u>		
<u>Direct Borrowings and Direct Placements:</u>		
<u>General Obligation Bonds:</u>		
\$509,973 School Tax Credit Bonds, Series 2012-1, dated September 26, 2012 maturing annually with principal payments of \$23,181 through December 1, 2034, with interest payable semi-annually at a rate of 1.9%. Interest is reimbursed by a federal interest subsidy.	\$ 324,525	\$ 23,181
Total general obligation bonds	\$ 324,525	\$ 23,181
<u>Loans Payable:</u>		
\$7,500,000 issued February 2, 2000, due in annual installments of \$375,000 plus interest at 2%, through 2022.	\$ 375,000	\$ 375,000
\$1,800,000 loan payable dated March 5, 2009, due in annual installments of \$109,179 including interest at 5% through 2044.	1,463,115	41,362
\$700,000 loan payable dated March 5, 2009, due in annual installments of \$42,459 including interest at 5% through 2044.	526,835	13,969
\$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.	191,809	17,162
Total loans payable	\$ 2,556,759	\$ 447,493

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED**NOTE 9—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.	\$ 51,916	\$ 51,916
\$31,815 capital lease for computer equipment, dated January 7, 2020, due in annual payments of \$7,158, including interest at 4.73% through February 7, 2025.	23,046	6,176
\$123,000 capital lease for chromebooks, dated July 5, 2021, due in annual payments of \$43,051, including interest at 5309%, through 2022.	79,949	38,982
\$81,335 capital lease for band instruments, dated August 6, 2018, due in annual payments of \$16,267	<u>32,535</u>	<u>16,267</u>
Total capital leases	\$ <u>187,446</u>	\$ <u>113,341</u>
Net OPEB liabilities	\$ <u>1,080,124</u>	\$ <u>-</u>
Compensated absences (payable from the General and Park and Recreation Funds)	\$ <u>239,521</u>	\$ <u>179,641</u>
Net pension liability	\$ <u>3,974,188</u>	\$ <u>-</u>
Total governmental activities obligations	<u>\$ 8,362,563</u>	<u>\$ 763,656</u>

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CITY OF BUENA VISTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED**

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations

The following is a summary of changes in long-term obligation transactions for the City's enterprise funds for the year ended June 30, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Direct Placements:				
Revenue bonds	\$ 3,603,500	\$ -	\$ 205,000	\$ 3,398,500
Lease-revenue bonds	10,912,970	-	62,529	10,850,441
Total Direct Borrowings and Direct Placements	\$ 14,516,470	\$ -	\$ 267,529	\$ 14,248,941
Other Long-Term Obligations				
Other obligations	\$ 1,201,840	\$ -	\$ -	\$ 1,201,840
Net OPEB liabilities	203,996	74,554	44,964	233,586
Compensated absences	99,301	58,124	67,468	89,957
Net pension liabilities	619,119	425,311	210,982	833,448
Total Other Long-Term Obligations	\$ 2,124,256	\$ 557,989	\$ 323,414	\$ 2,358,831
Total business-type obligations	\$ 16,640,726	\$ 557,989	\$ 590,943	\$ 16,607,772

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 \$14,248,941 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The City has pledged to secure the payment and performance of the City's obligations under the bonds with the City's right, title, and interest to revenue collected by the City. In addition, the City pledged the city courthouse, police department building, and municipal golf course as collateral for Lease-Revenue Bond Series 2005A. The City is currently in default for this debt, but the insurer has not claimed the pledged collateral.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations (continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Other Obligations	
	Principal	Interest	Principal	Interest
2022	\$ 8,515,377	\$ 326,187	\$ 1,201,840	\$ -
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	40,115	290	-	-
Total	\$ 14,248,941	\$ 3,095,142	\$ 1,201,840	\$ -

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Business-type Activities Indebtedness:</u>		
<u>Direct Borrowings and Placements:</u>		
\$4,765,000, Series 2011A Revenue Bond, dated July 14, 2011, maturing semi-annually through 2032 with interest payable at rates varying from 3.625% to 6.500%. Principal payments vary from \$90,000 to \$615,000.	\$ 3,398,500	\$ 215,000
\$3,300,000 Rural Development Revenue Bond, Series 2004, dated November 18, 2004, issued through the Industrial Development Authority of Buena Vista at 4.50% interest per annum. Monthly payments of principal and interest of \$15,147 are due through September 18, 2044.	2,615,441	65,377
\$9,205,000 Lease-Revenue Bond, Series 2005A, dated April 14, 2005 issued through the Public Recreation Facilities Authority of Buena Vista at interest rates from 4.125% to 5.500% per annum. Semi-annual interest payments commence January 1, 2006 through maturity. Annual principal payments ranging from \$180,000 to \$630,000 commence July 1, 2010 through July 1, 2035. The City has ceased paying rent payments to the Public Recreational Facilities Authority of Buena Vista and the bonds are in default of the debt agreement. The full principal balance of the bonds is classified as current because violation of the debt agreement makes the full obligation callable by the lender. See Note 24 for additional information on events related to these bonds.	8,235,000	8,235,000
Total Direct Borrowings and Placements	\$ <u>14,248,941</u>	\$ <u>8,515,377</u>
<u>Other Long-term Obligations:</u>		
<u>Other Obligations:</u>		
Forbearance agreement dated July 18, 2011 for the deferral of 50% of the annual debt service on the Series 2005A lease revenue bond for fiscal years 2012 through 2016. The Deferred payments are payable to the bond insurer, ACA, in semi-annual installments commencing July 1, 2035 through January 1, 2040. See Note 24 for additional information on events related to this agreement.	\$ 1,201,840	\$ 1,201,840
Net OPEB liabilities	\$ 233,586	\$ -
Compensated absences (payable from the Water and Sewer and Golf Course Funds)	\$ 89,957	\$ 67,467
Net pension liability	\$ 833,448	\$ -
Total business-type activities indebtedness	\$ <u>16,607,772</u>	\$ <u>9,784,684</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit—School Board:

The following is a summary of long-term obligation transactions for the Discretely Presented Component Unit—School Board for the year ended June 30, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
<u>General Long-Term Obligations</u>				
Net OPEB liabilities	\$ 2,499,129	\$ 1,252,538	\$ 554,811	\$ 3,196,856
Compensated absences	203,739	138,176	152,804	189,111
Net pension liability	8,316,163	3,259,576	2,700,093	8,875,646
Total Long-Term Obligations	<u>\$ 11,019,031</u>	<u>\$ 4,650,290</u>	<u>\$ 3,407,708</u>	<u>\$ 12,261,613</u>

Details of Long-term Indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB liabilities	\$ 3,196,856	\$ -
Compensated absences (payable from the School Fund)	\$ 189,111	\$ 141,833
Net pension liability	\$ 8,875,646	\$ -
Total Long-term obligations, Discretely Presented Component Unit - School Board	<u>\$ 12,261,613</u>	<u>\$ 141,833</u>

NOTE 10—CAPITAL LEASES:

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

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 481,641
Less: Accumulated depreciation	(306,332)
Total	<u>\$ 175,309</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, are as follows:

Year Ended June 30,	Governmental Activities
2022	\$ 119,948
2023	66,476
2024	7,158
2025	3,674
Total minimum lease payments	\$ 197,256
Less: Amount representing interest	(9,810)
Present value of minimum lease payments	<u>\$ 187,446</u>

NOTE 11—PENSION PLANS:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	81	28
Inactive members:		
Vested inactive members	11	5
Non-vested inactive members	13	16
Inactive members active elsewhere in VRS	30	7
Total inactive members	54	28
Active members	80	23
Total covered employees	215	79

NOTE 11—PENSION PLANS: (CONTINUED)

Contributions

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

The City's contractually required employer contribution rate for the year ended June 30, 2021 was 15.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$534,551 and \$509,472 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 2.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$7,559 and \$4,531 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
	*Expected arithmetic nominal return		<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City and Component Unit School Board (nonprofessional) was also provided an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by school division for the VRS Teacher Retirement Plan was

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Discount Rate (continued)

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, 2020 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.

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, 2019	\$ 21,195,283	\$ 17,122,746	\$ 4,072,537
Changes for the year:			
Service cost	\$ 424,055	\$ -	\$ 424,055
Interest	1,394,209	-	1,394,209
Differences between expected and actual experience	(91,708)	-	(91,708)
Contributions - employer	-	509,480	(509,480)
Contributions - employee	-	167,622	(167,622)
Net investment income	-	325,913	(325,913)
Benefit payments, including refunds of employee contributions	(1,080,679)	(1,080,679)	-
Administrative expenses	-	(11,174)	11,174
Other changes	-	(384)	384
Net changes	\$ 645,877	\$ (89,222)	\$ 735,099
Balances at June 30, 2020	\$ 21,841,160	\$ 17,033,524	\$ 4,807,636

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Changes in Net Pension (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at June 30, 2019	\$ 1,495,926	\$ 1,790,538	\$ (294,612)
Changes for the year:			
Service cost	\$ 38,761	\$ -	\$ 38,761
Interest	96,594	-	96,594
Differences between expected and actual experience	54,979	-	54,979
Contributions - employer	-	4,531	(4,531)
Contributions - employee	-	17,286	(17,286)
Net investment income	-	33,484	(33,484)
Benefit payments, including refunds of employee contributions	(129,797)	(129,797)	-
Administrative expenses	-	(1,215)	1,215
Other changes	-	(39)	39
Net changes	\$ 60,537	\$ (75,750)	\$ 136,287
Balances at June 30, 2020	\$ 1,556,463	\$ 1,714,788	\$ (158,325)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
City of Buena Vista, Virginia			
Net Pension Liability	\$ 7,476,823	\$ 4,807,636	\$ 2,583,801
Component Unit School Board (nonprofessional)			
Net Pension Asset	\$ (30,742)	\$ (158,325)	\$ (268,449)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2021, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$1,018,791 and \$58,078 respectively. At June 30, 2021, 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	\$ 139,560	\$ 61,541	\$ 23,199	\$ -
Change of assumptions	218,066	-	-	-
Net difference between projected and actual earnings on pension plan investments	509,718	-	50,900	-
Impact of change in proportional allocation	80,992	80,992	-	-
Employer contributions subsequent to the measurement date	534,551	-	7,559	-
Total	<u>\$ 1,482,887</u>	<u>\$ 142,533</u>	<u>\$ 81,658</u>	<u>\$ -</u>

\$534,551 and \$7,559 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, 2022. 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)
2022	\$ 280,473	\$ 22,861
2023	189,598	16,454
2024	172,559	18,046
2025	163,173	16,738
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$765,207 and \$810,411 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$8,875,646 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .06100% as compared to .06319% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$814,128. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

At June 30, 2021, 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	\$ -	\$ 520,249
Change of assumptions	605,874	-
Net difference between projected and actual earnings on pension plan investments	675,091	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,950	536,566
Employer contributions subsequent to the measurement date	<u>765,207</u>	<u>-</u>
Total	<u>\$ 2,049,122</u>	<u>\$ 1,056,815</u>

\$765,207 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, 2022. 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>	
2022	\$ (178,145)
2023	70,705
2024	193,271
2025	163,724
2026	(22,455)

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

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, 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	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 13,022,567	\$ 8,875,646	\$ 5,445,619

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 1,482,887	\$ 142,533	\$ 4,807,636	\$ 1,018,791
School Board Nonprofessional	81,658	-	(158,325)	58,078
School Board Professional	2,049,122	1,056,815	8,875,646	814,128
Totals	<u>\$ 3,613,667</u>	<u>\$ 1,199,348</u>	<u>\$ 13,524,957</u>	<u>\$ 1,890,997</u>

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

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

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

The current-year OPEB expense for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The City's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The City's LODA premium for the year ended June 30, 2021 was \$26,883.

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

Plan Description

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

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

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

Eligible Employees

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

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

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. City contributions to the GLI Plan were \$19,126 and \$18,574 for the years ended June 30, 2021 and June 30, 2020, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$25,715 and \$27,722 for the years ended June 30, 2021 and June 30, 2020 respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$1,963 and \$1,979, for the years ended June 30, 2021 and June 30, 2020 respectively.

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

At June 30, 2021, the City reported a liability of \$289,710 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01740% as compared to 0.01771% at June 30, 2019.

At June 30, 2021, the School Board reported liability of \$30,874 for nonprofessional employees and \$432,229 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2020, the participating employer's proportion for nonprofessional employees was 0.00190% as compared to 0.00181% at June 30, 2019. At June 30, 2020, the participating employer's proportion for School Board professional employees was 0.02590% as compared to 0.02703% at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

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

For the year ended June 30, 2021, the City recognized GLI OPEB expense of \$11,604, while the School Board recognized GLI OPEB expense of \$882 and \$8,512 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, 2021, 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	\$ 18,582	\$ 2,603
Net difference between projected and actual earnings on GLI OPEB plan investments	8,703	-
Change of assumptions	14,489	6,049
Changes in proportionate share	11,033	12,633
Employer contributions subsequent to the measurement date	19,126	-
Total	<u>\$ 71,933</u>	<u>\$ 21,285</u>

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,980	\$ 276	\$ 27,723	\$ 3,882
Net difference between projected and actual earnings on GLI OPEB plan investments	927	-	12,984	-
Change of assumptions	1,544	645	21,616	9,025
Changes in proportionate share	510	1,842	-	32,852
Employer contributions subsequent to the measurement date	1,963	-	25,715	-
Total	<u>\$ 6,924</u>	<u>\$ 2,763</u>	<u>\$ 88,038</u>	<u>\$ 45,759</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

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

\$19,126, \$1,963 and \$25,715 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, 2022. 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:

Component Unit School Board								
Primary Government			Nonprofessional Employees		Professional Employees			
Year Ended			Year Ended		Year Ended			
June 30			June 30		June 30			
2022	\$	4,920	2022	\$	169	2022	\$	(1,460)
2023		7,378	2023		431	2023		2,206
2024		8,386	2024		670	2024		6,663
2025		8,970	2025		681	2025		9,220
2026		1,899	2026		209	2026		323
Thereafter		(31)	Thereafter		38	Thereafter		(388)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS ACFR.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 380,846	\$ 289,710	\$ 215,699
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - nonprofessional employees	\$ 40,586	\$ 30,874	\$ 22,987
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - professional employees	\$ 568,198	\$ 432,229	\$ 321,809

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent 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 about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB Plan): (CONTINUED)***Employees Covered by Benefit Terms***

As of June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Active members	23
Total covered employees	<u>23</u>

Contributions

The contribution requirements for active employees is governed §51.1-1402(E) 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. The City's contractually required employer contribution rate for the year ended June 30, 2021 was 0.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 City to the HIC Plan were \$3,058 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The City's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB Plan): (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 Life Mortality Table 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB Plan): (CONTINUED)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2020, the rate contributed by the entity for the HIC 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED**NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB Plan): (CONTINUED)*****Changes in Net HIC OPEB Liability***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 39,477	\$ -	\$ 39,477
Net changes	\$ 39,477	\$ -	\$ 39,477
Balances at June 30, 2020	\$ 39,477	\$ -	\$ 39,477

Sensitivity of the City's HIC NET OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net HIC OPEB Liability	42,849	39,477	36,531

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the City recognized HIC Plan OPEB expense of \$39,477. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the City's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 3,058	\$ -
Total	\$ 3,058	\$ -

\$3,058 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

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

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS CAFR Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$57,621 and \$63,968 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$793,276 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .06080% as compared to 0.06316% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$52,021. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,594
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	3,515	-
Change of assumptions	15,682	4,334
Change in proportionate share	-	67,485
Employer contributions subsequent to the measurement date	57,621	-
Total	\$ 76,818	\$ 82,413

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (continued)***

\$57,621 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, 2022. 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>	
2022	\$ (12,943)
2023	(12,594)
2024	(12,711)
2025	(10,865)
2026	(7,003)
Thereafter	(7,100)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

**NOTE 15—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)*****Actuarial Assumptions (continued)*****Mortality Rates – Teachers*****Actuarial Assumptions***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	887,990	\$ 793,276	\$ 712,776

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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 11, the City administers a single-employer defined benefit healthcare plan, the City of Buena Vista OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

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

Benefits Provided

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

Plan Membership

At July 1, 2020 (the measurement date), the following employees were covered by the benefit terms:

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

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2021 was \$15,000. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$250,000.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 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, 2020. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020
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-2020.

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 2.45% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 924,000	\$ 1,203,000
Changes for the year:		
Service cost	37,000	66,000
Interest	30,000	36,000
Difference between expected and actual experience	(21,000)	754,000
Changes of assumptions	69,000	92,000
Benefit payments	(15,000)	(250,000)
Net changes	100,000	698,000
Balances at June 30, 2021	\$ 1,024,000	\$ 1,901,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

**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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Primary Government			
\$	1,130,000	\$ 1,024,000	\$ 926,000
Component Unit School Board			
\$	2,042,000	\$ 1,901,000	\$ 1,771,000

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 or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.67% increasing to 4.00%)	Healthcare Cost Trend (4.67% increasing to 5.00%)	1% Increase (5.67% increasing to 6.00%)
Primary Government			
\$	895,000	\$ 1,024,000	\$ 1,175,000
	Rates		
	1% Decrease (55.93% decreasing to 4.00%)	Healthcare Cost Trend (56.93% decreasing to 5.00%)	1% Increase (57.93% decreasing to 6.00%)
Component Unit School Board			
\$	1,706,000	\$ 1,901,000	\$ 2,131,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 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, 2021, the Primary Government recognized OPEB expense in the amount of \$39,000. The School Board recognized OPEB expense in the amount of \$227,000. At June 30, 2021, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 140,000
Changes of assumptions	81,000	28,000
Employer contributions subsequent to the measurement date	15,000	-
Total	<u>\$ 96,000</u>	<u>\$ 168,000</u>

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 588,000	\$ 119,000
Changes in assumptions	93,000	47,000
Employer contributions subsequent to the measurement date	250,000	-
Total	<u>\$ 931,000</u>	<u>\$ 166,000</u>

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

Primary Government		Component Unit School Board	
Year Ended June 30,		Year Ended June 30,	
2022	\$ (34,000)	2022	\$ 119,000
2023	(34,000)	2023	120,000
2024	(24,000)	2024	174,000
2025	6,000	2025	102,000
2026	(1,000)	2026	-
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, 2021 CONTINUED

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

The following is a summary of the City's OPEB plans as of June 30, 2021:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
City	\$ 71,933	\$ 21,285	\$ 289,710	\$ 11,604
School Board Nonprofessional	6,924	2,763	30,874	882
School Board Professional	88,038	45,759	432,229	8,512
Health Insurance Credit Program (Note 14)	3,058	-	39,477	39,477
Teacher Health Insurance Credit Program (Note 15)	76,818	82,413	793,276	52,021
City Stand-Alone Plan (Note 16)	96,000	168,000	1,024,000	39,000
School Stand-Alone Plan (Note 16)	931,000	166,000	1,901,000	227,000
Totals	<u>\$ 1,273,771</u>	<u>\$ 486,220</u>	<u>\$ 4,510,566</u>	<u>\$ 378,496</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 \$1,002,407, and \$1,900,820, respectively is comprised of the following:

	<u>Government- wide Financial Statements</u>	<u>Fund Financial Statements</u>
Primary Government deferred/unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 898,413
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2021. The uncollected tax billings are not available for the funding of	756,131	756,131
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>246,276</u>	<u>246,276</u>
Total primary government deferred/unavailable revenue	<u>\$ 1,002,407</u>	<u>\$ 1,900,820</u>

Unearned revenue reported in the primary government is comprised of lease revenue of \$142,327 and \$187,839 in Coronavirus Relief Funds and \$3,989,654 in American Rescue Plan unspent as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 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, 2021 was \$4,969,112 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 2021, 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, 2021 the plan liability was \$469,566. 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
2020-2021	\$ 494,441	\$ 1,925,129	\$ 1,950,004	\$ 469,566
2019-2020	255,014	1,738,674	1,499,247	494,441
2018-2019	266,644	1,595,629	1,607,259	255,014
2017-2018	65,610	1,276,827	1,075,793	266,644
2016-2017	257,379	1,400,789	1,592,558	65,610
2015-2016	-	791,019	533,640	257,379

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED
NOTE 21—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government

	Balance July 1, 2020	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,146,648	\$ -	\$ -	\$ 2,146,648
Construction in progress	-	15,938	-	15,938
Total capital assets not being depreciated	\$ 2,146,648	\$ 15,938	\$ -	\$ 2,162,586
Capital assets being depreciated:				
Buildings and improvements	\$ 13,104,615	\$ -	\$ -	\$ 13,104,615
Infrastructure	29,299,327	-	-	29,299,327
Machinery and Equipment	3,059,631	331,958	(72,755)	3,318,834
Total capital assets being depreciated	\$ 45,463,573	\$ 331,958	\$ (72,755)	\$ 45,722,776
Accumulated depreciation:				
Buildings and improvements	\$ (5,202,452)	\$ (289,114)	\$ -	\$ (5,491,566)
Infrastructure	(26,670,863)	(165,200)	-	(26,836,063)
Machinery and Equipment	(2,508,047)	(245,321)	72,755	(2,680,613)
Total accumulated depreciation	\$ (34,381,362)	\$ (699,635)	\$ 72,755	\$ (35,008,242)
Capital assets being depreciated, net	\$ 11,082,211	\$ (367,677)	\$ -	\$ 10,714,534
Governmental activities capital assets, net	\$ 13,228,859	\$ (351,739)	\$ -	\$ 12,877,120

	Balance July 1, 2020	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2021
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Total capital assets not being depreciated	\$ 1,364,900	\$ -	\$ -	\$ 1,364,900
Capital assets being depreciated:				
Infrastructure	\$ 22,564,591	\$ -	\$ -	\$ 22,564,591
Buildings	722,543	-	-	722,543
Machinery and equipment	1,100,474	64,643	(25,398)	1,139,719
Total capital assets being depreciated	\$ 24,387,608	\$ 64,643	\$ (25,398)	\$ 24,426,853
Accumulated depreciation:				
Infrastructure	\$ (11,310,521)	\$ (416,257)	\$ -	\$ (11,726,778)
Buildings	(329,972)	(15,587)	-	(345,559)
Machinery and equipment	(859,064)	(66,362)	25,398	(900,028)
Total accumulated depreciation	\$ (12,499,557)	\$ (498,206)	\$ 25,398	\$ (12,972,365)
Capital assets being depreciated, net	\$ 11,888,051	\$ (433,563)	\$ -	\$ 11,454,488
Business-type activities capital assets, net	\$ 13,252,951	\$ (433,563)	\$ -	\$ 12,819,388

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 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	\$	232,132
Judicial administration		7,245
Public safety		71,551
Public works		123,361
Health and welfare		7,855
Education		236,885
Parks, recreation and cultural		20,606
Total depreciation expense - governmental activities	\$	<u>699,635</u>
Business-type activities:		
Water	\$	399,040
Sewer		49,576
Golf course		49,590
Total depreciation expense - business-type activities	\$	<u>498,206</u>

Discretely Presented Component Unit School Board

	Balance July 1, 2020	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ 4,634
Construction in progress	<u>-</u>	<u>65,995</u>	<u>-</u>	<u>65,995</u>
Total capital assets not being depreciated	\$ 4,634	\$ 65,995	\$ -	\$ 70,629
Capital assets being depreciated:				
Buildings and improvements	\$ 8,020,484	\$ -	\$ -	\$ 8,020,484
Machinery and equipment	<u>735,444</u>	<u>680,577</u>	<u>(9,000)</u>	<u>1,407,021</u>
Total capital assets being depreciated	\$ 8,755,928	\$ 680,577	\$ (9,000)	\$ 9,427,505
Accumulated depreciation:				
Buildings and improvements	\$ (4,414,632)	\$ (137,062)	\$ -	\$ (4,551,694)
Machinery and equipment	<u>(570,812)</u>	<u>(132,989)</u>	<u>9,000</u>	<u>(694,801)</u>
Total accumulated depreciation	\$ (4,985,444)	\$ (270,051)	\$ 9,000	\$ (5,246,495)
Capital assets being depreciated, net	\$ 3,770,484	\$ 410,526	\$ -	\$ 4,181,010
Governmental activities capital assets, net	\$ 3,775,118	\$ 476,521	\$ -	\$ 4,251,639

Depreciation expense for the Component Unit School Board was \$270,051 for the year ended June 30, 2021 and was charged to the education function.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 21—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit Economic Development Authority of Buena Vista

	Balance July 1, 2020	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,107,200	\$ -	\$ -	\$ 1,107,200
Total capital assets not being depreciated	\$ 1,107,200	\$ -	\$ -	\$ 1,107,200
Capital assets being depreciated:				
Infrastructure	\$ 862,439	\$ -	\$ -	\$ 862,439
Total capital assets being depreciated	\$ 862,439	\$ -	\$ -	\$ 862,439
Accumulated depreciation:				
Infrastructure	\$ -	\$ (21,561)	\$ -	\$ (21,561)
Total accumulated depreciation	\$ -	\$ (21,561)	\$ -	\$ (21,561)
Capital assets being depreciated, net	\$ 862,439	\$ (21,561)	\$ -	\$ 840,878
Governmental activities capital assets, net	\$ 1,969,639	\$ (21,561)	\$ -	\$ 1,948,078

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, 2021, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

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 filed a Motion to Dismiss the Federal suit that was filed by ACA, and the suit was dismissed. A federal appeals court also upheld the previous court decision that dismissed the lawsuit against the City. The City continues to negotiate with ACA in an effort to work out a settlement.

NOTE 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.

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 CONTINUED

NOTE 26—UPCOMING PRONOUNCEMENTS:

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

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

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

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

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

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

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

NOTE 27—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the City, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The City received total CRF funding of \$1,130,362, and additional CRF funding for utility relief of \$38,366. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$136,675. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. The City had \$187,839 in unspent CRF funds as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 30, 2021, the City received its share of the first half of the CSLFRF funds in the amount of \$3,989,654. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$3,989,654 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 6,433,620	\$ 6,433,620	\$ 6,404,088	\$ (29,532)
Other local taxes	1,597,500	1,597,500	1,707,918	110,418
Permits, privilege fees, and regulatory licenses	42,775	42,775	31,993	(10,782)
Fines and forfeitures	71,720	71,720	19,758	(51,962)
Revenue from the use of money and property	35,000	35,000	67,837	32,837
Charges for services	877,376	877,376	784,087	(93,289)
Miscellaneous	221,105	221,105	207,899	(13,206)
Recovered costs	-	-	38,778	38,778
Intergovernmental:				
Commonwealth	5,614,913	5,614,913	4,886,959	(727,954)
Federal	123,747	937,210	1,094,908	157,698
Total revenues	<u>\$ 15,017,756</u>	<u>\$ 15,831,219</u>	<u>\$ 15,244,225</u>	<u>\$ (586,994)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,317,474	\$ 1,532,084	\$ 1,566,173	\$ (34,089)
Judicial administration	984,863	1,025,344	950,652	74,692
Public safety	2,771,534	2,853,413	3,158,038	(304,625)
Public works	2,390,767	2,499,383	2,549,548	(50,165)
Health and welfare	3,315,119	3,315,119	2,490,552	824,567
Education	2,470,211	2,570,211	2,161,966	408,245
Parks, recreation, and cultural	139,225	139,225	142,581	(3,356)
Community development	427,097	529,597	577,617	(48,020)
Debt service:				
Principal retirement	77,438	77,438	83,377	(5,939)
Interest and other fiscal charges	110,530	110,530	103,971	6,559
Total expenditures	<u>\$ 14,004,258</u>	<u>\$ 14,652,344</u>	<u>\$ 13,784,475</u>	<u>\$ 867,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,013,498</u>	<u>\$ 1,178,875</u>	<u>\$ 1,459,750</u>	<u>\$ 280,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
Transfers out	(424,791)	(424,791)	(513,306)	(88,515)
Total other financing sources (uses)	<u>\$ (414,791)</u>	<u>\$ (424,791)</u>	<u>\$ (503,306)</u>	<u>\$ (78,515)</u>
Net change in fund balances	\$ 598,707	\$ 754,084	\$ 956,444	\$ 202,360
Fund balances - beginning	(598,707)	(754,084)	1,184,458	1,938,542
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,140,902</u>	<u>\$ 2,140,902</u>

City of Buena Vista, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Total pension liability			
Service cost	\$ 424,055	\$ 405,680	\$ 416,975
Interest	1,394,209	1,333,809	1,289,662
Changes of assumptions	-	581,508	-
Differences between expected and actual experience	(91,708)	354,955	56,071
Benefit payments	(1,080,679)	(1,070,157)	(1,193,913)
Net change in total pension liability	\$ 645,877	\$ 1,605,795	\$ 568,795
Total pension liability - beginning	21,195,283	19,589,488	19,020,693
Total pension liability - ending (a)	<u>\$ 21,841,160</u>	<u>\$ 21,195,283</u>	<u>\$ 19,589,488</u>
Plan fiduciary net position			
Contributions - employer	\$ 509,480	\$ 499,822	\$ 420,150
Contributions - employee	167,622	174,786	156,960
Net investment income	325,913	1,083,991	1,155,010
Benefit payments	(1,080,679)	(1,070,157)	(1,193,913)
Administrator charges	(11,174)	(10,858)	(10,265)
Other	(384)	(683)	(1,021)
Net change in plan fiduciary net position	\$ (89,222)	\$ 676,901	\$ 526,921
Plan fiduciary net position - beginning	17,122,746	16,445,845	15,918,924
Plan fiduciary net position - ending (b)	<u>\$ 17,033,524</u>	<u>\$ 17,122,746</u>	<u>\$ 16,445,845</u>
City's net pension liability - ending (a) - (b)	\$ 4,807,636	\$ 4,072,537	\$ 3,143,643
Plan fiduciary net position as a percentage of the total pension liability	77.99%	80.79%	83.95%
Covered payroll	\$ 3,571,857	\$ 3,471,307	\$ 3,269,880
City's net pension liability as a percentage of covered payroll	134.60%	117.32%	96.14%

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.

Exhibit 13

2017	2016	2015	2014
\$ 421,410	\$ 370,108	\$ 376,655	\$ 357,099
1,218,525	1,193,493	1,122,225	1,081,457
(86,427)	-	-	-
550,201	(234,737)	449,987	-
(981,021)	(961,506)	(900,002)	(812,332)
\$ 1,122,688	\$ 367,358	\$ 1,048,865	\$ 626,224
17,898,005	17,530,647	16,481,782	15,855,558
<u>\$ 19,020,693</u>	<u>\$ 17,898,005</u>	<u>\$ 17,530,647</u>	<u>\$ 16,481,782</u>
\$ 433,392	\$ 456,213	\$ 422,230	\$ 421,903
167,101	152,926	142,031	147,251
1,753,735	248,114	649,744	1,976,108
(981,021)	(961,506)	(900,002)	(812,332)
(10,284)	(9,194)	(9,098)	(10,762)
(1,556)	(107)	(136)	104
\$ 1,361,367	\$ (113,554)	\$ 304,769	\$ 1,722,272
14,557,557	14,671,111	14,366,342	12,644,070
<u>\$ 15,918,924</u>	<u>\$ 14,557,557</u>	<u>\$ 14,671,111</u>	<u>\$ 14,366,342</u>
\$ 3,101,769	\$ 3,340,448	\$ 2,859,536	\$ 2,115,440
83.69%	81.34%	83.69%	87.16%
\$ 3,343,997	\$ 3,112,616	\$ 2,867,942	\$ 2,947,103
92.76%	107.32%	99.71%	71.78%

City of Buena Vista, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Total pension liability			
Service cost	\$ 38,761	\$ 37,349	\$ 36,778
Interest	96,594	98,783	96,694
Changes of assumptions	-	31,763	-
Differences between expected and actual experience	54,979	(19,570)	19,871
Benefit payments	(129,797)	(127,172)	(119,813)
Net change in total pension liability	\$ 60,537	\$ 21,153	\$ 33,530
Total pension liability - beginning	1,495,926	1,474,773	1,441,243
Total pension liability - ending (a)	<u>\$ 1,556,463</u>	<u>\$ 1,495,926</u>	<u>\$ 1,474,773</u>
Plan fiduciary net position			
Contributions - employer	\$ 4,531	\$ 4,526	\$ (4)
Contributions - employee	17,286	16,397	17,551
Net investment income	33,484	114,544	127,502
Benefit payments	(129,797)	(127,172)	(119,813)
Administrator charges	(1,215)	(1,223)	(1,164)
Other	(39)	(72)	(111)
Net change in plan fiduciary net position	\$ (75,750)	\$ 7,000	\$ 23,961
Plan fiduciary net position - beginning	1,790,538	1,783,538	1,759,577
Plan fiduciary net position - ending (b)	<u>\$ 1,714,788</u>	<u>\$ 1,790,538</u>	<u>\$ 1,783,538</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (158,325)	\$ (294,612)	\$ (308,765)
Plan fiduciary net position as a percentage of the total pension liability	110.17%	119.69%	120.94%
Covered payroll	\$ 377,323	\$ 352,715	\$ 376,028
School Division's net pension liability (asset) as a percentage of covered payroll	-41.96%	-83.53%	-82.11%

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.

Exhibit 14

<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
\$	38,384	\$	36,487	\$	36,673	\$	35,849
	92,937		90,797		90,772		89,028
	(2,589)		-		-		-
	47,166		38,859		(1,342)		-
	(124,649)		(146,497)		(105,003)		(94,923)
\$	<u>51,249</u>	\$	<u>19,646</u>	\$	<u>21,100</u>	\$	<u>29,954</u>
	1,389,994		1,370,348		1,349,248		1,319,294
\$	<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>
\$	104	\$	7,034	\$	7,976	\$	16,821
	16,246		16,078		17,257		16,427
	197,169		27,381		78,925		246,211
	(124,649)		(146,497)		(105,003)		(94,923)
	(1,221)		(1,148)		(1,143)		(1,367)
	(172)		(12)		(17)		13
\$	<u>87,477</u>	\$	<u>(97,164)</u>	\$	<u>(2,005)</u>	\$	<u>183,182</u>
	1,672,100		1,769,264		1,771,269		1,588,087
\$	<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>
\$	(318,334)	\$	(282,106)	\$	(398,916)	\$	(422,021)
	122.09%		120.30%		129.11%		131.28%
\$	340,987	\$	337,453	\$	346,316	\$	328,542
	-93.36%		-83.60%		-115.19%		-128.45%

City of Buena Vista, Virginia

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.06100%	0.06319%	0.06432%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,875,646	\$ 8,316,163	\$ 7,564,000
Employer's Covered Payroll	\$ 5,330,656	\$ 5,264,774	\$ 5,232,217
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.50%	157.96%	144.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%

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.

Exhibit 15

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06616%	0.06874%	0.06844%	0.06896%
\$ 8,136,000	\$ 9,633,000	\$ 8,615,000	\$ 8,334,000
\$ 5,244,764	\$ 5,240,836	\$ 5,105,532	\$ 5,082,174
155.13%	183.81%	168.74%	163.98%
72.92%	70.68%	70.68%	70.88%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 534,551	\$ 534,551	\$ -	\$ 3,541,938	15.09%
2020	509,472	509,472	-	3,571,857	14.26%
2019	499,822	499,822	-	3,471,307	14.40%
2018	420,150	420,150	-	3,269,880	12.85%
2017	433,392	433,392	-	3,343,997	12.96%
2016	456,213	456,213	-	3,112,616	14.66%
2015	423,595	423,595	-	2,867,942	14.77%
2014	420,846	420,846	-	2,947,103	14.28%
2013	415,104	415,104	-	2,906,889	14.28%
2012	293,068	293,068	-	2,864,790	10.23%
Component Unit School Board (nonprofessional)					
2021	\$ 7,559	\$ 7,559	\$ -	\$ 355,585	2.13%
2020	4,531	4,531	-	377,323	1.20%
2019	4,526	4,526	-	352,715	1.28%
2018	-	-	-	376,028	0.00%
2017	136	136	-	340,987	0.04%
2016	7,034	7,034	-	337,453	2.08%
2015	8,035	8,035	-	346,316	2.32%
2014	16,821	16,821	-	328,542	5.12%
2013	16,769	16,769	-	327,519	5.12%
2012	-	-	-	385,558	0.00%
Component Unit School Board (professional)					
2021	\$ 765,207	\$ 765,207	\$ -	\$ 4,762,096	16.07%
2020	810,411	810,411	-	5,330,656	15.20%
2019	810,965	810,965	-	5,264,774	15.40%
2018	831,426	831,426	-	5,232,217	15.89%
2017	752,811	752,811	-	5,244,764	14.35%
2016	736,862	736,862	-	5,240,836	14.06%
2015	737,854	737,854	-	5,105,532	14.45%
2014	586,176	586,176	-	5,082,174	11.53%
2013	532,330	532,330	-	4,903,590	10.86%
2012	324,200	324,200	-	5,181,231	6.26%

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

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2021

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of City's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
2020	0.01740% \$	289,710	\$ 3,571,857	8.11%	52.64%
2019	0.01770%	288,189	3,471,307	8.30%	52.00%
2018	0.01720%	262,000	3,269,880	8.01%	51.22%
2017	0.01813%	272,000	3,343,997	8.13%	48.86%

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

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

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)					
2020	0.00190% \$	30,874	\$ 380,673	8.11%	52.64%
2019	0.00181%	29,453	354,713	8.30%	52.00%
2018	0.00198%	30,000	377,086	7.96%	51.22%
2017	0.00185%	27,000	341,847	7.90%	48.86%
Component Unit School Board (professional)					
2020	0.02590% \$	432,229	\$ 5,330,656	8.11%	52.64%
2019	0.02703%	439,850	5,264,774	8.35%	52.00%
2018	0.02752%	418,000	5,232,217	7.99%	51.22%
2017	0.02843%	428,000	5,244,764	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 19,126	\$ 19,126	\$ -	\$ 3,541,938	0.54%
2020	18,574	18,574	-	3,571,857	0.52%
2019	18,051	18,051	-	3,471,307	0.52%
2018	17,003	17,003	-	3,269,880	0.52%
2017	17,389	17,389	-	3,343,997	0.52%
2016	14,941	14,941	-	3,112,616	0.48%
2015	13,766	13,766	-	2,867,942	0.48%
2014	14,146	14,146	-	2,947,103	0.48%
2013	13,953	13,953	-	2,906,889	0.48%
2012	8,021	8,021	-	2,864,790	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 1,963	\$ 1,963	\$ -	\$ 363,529	0.54%
2020	1,979	1,979	-	380,673	0.52%
2019	1,845	1,845	-	354,713	0.52%
2018	1,961	1,961	-	377,086	0.52%
2017	1,778	1,778	-	341,847	0.52%
2016	1,645	1,645	-	342,623	0.48%
2015	1,662	1,662	-	346,316	0.48%
2014	1,586	1,586	-	330,437	0.48%
2013	1,584	1,584	-	330,100	0.48%
2012	1,080	1,080	-	385,558	0.28%
Component Unit School Board (professional)					
2021	\$ 25,715	\$ 25,715	\$ -	\$ 4,762,096	0.54%
2020	27,722	27,722	-	5,330,656	0.52%
2019	27,377	27,377	-	5,264,774	0.52%
2018	27,208	27,208	-	5,232,217	0.52%
2017	27,273	27,273	-	5,244,764	0.52%
2016	25,156	25,156	-	5,240,836	0.48%
2015	24,507	24,507	-	5,105,532	0.48%
2014	24,394	24,394	-	5,082,174	0.48%
2013	23,537	23,537	-	4,903,590	0.48%
2012	14,507	14,507	-	5,181,231	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2021

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020

	2020
Total HIC OPEB Liability	
Changes in benefit terms	\$ 39,477
Net change in total HIC OPEB liability	\$ 39,477
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 39,477</u>
Plan fiduciary net position	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 39,477
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
City's net HIC OPEB liability as a percentage of covered payroll	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 3,058	\$ 3,058	\$ -	\$ 355,585		1%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

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

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

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of City School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
2020	0.06080% \$	793,276 \$	5,330,656	14.88%	9.95%
2019	0.06316%	826,826	5,264,774	15.70%	8.97%
2018	0.06462%	821,000	5,225,965	15.71%	8.08%
2017	0.06636%	842,000	5,236,883	16.08%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2021	\$ 57,621	\$ 57,621	\$ -	\$ 4,762,096	1.21%
2020	63,968	63,968	-	5,330,656	1.20%
2019	63,480	63,480	-	5,264,774	1.21%
2018	64,279	64,279	-	5,225,965	1.23%
2018	64,279	64,279	-	5,225,965	1.23%
2017	58,129	58,129	-	5,236,883	1.11%
2016	55,553	55,553	-	5,240,836	1.06%
2015	53,940	53,940	-	5,088,650	1.06%
2014	55,977	55,977	-	5,042,941	1.11%
2013	53,872	53,872	-	4,853,331	1.11%
2012	30,872	30,872	-	5,145,366	0.60%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2021

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

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

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

City of Buena Vista, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2018 through June 30, 2021

	2021
Total OPEB liability	
Service cost	\$ 37,000
Interest	30,000
Changes of assumptions	69,000
Differences between expected and actual experience	(21,000)
Benefit payments	(15,000)
Net change in total OPEB liability	\$ 100,000
Total OPEB liability - beginning	924,000
Total OPEB liability - ending	\$ 1,024,000
 Covered payroll	 \$ 3,260,000
 City's total OPEB liability (asset) as a percentage of covered payroll	 31.41%

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

Exhibit 28

<u>2020</u>		<u>2019</u>	<u>2018</u>		
\$	33,000	\$	38,000	\$	37,000
	38,000		38,000		37,000
	44,000		(64,000)		-
	(183,000)		(27,000)		-
	(23,000)		(22,000)		(35,000)
\$	<u>(91,000)</u>	\$	<u>(37,000)</u>	\$	<u>39,000</u>
	1,015,000		1,052,000		1,013,000
\$	<u><u>924,000</u></u>	\$	<u><u>1,015,000</u></u>	\$	<u><u>1,052,000</u></u>
\$	3,260,000	\$	2,920,000	\$	2,920,000
	28.34%		34.76%		36.03%

City of Buena Vista, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2018 through June 30, 2021

	2021
Total OPEB liability	
Service cost	\$ 66,000
Interest	36,000
Changes in assumptions	92,000
Differences between expected and actual experience	754,000
Benefit payments	(250,000)
Net change in total OPEB liability	\$ 698,000
Total OPEB liability - beginning	1,203,000
Total OPEB liability - ending	\$ 1,901,000
 Covered payroll	 \$ 5,524,000
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 34.41%

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

Exhibit 29

<u>2020</u>			<u>2019</u>		
			<u>2018</u>		
\$	73,000	\$	88,000	\$	86,000
	47,000		54,000		53,000
	39,000		(116,000)		-
	(139,000)		(108,000)		-
	(106,000)		(105,000)		(118,000)
\$	(86,000)	\$	(187,000)	\$	21,000
	1,289,000		1,476,000		1,455,000
\$	<u>1,203,000</u>	\$	<u>1,289,000</u>	\$	<u>1,476,000</u>
\$	5,524,000	\$	5,018,000	\$	5,018,000
	21.78%		25.69%		29.41%

Notes to Required Supplementary Information - OPEB
Year Ended June 30, 2021

Valuation Date: 7/1/2019
Measurement Date: 7/1/2020

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	2.45% as of July 1, 2020
Inflation	2.50% per year
Healthcare Trend Rate - City	The healthcare trend rate assumption starts at 4.67% (to reflect actual experience) for fiscal year end 2020, then 5.00% thereafter
Healthcare Trend Rate - School Board	The healthcare trend rate assumption starts at 56.93% for fiscal year end 2020 (to reflect actual experience), then 5.00% for fiscal year end 2021 and thereafter
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 18,173	\$ 18,173	\$ 27,796	\$ 9,623
Intergovernmental:				
Local government	195,581	195,581	150,060	(45,521)
Total revenues	<u>\$ 213,754</u>	<u>\$ 213,754</u>	<u>\$ 177,856</u>	<u>\$ (35,898)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 425,404	\$ 425,404	\$ 527,270	\$ (101,866)
Interest and other fiscal charges	25,570	25,570	38,649	(13,079)
Total expenditures	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 565,919</u>	<u>\$ (114,945)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (237,220)</u>	<u>\$ (237,220)</u>	<u>\$ (388,063)</u>	<u>\$ (150,843)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 305,134	\$ 305,134	\$ 265,063	\$ (40,071)
Issuance of capital leases	-	-	123,000	123,000
Total other financing sources (uses)	<u>\$ 305,134</u>	<u>\$ 305,134</u>	<u>\$ 388,063</u>	<u>\$ 82,929</u>
Net change in fund balances	\$ 67,914	\$ 67,914	\$ -	\$ (67,914)
Fund balances - beginning	(67,914)	(67,914)	-	67,914
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 was created 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, 2021

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 15,368	\$ 65,619	\$ 80,987
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,110	-	6,110
Due from other funds	25,898	-	25,898
Total assets	<u>\$ 47,376</u>	<u>\$ 65,619</u>	<u>\$ 112,995</u>
LIABILITIES			
Accounts payable	\$ 24,915	\$ -	\$ 24,915
Accrued liabilities	5,315	-	5,315
Total liabilities	<u>\$ 30,230</u>	<u>\$ -</u>	<u>\$ 30,230</u>
FUND BALANCES			
Restricted:			
Community development block grant	\$ -	\$ 65,619	\$ 65,619
Assigned:			
Green Hill Cemetary	4,975	-	4,975
Senior citizens program	9,099	-	9,099
Parks and recreation	3,072	-	3,072
Total fund balances	<u>\$ 17,146</u>	<u>\$ 65,619</u>	<u>\$ 82,765</u>
Total liabilities and fund balances	<u>\$ 47,376</u>	<u>\$ 65,619</u>	<u>\$ 112,995</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 178,632	\$ -	\$ 178,632
Charges for services	37,921	-	37,921
Miscellaneous	6,410	-	6,410
Recovered costs	7,957	-	7,957
Total revenues	<u>\$ 230,920</u>	<u>\$ -</u>	<u>\$ 230,920</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 7,273	\$ -	\$ 7,273
Parks, recreation, and cultural	355,574	-	355,574
Total expenditures	<u>\$ 362,847</u>	<u>\$ -</u>	<u>\$ 362,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (131,927)</u>	<u>\$ -</u>	<u>\$ (131,927)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 129,773	\$ -	\$ 129,773
Transfers out	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>\$ 119,773</u>	<u>\$ -</u>	<u>\$ 119,773</u>
Net change in fund balances	\$ (12,154)	\$ -	\$ (12,154)
Fund balances - beginning	29,300	65,619	94,919
Fund balances - ending	<u>\$ 17,146</u>	<u>\$ 65,619</u>	<u>\$ 82,765</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2021

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
ASSETS				
Cash and cash equivalents	\$ 749	\$ 9,644	\$ 4,975	\$ 15,368
Receivables (net of allowance for uncollectibles):				
Accounts receivable	6,110	-	-	6,110
Due from other funds	25,898	-	-	25,898
Total assets	<u>\$ 32,757</u>	<u>\$ 9,644</u>	<u>\$ 4,975</u>	<u>\$ 47,376</u>
LIABILITIES				
Accounts payable	\$ 24,370	\$ 545	\$ -	\$ 24,915
Accrued liabilities	5,315	-	-	5,315
Total liabilities	<u>\$ 29,685</u>	<u>\$ 545</u>	<u>\$ -</u>	<u>\$ 30,230</u>
FUND BALANCES				
Assigned:				
Green Hill Cemetery	\$ -	\$ -	\$ 4,975	\$ 4,975
Senior citizens program	-	9,099	-	9,099
Parks and recreation	3,072	-	-	3,072
Total fund balances	<u>\$ 3,072</u>	<u>\$ 9,099</u>	<u>\$ 4,975</u>	<u>\$ 17,146</u>
Total liabilities and fund balances	<u>\$ 32,757</u>	<u>\$ 9,644</u>	<u>\$ 4,975</u>	<u>\$ 47,376</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 178,608	\$ -	\$ 24	\$ 178,632
Charges for services	31,921	-	6,000	37,921
Miscellaneous	6,410	-	-	6,410
Recovered costs	-	7,957	-	7,957
Total revenues	<u>\$ 216,939</u>	<u>\$ 7,957</u>	<u>\$ 6,024</u>	<u>\$ 230,920</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 7,273	\$ -	\$ 7,273
Parks, recreation, and cultural	355,574	-	-	355,574
Total expenditures	<u>\$ 355,574</u>	<u>\$ 7,273</u>	<u>\$ -</u>	<u>\$ 362,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (138,635)</u>	<u>\$ 684</u>	<u>\$ 6,024</u>	<u>\$ (131,927)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 129,773	\$ -	\$ -	\$ 129,773
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>\$ 129,773</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 119,773</u>
Net change in fund balances	\$ (8,862)	\$ 684	\$ (3,976)	\$ (12,154)
Fund balances - beginning	11,934	8,415	8,951	29,300
Fund balances - ending	<u>\$ 3,072</u>	<u>\$ 9,099</u>	<u>\$ 4,975</u>	<u>\$ 17,146</u>

City of Buena Vista, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	Park and Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 123,000	\$ 123,000	\$ 178,608	\$ 55,608
Charges for services	67,100	67,100	31,921	(35,179)
Miscellaneous	3,700	3,700	6,410	2,710
Recovered costs	-	-	-	-
Total revenues	<u>\$ 193,800</u>	<u>\$ 193,800</u>	<u>\$ 216,939</u>	<u>\$ 23,139</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	313,457	315,287	355,574	(40,287)
Total expenditures	<u>\$ 313,457</u>	<u>\$ 315,287</u>	<u>\$ 355,574</u>	<u>\$ (40,287)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (119,657)</u>	<u>\$ (121,487)</u>	<u>\$ (138,635)</u>	<u>\$ (17,148)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 119,657	\$ 119,657	\$ 129,773	\$ 10,116
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 119,657</u>	<u>\$ 119,657</u>	<u>\$ 129,773</u>	<u>\$ 10,116</u>
Net change in fund balances	\$ -	\$ (1,830)	\$ (8,862)	\$ (7,032)
Fund balances - beginning	-	1,830	11,934	10,104
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,072</u></u>	<u><u>\$ 3,072</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24
-	-	-	-	-	-	6,000	6,000
-	-	-	-	-	-	-	-
8,500	8,500	7,957	(543)	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,957</u>	<u>\$ (543)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,024</u>	<u>\$ 6,024</u>
\$ 8,500	\$ 8,500	\$ 7,273	\$ 1,227	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,273</u>	<u>\$ 1,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 684	\$ 684	\$ -	\$ -	\$ 6,024	\$ 6,024
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(10,000)	(10,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
\$ -	\$ -	\$ 684	\$ 684	\$ -	\$ -	\$ (3,976)	\$ (3,976)
-	-	8,415	8,415	-	-	8,951	8,951
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,099</u>	<u>\$ 9,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,975</u>	<u>\$ 4,975</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Fund
 Year Ended June 30, 2021

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

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.

School Activity Funds – The School Activity Funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the school involving personnel, students, or property. The activity funds are special revenues funds of the School Board.

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, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 662,624	\$ 332,498	\$ 159,364	\$ 1,154,486
Investments	-	-	353,589	353,589
Receivables (net of allowance for uncollectibles):				
Accounts receivable	2,876	-	1,591	4,467
Due from other governmental units	383,450	35,268	-	418,718
Inventories	-	38,915	-	38,915
Prepaid items	-	-	76	76
Total assets	<u>\$ 1,048,950</u>	<u>\$ 406,681</u>	<u>\$ 514,620</u>	<u>\$ 1,970,251</u>
LIABILITIES				
Accounts payable	\$ 281,396	\$ 24,988	\$ 33,436	\$ 339,820
Contracts payable	635,743	-	-	635,743
Due to primary government	105,540	-	-	105,540
Unearned revenue	-	-	995	995
Total liabilities	<u>\$ 1,022,679</u>	<u>\$ 24,988</u>	<u>\$ 34,431</u>	<u>\$ 1,082,098</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ -	\$ 38,915	\$ -	\$ 38,915
Prepaid items	-	-	76	76
Restricted:				
School activity funds	-	-	480,113	480,113
Committed:				
School capital projects	26,271	-	-	26,271
School lunch program	-	342,778	-	342,778
Total fund balances	<u>\$ 26,271</u>	<u>\$ 381,693</u>	<u>\$ 480,189</u>	<u>\$ 888,153</u>
Total liabilities and fund balances	<u>\$ 1,048,950</u>	<u>\$ 406,681</u>	<u>\$ 514,620</u>	<u>\$ 1,970,251</u>

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

Total fund balances per above	\$ 888,153
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 4,634	
Buildings and improvements	3,468,790	
Machinery and equipment	712,220	
Construction in progress	65,995	
		4,251,639

The net pension asset is not an available resource and, therefore, is not reported in the funds.	158,325
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related	\$ 2,130,780	
OPEB related	1,105,838	
		3,236,618

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	\$ (185,265)	
		(185,265)

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	\$ (189,111)	
Net pension liability	(8,875,646)	
Net OPEB liability	(3,196,856)	
		(12,261,613)

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

Pension related	\$ (1,056,815)	
OPEB related	(296,935)	
		(1,353,750)

Net position of governmental activities	\$ (5,265,893)
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 28	\$ -	\$ 56,635	\$ 56,663
Charges for services	59,188	5,827	-	65,015
Miscellaneous	-	-	181,061	181,061
Recovered costs	35,567	-	-	35,567
Intergovernmental:				
Local government	2,125,558	-	-	2,125,558
Commonwealth	8,250,885	10,183	-	8,261,068
Federal	1,101,212	692,143	-	1,793,355
Total revenues	<u>\$ 11,572,438</u>	<u>\$ 708,153</u>	<u>\$ 237,696</u>	<u>\$ 12,518,287</u>
EXPENDITURES				
Current:				
Education	\$ 11,590,458	\$ 515,310	\$ 189,650	\$ 12,295,418
Total expenditures	<u>\$ 11,590,458</u>	<u>\$ 515,310</u>	<u>\$ 189,650</u>	<u>\$ 12,295,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (18,020)</u>	<u>\$ 192,843</u>	<u>\$ 48,046</u>	<u>\$ 222,869</u>
Net change in fund balances	\$ (18,020)	\$ 192,843	\$ 48,046	\$ 222,869
Fund balances - beginning, as restated	44,291	188,850	432,143	665,284
Fund balances - ending	<u>\$ 26,271</u>	<u>\$ 381,693</u>	<u>\$ 480,189</u>	<u>\$ 888,153</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	\$ 222,869
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 746,572	
Depreciation expense	<u>(270,051)</u>	476,521

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	\$ 14,628	
Pension expense	(100,043)	
OPEB expense	<u>160,534</u>	75,119

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.

Change in net position of governmental activities	\$ <u>1,059,999</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 28	\$ 28
Charges for services	25,000	25,000	59,188	34,188
Recovered costs	11,720	11,720	35,567	23,847
Intergovernmental:				
Local government	2,433,803	2,433,803	2,125,558	(308,245)
Commonwealth	7,812,606	7,812,606	8,250,885	438,279
Federal	1,259,766	1,259,766	1,101,212	(158,554)
Total revenues	\$ 11,542,895	\$ 11,542,895	\$ 11,572,438	\$ 29,543
EXPENDITURES				
Current:				
Education	\$ 11,542,895	\$ 11,542,895	\$ 11,590,458	\$ (47,563)
Total expenditures	\$ 11,542,895	\$ 11,542,895	\$ 11,590,458	\$ (47,563)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (18,020)	\$ (18,020)
Net change in fund balances	\$ -	\$ -	\$ (18,020)	\$ (18,020)
Fund balances - beginning	-	-	44,291	44,291
Fund balances - ending	\$ -	\$ -	\$ 26,271	\$ 26,271

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, 2021

	School Cafeteria Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,249	\$ 1,249	\$ 5,827	\$ 4,578
Intergovernmental:				
Commonwealth	9,597	9,597	10,183	586
Federal	455,544	455,544	692,143	236,599
Total revenues	<u>\$ 466,390</u>	<u>\$ 466,390</u>	<u>\$ 708,153</u>	<u>\$ 241,763</u>
EXPENDITURES				
Current:				
Education	\$ 466,390	\$ 466,390	\$ 515,310	\$ (48,920)
Total expenditures	<u>\$ 466,390</u>	<u>\$ 466,390</u>	<u>\$ 515,310</u>	<u>\$ (48,920)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,843</u>	<u>\$ 192,843</u>
Net change in fund balances	\$ -	\$ -	\$ 192,843	\$ 192,843
Fund balances - beginning	-	-	188,850	188,850
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,693</u>	<u>\$ 381,693</u>

Statement of Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
June 30, 2021

	Health Insurance Fund
ASSETS	
Cash and cash equivalents	\$ 284,301
Total assets	<u>\$ 284,301</u>
LIABILITIES	
Claims payable	\$ 469,566
Total liabilities	<u>\$ 469,566</u>
NET POSITION	
Unrestricted	\$ (185,265)
Total net position	<u>\$ (185,265)</u>
Total liabilities and net position	<u>\$ 284,301</u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 2,235,440
Total operating revenues	<u>\$ 2,235,440</u>
OPERATING EXPENSES	
Insurance claims paid and expenses	\$ 1,950,004
Total operating expenses	<u>\$ 1,950,004</u>
Operating income (loss)	<u>\$ 285,436</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 54
Total nonoperating revenues (expenses)	<u>\$ 54</u>
Change in net position	\$ 285,490
Net position - beginning	<u>(470,755)</u>
Net position - ending	<u><u>\$ (185,265)</u></u>

Statement of Cash Flows
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2021

	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 2,235,440
Payments for premiums	(1,974,879)
Net cash provided by (used for) operating activities	<u>\$ 260,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 54
Net cash provided by (used for) investing activities	<u>\$ 54</u>
Net increase (decrease) in cash and cash equivalents	\$ 260,615
Cash and cash equivalents - beginning	23,686
Cash and cash equivalents - ending	<u><u>\$ 284,301</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 285,436
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ (24,875)
Total adjustments	<u>\$ (24,875)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 260,561</u></u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,347,520	\$ 4,347,520	\$ 4,311,583	\$ (35,937)
Real and personal public service corporation taxes	290,000	290,000	262,759	(27,241)
Personal property taxes	1,340,000	1,340,000	1,359,777	19,777
Machinery and tools taxes	350,000	350,000	386,320	36,320
Penalties	61,800	61,800	54,486	(7,314)
Interest	44,300	44,300	29,163	(15,137)
Total general property taxes	\$ 6,433,620	\$ 6,433,620	\$ 6,404,088	\$ (29,532)
Other local taxes:				
Local sales and use taxes	\$ 388,000	\$ 388,000	\$ 481,248	\$ 93,248
Consumers' utility taxes	267,000	267,000	261,312	(5,688)
Meals taxes	337,500	337,500	391,982	54,482
Lodging taxes	15,000	15,000	17,281	2,281
Business and professional license taxes	195,000	195,000	188,928	(6,072)
Motor vehicle licenses	161,000	161,000	148,416	(12,584)
Water utility taxes	161,000	161,000	104,699	(56,301)
Bank stock taxes	33,000	33,000	35,005	2,005
Recordation taxes	40,000	40,000	79,047	39,047
Total other local taxes	\$ 1,597,500	\$ 1,597,500	\$ 1,707,918	\$ 110,418
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,134	\$ (766)
Right of way fees	22,000	22,000	14,512	(7,488)
Transfer fees	150	150	225	75
Permits and other licenses	18,725	18,725	16,122	(2,603)
Total permits, privilege fees, and regulatory licenses	\$ 42,775	\$ 42,775	\$ 31,993	\$ (10,782)
Fines and forfeitures:				
Court fines and forfeitures	\$ 71,020	\$ 71,020	\$ 19,313	\$ (51,707)
Parking fines	700	700	445	(255)
Total fines and forfeitures	\$ 71,720	\$ 71,720	\$ 19,758	\$ (51,962)
Revenue from use of money and property:				
Revenue from use of money	\$ 2,000	\$ 2,000	\$ 1,780	\$ (220)
Sale of cemetery lots	32,000	32,000	34,800	2,800
Carilion lease revenue	1,000	1,000	31,257	30,257
Total revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 67,837	\$ 32,837
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	1,528	1,028
Charges for waste collection and disposal	787,893	787,893	719,191	(68,702)
Grave openings	63,083	63,083	48,500	(14,583)
Courthouse maintenance fees	12,500	12,500	3,366	(9,134)
Courthouse security fees	10,000	10,000	8,023	(1,977)
Jail administration fees	2,200	2,200	988	(1,212)
Other charges for services	700	700	1,977	1,277
Total charges for services	\$ 877,376	\$ 877,376	\$ 784,087	\$ (93,289)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 81,569	\$ 81,569	\$ 65,805	\$ (15,764)
Dabney lease revenue	139,536	139,536	142,094	2,558
Total miscellaneous	<u>\$ 221,105</u>	<u>\$ 221,105</u>	<u>\$ 207,899</u>	<u>\$ (13,206)</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 24,395	\$ 24,395
Other recovered costs	-	-	14,383	14,383
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,778</u>	<u>\$ 38,778</u>
Total revenue from local sources	<u>\$ 9,279,096</u>	<u>\$ 9,279,096</u>	<u>\$ 9,262,358</u>	<u>\$ (16,738)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 825	\$ 325
Communication tax	326,000	326,000	232,061	(93,939)
Rolling stock	4,000	4,000	5,908	1,908
Games of skill tax	-	-	9,504	9,504
Auto rental tax	750	750	-	(750)
State recordation tax	12,000	12,000	-	(12,000)
Personal property tax relief funds	662,919	662,919	662,919	-
Total noncategorical aid	<u>\$ 1,006,169</u>	<u>\$ 1,006,169</u>	<u>\$ 911,217</u>	<u>\$ (94,952)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 169,435	\$ 169,435	\$ 166,152	\$ (3,283)
Sheriff	172,997	172,997	170,226	(2,771)
Commissioner of revenue	108,739	108,739	69,746	(38,993)
Treasurer	92,383	92,383	66,841	(25,542)
Registrar/electoral board	56,000	56,000	37,874	(18,126)
Police	200,000	200,000	207,307	7,307
Juror Expense	3,000	3,000	-	(3,000)
Clerk of the Circuit Court	152,956	152,956	149,271	(3,685)
Total shared expenses	<u>\$ 955,510</u>	<u>\$ 955,510</u>	<u>\$ 867,417</u>	<u>\$ (88,093)</u>
Other categorical aid:				
Welfare administration and assistance	\$ 100,000	\$ 100,000	\$ 162,063	\$ 62,063
Comprehensive services act	2,233,000	2,233,000	1,338,856	(894,144)
Street and Highway Maintenance	1,218,000	1,218,000	1,343,559	125,559
School resource officer grant	80,234	80,234	109,445	29,211
Victim-witness grant	-	-	16,083	16,083
Fire programs	22,000	22,000	30,000	8,000
Four for life	-	-	5,311	5,311
Drug task force grant	-	-	27,250	27,250
Other state grants	-	-	52,000	52,000
Seized funds	-	-	23,758	23,758
Total other categorical aid	<u>\$ 3,653,234</u>	<u>\$ 3,653,234</u>	<u>\$ 3,108,325</u>	<u>\$ (544,909)</u>
Total categorical aid	<u>\$ 4,608,744</u>	<u>\$ 4,608,744</u>	<u>\$ 3,975,742</u>	<u>\$ (633,002)</u>
Total revenue from the Commonwealth	<u>\$ 5,614,913</u>	<u>\$ 5,614,913</u>	<u>\$ 4,886,959</u>	<u>\$ (727,954)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ 777,515	\$ 758,878	\$ (18,637)
Total noncategorical aid	\$ -	\$ 777,515	\$ 758,878	\$ (18,637)
Categorical aid:				
Welfare administration and assistance	\$ 50,000	\$ 50,000	\$ 195,715	\$ 145,715
Ground transportation safety grant	-	-	1,085	1,085
Emergency management performance grant	-	-	7,088	7,088
HAVA election grant	-	35,948	35,948	-
Victim-witness grant	73,747	73,747	48,248	(25,499)
Community development block grant	-	-	46,853	46,853
USDA forestry grant	-	-	1,093	1,093
Total categorical aid	\$ 123,747	\$ 159,695	\$ 336,030	\$ 176,335
Total revenue from the federal government	\$ 123,747	\$ 937,210	\$ 1,094,908	\$ 157,698
Total General Fund	\$ 15,017,756	\$ 15,831,219	\$ 15,244,225	\$ (586,994)
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 123,000	\$ 123,000	\$ 178,608	\$ 55,608
Total revenue from use of money and property	\$ 123,000	\$ 123,000	\$ 178,608	\$ 55,608
Charges for services:				
Recreation fees	\$ 67,100	\$ 67,100	\$ 31,921	\$ (35,179)
Total charges for services	\$ 67,100	\$ 67,100	\$ 31,921	\$ (35,179)
Miscellaneous:				
Miscellaneous	\$ 3,700	\$ 3,700	\$ 6,410	\$ 2,710
Total miscellaneous	\$ 3,700	\$ 3,700	\$ 6,410	\$ 2,710
Total revenue from local sources	\$ 193,800	\$ 193,800	\$ 216,939	\$ 23,139
Total Park and Recreation Fund	\$ 193,800	\$ 193,800	\$ 216,939	\$ 23,139
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 8,500	\$ 8,500	\$ 7,957	\$ (543)
Total recovered costs	\$ 8,500	\$ 8,500	\$ 7,957	\$ (543)
Total revenue from local sources	\$ 8,500	\$ 8,500	\$ 7,957	\$ (543)
Total Senior Center Fund	\$ 8,500	\$ 8,500	\$ 7,957	\$ (543)
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 24	\$ 24
Total revenue from use of money and property	\$ -	\$ -	\$ 24	\$ 24
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 6,000	\$ 6,000
Total charges for services	\$ -	\$ -	\$ 6,000	\$ 6,000
Total revenue from local sources	\$ -	\$ -	\$ 6,024	\$ 6,024
Total Green Hill Cemetery Fund	\$ -	\$ -	\$ 6,024	\$ 6,024

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
School Construction Fund:				
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Buena Vista School Board	\$ 195,581	\$ 195,581	\$ 150,060	\$ (45,521)
Total revenues from local governments	<u>\$ 195,581</u>	<u>\$ 195,581</u>	<u>\$ 150,060</u>	<u>\$ (45,521)</u>
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 18,173	\$ 18,173	\$ 27,796	\$ 9,623
Total revenue from use of money and property	<u>\$ 18,173</u>	<u>\$ 18,173</u>	<u>\$ 27,796</u>	<u>\$ 9,623</u>
Total School Construction Fund	<u>\$ 213,754</u>	<u>\$ 213,754</u>	<u>\$ 177,856</u>	<u>\$ (35,898)</u>
Total Primary Government	<u>\$ 15,433,810</u>	<u>\$ 16,247,273</u>	<u>\$ 15,653,001</u>	<u>\$ (594,272)</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	\$ -	\$ -	\$ 28	\$ 28
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 28</u>
Charges for services:				
Charges for education	\$ 25,000	\$ 25,000	\$ 59,188	\$ 34,188
Total charges for services	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 59,188</u>	<u>\$ 34,188</u>
Recovered costs:				
Other recovered costs	\$ 11,720	\$ 11,720	\$ 35,567	\$ 23,847
Total recovered costs	<u>\$ 11,720</u>	<u>\$ 11,720</u>	<u>\$ 35,567</u>	<u>\$ 23,847</u>
Total revenue from local sources	<u>\$ 36,720</u>	<u>\$ 36,720</u>	<u>\$ 94,783</u>	<u>\$ 58,063</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (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	\$ 2,433,803	\$ 2,433,803	\$ 2,125,558	\$ (308,245)
Total revenue from local governments	\$ 2,433,803	\$ 2,433,803	\$ 2,125,558	\$ (308,245)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,099,634	\$ 1,099,634	\$ 1,171,525	\$ 71,891
Basic school aid	3,611,073	3,611,073	3,709,163	98,090
At-risk	276,488	276,488	140,772	(135,716)
Project graduation	4,326	4,326	24,639	20,313
Alternative education	57,619	57,619	72,822	15,203
Gifted and talented	36,522	36,522	37,181	659
Special Education	431,373	431,373	439,153	7,780
Remedial summer school	46,392	46,392	30,045	(16,347)
Remedial education	155,735	155,735	158,544	2,809
Vocational education	270,125	270,125	274,997	4,872
Technology funds	180,000	180,000	180,000	-
Lottery	235,025	235,025	432,882	197,857
School security grant	-	-	239,250	239,250
Fringe benefits	807,619	807,619	822,185	14,566
Medicare benefits	53,280	53,280	53,280	-
Regional tuition programs	154,054	154,054	-	(154,054)
Reduced class size (K-3)	193,750	193,750	232,479	38,729
Free textbooks	74,057	74,057	75,393	1,336
Early reading intervention	25,938	25,938	31,702	5,764
Special education - homebound	15,953	15,953	1,566	(14,387)
English as a second language	2,327	2,327	3,490	1,163
Standards of Learning algebra readiness	17,468	17,468	-	(17,468)
Other state funds	63,848	63,848	119,817	55,969
Total categorical aid	\$ 7,812,606	\$ 7,812,606	\$ 8,250,885	\$ 438,279
Total revenue from the Commonwealth	\$ 7,812,606	\$ 7,812,606	\$ 8,250,885	\$ 438,279
Revenue from the federal government:				
Noncategorical aid:				
Education stabilization funds	\$ 398,000	\$ 398,000	\$ 374,899	\$ (23,101)
Coronavirus relief funds	136,675	136,675	136,675	-
Total noncategorical aid	\$ 534,675	\$ 534,675	\$ 511,574	\$ (23,101)
Categorical aid:				
Title I	\$ 220,000	\$ 220,000	\$ 246,433	\$ 26,433
Title VI-B, special education	200,000	200,000	182,119	(17,881)
Title VI-B, pre-school	14,202	14,202	8,350	(5,852)
Title IV-B, 21st Century	200,000	200,000	83,682	(116,318)
Vocational Education	16,500	16,500	17,593	1,093
Title II, Improving teacher quality	34,765	34,765	14,642	(20,123)
Rural and low income grant	18,624	18,624	7,887	(10,737)
Temporary assistance for needy families	-	-	10,872	10,872
Title IV, Innovative education	21,000	21,000	18,060	(2,940)
Total categorical aid	\$ 725,091	\$ 725,091	\$ 589,638	\$ (135,453)
Total revenue from the federal government	\$ 1,259,766	\$ 1,259,766	\$ 1,101,212	\$ (158,554)
Total School Operating Fund	\$ 11,542,895	\$ 11,542,895	\$ 11,572,438	\$ 29,543

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (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	\$ 1,249	\$ 1,249	\$ 5,827	\$ 4,578
Total charges for services	\$ 1,249	\$ 1,249	\$ 5,827	\$ 4,578
Total revenue from local sources	\$ 1,249	\$ 1,249	\$ 5,827	\$ 4,578
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,597	\$ 9,597	\$ 10,183	\$ 586
Total revenue from the commonwealth	\$ 9,597	\$ 9,597	\$ 10,183	\$ 586
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 52,325	\$ 52,325
School food program grant	455,544	455,544	639,818	184,274
Total categorical aid	\$ 455,544	\$ 455,544	\$ 692,143	\$ 236,599
Total revenue from the federal government	\$ 455,544	\$ 455,544	\$ 692,143	\$ 236,599
Total School Cafeteria Fund	\$ 466,390	\$ 466,390	\$ 708,153	\$ 241,763
School Activity Funds:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 56,635	\$ 56,635
Total revenue from use of money and property	\$ -	\$ -	\$ 56,635	\$ 56,635
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 181,061	\$ 181,061
Total miscellaneous revenue	\$ -	\$ -	\$ 181,061	\$ 181,061
Total revenue from local sources	\$ -	\$ -	\$ 237,696	\$ 237,696
Total School Activity Funds	\$ -	\$ -	\$ 237,696	\$ 237,696
Total Discretely Presented Component Unit - School Board	\$ 12,009,285	\$ 12,009,285	\$ 12,518,287	\$ 509,002

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2021

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	\$ -	\$ 39,548	\$ 37,253	\$ 2,295
General and financial administration:				
City Manager	\$ 146,313	\$ 179,060	\$ 194,907	\$ (15,847)
City Attorney/Legal Services	70,000	70,000	62,903	7,097
Finance	293,725	297,727	310,775	(13,048)
Independent Auditor	40,700	40,700	64,065	(23,365)
Commissioner of Revenue	203,335	207,335	203,725	3,610
City Treasurer	279,676	283,176	283,528	(352)
Reassessment	36,000	36,000	23,888	12,112
Information Technology	-	154,115	207,442	(53,327)
Other general and financial administration	131,050	68,600	48,326	20,274
Total general and financial administration	\$ 1,200,799	\$ 1,336,713	\$ 1,399,559	\$ (62,846)
Board of elections:				
Electoral board and officials	\$ 116,675	\$ 155,823	\$ 129,361	\$ 26,462
Total board of elections	\$ 116,675	\$ 155,823	\$ 129,361	\$ 26,462
Total general government administration	\$ 1,317,474	\$ 1,532,084	\$ 1,566,173	\$ (34,089)
Judicial administration:				
Courts:				
Circuit court	\$ 6,250	\$ 6,250	\$ 2,939	\$ 3,311
General district court	6,800	6,800	4,939	1,861
Juvenile/Domestic relations court	33,490	33,490	28,874	4,616
Clerk of the circuit court	244,334	247,335	246,667	668
Sheriff	450,084	485,564	417,459	68,105
Total courts	\$ 740,958	\$ 779,439	\$ 700,878	\$ 78,561
Commonwealth's attorney:				
Commonwealth's attorney	\$ 243,905	\$ 245,905	\$ 249,774	\$ (3,869)
Total commonwealth's attorney	\$ 243,905	\$ 245,905	\$ 249,774	\$ (3,869)
Total judicial administration	\$ 984,863	\$ 1,025,344	\$ 950,652	\$ 74,692
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 73,747	\$ 74,747	\$ 67,429	\$ 7,318
Police Department	1,537,786	1,565,286	1,700,230	(134,944)
Total law enforcement and traffic control	\$ 1,611,533	\$ 1,640,033	\$ 1,767,659	\$ (127,626)
Fire and rescue services:				
Fire department	\$ 158,000	\$ 174,939	\$ 199,620	\$ (24,681)
Rescue squad	110,903	133,702	185,589	(51,887)
Central dispatch	317,528	317,528	321,686	(4,158)
Total fire and rescue services	\$ 586,431	\$ 626,169	\$ 706,895	\$ (80,726)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 1,258	\$ 1,742
Magistrate	420	420	111	309
Regional Jail	570,000	583,641	682,055	(98,414)
Total correction and detention	\$ 573,420	\$ 587,061	\$ 683,424	\$ (96,363)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Other protection:				
Medical Examiner	\$ 150	\$ 150	\$ 60	\$ 90
Total other protection	\$ 150	\$ 150	\$ 60	\$ 90
Total public safety	\$ 2,771,534	\$ 2,853,413	\$ 3,158,038	\$ (304,625)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 63,932	\$ 64,182	\$ 80,304	\$ (16,122)
Street Maintenance Department	894,466	906,566	1,097,921	(191,355)
Street Lights	73,000	73,000	47,425	25,575
Total maintenance of highways, streets, bridges and sidewalks	\$ 1,031,398	\$ 1,043,748	\$ 1,225,650	\$ (181,902)
Sanitation and waste removal:				
Refuse Department	\$ 481,402	\$ 488,802	\$ 360,232	\$ 128,570
Refuse Disposal	300,000	300,000	300,032	(32)
Total sanitation and waste removal	\$ 781,402	\$ 788,802	\$ 660,264	\$ 128,538
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 411,691	\$ 498,445	\$ 495,246	\$ 3,199
Green Hill Cemetary Maintenance	166,276	168,388	168,388	-
Total maintenance of general buildings and grounds	\$ 577,967	\$ 666,833	\$ 663,634	\$ 3,199
Total public works	\$ 2,390,767	\$ 2,499,383	\$ 2,549,548	\$ (50,165)
Health and welfare:				
Health:				
Health Services	\$ 41,863	\$ 41,863	\$ 36,361	\$ 5,502
Total health	\$ 41,863	\$ 41,863	\$ 36,361	\$ 5,502
Mental health and mental retardation:				
Mental Health	\$ 49,344	\$ 49,344	\$ 49,344	\$ -
Total mental health and mental retardation	\$ 49,344	\$ 49,344	\$ 49,344	\$ -
Welfare:				
Property Tax Relief	\$ 80,000	\$ 80,000	\$ 57,227	\$ 22,773
Social Services	3,100,000	3,100,000	2,298,820	801,180
VA Municipal League	-	-	4,888	(4,888)
Valley Program for Aging	43,912	43,912	43,912	-
Total welfare	\$ 3,223,912	\$ 3,223,912	\$ 2,404,847	\$ 819,065
Total health and welfare	\$ 3,315,119	\$ 3,315,119	\$ 2,490,552	\$ 824,567

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

General Fund: (continued)

Education:

Other instructional costs:

Contribution to City School Board	\$ 2,433,803	\$ 2,533,803	\$ 2,125,558	\$ 408,245
Contribution to Community Colleges	36,408	36,408	36,408	-
Total education	<u>\$ 2,470,211</u>	<u>\$ 2,570,211</u>	<u>\$ 2,161,966</u>	<u>\$ 408,245</u>

Parks, recreation, and cultural:

Library:

Rockbridge/ Buena Vista Regional Library	\$ 139,225	\$ 139,225	\$ 142,581	\$ (3,356)
Total library	<u>\$ 139,225</u>	<u>\$ 139,225</u>	<u>\$ 142,581</u>	<u>\$ (3,356)</u>
Total parks, recreation, and cultural	<u>\$ 139,225</u>	<u>\$ 139,225</u>	<u>\$ 142,581</u>	<u>\$ (3,356)</u>

Community development:

Planning and community development:

Community development administration	\$ 110,437	\$ 160,937	\$ 180,887	\$ (19,950)
Central Shenandoah Planning District Commission	10,602	10,602	10,062	540
Visitor's Center	40,302	40,302	40,484	(182)
Community Foundation	-	50,000	50,000	-
Rockbridge Area transportation system	26,000	26,000	9,467	16,533
VEPGA	-	-	327	(327)
Employee programs	30,000	30,000	31,119	(1,119)
Business Development	207,756	209,756	253,271	(43,515)
Total planning and community development	<u>\$ 425,097</u>	<u>\$ 527,597</u>	<u>\$ 575,617</u>	<u>\$ (48,020)</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>\$ 427,097</u>	<u>\$ 529,597</u>	<u>\$ 577,617</u>	<u>\$ (48,020)</u>
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Debt service:

Principal retirement	\$ 77,438	\$ 77,438	\$ 83,377	\$ (5,939)
Interest and other fiscal charges	110,530	110,530	103,971	6,559
Total debt service	<u>\$ 187,968</u>	<u>\$ 187,968</u>	<u>\$ 187,348</u>	<u>\$ 620</u>

Total General Fund	<u>\$ 14,004,258</u>	<u>\$ 14,652,344</u>	<u>\$ 13,784,475</u>	<u>\$ 867,869</u>
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Special Revenue Fund:**Park & Recreation Fund:**

Parks, recreation, and cultural:

Parks and recreation:

Administration	\$ 54,122	\$ 55,452	\$ 62,493	\$ (7,041)
Recreation	102,076	102,076	110,011	(7,935)
Parks and Ground Maintenance	83,172	83,172	88,866	(5,694)
Activities	16,300	16,300	20,008	(3,708)
Swimming Pool	57,787	58,287	74,196	(15,909)
Total Parks and Recreation	<u>\$ 313,457</u>	<u>\$ 315,287</u>	<u>\$ 355,574</u>	<u>\$ (40,287)</u>

Total Park and Recreation Fund	<u>\$ 313,457</u>	<u>\$ 315,287</u>	<u>\$ 355,574</u>	<u>\$ (40,287)</u>
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Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2021 (Continued)

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

Health and Welfare:

Senior center	\$ 8,500	\$ 8,500	\$ 7,273	\$ 1,227
Total health and welfare	<u>8,500</u>	<u>8,500</u>	<u>7,273</u>	<u>1,227</u>
Total Senior Center Fund	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 7,273</u>	<u>\$ 1,227</u>

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

Debt service:

Principal retirement	\$ 425,404	\$ 425,404	\$ 527,270	\$ (101,866)
Interest and other fiscal charges	<u>25,570</u>	<u>25,570</u>	<u>38,649</u>	<u>(13,079)</u>
Total debt service	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 565,919</u>	<u>\$ (114,945)</u>
Total School Construction Fund	<u>\$ 450,974</u>	<u>\$ 450,974</u>	<u>\$ 565,919</u>	<u>\$ (114,945)</u>

Total Primary Government	<u>\$ 14,777,189</u>	<u>\$ 15,427,105</u>	<u>\$ 14,713,241</u>	<u>\$ 713,864</u>
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Discretely Presented Component Unit - School Board**School Operating Fund:**

Education:

Instruction	\$ 8,518,218	\$ 8,518,218	\$ 8,345,050	\$ 173,168
Administration and Health Services	<u>582,561</u>	<u>582,561</u>	<u>571,919</u>	<u>10,642</u>
Transportation	<u>349,706</u>	<u>349,706</u>	<u>374,065</u>	<u>(24,359)</u>
Operation and Maintenance	<u>1,395,527</u>	<u>1,395,527</u>	<u>1,565,544</u>	<u>(170,017)</u>
Technology	<u>696,883</u>	<u>696,883</u>	<u>583,820</u>	<u>113,063</u>
Contribution to City of Buena Vista, Virginia	<u>-</u>	<u>-</u>	<u>150,060</u>	<u>(150,060)</u>
Total Education	<u>\$ 11,542,895</u>	<u>\$ 11,542,895</u>	<u>\$ 11,590,458</u>	<u>\$ (47,563)</u>

Total School Operating Fund	<u>\$ 11,542,895</u>	<u>\$ 11,542,895</u>	<u>\$ 11,590,458</u>	<u>\$ (47,563)</u>
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Special Revenue Funds:**School Cafeteria Fund:**

Education:

School food services:

School Nutrition	\$ 466,390	\$ 466,390	\$ 515,310	\$ (48,920)
Total education	<u>\$ 466,390</u>	<u>\$ 466,390</u>	<u>\$ 515,310</u>	<u>\$ (48,920)</u>
Total School Cafeteria Fund	<u>\$ 466,390</u>	<u>\$ 466,390</u>	<u>\$ 515,310</u>	<u>\$ (48,920)</u>

School Activity Funds

Education:

Other instructional services	\$ -	\$ -	\$ 189,650	\$ (189,650)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,650</u>	<u>\$ (189,650)</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,650</u>	<u>\$ (189,650)</u>

Total Discretely Presented Component Unit - School Board	<u>\$ 12,009,285</u>	<u>\$ 12,009,285</u>	<u>\$ 12,295,418</u>	<u>\$ (286,133)</u>
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STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources:

Unless otherwise noted, the information in these tables is derived from the annual comprehensive 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			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 7,825,868	\$ 8,383,865	\$ 8,787,455	\$ 7,963,203
Restricted	107,314	191,002	203,321	204,585
Unrestricted	<u>1,602,552</u>	<u>1,991,915</u>	<u>2,535,594</u>	<u>482,642</u>
Total governmental activities net position	<u>\$ 9,535,734</u>	<u>\$ 10,566,782</u>	<u>\$ 11,526,370</u>	<u>\$ 8,650,430</u>
Business-type activities				
Net investment in capital assets	\$ (2,890,305)	\$ (1,603,483)	\$ (805,396)	\$ 49,145
Restricted	3,211,557	814,994	849,815	839,260
Unrestricted	<u>1,288,213</u>	<u>1,225,491</u>	<u>994,498</u>	<u>(702,747)</u>
Total business-type activities net position	<u>\$ 1,609,465</u>	<u>\$ 437,002</u>	<u>\$ 1,038,917</u>	<u>\$ 185,658</u>
Primary government				
Net investment in capital assets	\$ 4,935,563	\$ 6,780,382	\$ 7,982,059	\$ 8,012,348
Restricted	3,318,871	1,005,996	1,053,136	1,043,845
Unrestricted	<u>2,890,765</u>	<u>3,217,406</u>	<u>3,530,092</u>	<u>(220,105)</u>
Total primary government net position	<u>\$ 11,145,199</u>	<u>\$ 11,003,784</u>	<u>\$ 12,565,287</u>	<u>\$ 8,836,088</u>

Table 1

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 8,551,947	\$ 9,164,709	\$ 9,418,051	\$ 9,710,411	\$ 9,672,482	\$ 9,808,390	
205,881	207,337	208,672	310,654	182,606	184,533	
1,191,643	941,248	(143,522)	(1,106,904)	(2,025,561)	(1,320,741)	
<u>\$ 9,949,471</u>	<u>\$ 10,313,294</u>	<u>\$ 9,483,201</u>	<u>\$ 8,914,161</u>	<u>\$ 7,829,527</u>	<u>\$ 8,672,182</u>	
\$ (125,963)	\$ (271,422)	\$ (421,031)	\$ (618,159)	\$ (1,263,416)	\$ (1,429,553)	
815,382	782,330	589,348	649,457	638,209	633,852	
(1,226,666)	(1,760,050)	(2,240,550)	(2,985,941)	(3,262,826)	(3,737,252)	
<u>\$ (537,247)</u>	<u>\$ (1,249,142)</u>	<u>\$ (2,072,233)</u>	<u>\$ (2,954,643)</u>	<u>\$ (3,888,033)</u>	<u>\$ (4,532,953)</u>	
\$ 8,425,984	\$ 8,893,287	\$ 8,997,020	\$ 9,092,252	\$ 8,409,066	\$ 8,378,837	
1,021,263	989,667	798,020	960,111	820,815	818,385	
(35,023)	(818,802)	(2,384,072)	(4,092,845)	(5,288,387)	(5,057,993)	
<u>\$ 9,412,224</u>	<u>\$ 9,064,152</u>	<u>\$ 7,410,968</u>	<u>\$ 5,959,518</u>	<u>\$ 3,941,494</u>	<u>\$ 4,139,229</u>	

City of Buena Vista, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government administration	\$ 1,555,693	\$ 1,434,120	\$ 1,352,667	\$ 1,331,648
Judicial administration	834,369	781,762	744,136	739,630
Public safety	1,974,531	2,094,716	2,421,580	2,078,802
Public works	1,532,334	1,528,167	1,543,028	1,710,983
Health and welfare	1,387,794	1,262,700	1,430,280	1,515,132
Education	2,388,442	2,678,335	2,507,520	3,987,920
Parks, recreation and cultural	493,121	502,721	512,800	467,036
Community development	524,202	380,195	476,304	443,371
Interest on long-term debt	329,680	328,515	244,753	237,479
Total governmental activities expenses	\$ 11,020,166	\$ 10,991,231	\$ 11,233,068	\$ 12,512,001
Business-type activities:				
Water and sewer	\$ 2,057,106	\$ 2,147,225	\$ 2,164,971	\$ 2,111,346
Sewer	-	-	-	-
Golf course	1,201,667	1,060,556	1,041,770	1,171,247
Total business-type activities expenses	\$ 3,258,773	\$ 3,207,781	\$ 3,206,741	\$ 3,282,593
Total primary government expenses	\$ 14,278,939	\$ 14,199,012	\$ 14,439,809	\$ 15,794,594
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 19,321	\$ 12,854	\$ 3,129	\$ 2,418
Judicial administration	1,488	894	1,413	1,082
Public safety	107,031	92,936	101,687	65,546
Public works	526,476	594,270	732,987	716,207
Parks, recreation and cultural	97,802	103,445	92,251	85,177
Operating grants and contributions	3,042,330	2,952,688	3,287,030	2,869,831
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 3,794,448	\$ 3,757,087	\$ 4,218,497	\$ 3,740,261
Business-type activities:				
Charges for services:				
Water and sewer	\$ 1,975,335	\$ 2,006,397	\$ 2,064,255	\$ 2,113,865
Sewer	-	-	-	-
Golf course	487,851	471,885	439,807	385,436
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	190,455	813,106	38,901
Total business-type activities program revenues	\$ 2,463,186	\$ 2,668,737	\$ 3,317,168	\$ 2,538,202
Total primary government program revenues	\$ 6,257,634	\$ 6,425,824	\$ 7,535,665	\$ 6,278,463
Net (expense) / revenue				
Governmental activities	\$ (7,225,718)	\$ (7,234,144)	\$ (7,014,571)	\$ (8,771,740)
Business-type activities	(795,587)	(539,044)	110,427	(744,391)
Total primary government net expense	\$ (8,021,305)	\$ (7,773,188)	\$ (6,904,144)	\$ (9,516,131)

Table 2

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 1,433,595	\$ 1,451,815	\$ 1,436,939	\$ 1,464,836	\$ 1,610,849	\$ 1,795,707	
784,356	860,720	880,505	1,027,787	980,103	1,019,950	
2,265,851	2,631,032	2,864,208	3,060,196	3,132,569	3,316,903	
1,960,690	2,064,999	2,316,348	2,413,388	2,416,545	2,672,139	
1,487,186	2,094,471	2,534,961	3,382,721	3,074,478	2,466,902	
2,461,405	3,053,399	2,917,688	2,669,456	2,907,138	2,275,851	
541,016	616,884	606,652	617,980	568,944	518,058	
437,882	483,507	464,611	475,645	992,368	628,416	
195,175	180,959	183,087	207,889	144,151	139,701	
<u>\$ 11,567,156</u>	<u>\$ 13,437,786</u>	<u>\$ 14,204,999</u>	<u>\$ 15,319,898</u>	<u>\$ 15,827,145</u>	<u>\$ 14,833,627</u>	
\$ 2,309,955	\$ 2,298,746	\$ 2,269,976	\$ 2,474,759	\$ 1,592,637	\$ 1,433,945	
-	-	-	-	891,033	1,048,050	
1,072,226	1,061,779	1,035,255	1,004,867	1,053,312	1,064,944	
<u>\$ 3,382,181</u>	<u>\$ 3,360,525</u>	<u>\$ 3,305,231</u>	<u>\$ 3,479,626</u>	<u>\$ 3,536,982</u>	<u>\$ 3,546,939</u>	
<u>\$ 14,949,337</u>	<u>\$ 16,798,311</u>	<u>\$ 17,510,230</u>	<u>\$ 18,799,524</u>	<u>\$ 19,364,127</u>	<u>\$ 18,380,566</u>	
\$ 6,111	\$ 2,583	\$ 3,507	\$ 2,241	\$ 3,495	\$ 1,977	
1,657	1,669	881	1,058	1,970	1,528	
72,387	73,081	81,260	52,353	38,379	29,283	
714,462	744,410	677,866	674,044	745,969	754,550	
86,880	94,478	91,188	88,017	59,909	86,421	
3,330,959	4,526,619	4,545,783	4,948,486	5,266,448	5,220,710	
-	-	-	200,804	1,040	-	
<u>\$ 4,212,456</u>	<u>\$ 5,442,840</u>	<u>\$ 5,400,485</u>	<u>\$ 5,967,003</u>	<u>\$ 6,117,210</u>	<u>\$ 6,094,469</u>	
\$ 2,065,614	\$ 2,044,753	\$ 2,042,514	\$ 2,024,132	\$ 1,107,618	\$ 1,253,242	
-	-	-	-	939,537	1,053,032	
352,310	331,401	301,263	301,310	251,533	445,836	
-	-	-	-	-	31,212	
100	-	-	-	-	-	
<u>\$ 2,418,024</u>	<u>\$ 2,376,154</u>	<u>\$ 2,343,777</u>	<u>\$ 2,325,442</u>	<u>\$ 2,298,688</u>	<u>\$ 2,783,322</u>	
<u>\$ 6,630,480</u>	<u>\$ 7,818,994</u>	<u>\$ 7,744,262</u>	<u>\$ 8,292,445</u>	<u>\$ 8,415,898</u>	<u>\$ 8,877,791</u>	
\$ (7,354,700)	\$ (7,994,946)	\$ (8,804,514)	\$ (9,352,895)	\$ (9,709,935)	\$ (8,739,158)	
(964,157)	(984,371)	(961,454)	(1,154,184)	(1,238,294)	(763,617)	
<u>\$ (8,318,857)</u>	<u>\$ (8,979,317)</u>	<u>\$ (9,765,968)</u>	<u>\$ (10,507,079)</u>	<u>\$ (10,948,229)</u>	<u>\$ (9,502,775)</u>	

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,948,762	\$ 5,777,309	\$ 5,655,373	\$ 5,600,403
Local sales and use taxes	378,736	407,119	366,318	396,151
Consumer utility taxes	256,535	269,962	264,219	264,454
Meals taxes	192,920	290,324	297,771	326,384
Cellular phone taxes and right of ways	321,702	-	-	-
Business and professional licenses taxes	177,887	175,858	172,418	174,344
Motor vehicle licenses taxes	125,579	170,345	170,032	166,550
Other local taxes	177,095	171,903	195,495	203,309
Unrestricted grants and contributions	675,434	1,007,441	994,313	1,039,468
Unrestricted revenues from use of money and property	160,234	136,639	168,566	190,386
Miscellaneous	189,394	186,182	180,254	214,621
Transfers	(365,258)	(327,890)	(490,600)	(441,351)
Total governmental activities	\$ 7,239,020	\$ 8,265,192	\$ 7,974,159	\$ 8,134,719
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	61	8,653	888	447
Transfers	365,258	327,890	490,600	441,351
Total business-type activities	\$ 365,319	\$ 336,543	\$ 491,488	\$ 441,798
Total primary government	\$ 7,604,339	\$ 8,601,735	\$ 8,465,647	\$ 8,576,517
Change in Net Position				
Governmental activities	\$ 13,302	\$ 1,031,048	\$ 959,588	\$ (637,021)
Business-type activities	(430,268)	(202,501)	601,915	(302,593)
Total primary government	\$ (416,966)	\$ 828,547	\$ 1,561,503	\$ (939,614)

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

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,974,703	\$ 5,905,508	\$ 6,027,804	\$ 6,045,670	\$ 6,043,063	\$ 6,592,574
378,543	377,061	388,643	387,031	435,404	481,248
263,677	263,392	267,128	260,778	268,597	261,312
340,008	319,870	314,150	354,913	360,599	391,982
-	-	-	-	-	-
174,412	184,093	176,301	189,708	202,935	188,928
166,467	168,992	161,220	160,662	154,522	148,416
196,196	201,057	211,825	193,408	193,811	236,032
982,759	973,816	959,916	949,351	936,840	911,217
182,946	183,630	174,807	210,411	205,052	274,265
235,226	160,503	228,992	364,791	234,821	214,309
(241,196)	(270,794)	(253,937)	(254,018)	(294,129)	(118,470)
\$ 8,653,741	\$ 8,467,128	\$ 8,656,849	\$ 8,862,705	\$ 8,741,515	\$ 9,581,813
\$ 40	\$ 902	\$ 7,335	\$ 15,970	\$ 9,785	\$ 48
16	780	8,663	1,786	990	179
241,196	270,794	253,937	254,018	294,129	118,470
\$ 241,252	\$ 272,476	\$ 269,935	\$ 271,774	\$ 304,904	\$ 118,697
\$ 8,894,993	\$ 8,739,604	\$ 8,926,784	\$ 9,134,479	\$ 9,046,419	\$ 9,700,510
\$ 1,299,041	\$ 472,182	\$ (147,665)	\$ (490,190)	\$ (968,420)	\$ 842,655
(722,905)	(711,895)	(691,519)	(882,410)	(933,390)	(644,920)
\$ 576,136	\$ (239,713)	\$ (839,184)	\$ (1,372,600)	\$ (1,901,810)	\$ 197,735

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
2021	\$ 6,592,574	\$ 481,248	\$ 261,312	\$ 391,982	\$ -	\$ 188,928
2020	6,043,063	435,404	268,597	360,599	-	202,935
2019	6,045,670	387,031	260,778	354,913	-	189,708
2018	6,027,804	388,643	267,128	314,150	-	176,301
2017	5,905,508	377,061	263,392	319,870	-	184,093
2016	5,974,703	378,543	263,677	340,008	-	174,412
2015	5,600,403	396,151	264,454	326,384	-	174,344
2014	5,655,373	366,318	264,219	297,771	-	172,418
2013	5,777,309	407,119	269,962	290,324	-	175,858
2012	4,948,762	378,736	256,535	192,920	321,702	177,887

Table 3

Motor Vehicle License Tax	Other Local Tax	Total
\$ 148,416	\$ 236,032	\$ 8,300,492
154,522	193,811	7,658,931
160,662	193,408	7,592,170
161,220	211,825	7,547,071
168,992	201,057	7,419,973
166,467	196,196	7,494,006
166,550	203,309	7,131,595
170,032	195,495	7,121,626
170,345	171,903	7,262,820
125,579	177,095	6,579,216

City of Buena Vista, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 23,647	\$ 24,741	\$ 26,568	\$ 27,924
Restricted	107,314	108,540	109,520	110,509
Unassigned	1,028,297	1,392,969	2,297,349	2,698,796
Total general fund	<u>\$ 1,159,258</u>	<u>\$ 1,526,250</u>	<u>\$ 2,433,437</u>	<u>\$ 2,837,229</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ 1,075	\$ -
Restricted:				
Community development block grant	87,128	82,462	93,801	94,076
School capital projects	-	222,846	223,184	214,496
Assigned:				
Debt service	565,546	486,693	255,195	-
Senior Center	7,806	9,529	5,761	4,512
Green Hill Cemetary	60,481	51,536	46,188	38,305
Parks and recreation	-	-	-	-
Unassigned, reported in:				
Special revenue funds	(64,781)	(66,009)	(80,744)	(66,610)
Capital projects funds	-	-	-	(228,900)
Total all other governmental funds	<u>\$ 656,180</u>	<u>\$ 787,057</u>	<u>\$ 544,460</u>	<u>\$ 55,879</u>

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 132,433	\$ 98,341	\$ 93,516	\$ 89,159	\$ 92,006	\$ 77,139
111,408	112,412	113,427	230,835	116,987	118,914
3,044,256	2,790,572	2,434,483	1,471,951	975,465	1,944,849
<u>\$ 3,288,097</u>	<u>\$ 3,001,325</u>	<u>\$ 2,641,426</u>	<u>\$ 1,791,945</u>	<u>\$ 1,184,458</u>	<u>\$ 2,140,902</u>
\$ 818	\$ 818	\$ 818	\$ 2,291	\$ 2,343	\$ -
94,473	94,925	95,245	79,819	65,619	65,619
-	-	-	-	-	-
-	-	-	-	-	-
7,382	5,715	6,818	7,603	8,415	9,099
33,002	26,564	19,035	14,650	8,951	4,975
-	-	-	14,930	9,591	3,072
(62,692)	(71,600)	(16,358)	-	-	-
(14,375)	(13,827)	(14,374)	-	-	-
<u>\$ 58,608</u>	<u>\$ 42,595</u>	<u>\$ 91,184</u>	<u>\$ 119,293</u>	<u>\$ 94,919</u>	<u>\$ 82,765</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
General property taxes	\$ 5,128,101	\$ 5,566,575	\$ 5,816,792	\$ 5,687,818
Other local taxes	1,630,454	1,485,511	1,466,253	1,531,192
Permits, privilege fees and regulatory licenses	43,497	35,195	56,039	44,163
Fines and forfeitures	88,951	78,145	85,102	52,441
Revenue from use of money and property	160,234	136,639	168,566	190,386
Charges for services	619,670	691,059	790,326	773,826
Miscellaneous	211,218	186,182	180,254	214,621
Recovered costs	43,878	26,142	38,313	6,062
Intergovernmental:				
Local government	372,953	372,953	372,953	48,860
Commonwealth	3,226,557	3,481,495	3,865,603	3,805,864
Federal	118,254	105,681	42,787	54,575
Total revenues	\$ 11,643,767	\$ 12,165,577	\$ 12,882,988	\$ 12,409,808
Expenditures				
General government administration	\$ 1,182,731	\$ 1,069,263	\$ 1,040,690	\$ 1,087,930
Judicial administration	813,087	768,349	730,301	750,287
Public safety	2,104,240	2,012,328	2,344,890	2,108,910
Public works	1,500,611	1,452,948	1,466,101	1,933,435
Health and welfare	1,408,127	1,268,530	1,468,281	1,512,651
Education	2,160,872	2,469,550	2,283,301	2,286,258
Parks, recreation and cultural	521,591	490,914	510,236	457,666
Community development	542,077	399,905	480,235	759,790
Capital outlay	51,483	328,280	15,583	223,186
Debt service				
Principal	1,000,969	1,246,281	1,104,081	1,003,427
Interest and other fiscal charges	335,920	343,443	284,099	229,706
Total expenditures	\$ 11,621,708	\$ 11,849,791	\$ 11,727,798	\$ 12,353,246
Excess (deficiency) of revenues over (under) expenditures	\$ 22,059	\$ 315,786	\$ 1,155,190	\$ 56,562
Other financing sources (uses)				
Transfers in	\$ 950,648	\$ 879,436	\$ 698,134	\$ 880,904
Transfers out	(1,315,906)	(1,207,326)	(1,188,734)	(1,322,255)
Refunding bonds issued	-	-	-	300,000
Issuance of long-term debt	176,000	-	-	-
Issuance of general obligation bonds	-	509,973	-	-
Total other financing sources (uses)	\$ (189,258)	\$ 182,083	\$ (490,600)	\$ (141,351)
Net change in fund balances	\$ (167,199)	\$ 497,869	\$ 664,590	\$ (84,789)
Debt service as a percentage of noncapital expenditures	11.82%	13.79%	11.84%	10.65%

Table 5

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 5,741,167	\$ 5,803,302	\$ 6,005,861	\$ 6,037,950	\$ 6,115,416	\$ 6,404,088	
1,519,303	1,514,465	1,519,267	1,546,500	1,615,868	1,707,918	
40,924	66,319	37,805	24,621	78,875	31,993	
57,242	57,544	66,589	40,254	30,308	19,758	
182,946	183,630	174,807	210,411	205,052	274,265	
783,331	792,358	750,308	752,838	740,539	822,008	
235,226	160,503	228,992	364,791	234,821	214,309	
10,776	30,787	33,502	59,931	30,764	46,735	
193,474	193,474	193,474	169,088	294,189	150,060	
4,053,919	5,102,195	4,931,116	5,454,072	5,408,275	4,886,959	
66,325	204,766	381,109	475,481	501,864	1,094,908	
\$ 12,884,633	\$ 14,109,343	\$ 14,322,830	\$ 15,135,937	\$ 15,255,971	\$ 15,653,001	
\$ 1,171,159	\$ 1,198,390	\$ 1,126,123	\$ 1,219,895	\$ 1,330,504	\$ 1,566,173	
789,640	844,801	854,800	1,012,532	930,891	950,652	
2,205,651	2,647,082	2,858,765	3,062,164	2,950,132	3,158,038	
2,193,090	2,843,347	2,427,429	2,571,675	2,229,030	2,549,548	
1,487,742	2,115,142	2,609,039	3,426,113	3,088,727	2,497,825	
2,220,877	2,812,881	2,648,982	2,457,090	2,694,787	2,161,966	
531,499	615,116	643,457	619,851	544,464	498,155	
444,948	491,121	480,471	597,487	985,609	577,617	
294,357	55	65	80	65	-	
928,069	511,865	574,197	698,741	694,383	610,647	
217,100	185,917	156,875	218,429	176,926	142,620	
\$ 12,484,132	\$ 14,265,717	\$ 14,380,203	\$ 15,884,057	\$ 15,625,518	\$ 14,713,241	
\$ 400,501	\$ (156,374)	\$ (57,373)	\$ (748,120)	\$ (369,547)	\$ 939,760	
\$ 587,788	\$ 609,992	\$ 672,207	\$ 620,092	\$ 491,043	\$ 404,836	
(828,984)	(880,786)	(926,144)	(874,110)	(785,172)	(523,306)	
-	-	-	-	-	-	
294,292	232,742	-	139,475	31,815	123,000	
-	-	-	-	-	-	
\$ 53,096	\$ (38,052)	\$ (253,937)	\$ (114,543)	\$ (262,314)	\$ 4,530	
\$ 453,597	\$ (194,426)	\$ (311,310)	\$ (862,663)	\$ (631,861)	\$ 944,290	
9.39%	9.39%	5.22%	5.98%	5.60%	5.24%	

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
2021	\$ 6,404,088	\$ 481,248	\$ 261,312	\$ 188,928	\$ 148,416	\$ 35,005	\$ 79,047
2020	6,115,416	435,404	268,597	202,935	154,522	35,588	38,784
2019	6,037,950	387,031	260,778	189,708	160,662	32,698	40,337
2018	6,005,861	388,643	267,128	176,301	161,220	56,012	32,543
2017	5,803,302	377,061	263,392	184,093	168,992	48,715	26,039
2016	5,741,167	378,543	263,677	174,412	166,467	44,278	25,412
2015	5,687,818	396,151	264,454	174,344	166,550	48,115	24,724
2014	5,816,792	366,318	264,219	172,418	170,032	38,430	25,949
2013	5,566,575	407,119	269,962	175,858	170,345	26,755	27,607
2012	5,128,101	378,736	256,535	177,887	125,579	47,100	25,867

Table 6

Meals Tax	Other Local Tax	Total
\$ 391,982	\$ 121,980	\$ 8,112,006
360,599	119,439	7,731,284
354,913	120,373	7,584,450
314,150	123,270	7,525,128
319,870	126,303	7,317,767
340,008	126,506	7,260,470
326,384	130,470	7,219,010
297,771	131,116	7,283,045
290,324	117,541	7,052,086
192,920	425,830	6,758,555

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
2021	\$ 340,543,100	\$ 47,679,280	\$ 21,643,851	\$ 409,866,231	\$ 433,858,612	94.47%	\$ 12.64
2020	328,436,550	43,179,143	21,972,178	393,587,871	395,406,742	99.54%	12.52
2019	327,800,980	43,730,511	22,218,021	393,749,512	381,244,686	103.28%	12.52
2018	327,498,090	42,979,676	23,322,541	393,800,307	334,040,467	117.89%	12.52
2017	327,313,460	40,865,214	23,005,034	391,183,708	341,704,846	114.48%	12.52
2016	364,742,820	41,387,341	21,978,142	428,108,303	372,203,359	115.02%	12.30
2015	370,299,700	38,823,781	16,226,569	425,350,050	340,388,964	124.96%	12.30
2014	369,965,100	37,597,333	14,908,769	460,953,526	379,448,079	121.48%	12.24
2013	369,766,300	38,482,324	14,824,925	460,318,115	395,836,370	116.29%	12.24
2012	398,252,780	37,244,566	13,617,540	484,629,216	422,040,596	114.83%	11.96

(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	
2021	\$ 1.27	\$ 5.85	\$ 1.27	\$ 4.25	\$ 12.64
2020	1.21	5.85	1.21	4.25	12.52
2019	1.21	5.85	1.21	4.25	12.52
2018	1.21	5.85	1.21	4.25	12.52
2017	1.21	5.85	1.21	4.25	12.52
2016	1.10	5.85	1.10	4.25	12.30
2015	1.10	5.85	1.10	4.25	12.30
2014	1.07	5.85	1.07	4.25	12.24
2013	1.07	5.85	1.07	4.25	12.24
2012	0.93	5.85	0.93	4.25	11.96

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 2021		Fiscal Year 2012	
		2021 Assessed Valuation	% of Total Assessed Valuation	2012 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric and Power	Utility	\$ 11,738,753	2.86%	\$ 7,147,797	1.47%
Columbia Gas of Virginia (1)	Utility	5,800,539	1.42%	2,479,753	0.51%
Modine	Manufacturing	5,320,000	1.30%	7,863,410	1.62%
GPH Buena Vista LLC	Nursing Home	3,625,000	0.88%	3,651,500	0.75%
Buena Vista Management LLC (1)	Retail Merchants	3,115,500	0.76%	-	0.00%
Treemont Village Preservation	Apartments	3,021,200	0.74%	3,042,200	0.63%
Beverly Everette (1)	Real Estate	2,891,000	0.71%	-	0.00%
Everbrite	Manufacturing	2,839,200	0.69%	3,327,310	0.69%
Knopp Company	Apartments	2,818,300	0.69%	2,863,300	0.59%
Nibco (1)	Manufacturing	2,803,000	0.68%	-	0.00%
		<u>\$ 43,972,492</u>	<u>10.73%</u>	<u>\$ 30,375,270</u>	<u>6.27%</u>

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2012

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for		Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (1)		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$	7,332,049	\$ 6,884,680	93.90%	\$ -	\$ 6,884,680	93.90%
2020		6,662,964	6,260,700	93.96%	163,792	6,424,492	96.42%
2019		6,656,869	6,230,502	93.60%	268,856	6,499,358	97.63%
2018		6,582,676	6,159,283	93.57%	302,285	6,461,568	98.16%
2017		6,500,078	6,044,153	92.99%	402,689	6,446,842	99.18%
2016		6,521,393	6,102,140	93.57%	382,785	6,484,925	99.44%
2015		6,374,749	6,032,482	94.63%	312,533	6,345,015	99.53%
2014		6,229,683	5,829,158	93.57%	400,517	6,229,675	100.00%
2013		6,195,432	5,838,533	94.24%	356,891	6,195,424	100.00%
2012		5,849,241	5,475,831	93.62%	373,403	5,849,234	100.00%

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
2021	\$ 324,525	\$ 375,000	\$ -	\$ 2,181,759	\$ 187,446	\$ 14,248,941	\$ -	\$ 1,201,840
2020	347,706	750,000	-	2,259,221	199,450	14,516,470	-	1,201,840
2019	370,887	1,125,000	-	2,326,683	396,375	14,771,250	-	1,201,840
2018	394,068	1,500,000	-	2,406,810	357,192	14,918,406	-	1,201,840
2017	417,249	1,875,000	-	2,462,382	477,636	15,088,052	-	1,201,840
2016	440,430	2,250,000	-	2,531,282	289,678	15,315,298	-	1,201,840
2015	463,611	2,625,000	-	3,009,116	47,437	15,535,249	-	1,201,840
2014	486,792	3,000,000	444,864	2,760,658	156,279	15,953,006	-	983,874
2013	823,774	3,375,000	602,188	2,892,176	259,536	16,323,696	-	655,318
2012	627,636	3,750,000	765,422	3,163,754	382,170	16,692,334	-	424,019

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)
\$	18,519,511	13.35%	\$ 2,858
	19,274,687	13.94%	2,986
	20,192,035	17.69%	3,179
	20,778,316	20.02%	3,284
	21,522,159	21.07%	3,310
	22,028,528	18.06%	3,332
	22,882,253	18.30%	3,479
	23,785,473	20.33%	3,713
	24,931,688	16.37%	3,889
	25,805,335	16.37%	3,889

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)
2021	\$ 699,525	\$ -	\$ 699,525	0.17%	\$ 108
2020	1,097,706	-	1,097,706	0.28%	170
2019	1,495,887	-	1,495,887	0.38%	236
2018	1,894,068	-	1,894,068	0.48%	299
2017	2,292,249	-	2,292,249	0.59%	353
2016	2,690,430	-	2,690,430	0.63%	395
2015	3,088,611	-	3,088,611	0.73%	450
2014	3,486,792	-	3,486,792	0.76%	510
2013	4,198,774	-	4,198,774	0.91%	625
2012	4,377,636	-	4,377,636	0.90%	660

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

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

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

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

	Fiscal Year			
	2012	2013	2014	2015
Debt limit (1)	\$ 39,825,278	\$ 36,976,630	\$ 36,996,510	\$ 37,029,970
Total net debt applicable to limit (2)	<u>25,805,335</u>	<u>24,931,688</u>	<u>23,785,473</u>	<u>22,882,353</u>
Legal debt margin	<u>\$ 14,019,943</u>	<u>\$ 12,044,942</u>	<u>\$ 13,211,037</u>	<u>\$ 14,147,617</u>
Total net debt applicable to the limit as a percentage of debt limit	64.80%	67.43%	64.29%	61.79%

(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					
2016	2017	2018	2019	2020	2021
\$ 36,474,282	\$ 32,731,346	\$ 32,749,809	\$ 32,780,098	\$ 32,843,655	\$ 34,054,310
22,028,528	21,522,159	20,778,316	20,192,035	19,274,687	19,274,687
\$ 14,445,754	\$ 11,209,187	\$ 11,971,493	\$ 12,588,063	\$ 13,568,968	\$ 14,779,623
60.39%	65.75%	63.45%	61.60%	58.69%	56.60%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds (1)							
Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2021 (2)	\$ 1,253,254	\$ 1,138,561	\$ 114,693	\$ 229,849	\$ 299,050		21.69%
2020 (2)	1,107,618	1,286,170	(178,552)	218,940	309,953		-33.76%
2019 (2)	2,024,132	2,160,283	(136,151)	130,614	315,976		-30.49%
2018 (2)	2,050,364	1,886,186	164,178	148,509	322,088		34.89%
2017	2,045,288	1,919,514	125,774	195,081	329,004		24.00%
2016	2,065,614	1,926,450	139,164	188,768	337,798		26.43%
2015	2,113,865	1,767,302	346,563	178,349	345,431		66.17%
2014	2,064,255	1,777,994	286,261	172,201	333,967		56.55%
2013	2,014,987	1,689,750	325,237	125,258	403,401		61.52%
2012	1,975,335	1,664,180	311,155	299,091	333,964		49.15%

- (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	
\$	446,003	\$ 572,331	\$ (126,328)	\$ 327,679	\$ 408,355	-17.16%
	252,523	558,823	(306,300)	310,841	425,023	-41.62%
	303,096	509,167	(206,071)	276,542	439,832	-32.62%
	302,076	538,666	(236,590)	271,137	454,197	-32.62%
	331,646	523,001	(191,355)	267,165	538,778	-23.74%
	352,326	554,531	(202,205)	256,246	517,695	-26.13%
	385,443	523,442	(137,999)	239,408	610,843	-16.23%
	440,695	506,793	(66,098)	228,489	534,977	-8.66%
	471,948	508,621	(36,673)	213,380	551,935	-4.79%
	487,912	617,024	(129,112)	899,525	584,643	-8.70%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2021	6,479	\$ 138,773,701	\$ 21,419	35.5	948	4.20%
2020	6,454	138,238,226	21,419	35.5	876	6.40%
2019	6,351	114,121,119	17,969	36.4	894	3.10%
2018	6,327	103,794,435	16,405	35.1	923	4.10%
2017	6,502	102,126,914	15,707	38.1	997	5.20%
2016	6,817	119,024,820	17,460	38.1	966	5.20%
2015	6,867	126,716,751	18,453	36.8	1,046	6.40%
2014	6,836	129,979,704	19,014	36.8	1,046	6.30%
2013	6,714	122,651,352	18,268	36.8	1,198	7.70%
2012	6,636	157,624,908	23,753	37.6	1,198	7.40%

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 2021			Fiscal Year 2012		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Southern Virginia University	130	1	3.67%	225	1	6.86%
Modine	119	2	3.36%	174	2	5.31%
Munters Corp	97	3	2.74%	176	4	5.37%
Everbrite LLC	63	4	1.78%	99	6	3.02%
City of Buena Vista, VA	51	5	1.44%	77	8	2.35%
Buena Vista City Public Schools	41	6	1.16%	198	3	6.04%
Peoplink Staffing Solutions	37	7	1.05%	-	N/A	0.00%
Pro Careers	30	8	0.85%	-	N/A	0.00%
Advanced Drainage Systems	25	9	0.71%	43	10	1.31%
Food Lion	21	10	0.59%	-	N/A	0.00%
Totals	<u>614</u>		<u>17.35%</u>	<u>992</u>		<u>30.25%</u>

Source: BLS, VEC, Businesses

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	12	12	11	11	12	12	12	12	12	12
Judicial administration	8	8	8	8	8	8	9	9	9	9
Public safety										
Police department	16	15	15	15	15	17	18	18	18	18
Building inspections	1	1	1	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	1	0	0	0	0
Public works										
General maintenance	33	33	33	34	34	32	33	33	33	31
Culture and recreation										
Parks and recreation	5	5	3	4	4	4	4	5	5	4
Community development										
Planning	2	2	2	2	2	2	2	2	2	2
Totals	78	77	74	76	77	77	79	80	80	77

Source: Individual City departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Sheriffs department:										
Civil papers	4021	4004	4004	4004	4004	4004	4004	4004	4004	2385
Building inspections:										
Permits issued	61	66	61	71	71	61	55	77	119	95
Public works										
Landfill:										
Recycling (tons/year)	377	343	343	343	343	343	343	0	0	0
Community development										
Planning:										
Zoning permits issued	64	46	48	36	36	50	61	52	63	44
Component Unit - School Board										
Education:										
School age population	1,175	1,035	1,046	1,046	965	930	948	940	1,040	948
Number of teachers	88	86	80	80	79	75	77	70	72	65
Local expenditures per pupil	\$ 2,114	\$ 1,944	\$ 9,238	\$ 9,709	\$ 9,709	\$ 9,709	\$ 3,343	\$ 1,879	\$ 2,021	2463

Source: Individual City departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration buildings	18	18	18	18	18	18	18	18	18	18
Vehicles	1	1	1	1	1	1	1	1	1	1
Public safety										
Police department:										
Patrol units	19	19	16	16	16	21	21	21	21	21
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	28	29	30	27	27	28	28	28	28	28
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	5	6	6	6	6	6	6	6
Parks acreage	615	615	615	615	615	615	615	615	615	615
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	4	4	4	4	4	4	4	4	4	4
School buses	13	12	12	12	12	12	12	12	12	12

Source: Individual City departments

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Cities*, 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 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, 2021, 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 22, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 22, 2021



**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, 2021. 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 22, 2021

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not available	\$ 1,436
Temporary Assistance for Needy Families	93.558	Not available	10,872
Foster Care - Title IV-E	93.658	Not available	64,685
Adoption Assistance	93.659	Not available	90,667
Social Services Block Grant	93.667	Not available	38,927
Total Department of Health and Human Services			\$ 206,587
Department of Treasury			
Pass Through Payments:			
Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0218	\$ 926,765
Total Department of Treasury			\$ 926,765
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	Not available	\$ 51,207
Department of Education:			
National School Lunch Program	10.555	Not available	3,162
Total AL 10.555			\$ 54,369
COVID19 School Breakfast Program	10.553	202020N85034 1	\$ 359
Summer Food Service Program for Children	10.559	Not available	\$ 636,297
Department of Agriculture:			
Food Distribution	10.559	Not available	1,118
Total AL 10.559			\$ 637,415
Total Child Nutrition Cluster			\$ 692,143
Total Department of Agriculture			\$ 692,143
Environmental Protection Agency			
Pass Through Payments:			
Virginia Department of Forestry			
Chesapeake Bay Program	66.466	Not available	\$ 1,093
Total Environmental Protection Agency			\$ 1,093
Department of Housing and Urban Development			
Pass Through Payments:			
Virginia Department of Housing and Community Development			
Community Development Block Grants/State's Program			
and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 46,853
Total Department of Housing and Urban Development			\$ 46,853
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	Not available	\$ 48,248
Total Department of Justice			\$ 48,248
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not available	\$ 7,088
Total Department of Homeland Security			\$ 7,088
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Not available	\$ 525
Alcohol Open Container Requirements	20.607	Not available	560
Total Department of Transportation			\$ 1,085

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Election Assistance Commission			
Pass Through Payments:			
Department of Elections:			
COVID-19 - HAVA Election Security Grants	90.404	Not available	\$ 35,948
Total Election Assistance Commission			\$ 35,948
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A180046	\$ 246,433
Career and Technical Education - Basic Grants to States	84.038	V048A200046	17,593
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	H027A190107	182,119
Title VI-B: Special Education - Preschool Grants	84.173	H173A190112	8,350
Total Special Education Cluster			\$ 190,469
Twenty-first Century Community Learning Centers	84.287	S287C190047	\$ 83,682
Student Support and Academic Enrichment Program	84.424	S424A180048	18,060
Rural Education	84.358	S358B190046	7,887
Supporting Effective Instruction State Grants	84.367	S367A190044	14,642
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	\$ 239,199
Governor's Emergency Education Relief Fund	84.425C	S425C200042	135,700
Subtotal Education Stabilization Fund			\$ 374,899
Total Department of Education			\$ 953,665
Total Expenditures of Federal Awards			\$ 2,919,475

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, 2021. 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	\$ 1,094,908
Enterprise funds	31,212
Total primary government	\$ 1,126,120
Discretely presented component unit - School Board:	
School operating fund	\$ 1,101,212
School cafeteria fund	692,143
Total discretely presented component unit - School Board	\$ 1,793,355

Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 2,919,475
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CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x no

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

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

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
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21.019	 Coronavirus Relief Fund
84.425	 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Status of Prior Year Audit Findings

None