

CITY OF BUENA VISTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022



CITY OF BUENA VISTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2022**

Prepared by

Charles Clemmer, Director of Finance

Buena Vista, Virginia

**CITY OF BUENA VISTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022**

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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 30, 2022

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, 2022.

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, 2022. 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. 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 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 on the department level and the budget 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.

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 3,294 with 3,204 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 1,170 students in the 2021-22 school year. Students from SVU were responsible for several volunteer projects within the City this year. These projects included painting the municipal parking lot, landscaping, and clearing hiking trails at Glen Maury Park. SVU also continues to be one of the City's top employers.

In 2022, the City continued to develop the Town Square. This year it hosted a weekly farmer's market comprised of various local vendors selling a wide variety of goods including produce, baked goods, vegan products and local souvenirs. Town square was also home to movies on the lawn, seasonal gatherings and art classes. Local artist, Lisa Floyd, completed several murals for landmark businesses within Buena Vista. This year four new businesses opened their doors— Earth Magic Recycling, Fit Time Fitness, Synergy Rehab & Wellness, and Katana Sushi and Hibachi On Wheels. The owners of Original Italian Restaurant retired, and the restaurant reopened under new ownership in early 2022. Becky's Bridal and Formal renovated and moved to its new location on Sycamore Avenue.

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.

This year the City entered into a Settlement Agreement with ACA Financial resolving all issues associated with the financing of Vista Links Golf Course. The ACA released any claims it has against the City and City property and the golf course was transferred to them. The golf course ended operations in March 2022 and the City found positions at Glen Maury Park for the remaining employees.

The City received a Community Development Block Grant totaling \$1,000,000 in 2021. This grant is set to provide funding for wayfinding signage, downtown streetscape enhancements and façade improvement grants for buildings in the downtown area. The Façade Improvement Program helps facilitate a partnership between business owners and the City to improve the appearance of their buildings downtown with the objective of beautifying the area. The City is in the process of obtaining bids for vendors to facilitate these improvements. Buena Vista was also the recipient of a grant from the Carilion Community Health Foundation. This grant along with additional funding from City Council will be used to purchase new playground equipment at Glen Maury Park.

In 2022 the City received almost \$8,000,000 in American Rescue Plan (ARP) funding. So far, we have used these funds to address long needed infrastructure modernizations and equipment upgrades. The City also used some of this funding to support improvements in Glen Maury Park and the Main Street Buena Vista Program.

This year the City launched the Main Street Buena Vista Program (MSBV). This pilot program is set to further the economic vibrancy in downtown Buena Vista through many different avenues. MSBV is supporting the efforts to revitalize downtown Buena Vista through initiatives related to downtown transformation, event planning, promotional engagement, and organizing citizens to assist with the program. This year MSBV has supported the development of the Virginia Innovation Accelerator which offers small scale manufacturing and business incubation. The Main Street Buena Vista Program also aided in Mountain Gateway Community College's development of the former Ford dealership into the Wilson Workforce and Entrepreneurship Center. Mountain Gateway received a \$3,000,000 grant from the Economic Development Authority to complete the first phase of construction for the Wilson Workforce and Entrepreneurship Center.

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, 2022. 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,

A handwritten signature in cursive script that reads "Charles Clemmer".

Charles Clemmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Buena Vista
Virginia**

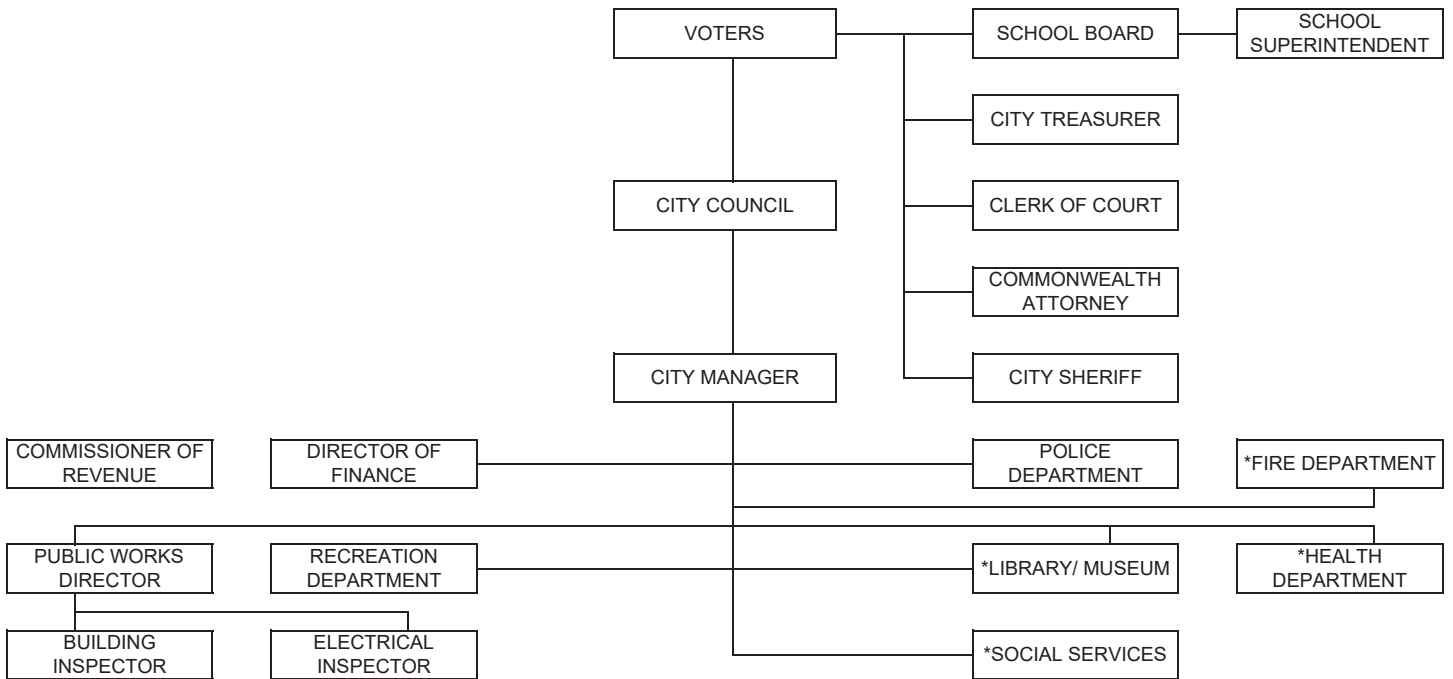
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

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, 2022**

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, and each major fund and the aggregate remaining fund information of the City of Buena Vista, Virginia, as of and for the year ended June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Buena Vista, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Buena Vista, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Buena Vista, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Buena Vista, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents to 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 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 accompanying other supplementary information and schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic 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 schedules of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, 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 the City of Buena Vista, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 30, 2022

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, 2022. 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 \$6,225,200 (net position). The governmental activities total net position increased \$2,085,971 from the prior fiscal year largely due to the increase in assets and a decrease in liabilities.

As of the close of the current fiscal year, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,791,924 an increase of \$568,257 in comparison with the prior year. Of this amount, \$2,457,487 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 an increase in property values, an increase in state funds as a result of sales tax revenue increasing, and in federal revenue received from the ARP Act.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,457,487, or 16 percent of total General Fund expenditures.

The City of Buena Vista's primary government long-term liabilities decreased by \$3,542,485. The Long-term debt retirements included the Literary Loan for the building of Parry McCluer High that was reduced by \$375,000, this was the final payment on this loan. Also, the 2.5 million-dollar loans to finance the Dabney Lancaster Community College educational satellite were reduced by \$79,057. The City also paid \$23,181 for a loan on a medical building. The total long-term debt for the City stands at \$21,427,850. Of this amount, there is a charge of \$1,547,789 for Other Postemployment Benefits. This charge is an actuarial estimate of the costs of future retiree benefits. Also included in long-term indebtedness is \$351,097 for employee compensated absences. The amount of pension liability is \$1,548,682, a decrease of \$3,258,954. Please see Note 11 for further explanation on the change in pension liability.

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 2022 General Fund Budget was \$15,592,237. The City's primary goal is to continue to increase the fund balance. Some areas of the budget include increases to account for ARP Act spending to modernize aging infrastructure and public works equipment.

The budget for comprehensive services health/welfare programs remained the same and additional funds were budgeted for the Regional Jail; these are uncontrollable regional expenses. The real estate rate remained the same at \$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 \$6,225,200 at the close of fiscal year 2022 for the primary government.

The City of Buena Vista's governmental activities net investment in capital assets of \$10,902,760 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 \$2,085,971 during FY 2022. 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, 2022, and June 30, 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and						
other assets	\$ 10,074,298	\$ 9,414,183	\$ 2,656,918	\$ 2,444,593	\$ 12,731,216	\$ 11,858,776
Capital Assets	13,712,660	12,877,120	12,467,903	12,819,388	26,180,563	25,696,508
Total Assets	\$ 23,786,958	22,291,303	\$ 15,124,821	- 15,263,981	\$ 38,911,779	\$ 37,555,284
Deferred Outflows	\$ 1,344,848	1,301,049	347,122	349,771	1,691,970	1,650,820
Long-term						
Liabilities	\$ 5,729,237	\$ 8,362,563	\$ 15,698,613	\$ 16,607,772	\$ 21,427,850	\$ 24,970,335
Other liabilities	4,087,529	5,300,926	3,828,496	3,461,389	7,916,025	8,762,315
Total Liabilities	9,816,766	13,663,489	\$ 19,527,109	- 20,069,161	\$ 29,343,875	\$ 33,732,650
Deferred inflows of resources	\$ 4,456,232	\$ 1,256,681	\$ 578,442	\$ 77,544	\$ 5,034,674	\$ 1,334,225
Net Position:						
Net investment in capital assets	\$ 10,902,760	\$ 9,808,390	\$ (2,702,479)	\$ (1,429,450)	\$ 8,200,281	\$ 8,378,940
Restricted	185,231	184,533	1,029,776	633,852	1,215,007	818,385
Unrestricted (deficit)	(229,183)	(1,320,741)	(2,960,905)	(3,737,355)	(3,190,088)	(5,058,096)
Total Net Position	\$ 10,858,808	\$ 8,672,182	\$ (4,633,608)	\$ (4,532,953)	\$ 6,225,200	\$ 4,139,229

Governmental Activities. Net position of governmental activities increased for the City of Buena Vista by \$2,186,626 for FY 2022, while net position of business-type activities decreased \$100,655 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, 2022 AND JUNE 30, 2021**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 1,072,038	\$ 873,759	\$ 2,645,184	\$ 2,752,110	\$ 3,717,222	\$ 3,625,869
Operating grants	6,651,835	5,220,710	7,424	31,212	6,659,259	5,251,922
Capital grants	-	-	-	-	-	-
General Revenues:						
Property taxes	6,871,692	6,592,574	-	-	6,871,692	6,592,574
Other taxes	1,732,834	1,707,918	-	-	1,732,834	1,707,918
Grants and contributions not restricted to specific programs	896,113	911,217	-	-	896,113	911,217
Use of money and property	260,138	274,265	159	48	260,297	274,313
Miscellaneous	238,755	214,309	16	179	238,771	214,488
Total Revenue	\$ 17,723,405	15,794,752	\$ 2,652,783	2,783,549	\$ 20,376,188	\$ 18,578,301
Expenses:						
General Government						
admin	\$ 1,727,240	\$ 1,795,707	\$ -	\$ -	\$ 1,727,240	\$ 1,795,707
Judicial Admin	1,017,867	1,019,950	-	-	1,017,867	1,019,950
Public Safety	3,239,319	3,316,903	-	-	3,239,319	3,316,903
Public works	2,480,331	2,672,139	-	-	2,480,331	2,672,139
Health and Welfare	2,103,375	2,466,902	-	-	2,103,375	2,466,902
Education	2,878,417	2,275,851	-	-	2,878,417	2,275,851
Parks, Recreation, Culture	704,206	518,058	-	-	704,206	518,058
Community Development	538,074	628,416	-	-	538,074	628,416
Interest on long-term debt	122,113	139,701	-	-	122,113	139,701
Water	-	-	1,424,593	1,433,945	1,424,593	1,433,945
Sewer	-	-	1,112,872	1,048,050	1,112,872	1,048,050
Golf Course	-	-	941,810	1,064,944	941,810	1,064,944
Total Expenses	\$ 14,810,942	\$ 14,833,627	\$ 3,479,275	3,546,939	\$ 18,290,217	\$ 18,380,566
Increase (decrease) in net position before transfers	\$ 2,912,463	\$ 961,125	\$ (826,492)	(763,390)	\$ 2,085,971	\$ 197,735
Transfers	(725,837)	(118,470)	725,837	118,470	-	-
Increase (decrease) in net position	\$ 2,186,626	\$ 842,655	\$ (100,655)	(644,920)	\$ 2,085,971	\$ 197,735
Net position, beginning	8,672,182	7,829,527	(4,532,953)	(3,888,033)	4,139,229	3,941,494
Net position, ending	\$ 10,858,808	\$ 8,672,182	\$ (4,633,608)	(4,532,953)	\$ 6,225,200	\$ 4,139,229

Governmental Activities

Key factors contributing to the increase of \$2,186,626 in net position for governmental activities were:

- The City had an increase in revenue of \$1,928,653. Most of the increase can be attributed to the \$1,431,125 in operating grants which includes the ARP Act funds used to acquire much need equipment. Also, General property tax revenue increased by \$279,118 primarily due to the increase in property values. In addition, while regional jail expenditures remained the same, there was a continued decrease in health/welfare expenditures due to the long-term impact of COVID-19.
- The City's total Liabilities saw a decrease primarily due to the retirement of the Literary Loan and a \$2,702,821 change in accounting for net pension liability (Please see note 11 for additional information on the pension calculation).

Business-type Activities

The City reached a settlement with ACA Financial Guaranty Corporation regarding the default on the lease revenue bonds issued in 2005 to fund the Vista Links Golf Course. Included in the settlement is the City's release and forever discharge of any and all claims concerning the bonds. The golf course ceased operations in March 2022. The closing of this settlement will take place in FY23. Please see the Note 24 for additional information.

The Golf Course Fund received a transfer from the General Fund (Governmental Activities) in the amount of \$725,837. This is more than the \$118,470 that was transferred in FY 2021. Prior to this transfer, net position of the golf course business-type activity decreased by \$721,035. 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 \$100,655, corresponding with the cease of operations in the Golf Course in March. 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 \$6,828,200. 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 \$7,580,413. For the fiscal budget 2022, the City council did not appropriate funds for the debt service.
- The Water Fund posted a decrease in net position of \$102,710 for the fiscal year, in FY 2021 net position decreased by \$149,431. The water rate remained the same at \$8.58 per 1000 gallons.
- The Sewer Fund posted a decrease in net position of \$2,747. The sewer rate remained the same at \$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 2022, the City of Buena Vista's governmental funds reported combined ending fund balances of \$2,791,924 an increase of \$568,257 in comparison with the prior year. The increase was the increase in revenue from General Property Taxes and ARP Act Funding as well as a decrease in health/welfare expenditures due to the impact of COVID-19. Approximately 88% or \$2,457,487 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 2022, unassigned fund balance of the general fund was \$2,457,487. 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 16% 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 \$102,710. The ending net position for FY22 is \$612,150. The City's Water rates remained \$8.58 per 1000 gallons in FY22
- The Sewer fund had a decrease in net position of \$2,747. The ending net position for FY22 is \$851,803. The City's Sewer rates remained \$8.54 per 1000 gallons in FY22
- The golf course has been subsidized by the general fund since it began operation. This has resulted in net position of (6,097,561) in FY22.

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 FY22.

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, 2022, amounts to \$26,180,563 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure. The total increase in the City of Buena Vista's capital assets for FY 2022 was \$484,055 or 2%. The main reason for this increase was the acquisition of new equipment to replace antiquated assets.

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.

CITY OF BUENA VISTA'S CAPITAL ASSETS NET OF DEPRECIATION FOR YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
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	7,621,663	7,613,049	361,397	376,984	7,983,060	7,990,033
Infrastructure	2,358,321	2,463,264	10,443,277	10,837,813	12,801,598	13,301,077
Lease equipment	81,747	-	-	-	81,747	-
Machinery & Equipment	1,504,281	638,221	298,329	239,691	1,802,610	877,912
Total	\$ 13,712,660	\$ 12,877,120	\$ 12,467,903	\$ 12,819,388	\$ 26,180,563	\$ 25,696,508

Long – term liabilities. At the end of FY 2022, the City of Buena Vista's primary government had total long-term liabilities outstanding of \$21,427,850. This represents a decrease of \$3,538,822 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, 2022 AND JUNE 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 301,344	\$ 324,525	\$ -	\$ -	\$ 301,344	\$ 324,525
Lease-Revenue Bonds			10,785,042	10,850,441	10,785,042	10,850,441
Revenue Bonds	-	-	3,183,500	3,398,500	3,183,500	3,398,500
Literary Loans		375,000	-	-	-	375,000
Lease Liabilities	82,408				82,408	
Notes Payable	323,446	187,446	-	-	323,446	187,446
Loan Payable	2,102,702	2,181,759	1,201,840	1,201,840	3,304,542	3,383,599
Net OPEB Liabilities	1,332,202	1,080,124	215,587	233,586	1,547,789	1,313,710
Compensated absences	315,768	239,521	35,329	89,957	351,097	329,478
Net Pension Liability	1,271,367	3,974,188	277,315	833,448	1,548,682	4,807,636
Total	\$ 5,729,237	\$ 8,362,563	\$ 15,698,613	\$ 16,607,772	\$ 21,427,850	\$ 24,970,335

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 \$34,113,225.

Next Year's Budgets and Rates

The following factors were considered in preparing the City of Buena Vista's budget for FY 2023.

- 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 ARP 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 Vista Links Golf course ceased operations in March 2022. Funds were not appropriated for golf operations in FY23. Workers were relocated to parks and recreation with additional fundings appropriated to that department to accommodate the personnel changes.
- 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2022

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 5,352,639	\$ 1,285,035	\$ 6,637,674	\$ 1,942,705	\$ -
Investments	-	-	-	334,436	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,125,437	-	2,125,437	-	-
Accounts receivable	301,044	426,242	727,286	-	-
Leases receivable	776,318	-	776,318	-	-
Due from other governmental units	1,119,168	-	1,119,168	491,426	-
Due from component unit	48,917	-	48,917	-	-
Internal balances	86,087	(86,087)	-	-	-
Inventories	38,397	-	38,397	23,415	-
Accrued interest receivable	1,680	-	1,680	-	-
Prepaid items	105,072	1,952	107,024	69,777	-
Restricted assets:					
Cash and cash equivalents	119,539	516,491	636,030	-	-
Cash and cash equivalents (in custody of others)	-	513,285	513,285	-	-
Net pension asset	-	-	-	440,497	-
Capital assets (net of accumulated depreciation):					
Land	2,146,648	1,364,900	3,511,548	4,634	1,107,200
Buildings and improvements	7,621,663	361,397	7,983,060	3,167,657	-
Machinery and equipment	1,504,281	298,329	1,802,610	1,122,824	-
Infrastructure	2,358,321	10,443,277	12,801,598	-	819,317
Construction in progress	-	-	-	90,995	-
Lease assets	81,747	-	81,747	60,828	-
Total assets	\$ 23,786,958	\$ 15,124,821	\$ 38,911,779	\$ 7,749,194	\$ 1,926,517
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,023,077	\$ 295,416	\$ 1,318,493	\$ 1,604,872	\$ -
OPEB related items	321,771	51,706	373,477	1,568,005	-
Total deferred outflows of resources	\$ 1,344,848	\$ 347,122	\$ 1,691,970	\$ 3,172,877	\$ -
LIABILITIES					
Accounts payable	\$ 883,998	\$ 58,253	\$ 942,251	\$ 665,440	\$ -
Accrued liabilities	67,976	12,553	80,529	773,828	-
Accrued interest payable	3,663	3,674,065	3,677,728	791	-
Due to other governmental units	108,389	-	108,389	-	-
Due to primary government	-	-	-	48,917	-
Deposits held in escrow	-	83,625	83,625	-	-
Unearned revenue	3,023,503	-	3,023,503	200,000	-
Long-term liabilities:					
Due within one year	500,493	9,756,717	10,257,210	162,693	-
Due in more than one year	5,228,744	5,941,896	11,170,640	7,319,616	-
Total liabilities	\$ 9,816,766	\$ 19,527,109	\$ 29,343,875	\$ 9,171,285	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 2,341,407	\$ 547,812	\$ 2,889,219	\$ 4,310,327	\$ -
OPEB related items	168,739	30,630	199,369	418,586	-
Deferred revenue - property taxes	1,175,048	-	1,175,048	-	-
Lease related	771,038	-	771,038	-	-
Total deferred inflows of resources	\$ 4,456,232	\$ 578,442	\$ 5,034,674	\$ 4,728,913	\$ -
NET POSITION					
Net investment in capital assets	\$ 10,902,760	\$ (2,702,479)	\$ 8,200,281	\$ 4,380,579	\$ 1,926,517
Restricted:					
Employee pensions	-	-	-	440,497	-
Community development block grant	65,692	-	65,692	-	-
Repayment of loans payable	119,539	1,029,776	1,149,315	-	-
Unrestricted (deficit)	(229,183)	(2,960,905)	(3,190,088)	(7,799,203)	-
Total net position	\$ 10,858,808	\$ (4,633,608)	\$ 6,225,200	\$ (2,978,127)	\$ 1,926,517

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,727,240	\$ 153,098	\$ 622,552	\$ -
Judicial administration	1,017,867	1,863	582,839	-
Public safety	3,239,319	49,606	1,352,308	-
Public works	2,480,331	769,251	2,423,009	-
Health and welfare	2,103,375	-	1,505,560	-
Education	2,878,417	-	-	-
Parks, recreation, and cultural	704,206	98,220	124,350	-
Community development	538,074	-	41,217	-
Interest on long-term debt	122,113	-	-	-
Total governmental activities	<u>\$ 14,810,942</u>	<u>\$ 1,072,038</u>	<u>\$ 6,651,835</u>	<u>\$ -</u>
Business-type activities:				
Water	\$ 1,424,593	\$ 1,314,329	\$ 7,424	\$ -
Sewer	1,112,872	1,110,125	-	-
Golf Course	941,810	220,730	-	-
Total business-type activities	<u>\$ 3,479,275</u>	<u>\$ 2,645,184</u>	<u>\$ 7,424</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 18,290,217</u></u>	<u><u>\$ 3,717,222</u></u>	<u><u>\$ 6,659,259</u></u>	<u><u>\$ -</u></u>
COMPONENT UNITS:				
School Board	\$ 11,656,122	\$ 98,429	\$ 10,711,192	\$ -
EDA	21,561	-	-	-
Total component units	<u>\$ 11,677,683</u>	<u>\$ 98,429</u>	<u>\$ 10,711,192</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
- 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	
\$ (951,590)	\$ -	\$ (951,590)	\$ -	\$ -	
(433,165)	-	(433,165)	-	-	
(1,837,405)	-	(1,837,405)	-	-	
711,929	-	711,929	-	-	
(597,815)	-	(597,815)	-	-	
(2,878,417)	-	(2,878,417)	-	-	
(481,636)	-	(481,636)	-	-	
(496,857)	-	(496,857)	-	-	
(122,113)	-	(122,113)	-	-	
<u>\$ (7,087,069)</u>	<u>\$ -</u>	<u>\$ (7,087,069)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (102,840)	\$ (102,840)	\$ -	\$ -	
-	(2,747)	(2,747)	-	-	
-	(721,080)	(721,080)	-	-	
<u>\$ -</u>	<u>\$ (826,667)</u>	<u>\$ (826,667)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (7,087,069)</u>	<u>\$ (826,667)</u>	<u>\$ (7,913,736)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	(846,501)	\$ -	
-	-	-	-	(21,561)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(846,501)</u>	<u>\$ (21,561)</u>	
\$ 6,871,692	\$ -	\$ 6,871,692	\$ -	\$ -	
518,437	-	518,437	-	-	
263,567	-	263,567	-	-	
387,636	-	387,636	-	-	
186,455	-	186,455	-	-	
142,274	-	142,274	-	-	
234,465	-	234,465	-	-	
260,138	159	260,297	(20,601)	-	
238,755	16	238,771	362,958	-	
896,113	-	896,113	2,791,910	-	
(725,837)	725,837	-	-	-	
<u>\$ 9,273,695</u>	<u>\$ 726,012</u>	<u>\$ 9,999,707</u>	<u>\$ 3,134,267</u>	<u>\$ -</u>	
\$ 2,186,626	\$ (100,655)	\$ 2,085,971	\$ 2,287,766	\$ (21,561)	
8,672,182	(4,532,953)	4,139,229	(5,265,893)	1,948,078	
<u>\$ 10,858,808</u>	<u>\$ (4,633,608)</u>	<u>\$ 6,225,200</u>	<u>\$ (2,978,127)</u>	<u>\$ 1,926,517</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2022

	General	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 5,283,914	\$ 68,725	\$ 5,352,639
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,125,437	-	2,125,437
Accounts receivable	274,208	26,836	301,044
Leases receivable	776,318	-	776,318
Accrued interest receivable	1,680	-	1,680
Due from other funds	61,214	24,873	86,087
Due from component unit	48,917	-	48,917
Due from other governmental units	1,119,168	-	1,119,168
Inventories	38,397	-	38,397
Prepaid items	105,072	-	105,072
Restricted assets:			
Cash and cash equivalents	119,539	-	119,539
Total assets	<u>\$ 9,953,864</u>	<u>\$ 120,434</u>	<u>\$ 10,074,298</u>
LIABILITIES			
Accounts payable	\$ 849,076	\$ 34,922	\$ 883,998
Accrued liabilities	53,893	14,083	67,976
Due to other governmental units	108,389	-	108,389
Unearned revenue	3,023,503	-	3,023,503
Total liabilities	<u>\$ 4,034,861</u>	<u>\$ 49,005</u>	<u>\$ 4,083,866</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 2,339,330	\$ -	\$ 2,339,330
Unavailable revenue - opioid settlement	88,140	-	88,140
Lease related items	771,038	-	771,038
Total Deferred Inflows of Resources	<u>\$ 3,198,508</u>	<u>\$ -</u>	<u>\$ 3,198,508</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	\$ 105,072	\$ -	\$ 105,072
Inventory	38,397	-	38,397
Restricted:			
Repayment of loans payable	119,539	-	119,539
Community development block grant	-	65,692	65,692
Assigned:			
Senior Center	-	14,984	14,984
Green Hill Cemetary	-	3,690	3,690
Parks and recreation	-	(12,937)	(12,937)
Unassigned	2,457,487	-	2,457,487
Total fund balances	<u>\$ 2,720,495</u>	<u>\$ 71,429</u>	<u>\$ 2,791,924</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,953,864</u>	<u>\$ 120,434</u>	<u>\$ 10,074,298</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	2,791,924
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		7,621,663	
Machinery and equipment		1,504,281	
Infrastructure		2,358,321	
Lease equipment		<u>81,747</u>	
			13,712,660
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	\$	1,164,282	
Deferred revenue - opioid settlement		<u>88,140</u>	
			1,252,422
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds			
Pension related items	\$	1,023,077	
OPEB related items		<u>321,771</u>	
			1,344,848
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	\$	(301,344)	
Accrued interest payable		(3,663)	
Notes payable		(323,446)	
Loans payable		(2,102,702)	
Lease liabilities		(82,408)	
Compensated absences		(315,768)	
Net pension liability		(1,271,367)	
Net OPEB liability		<u>(1,332,202)</u>	
			(5,732,900)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,341,407)	
OPEB related items		<u>(168,739)</u>	
			(2,510,146)
Net position of governmental activities		\$	<u><u>10,858,808</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, 2022

	General	School Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 6,605,823	\$ -	\$ -	\$ 6,605,823
Other local taxes	1,732,834	-	-	1,732,834
Permits, privilege fees, and regulatory licenses	42,498	-	-	42,498
Fines and forfeitures	33,944	-	-	33,944
Revenue from the use of money and property	61,252	18,508	180,378	260,138
Charges for services	808,652	-	43,120	851,772
Miscellaneous	252,269	-	42,170	294,439
Recovered costs	92,643	-	13,956	106,599
Intergovernmental:				
Local government	-	252,792	-	252,792
Commonwealth	5,092,249	-	-	5,092,249
Federal	2,202,907	-	-	2,202,907
Total revenues	\$ 16,925,071	\$ 271,300	\$ 279,624	\$ 17,475,995
EXPENDITURES				
Current:				
General government administration	\$ 1,602,255	\$ -	\$ -	\$ 1,602,255
Judicial administration	1,043,350	-	-	1,043,350
Public safety	3,544,076	-	-	3,544,076
Public works	3,175,948	-	-	3,175,948
Health and welfare	2,180,092	-	8,071	2,188,163
Education	2,828,318	-	-	2,828,318
Parks, recreation, and cultural	142,345	-	622,063	764,408
Community development	565,873	-	-	565,873
Debt service:				
Principal retirement	128,027	505,347	-	633,374
Interest and other fiscal charges	95,562	32,710	-	128,272
Total expenditures	\$ 15,305,846	\$ 538,057	\$ 630,134	\$ 16,474,037
Excess (deficiency) of revenues over (under) expenditures	\$ 1,619,225	\$ (266,757)	\$ (350,510)	\$ 1,001,958
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,876	\$ 266,757	\$ 346,050	\$ 619,683
Transfers out	(1,338,644)	-	(6,876)	(1,345,520)
Issuance of long-term debt	292,136	-	-	292,136
Total other financing sources (uses)	\$ (1,039,632)	\$ 266,757	\$ 339,174	\$ (433,701)
Net change in fund balances	\$ 579,593	\$ -	\$ (11,336)	\$ 568,257
Fund balances - beginning	2,140,902	-	82,765	2,223,667
Fund balances - ending	\$ 2,720,495	\$ -	\$ 71,429	\$ 2,791,924

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, 2022

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

Net change in fund balances - total governmental funds	\$	568,257
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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/amortization expense. This is the amount by which depreciation/amortization exceeded the capital outlays in the current period.

Capital outlays	\$	1,294,062	
Depreciation/amortization expense		<u>(572,858)</u>	721,204

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

Property taxes	\$	265,869	
Opioid settlement		<u>88,140</u>	354,009

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	\$	676,748	
Issuance of leases		(11,446)	
Issuance of notes payable		<u>(292,136)</u>	373,166

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	\$	(76,247)	
Change in accrued interest		7,567	
Pension expense		320,365	
OPEB expense		<u>(81,695)</u>	169,990

Change in net position of governmental activities	\$	<u><u>2,186,626</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, 2022

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 717,454	\$ 560,791	\$ 6,790	\$ 1,285,035
Accounts receivable, net of allowance for uncollectibles	259,636	166,606	-	426,242
Prepaid expenses	-	1,952	-	1,952
Total current assets	<u>\$ 977,090</u>	<u>\$ 729,349</u>	<u>\$ 6,790</u>	<u>\$ 1,713,229</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	\$ 516,491	\$ -	\$ -	\$ 516,491
Cash and cash equivalents (in custody of others)	-	-	513,285	513,285
Total restricted assets	<u>\$ 516,491</u>	<u>\$ -</u>	<u>\$ 513,285</u>	<u>\$ 1,029,776</u>
Capital assets:				
Land	\$ -	\$ -	\$ 1,364,900	\$ 1,364,900
Buildings	-	-	722,543	722,543
Equipment	526,769	276,701	482,472	1,285,942
Infrastructure	14,876,753	1,833,038	5,854,800	22,564,591
Accumulated depreciation	(10,666,729)	(1,602,881)	(1,200,463)	(13,470,073)
Total capital assets	<u>\$ 4,736,793</u>	<u>\$ 506,858</u>	<u>\$ 7,224,252</u>	<u>\$ 12,467,903</u>
Total noncurrent assets	<u>\$ 5,253,284</u>	<u>\$ 506,858</u>	<u>\$ 7,737,537</u>	<u>\$ 13,497,679</u>
Total assets	<u>\$ 6,230,374</u>	<u>\$ 1,236,207</u>	<u>\$ 7,744,327</u>	<u>\$ 15,210,908</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 64,708	\$ 149,563	\$ 81,145	\$ 295,416
OPEB related items	21,160	17,128	13,418	51,706
Total deferred outflows of resources	<u>\$ 85,868</u>	<u>\$ 166,691</u>	<u>\$ 94,563</u>	<u>\$ 347,122</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 19,887	\$ 35,227	\$ 3,139	\$ 58,253
Accrued liabilities	4,525	8,028	-	12,553
Due to other funds	14,475	12,248	59,364	86,087
Accrued interest payable	71,428	-	3,602,637	3,674,065
Customer deposits	83,625	-	-	83,625
Bonds payable - current portion	252,025	-	8,276,355	8,528,380
Leases and other obligations - current portion	-	-	1,201,840	1,201,840
Compensated absences - current portion	9,906	16,591	-	26,497
Total current liabilities	<u>\$ 455,871</u>	<u>\$ 72,094</u>	<u>\$ 13,143,335</u>	<u>\$ 13,671,300</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 4,896,390	\$ -	\$ 543,772	\$ 5,440,162
Net OPEB liabilities	87,459	72,309	55,819	215,587
Compensated absences - net of current portion	3,302	5,530	-	8,832
Net pension liability	76,601	134,917	65,797	277,315
Total noncurrent liabilities	<u>\$ 5,063,752</u>	<u>\$ 212,756</u>	<u>\$ 665,388</u>	<u>\$ 5,941,896</u>
Total liabilities	<u>\$ 5,519,623</u>	<u>\$ 284,850</u>	<u>\$ 13,808,723</u>	<u>\$ 19,613,196</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 173,710	\$ 254,026	\$ 120,076	\$ 547,812
OPEB related items	10,759	12,219	7,652	30,630
Total deferred inflows of resources	<u>\$ 184,469</u>	<u>\$ 266,245</u>	<u>\$ 127,728</u>	<u>\$ 578,442</u>
NET POSITION				
Net investment in capital assets	\$ (411,622)	\$ 506,858	\$ (2,797,715)	\$ (2,702,479)
Restricted for debt service and bond covenants	516,491	-	513,285	1,029,776
Unrestricted	507,281	344,945	(3,813,131)	(2,960,905)
Total net position	<u>\$ 612,150</u>	<u>\$ 851,803</u>	<u>\$ (6,097,561)</u>	<u>\$ (4,633,608)</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, 2022

	Enterprise Funds			
	Water Fund	Sewer Fund	Golf Course	Total
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 1,188,952	\$ -	\$ -	\$ 1,188,952
Sewer revenues	-	1,104,325	-	1,104,325
Penalties	49,789	-	-	49,789
Course fees	-	-	120,111	120,111
Golf cart rentals	-	-	63,297	63,297
Golf clubs and balls	-	-	20,198	20,198
Meter service charges	46,803	-	-	46,803
Reconnection fees and other charges	28,785	5,800	-	34,585
Food and beverage sales	-	-	17,124	17,124
Miscellaneous	-	-	16	16
Total operating revenues	\$ 1,314,329	\$ 1,110,125	\$ 220,746	\$ 2,645,200
OPERATING EXPENSES				
Personal services	\$ 209,852	\$ 366,532	\$ 154,722	\$ 731,106
Fringe benefits	91,089	124,859	70,517	286,465
Contractual services	104,996	4,490	-	109,486
Other charges	350,779	552,938	145,599	1,049,316
Depreciation	384,065	64,053	49,590	497,708
Rentals and leases	-	-	30,740	30,740
Total operating expenses	\$ 1,140,781	\$ 1,112,872	\$ 451,168	\$ 2,704,821
Operating income (loss)	\$ 173,548	\$ (2,747)	\$ (230,422)	\$ (59,621)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	\$ 130	\$ -	\$ 29	\$ 159
CARES act municipal relief grant	7,424	-	-	7,424
Interest expense	(283,812)	-	(490,642)	(774,454)
Total nonoperating revenues (expenses)	\$ (276,258)	\$ -	\$ (490,613)	\$ (766,871)
Income before transfers	\$ (102,710)	\$ (2,747)	\$ (721,035)	\$ (826,492)
Transfers in	\$ -	\$ -	\$ 725,837	\$ 725,837
Change in net position	\$ (102,710)	\$ (2,747)	\$ 4,802	\$ (100,655)
Net position - beginning	714,860	854,550	(6,102,363)	(4,532,953)
Net position - ending	\$ 612,150	\$ 851,803	\$ (6,097,561)	\$ (4,633,608)

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Enterprise Funds			
	Water Fund	Sewer Course	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,320,399	\$ 1,107,733	\$ 224,207	\$ 2,652,339
Payments to suppliers	(485,512)	(593,283)	(189,226)	(1,268,021)
Payments to employees	(329,711)	(532,337)	(287,017)	(1,149,065)
Net cash provided by (used for) operating activities	\$ 505,176	\$ (17,887)	\$ (252,036)	\$ 235,253
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ -	\$ 725,837	\$ 725,837
CARES act municipal relief grant	7,424	-	-	7,424
Net cash provided by (used for) noncapital financing activities	\$ 7,424	\$ -	\$ 725,837	\$ 733,261
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ (81,822)	\$ (64,401)	\$ -	\$ (146,223)
Principal payments on bonds	(240,882)	-	(39,517)	(280,399)
Interest expense	(287,603)	-	(38,560)	(326,163)
Net cash provided by (used for) capital and related financing activities	\$ (610,307)	\$ (64,401)	\$ (78,077)	\$ (752,785)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 130	\$ -	\$ 29	\$ 159
Net cash provided by (used in) investing activities	\$ 130	\$ -	\$ 29	\$ 159
Net increase (decrease) in cash and cash equivalents	\$ (97,577)	\$ (82,288)	\$ 395,753	\$ 215,888
Cash and cash equivalents - beginning, including restricted cash of \$517,369 and \$116,483 respectively	1,331,522	643,079	124,322	2,098,923
Cash and cash equivalents - ending, including restricted cash of \$516,491 and \$513,285 respectively	\$ 1,233,945	\$ 560,791	\$ 520,075	\$ 2,314,811
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 173,548	\$ (2,747)	\$ (230,422)	\$ (59,621)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 384,065	\$ 64,053	\$ 49,590	\$ 497,708
(Increase) decrease in accounts receivable	2,206	(2,928)	3,460	2,738
(Increase) decrease in deferred outflows of resources	55,208	(53,563)	1,004	2,649
Increase (decrease) in compensated absences	1,341	578	(56,547)	(54,628)
Increase (decrease) in net OPEB liabilities	15,865	(35,026)	1,162	(17,999)
Increase (decrease) in accounts payable	(29,737)	(35,855)	(12,887)	(78,479)
Increase (decrease) in unearned revenue	(7,424)	-	-	(7,424)
Increase (decrease) in customer deposits	11,000	-	-	11,000
Increase (decrease) in due to other funds	288	536	1	825
Increase (decrease) in accrued liabilities	(374)	(357)	(5,550)	(6,281)
Increase (decrease) in deferred inflows of resources	170,172	213,324	117,402	500,898
Increase (decrease) in net pension liability	(270,982)	(165,902)	(119,249)	(556,133)
Total adjustments	\$ 331,628	\$ (15,140)	\$ (21,614)	\$ 294,874
Net cash provided by (used for) operating activities	\$ 505,176	\$ (17,887)	\$ (252,036)	\$ 235,253

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Private-Purpose Trust Blues Education Foundation	Custodial Fund Special Welfare Fund
ASSETS		
Cash and cash equivalents	\$ 11,169	\$ 75
Total assets	<u>\$ 11,169</u>	<u>\$ 75</u>
NET POSITION		
Restricted for social services clients	\$ -	\$ 75
Restricted for grant awards	<u>11,169</u>	<u>-</u>
Total net position	<u>\$ 11,169</u>	<u>\$ 75</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, 2022

	Private-Purpose Trust Blues Education Foundation	Custodial Fund Special Welfare Fund
ADDITIONS		
Contributions and events:		
Donations	\$ 1,182	\$ -
Private contributions	-	16,714
Total contributions	\$ 1,182	\$ 16,714
Investment earnings:		
Interest	\$ 5	\$ -
Total additions	\$ 1,187	\$ 16,714
DEDUCTIONS		
Recipient payments	\$ -	\$ 18,864
Administrative expenses	2,217	-
Total deductions	\$ 2,217	\$ 18,864
Net increase (decrease) in fiduciary net position	\$ (1,030)	\$ (2,150)
Net position - beginning	12,199	2,225
Net position - ending	\$ 11,169	\$ 75

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

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022.

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 accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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.

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.

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

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

Additionally, the government reports the following fund types:

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

Capital projects funds account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. 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, 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 \$333,733 at June 30, 2022 and is comprised of property tax and water and sewer receivables of \$205,725, and \$128,007, respectively.

5. Use of Estimates

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)****6. Capital assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported in capital assets.

As the City and Component Unit School Board, including infrastructure assets, they are capitalized and reported at historical costs (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Property, plant, and equipment and infrastructure of the primary government's governmental activities, as well as the component unit, are depreciated/amortized 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
Lease equipment	4-5 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 either not in spendable form (such as inventory and prepaids) or are legally or contractually 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 generally 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, which does not lapse at year end, 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/amortization 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, 2022 the general, golf, and water funds had restricted cash for debt service of \$119,539, \$116,285, and \$516,491 respectively.

As of June 30, 2022, 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 \$116,285. In addition, the City paid \$397,000 to be held in escrow by the City attorney for the ACA settlement.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets 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 one type of item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets 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 pension, OPEB, leases, and opioid settlement 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.

17. Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

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

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

17. Leases (continued)

Lessor

The City recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgements

Lease accounting includes estimates and judgements for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The City monitors changes in circumstances that would require a remeasurement or modification of its leases. The City will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

E. Adoption of Accounting Principles

The City implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Governmental Activities	General Fund	Component Unit School Board
Lessee activity:			
Lease assets	\$ 114,336	\$ -	\$ 78,414
Lease liabilities	\$ 114,336	\$ -	\$ 78,414
Lessor activity			
Leases receivable	\$ 947,047	\$ 947,047	\$ -
Deferred inflows of resources - leases	\$ 947,047	\$ 947,047	\$ -

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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. All budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2022. 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, 2022, the following funds incurred expenditures exceeding appropriations:

Fund	Excess Expenditures over Appropriations
Park and Recreation	\$ 157,219
School Cafeteria	181,095
School Construction	66,819
School Activity Funds	316,192
Total All Funds	\$ <u>721,325</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

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

C. Deficit fund balance

At June 30, 2022, the golf course, park and recreation and school health insurance funds had deficit fund balance of \$6,097,561, \$12,937 and \$65,175 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	\$ 15,747
Total	\$ 15,747

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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>15,747</u>	\$ <u>15,747</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, 2022 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	\$ 38,091,921	\$ 12,504,971	\$ 4,551,819
Total liabilities and deferred inflows of resources	11,010,607	6,478,040	4,403,852
Total net position	\$ <u>27,081,314</u>	\$ <u>6,026,931</u>	\$ <u>147,967</u>
For the year ended June 30, 2022			
Operating revenue	\$ 5,031,463	\$ 4,455,309	\$ 2,227,650
Operating expenses	(4,403,875)	(7,398,785)	(2,218,415)
Nonoperating income (expense)	184,695	5,003,442	-
Change in net position	\$ 812,283	\$ 2,059,966	\$ 9,235
Net position at beginning of year	26,269,031	3,966,965	138,732
Net position at end of year	\$ <u>27,081,314</u>	\$ <u>6,026,931</u>	\$ <u>147,967</u>

(1) Maury Service Authority June 30, 2022 summary financial data was not available at the time of report issuance. June 30, 2021 data is presented above.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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	\$ 14,456	\$ -
Categorical aid - Edward Byrne Memorial JAG	1,035	-
Categorical aid - Emergency Performance Grant	3,750	-
Categorical aid - victim witness grant	49,492	-
Categorical aid - IDEA part B section 611 special education	-	33,182
Categorical aid - Title I	-	41,029
Categorical aid - Title II part A	-	687
Categorical aid - twenty-first century	-	21,089
Categorical aid - title IV part A	-	16,979
Categorical aid - IDEA part B section 619 special education preschool	-	3,354
Categorical aid - title V rural and local	-	764
Categorical aid - school food program grant	-	15,666
Noncategorical aid - education stabilization funds		150,960
<u>Commonwealth of Virginia:</u>		
State sales tax	74,678	207,716
Personal property tax relief funds	374,445	-
Categorical aid - welfare	13,527	-
Categorical aid - School Resource Officer Grant	28,375	-
Categorical aid - criminal victim witness program	21,211	-
Communications tax	36,030	-
Comprehensive Service Act funds - Rockbridge County	410,884	-
Other state funds	91,285	-
Totals	\$ <u>1,119,168</u>	\$ <u>491,426</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, 2022, the portion of the debt allocable to the City of Buena Vista, Virginia amounted to \$108,389.

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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	\$ 61,214	\$ -	\$ -	\$ 48,917
Park and Recreation Fund	24,873	-	-	-
Golf Course	-	59,364	-	-
Water Fund	-	14,475	-	-
Sewer Fund	-	12,248	-	-
Total Primary Government	<u>\$ 86,087</u>	<u>\$ 86,087</u>	<u>\$ -</u>	<u>\$ 48,917</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 48,917	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,917</u>	<u>\$ -</u>
Total reporting entity	<u><u>\$ 86,087</u></u>	<u><u>\$ 86,087</u></u>	<u><u>\$ 48,917</u></u>	<u><u>\$ 48,917</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, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental activities:		
General Fund	\$ 6,876	\$ 1,338,644
Park Activities Fund	346,050	-
School Construction Fund	266,757	-
Green Hill Cemetery Fund	-	6,876
Total governmental activities	<u>\$ 619,683</u>	<u>\$ 1,345,520</u>
Business-type Activities:		
Golf Course Fund	\$ 725,837	\$ -
Total business-type activities	<u>\$ 725,837</u>	<u>\$ -</u>
Total primary government	<u>\$ 1,345,520</u>	<u>\$ 1,345,520</u>
Total interfund transfers	<u><u>\$ 1,345,520</u></u>	<u><u>\$ 1,345,520</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, 2022 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	\$ 6,876
Transfer to the Park and Recreation Fund from the General Fund:	
to supplement Park and Recreation Fund operations	346,050
Transfer to School Construction Fund from the General Fund:	
to fund debt service payments for long-term obligations	266,757
Transfer to the Golf Course Fund from the General Fund:	
to supplement Golf Course Fund operations	<u>725,837</u>
Total transfers	<u>\$ 1,345,520</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, 2022.

	Balance July 1, 2021	GASB 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 324,525	\$ -	\$ -	\$ 23,181	\$ 301,344
Literary loan	375,000	-	-	375,000	-
Loans payable	2,181,759	-	-	79,057	2,102,702
Total Direct Borrowings and Direct Placements	<u>\$ 2,881,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,238</u>	<u>\$ 2,404,046</u>
Notes payable	\$ 187,446	\$ -	\$ 292,136	\$ 156,136	\$ 323,446
Lease liabilities	-	114,336	11,446	43,374	82,408
Other Long-Term Obligations:					
Net OPEB liabilities	1,080,124	-	410,508	158,430	1,332,202
Compensated absences	239,521	-	313,073	236,826	315,768
Net pension liability	3,974,188	-	2,257,628	4,960,449	1,271,367
Total Other Long-Term Obligations	<u>\$ 5,481,279</u>	<u>\$ 114,336</u>	<u>\$ 3,284,791</u>	<u>\$ 5,555,215</u>	<u>\$ 3,325,191</u>
Total governmental activities obligations	<u>\$ 8,362,563</u>	<u>\$ 114,336</u>	<u>\$ 3,284,791</u>	<u>\$ 6,032,453</u>	<u>\$ 5,729,237</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 \$2,404,046 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, 2022 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		Loans Payable	
	Principal	Interest	Principal	Interest
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	84,660	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	-	-	110,008	7,285
2044	-	-	87,738	2,021
Totals	\$ <u>301,344</u>	\$ <u>244,787</u>	\$ <u>2,102,702</u>	\$ <u>1,028,387</u>

Year Ending June 30,	Notes Payable		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 119,995	\$ 5,827	\$ 43,357	\$ 971
2024	63,790	2,713	27,629	369
2025	61,341	1,676	6,174	146
2026	58,483	862	4,664	50
2027	19,837	150	584	2
Totals	\$ <u>323,446</u>	\$ <u>11,228</u>	\$ <u>82,408</u>	\$ <u>1,538</u>

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities Obligations (continued)

Details of long-term obligations:

Type/ Project	Issue Date/ Term	Amount of Original Issue	Interest Rates	Amount of Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:							
General obligation bonds:							
VP&A GO Series 2012C School Bond	9/26/2012	\$ 509,973	1.90% SA	\$23,181	A 12/1/2034	\$ 301,344	\$ 23,181
Loans payable							
City National Bank Loan #2543	3/5/2009	1,800,000	5.00% A	\$93,735	A 4/5/2044	1,422,095	42,881
City National Bank Loan #2519	3/5/2009	700,000	5.00% A	\$42,459	A 4/5/2044	508,132	14,680
Bank of Botetourt	10/1/2014	300,000	4.88% M	\$2,431	M 10/1/2029	172,475	19,573
Total loans payable						\$ 2,102,702	\$ 77,134
Notes payable							
Dell Computers	1/7/2020	31,815	4.73% A	\$7,158	A 2/7/2025	\$ 16,869	\$ 6,475
Refuse Truck	1/21/2022	161,800	2.27% M	\$34,262	M 1/21/2027	149,008	31,203
Body Cameras	11/22/2021	130,336	0.00% A	\$25,084	A 11/1/2025	100,336	25,084
HP Chromebooks	7/5/2021	123,000	5.31% A	\$43,051	A 8/5/2022	40,966	40,966
Band Instruments	8/6/2018	81,335	0.00% A	\$16,267	A 9/6/2022	16,267	16,267
Total notes payable						\$ 323,446	\$ 119,995
Lease liabilities							
Copier - City Hall	4/29/2021	\$ 10,171	1.81% M	\$183 (P&I)	M 4/28/2026	\$ 8,126	\$ 2,066
Copier - Circuit Court Clerk	5/25/2018	2,775	1.23% M	\$122 (P&I)	M 5/24/2023	1,334	1,334
Copier - Police Department	2/1/2018	2,730	1.23% M	\$165 (P&I)	M 1/31/2023	1,011	1,011
Copier - Police Department	9/3/2021	11,446	1.72% M	\$196 (P&I)	M 9/2/2026	9,624	2,202
Copier - Treasurer	12/28/2020	4,636	1.64% M	\$89 (P&I)	M 12/27/2025	3,630	1,016
Postage Machine	7/11/2019	8,973	1.48% M	\$235 (P&I)	M 7/11/2024	6,235	2,746
Golf Carts	10/1/2018	85,051	1.48% M	\$2,795 (P&I)	M 1/31/2024	52,448	32,982
Total lease liabilities						\$ 82,408	\$ 43,357
Other long-term obligations:							
Net pension liability (payable from general fund)						1,271,367	-
Net OPEB liability (payable from general fund)						1,332,202	-
Compensated absences (payable from general fund)						315,768	236,826
Total other obligations						\$ 3,325,191	\$ 400,178
Total long-term obligations from governmental activities						\$ 5,729,237	\$ 500,493

A = annual installments

M = monthly installments

SA = semi-annual installments

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022:

	Balance June 30, 2021	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Direct Placements:				
Revenue bonds	\$ 3,398,500	\$ -	\$ 215,000	\$ 3,183,500
Lease-revenue bonds	10,850,441	-	65,399	10,785,042
Total Direct Borrowings and Direct Placements	\$ 14,248,941	\$ -	\$ 280,399	\$ 13,968,542
Other Long-Term Obligations				
Other obligations	\$ 1,201,840	\$ -	\$ -	\$ 1,201,840
Net OPEB liabilities	233,586	76,251	94,250	215,587
Compensated absences	89,957	-	54,628	35,329
Net pension liability	833,448	629,660	1,185,793	277,315
Total Other Long-Term Obligations	\$ 2,358,831	\$ 705,911	\$ 1,334,671	\$ 1,730,071
Total business-type obligations	\$ 16,607,772	\$ 705,911	\$ 1,615,070	\$ 15,698,613

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 \$5,733,541 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.

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CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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
2023	\$ 8,528,380	\$ 312,165	1,201,840	-
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	40,093	290	-	-
Total	\$ 13,968,542	\$ 2,768,955	\$ 1,201,840	\$ -

Details of long-term obligations:

Type/ Project	Issue Date/ Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Business-type activities:							
Lease-revenue bond:							
Rural Development Revenue Bond, Series 2004	11/18/2004	\$ 3,300,000	4.50% A	\$15,147	M 9/18/2044	\$ 2,550,042	\$ 68,380
US Bank Series 2005A Bond	4/14/2005	9,205,000	5.50% A	\$0	A 4/14/2036	8,235,000	8,235,000
Revenue bond:							
Series 2011A Revenue Bond	7/14/2011	4,765,000	6.50% A	\$225,000-\$613,500	A 7/14/2044	\$ 3,183,500	\$ 225,000
Other long-term obligations:							
Forbearance Agreement						\$ 1,201,840	\$ 1,201,840
Net pension liability (payable from water and sewer funds)						277,315	-
Net OPEB liability (payable from water and sewer funds)						215,587	-
Compensated absences (payable from water and sewer funds)						35,329	26,497
Total other obligations						\$ 1,730,071	\$ 1,228,337
Total long-term obligations from business-type activities						\$ 15,698,613	\$ 9,756,717

CITY OF BUENA VISTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022.

	Balance June 30, 2021	GASB 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
General Long-Term Obligations					
Net OPEB liabilities	\$ 3,196,856	\$ -	\$ 868,923	\$ 1,035,751	\$ 3,030,028
Lease liabilities	-	78,414	11,395	23,450	66,359
Compensated absences	189,111	-	137,899	140,147	186,863
Net pension liability	8,875,646	-	1,492,459	6,169,046	4,199,059
Total Long-Term Obligations	\$ 12,261,613	\$ 78,414	\$ 2,510,676	\$ 7,368,394	\$ 7,482,309

Details of Long-term Indebtedness:

Type/ Project	Issue Date/ Term	Amount of Original Issue	Interest Rates	Amount of Installments	Final Maturity Date	Balance	Amount Due Within One Year
Discretely Presented Component Unit - School Board							
Other obligations:							
Lease liabilities							
Copier - PMMS	7/23/2019	\$ 15,648	1.23% A	\$5,280 (P&I)	A 7/22/2023	\$ 10,368	\$ 5,152
Copier - School Board	7/18/2019	13,336	1.23% A	\$4,500 (P&I)	A 7/17/2023	8,836	4,391
Copier - EHES	8/28/2018	5,617	1.23% A	\$2,669 (P&I)	A 8/27/2023	3,725	1,851
Copier - EHES	8/28/2018	6,348	1.23% A	\$3,449 (P&I)	A 8/27/2023	4,210	2,092
Copier - PMHS	2/9/2022	11,395	2.54% A	\$2,022 (P&I)	A 2/8/2027	9,373	1,781
Copier - PMHS	10/16/2020	37,465	1.64% A	\$7,723 (P&I)	A 10/15/2025	29,847	7,279
Total lease liabilities						\$ 66,359	\$ 22,546
Net pension liability (payable from school fund)						4,199,059	-
Net OPEB liability (payable from school fund)						3,030,028	-
Compensated absences (payable from school fund)						186,863	140,147
Total other obligations						\$ 7,482,309	\$ 162,693
Total long-term obligations from discretely presented component unit - school board						\$ 7,482,309	\$ 162,693

A = annual installments

M = monthly installments

SA = semi-annual installments

NOTE 10—LEASES RECEIVABLE:

The following is a summary of leases receivable transactions of the City for the year ended June 30, 2022:

	Beginning Balance	GASB 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Lease Revenue	Interest Revenue
Carilion Clinic	\$ -	\$ 327,634	\$ -	\$ 26,847	\$ 300,787	\$ 31,964	\$ 5,474
Dabney S. Lancaster Community College	-	576,590	-	140,489	436,101	141,206	1,982
Advanced Drainage Systems	-	42,823	-	3,393	39,430	2,839	1,204
	\$ -	\$ 947,047	\$ -	\$ 170,729	\$ 776,318	\$ 176,009	\$ 8,660

Lease Description	Lease Term Remaining	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Carilion Clinic	111 months	Monthly	1.75%	\$ 300,787	\$ 27,478
Dabney S. Lancaster Community College	37 months	Monthly	0.40%	436,101	140,855
Advanced Drainage Systems	169 months	Annually	3.00%	39,430	2,302
				\$ 776,318	\$ 170,635

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, 2020 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	79	29
Inactive members:		
Vested inactive members	13	3
Non-vested inactive members	15	20
Inactive members active elsewhere in VRS	31	8
Total inactive members	59	31
Active members	82	20
Total covered employees	220	80

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, 2022 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 \$563,609 and \$534,551 for the years ended June 30, 2022 and June 30, 2021, 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 \$8,652 and \$7,559 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2020, 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, 2021.

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

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

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

NOTE 11—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return (continued)

* The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate or return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021, the rate contributed by school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 21,841,160	\$ 17,033,524	\$ 4,807,636
Changes for the year:			
Service cost	\$ 423,628	\$ -	\$ 423,628
Interest	1,423,871	-	1,423,871
Changes of assumptions	890,709	-	890,709
Differences between expected and actual experience	(725,814)	-	(725,814)
Contributions - employer	-	534,551	(534,551)
Contributions - employee	-	164,372	(164,372)
Net investment income	-	4,583,858	(4,583,858)
Benefit payments, including refunds of employee contributions	(1,493,556)	(1,493,556)	-
Administrative expenses	-	(11,860)	11,860
Other changes	-	427	(427)
Net changes	\$ 518,838	\$ 3,777,792	\$ (3,258,954)
Balances at June 30, 2021	\$ 22,359,998	\$ 20,811,316	\$ 1,548,682

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2020	\$ 1,556,463	\$ 1,714,788	\$ (158,325)
Changes for the year:			
Service cost	\$ 33,397	\$ -	\$ 33,397
Interest	100,827	-	100,827
Changes of assumptions	60,639	-	60,639
Differences between expected and actual experience	2,371	-	2,371
Contributions - employer	-	7,560	(7,560)
Contributions - employee	-	16,229	(16,229)
Net investment income	-	456,779	(456,779)
Benefit payments, including refunds of employee contributions	(125,459)	(125,459)	-
Administrative expenses	-	(1,204)	1,204
Other changes	-	42	(42)
Net changes	\$ 71,775	\$ 353,947	\$ (282,172)
Balances at June 30, 2021	\$ 1,628,238	\$ 2,068,735	\$ (440,497)

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	\$ 4,472,459	\$ 1,548,682	\$ (868,186)
Component Unit School Board (nonprofessional)			
Net Pension Asset	\$ (292,967)	\$ (440,497)	\$ (566,616)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022, the City and Component Unit School Board (nonprofessional) recognized pension expense of \$215,735 and \$(1,201) respectively. At June 30, 2022, 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	\$ 22,186	\$ 512,806	\$ 943	\$ -
Change of assumptions	627,152	-	24,109	-
Net difference between projected and actual earnings on pension plan investments	-	2,270,867	-	224,364
Impact of change in proportional allocation	105,546	105,546	-	-
Employer contributions subsequent to the measurement date	563,609	-	8,652	-
Total	<u>\$ 1,318,493</u>	<u>\$ 2,889,219</u>	<u>\$ 33,704</u>	<u>\$ 224,364</u>

\$563,609 and \$8,652 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, 2023. 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)
2023	\$ (447,142)	\$ (27,394)
2024	(465,846)	(50,854)
2025	(529,087)	(52,162)
2026	(692,260)	(68,902)
2027	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 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 \$835,504 and \$765,207 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$4,199,059 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, the school division's proportion was 0.05409% as compared to 0.06100% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(300,020). 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, 2022 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, 2022, 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	\$ -	\$ 357,650
Change of assumptions	735,664	-
Net difference between projected and actual earnings on pension plan investments	-	2,646,135
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,082,178
Employer contributions subsequent to the measurement date	<u>835,504</u>	<u>-</u>
Total	<u>\$ 1,571,168</u>	<u>\$ 4,085,963</u>

\$835,504 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, 2023. 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>	
2023	\$ (873,088)
2024	(757,853)
2025	(779,645)
2026	(938,599)
2027	(1,114)

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, 2020, 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, 2021.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, 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	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	\$ <u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

NOTE 11—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 8,103,957	\$ 4,199,059	\$ 986,759

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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

	Primary Government				Component Unit School Board			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,318,493	\$ 2,889,219	\$ 1,548,682	\$ 215,735	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	33,704	224,364	(440,497)	(1,201)
School Board Professional	-	-	-	-	1,571,168	4,085,963	4,199,059	(300,020)
Totals	\$ 1,318,493	\$ 2,889,219	\$ 1,548,682	\$ 215,735	\$ 1,604,872	\$ 4,310,327	\$ 3,758,562	\$ (301,221)

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, 2022 was \$32,576.

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, seatbelt 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 \$8,722 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, 2022 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 \$20,167 and \$19,126 for the years ended June 30, 2022 and June 30, 2021, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$28,175 and \$25,715 for the years ended June 30, 2022 and June 30, 2021 respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$2,156 and \$1,963, for the years ended June 30, 2022 and June 30, 2021 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, 2022, the City reported a liability of \$199,789 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01740% as compared to 0.01720% at June 30, 2020.

At June 30, 2022, the School Board reported liability of \$20,491 for nonprofessional employees and \$268,481 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2021, the participating employer's proportion for nonprofessional employees was 0.00180% as compared to 0.00190% at June 30, 2020. At June 30, 2021, the participating employer's proportion for School Board professional employees was 0.02310% as compared to 0.02590% at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022, the City recognized GLI OPEB expense of \$7,844, while the School Board recognized GLI OPEB expense of \$279 and \$(4,567) 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, 2022, 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	\$	22,787	\$	1,522
Net difference between projected and actual earnings on GLI OPEB plan investments		-		47,685
Change of assumptions		11,014		27,335
Changes in proportionate share		7,509		11,827
Employer contributions subsequent to the measurement date		20,167		-
Total	\$	61,477	\$	88,369

	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	\$ 2,337	\$ 156	\$ 30,621	\$ 2,046
Net difference between projected and actual earnings on GLI OPEB plan investments	-	4,891	-	64,081
Change of assumptions	1,130	2,804	14,801	36,734
Changes in proportionate share	412	2,524	-	59,398
Employer contributions subsequent to the measurement date	2,156	-	28,175	-
Total	\$ 6,035	\$ 10,375	\$ 73,597	\$ 162,259

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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)

\$20,167, \$2,156 and \$28,175 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board					
	Nonprofessional Employees			Professional Employees		
	Year Ended June 30		Year Ended June 30		Year Ended June 30	
2023	\$ (10,184)	2023	\$ (1,570)	2023	\$ (28,792)	
2024	(9,201)	2024	(1,342)	2024	(24,703)	
2025	(8,619)	2025	(1,332)	2025	(22,162)	
2026	(15,607)	2026	(1,767)	2026	(29,892)	
2027	(3,448)	2027	(485)	2027	(11,288)	
Thereafter	-	Thereafter	-	Thereafter	-	

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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 Annual Report.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	\$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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	\$ 291,899	\$ 199,789	\$ 125,406
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - nonprofessional employees	\$ 29,938	\$ 20,491	\$ 12,862
School Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability - professional employees	\$ 392,260	\$ 268,481	\$ 168,523

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>13</u>
Active members	<u>20</u>
Total covered employees	<u><u>33</u></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, 2022 was 0.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$3,434 and \$3,058 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The City's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB Plan): (CONTINUED)**Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables/ For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, The VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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.

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, 2020	\$ 39,477	\$ -	\$ 39,477
Changes for the year:			
Service cost	\$ 676	\$ -	\$ 676
Interest	2,664	-	2,664
Assumption changes	1,498	-	1,498
Contributions - employer	-	3,058	(3,058)
Net investment income	-	417	(417)
Administrative expenses	-	(14)	14
Net changes	\$ 4,838	\$ 3,461.00	\$ 1,377
Balances at June 30, 2021	\$ 44,315	\$ 3,461.00	\$ 40,854

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%)
City's Net HIC OPEB Liability	44,379	40,854	37,786

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

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

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, 2022, the City recognized HIC Plan OPEB expense of \$3,563. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the City's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 251
Change in assumptions	1,123	-
Employer contributions subsequent to the measurement date	3,434	-
Total	<u>\$ 4,557</u>	<u>\$ 251</u>

\$3,434 reported as deferred outflows of resources related to the HIC OPEB resulting from the City'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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting period as follows:

Year Ended June 30

2023	\$ 312
2024	312
2025	310
2026	(62)
2027	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022 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, 2022 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 \$63,132 and \$57,621 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the school division reported a liability of \$691,202 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .05385% as compared to 0.06080% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$29,439. 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, 2022, 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	\$ -	\$ 12,061
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	9,105
Change of assumptions	18,684	2,778
Change in proportionate share	-	131,757
Employer contributions subsequent to the measurement date	63,132	-
Total	\$ 81,816	\$ 155,701

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)

\$63,132 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, 2023. 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:

Year Ended June 30		
2023	\$	(27,700)
2024		(27,803)
2025		(25,998)
2026		(22,154)
2027		(17,265)
Thereafter		(16,097)

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, 2020, 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, 2021.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed ifnal retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2021, 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, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	778,102	\$ 691,202	\$ 617,664

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2021 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	72	112
Total retirees with coverage	5	13
Total	77	125

Contributions

The City 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, 2022 was \$29,000. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$532,000.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2021. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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 1.92% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021
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-2021.

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 1.92% 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	\$ 1,024,000	\$ 1,901,000
Changes for the year:		
Service cost	44,000	113,000
Interest	26,000	43,000
Difference between expected and actual experience	118,000	286,000
Changes of assumptions	165,000	198,000
Benefit payments	(29,000)	(532,000)
Net changes	324,000	108,000
Balances at June 30, 2021	\$ 1,348,000	\$ 2,009,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate		
	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Primary Government			
\$	1,496,000	\$ 1,348,000	\$ 1,216,000
Component Unit School Board			
\$	2,156,000	\$ 2,009,000	\$ 1,872,000

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 (6.00% increasing to 4.00%)	Healthcare Cost Trend (7.00% increasing to 5.00%)	1% Increase (8.00% increasing to 6.00%)
Primary Government			
\$	1,193,000	\$ 1,348,000	\$ 1,529,000
Component Unit School Board			
\$	1,814,000	\$ 2,009,000	\$ 2,239,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022, the Primary Government recognized OPEB expense in the amount of \$101,000. The School Board recognized OPEB expense in the amount of \$382,000. At June 30, 2022, 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	\$ 94,000	\$ 95,000
Changes of assumptions	189,000	16,000
Employer contributions subsequent to the measurement date	29,000	-
Total	<u>\$ 312,000</u>	<u>\$ 111,000</u>

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 649,000	\$ 66,000
Changes in assumptions	221,000	24,000
Employer contributions subsequent to the measurement date	532,000	-
Total	<u>\$ 1,402,000</u>	<u>\$ 90,000</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,	
2023	\$ 24,000	2023	\$ 220,000
2024	34,000	2024	274,000
2025	64,000	2025	202,000
2026	50,000	2026	84,000
2027	-	2027	-
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, 2022 CONTINUED

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

The following is a summary of the City's OPEB plans as of June 30, 2022:

	<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	\$ 61,477	\$ 88,369	\$ 199,789	\$ 7,844
School Board Nonprofessional	6,035	10,375	20,491	279
School Board Professional	73,597	162,259	268,481	(4,567)
Health Insurance Credit Program (Note 14)	4,557	251	40,854	3,563
Teacher Health Insurance Credit Program (Note 15)	81,816	155,701	691,202	29,439
City Stand-Alone Plan (Note 16)	312,000	111,000	1,348,000	101,000
School Stand-Alone Plan (Note 16)	1,402,000	90,000	2,009,000	382,000
Totals	<u>\$ 1,941,482</u>	<u>\$ 617,955</u>	<u>\$ 4,577,817</u>	<u>\$ 519,558</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 \$1,175,048, and \$2,342,330, 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.	\$ -	\$ 1,164,282
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2022. The uncollected tax billings are not available for the funding of	917,434	917,434
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>257,614</u>	<u>257,614</u>
Total primary government deferred/unavailable revenue	<u>\$ 1,175,048</u>	<u>\$ 2,339,330</u>

Unearned revenue reported in the primary government is comprised of lease revenue of \$142,327 and \$2,881,176 in American Rescue Plan unspent as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 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, 2022 was \$4,370,156 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 Jefferson Health Plan as the administrator of their self-insured plan. The Health Insurance fund pays Jefferson Health Plan 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 2022, 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.

Jefferson 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, 2022 the plan liability was \$338,529. The net position of the Plan maintained by the School Board can be found on Exhibit 42. 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
2021-2022	\$ 469,566	\$ 1,957,345	\$ 2,088,382	\$ 338,529
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, 2022 CONTINUED
NOTE 21—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government

	Balance July 1, 2021	GASB 87 Adjustments	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2022
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	\$ 2,162,586	\$ -	\$ -	\$ (15,938)	\$ 2,146,648
Capital assets being depreciated:					
Buildings and improvements	\$ 13,104,615	\$ -	\$ 149,525	\$ -	\$ 13,254,140
Infrastructure	29,299,327	-	-	-	29,299,327
Machinery and Equipment	3,318,834	-	1,149,029	(54,886)	4,412,977
Total capital assets being depreciated	\$ 45,722,776	\$ -	\$ 1,298,554	\$ (54,886)	\$ 46,966,444
Accumulated depreciation:					
Buildings and improvements	\$ (5,491,566)	\$ -	\$ (140,911)	\$ -	\$ (5,632,477)
Infrastructure	(26,836,063)	-	(104,943)	-	(26,941,006)
Machinery and Equipment	(2,680,613)	-	(282,969)	54,886	(2,908,696)
Total accumulated depreciation	\$ (35,008,242)	\$ -	\$ (528,823)	\$ 54,886	\$ (35,482,179)
Capital assets being depreciated, net	\$ 10,714,534	\$ -	\$ 769,731	\$ -	\$ 11,484,265
Governmental activities capital assets, net	\$ 12,877,120	\$ -	\$ 769,731	\$ (15,938)	\$ 13,630,913
Lease assets:					
Equipment	\$ -	\$ 114,336	\$ 11,446	\$ -	\$ 125,782
Accumulated amortization					
Equipment	\$ -	\$ -	\$ (44,035)	\$ -	\$ (44,035)
Net right-to-use lease assets	\$ -	\$ 114,336	\$ (32,589)	\$ -	\$ 81,747
Net capital assets	\$ 12,877,120	\$ 114,336	\$ 737,142	\$ (15,938)	\$ 13,712,660

	Balance July 1, 2021	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2022
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	1,139,719	146,223	-	1,285,942
Total capital assets being depreciated	\$ 24,426,853	\$ 146,223	\$ -	\$ 24,573,076
Accumulated depreciation:				
Infrastructure	\$ (11,726,778)	\$ (394,536)	\$ -	\$ (12,121,314)
Buildings	(345,559)	(15,587)	-	(361,146)
Machinery and equipment	(900,028)	(87,585)	-	(987,613)
Total accumulated depreciation	\$ (12,972,365)	\$ (497,708)	\$ -	\$ (13,470,073)
Capital assets being depreciated, net	\$ 11,454,488	\$ (351,485)	\$ -	\$ 11,103,003
Business-type activities capital assets, net	\$ 12,819,388	\$ (351,485)	\$ -	\$ 12,467,903

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 CONTINUED

NOTE 21—CAPITAL ASSETS: (CONTINUED)

Primary Government (continued)

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

Governmental activities:		
General government administration	\$	191,377
Judicial administration		8,693
Public safety		83,085
Public works		176,555
Health and welfare		7,855
Education		50,099
Parks, recreation and cultural		55,194
Total depreciation/amortization expense - governmental activities	\$	<u>572,858</u>
Business-type activities:		
Water	\$	384,065
Sewer		64,053
Golf course		49,590
Total depreciation expense - business-type activities	\$	<u>497,708</u>

Discretely Presented Component Unit School Board

	Balance July 1, 2021	GASB 87 Adjustment	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2022
Governmental activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 4,634	\$ -	\$ -	\$ -	\$ 4,634
Construction in progress	65,995	-	25,000	-	90,995
Total capital assets not being depreciated	\$ 70,629	\$ -	\$ 25,000	\$ -	\$ 95,629
Capital assets being depreciated:					
Buildings and improvements	\$ 8,020,484	\$ -	\$ 12,857	\$ (49,497)	\$ 7,983,844
Machinery and equipment	1,407,021	-	641,529	-	2,048,550
Total capital assets being depreciated	\$ 9,427,505	\$ -	\$ 654,386	\$ (49,497)	\$ 10,032,394
Accumulated depreciation:					
Buildings and improvements	\$ (4,551,694)	\$ -	\$ (296,460)	\$ 31,967	\$ (4,816,187)
Machinery and equipment	(694,801)	-	(230,925)	-	(925,726)
Total accumulated depreciation	\$ (5,246,495)	\$ -	\$ (527,385)	\$ 31,967	\$ (5,741,913)
Capital assets being depreciated, net	\$ 4,181,010	\$ -	\$ 127,001	\$ (17,530)	\$ 4,290,481
Governmental activities capital assets, net	\$ 4,251,639	\$ -	\$ 152,001	\$ (17,530)	\$ 4,386,110
Lease assets:					
Equipment	\$ -	\$ 78,414	\$ 11,395	\$ -	\$ 89,809
Accumulated amortization					
Equipment	\$ -	\$ -	\$ (28,981)	\$ -	\$ (28,981)
Net right-to-use lease assets	\$ -	\$ 78,414	\$ (17,586)	\$ -	\$ 60,828
Net capital assets	\$ 4,251,639	\$ 78,414	\$ 134,415	\$ (17,530)	\$ 4,446,938

Depreciation/amortization expense for the Component Unit School Board was \$556,366 for the year ended June 30, 2022 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, 2022 CONTINUED**NOTE 21—CAPITAL ASSETS: (CONTINUED)****Discretely Presented Component Unit Economic Development Authority of Buena Vista**

	Balance July 1, 2021	Increases	Decreases/ Transfers/ Reclassifications	Balance June 30, 2022
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)	\$ -	\$ (43,122)
Total accumulated depreciation	\$ (21,561)	\$ (21,561)	\$ -	\$ (43,122)
Capital assets being depreciated, net	\$ 840,878	\$ (21,561)	\$ -	\$ 819,317
Governmental activities capital assets, net	\$ 1,948,078	\$ (21,561)	\$ -	\$ 1,926,517

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, 2022, 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, 2022 CONTINUED

NOTE 24—ACA SETTLEMENT:

On January 13th, 2022, the City reached a settlement with ACA Financial Guaranty Corporation for its lawsuit 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 golf course. As part of the settlement, the City transferred \$397,000 to an escrow account maintained by the City's legal counsel to be paid to ACA at closing. On August 9th, 2022, the golf course was deeded directly to Ranch Golf Club, LLC and \$72,000 of the escrow funds were returned to the City. At the time of closing, the bonds were redeemed in full.

NOTE 25—UPCOMING PRONOUNCEMENTS:

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. 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. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 6,433,620	\$ 6,433,620	\$ 6,605,823	\$ 172,203
Other local taxes	1,623,000	1,623,000	1,732,834	109,834
Permits, privilege fees, and regulatory licenses	42,775	42,775	42,498	(277)
Fines and forfeitures	71,720	71,720	33,944	(37,776)
Revenue from the use of money and property	65,882	65,882	61,252	(4,630)
Charges for services	877,376	877,376	808,652	(68,724)
Miscellaneous	195,877	195,877	252,269	56,392
Recovered costs	-	-	92,643	92,643
Intergovernmental:				
Commonwealth	5,645,496	5,645,496	5,092,249	(553,247)
Federal	174,023	1,869,731	2,202,907	333,176
Total revenues	<u>\$ 15,129,769</u>	<u>\$ 16,825,477</u>	<u>\$ 16,925,071</u>	<u>\$ 99,594</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,424,786	\$ 1,438,786	\$ 1,602,255	\$ (163,469)
Judicial administration	986,311	1,005,511	1,043,350	(37,839)
Public safety	2,968,846	3,105,066	3,544,076	(439,010)
Public works	2,612,319	3,168,661	3,175,948	(7,287)
Health and welfare	3,319,664	3,319,664	2,180,092	1,139,572
Education	2,770,193	2,770,193	2,828,318	(58,125)
Parks, recreation, and cultural	139,225	139,225	142,345	(3,120)
Community development	446,584	457,163	565,873	(108,710)
Debt service:				
Principal retirement	77,673	77,673	128,027	(50,354)
Interest and other fiscal charges	110,295	110,295	95,562	14,733
Total expenditures	<u>\$ 14,855,896</u>	<u>\$ 15,592,237</u>	<u>\$ 15,305,846</u>	<u>\$ 286,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 273,873</u>	<u>\$ 1,233,240</u>	<u>\$ 1,619,225</u>	<u>\$ 385,985</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,000	\$ 10,000	\$ 6,876	\$ (3,124)
Transfers out	(141,724)	(424,791)	(1,338,644)	(913,853)
Issuance of long-term debt	-	-	292,136	292,136
Total other financing sources (uses)	<u>\$ (131,724)</u>	<u>\$ (414,791)</u>	<u>\$ (1,039,632)</u>	<u>\$ (624,841)</u>
Net change in fund balances	\$ 142,149	\$ 818,449	\$ 579,593	\$ (238,856)
Fund balances - beginning	(142,149)	(818,449)	2,140,902	2,959,351
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,720,495</u>	<u>\$ 2,720,495</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, 2021

	2021	2020	2019
Total pension liability			
Service cost	\$ 423,628	\$ 424,055	\$ 405,680
Interest	1,423,871	1,394,209	1,333,809
Changes of assumptions	890,709	-	581,508
Differences between expected and actual experience	(725,814)	(91,708)	354,955
Benefit payments	(1,493,556)	(1,080,679)	(1,070,157)
Net change in total pension liability	\$ 518,838	\$ 645,877	\$ 1,605,795
Total pension liability - beginning	21,841,160	21,195,283	19,589,488
Total pension liability - ending (a)	<u>\$ 22,359,998</u>	<u>\$ 21,841,160</u>	<u>\$ 21,195,283</u>
Plan fiduciary net position			
Contributions - employer	\$ 534,551	\$ 509,480	\$ 499,822
Contributions - employee	164,372	167,622	174,786
Net investment income	4,583,858	325,913	1,083,991
Benefit payments	(1,493,556)	(1,080,679)	(1,070,157)
Administrator charges	(11,860)	(11,174)	(10,858)
Other	427	(384)	(683)
Net change in plan fiduciary net position	\$ 3,777,792	\$ (89,222)	\$ 676,901
Plan fiduciary net position - beginning	17,033,524	17,122,746	16,445,845
Plan fiduciary net position - ending (b)	<u>\$ 20,811,316</u>	<u>\$ 17,033,524</u>	<u>\$ 17,122,746</u>
City's net pension liability - ending (a) - (b)	\$ 1,548,682	\$ 4,807,636	\$ 4,072,537
Plan fiduciary net position as a percentage of the total pension liability	93.07%	77.99%	80.79%
Covered payroll	\$ 3,541,938	\$ 3,571,857	\$ 3,471,307
City's net pension liability as a percentage of covered payroll	43.72%	134.60%	117.32%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 416,975	\$ 421,410	\$ 370,108	\$ 376,655	\$ 357,099
1,289,662	1,218,525	1,193,493	1,122,225	1,081,457
-	(86,427)	-	-	-
56,071	550,201	(234,737)	449,987	-
(1,193,913)	(981,021)	(961,506)	(900,002)	(812,332)
\$ 568,795	\$ 1,122,688	\$ 367,358	\$ 1,048,865	\$ 626,224
19,020,693	17,898,005	17,530,647	16,481,782	15,855,558
<u>\$ 19,589,488</u>	<u>\$ 19,020,693</u>	<u>\$ 17,898,005</u>	<u>\$ 17,530,647</u>	<u>\$ 16,481,782</u>
\$ 420,150	\$ 433,392	\$ 456,213	\$ 422,230	\$ 421,903
156,960	167,101	152,926	142,031	147,251
1,155,010	1,753,735	248,114	649,744	1,976,108
(1,193,913)	(981,021)	(961,506)	(900,002)	(812,332)
(10,265)	(10,284)	(9,194)	(9,098)	(10,762)
(1,021)	(1,556)	(107)	(136)	104
\$ 526,921	\$ 1,361,367	\$ (113,554)	\$ 304,769	\$ 1,722,272
15,918,924	14,557,557	14,671,111	14,366,342	12,644,070
<u>\$ 16,445,845</u>	<u>\$ 15,918,924</u>	<u>\$ 14,557,557</u>	<u>\$ 14,671,111</u>	<u>\$ 14,366,342</u>
\$ 3,143,643	\$ 3,101,769	\$ 3,340,448	\$ 2,859,536	\$ 2,115,440
83.95%	83.69%	81.34%	83.69%	87.16%
\$ 3,269,880	\$ 3,343,997	\$ 3,112,616	\$ 2,867,942	\$ 2,947,103
96.14%	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, 2021

	2021	2020	2019
Total pension liability			
Service cost	\$ 33,397	\$ 38,761	\$ 37,349
Interest	100,827	96,594	98,783
Changes of assumptions	60,639	-	31,763
Differences between expected and actual experience	2,371	54,979	(19,570)
Benefit payments	(125,459)	(129,797)	(127,172)
Net change in total pension liability	\$ 71,775	\$ 60,537	\$ 21,153
Total pension liability - beginning	1,556,463	1,495,926	1,474,773
Total pension liability - ending (a)	<u>\$ 1,628,238</u>	<u>\$ 1,556,463</u>	<u>\$ 1,495,926</u>
Plan fiduciary net position			
Contributions - employer	\$ 7,560	\$ 4,531	\$ 4,526
Contributions - employee	16,229	17,286	16,397
Net investment income	456,779	33,484	114,544
Benefit payments	(125,459)	(129,797)	(127,172)
Administrator charges	(1,204)	(1,215)	(1,223)
Other	42	(39)	(72)
Net change in plan fiduciary net position	\$ 353,947	\$ (75,750)	\$ 7,000
Plan fiduciary net position - beginning	1,714,788	1,790,538	1,783,538
Plan fiduciary net position - ending (b)	<u>\$ 2,068,735</u>	<u>\$ 1,714,788</u>	<u>\$ 1,790,538</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (440,497)	\$ (158,325)	\$ (294,612)
Plan fiduciary net position as a percentage of the total pension liability	127.05%	110.17%	119.69%
Covered payroll	\$ 355,585	\$ 377,323	\$ 352,715
School Division's net pension liability (asset) as a percentage of covered payroll	-123.88%	-41.96%	-83.53%

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>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
\$	36,778	\$	38,384	\$	36,487	\$	36,673	\$	35,849
	96,694		92,937		90,797		90,772		89,028
	-		(2,589)		-		-		-
	19,871		47,166		38,859		(1,342)		-
	(119,813)		(124,649)		(146,497)		(105,003)		(94,923)
\$	33,530	\$	51,249	\$	19,646	\$	21,100	\$	29,954
	1,441,243		1,389,994		1,370,348		1,349,248		1,319,294
\$	<u>1,474,773</u>	\$	<u>1,441,243</u>	\$	<u>1,389,994</u>	\$	<u>1,370,348</u>	\$	<u>1,349,248</u>
\$	(4)	\$	104	\$	7,034	\$	7,976	\$	16,821
	17,551		16,246		16,078		17,257		16,427
	127,502		197,169		27,381		78,925		246,211
	(119,813)		(124,649)		(146,497)		(105,003)		(94,923)
	(1,164)		(1,221)		(1,148)		(1,143)		(1,367)
	(111)		(172)		(12)		(17)		13
\$	23,961	\$	87,477	\$	(97,164)	\$	(2,005)	\$	183,182
	1,759,577		1,672,100		1,769,264		1,771,269		1,588,087
\$	<u>1,783,538</u>	\$	<u>1,759,577</u>	\$	<u>1,672,100</u>	\$	<u>1,769,264</u>	\$	<u>1,771,269</u>
\$	(308,765)	\$	(318,334)	\$	(282,106)	\$	(398,916)	\$	(422,021)
	120.94%		122.09%		120.30%		129.11%		131.28%
\$	376,028	\$	340,987	\$	337,453	\$	346,316	\$	328,542
	-82.11%		-93.36%		-83.60%		-115.19%		-128.45%

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, 2021

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2021	0.05409%	4,199,059	4,762,096	88.18%	85.46%
2020	0.06100%	8,875,646	5,330,656	166.50%	71.47%
2019	0.06319%	8,316,163	5,264,774	157.96%	73.51%
2018	0.06432%	7,564,000	5,232,217	144.57%	74.81%
2017	0.06160%	8,136,000	5,244,764	155.13%	72.92%
2016	0.06874%	9,633,000	5,240,836	183.81%	70.68%
2015	0.06844%	8,615,000	5,105,532	168.74%	70.68%
2014	0.06896%	8,334,000	5,082,174	163.98%	70.88%

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

Schedule of Employer Contributions
Pension Plans

Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 563,609	\$ 563,609	\$ -	\$ 3,734,633	15.09%
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%
Component Unit School Board (nonprofessional)					
2022	\$ 8,652	\$ 8,652	\$ -	\$ 399,258	2.17%
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%
Component Unit School Board (professional)					
2022	\$ 835,504	\$ 835,504	\$ -	\$ 5,217,534	16.01%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2021

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)
2021	0.01720% \$	199,789	\$ 3,541,938	5.64%	67.45%
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, 2021

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)					
2021	0.00180% \$	20,491 \$	363,529	5.64%	67.45%
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)					
2021	0.02310% \$	268,481 \$	4,762,096	5.64%	67.45%
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

Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 20,167	\$ 20,167	\$ -	\$ 3,734,633	0.54%
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%
Component Unit School Board (nonprofessional)					
2022	\$ 2,156	\$ 2,156	\$ -	\$ 399,258	0.54%
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%
Component Unit School Board (professional)					
2022	\$ 28,175	\$ 28,175	\$ -	\$ 5,217,534	0.54%
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%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 676	\$ -
Interest	2,664	-
Changes in benefit terms	-	39,477
Changes of assumptions	1,498	-
Net change in total HIC OPEB liability	\$ 4,838	\$ 39,477
Total HIC OPEB Liability - beginning	39,477	-
Total HIC OPEB Liability - ending (a)	<u>\$ 44,315</u>	<u>\$ 39,477</u>
Plan fiduciary net position		
Contributions - employer	\$ 3,058	\$ -
Net investment income	417	-
Administrator charges	(14)	-
Net change in plan fiduciary net position	\$ 3,461	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ 3,461</u>	<u>\$ -</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 40,854	\$ 39,477
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.81%	0.00%
Covered payroll	\$ 355,585	\$ -
City's net HIC OPEB liability as a percentage of covered payroll	870.38%	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
 Years Ended June 30, 2021 through June 30, 2022

Date	Contributions in Relation to					Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		Covered Payroll (5)	
2022	\$ 3,434	\$ 3,434	\$ -	\$ 399,258		0.86%	
2021	3,058	3,058	-	355,585		0.86%	

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
 Year Ended June 30, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvements Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021

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)
2021	0.05385%	\$ 691,202	\$ 4,762,096	14.51%	13.15%
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
Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2022	\$ 63,132	\$ 63,132	\$ -	\$ 5,217,534	1.21%
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%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

City of Buena Vista, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
Years Ended June 30, 2018 through June 30, 2022

	2022
Total OPEB liability	
Service cost	\$ 44,000
Interest	26,000
Changes of assumptions	165,000
Differences between expected and actual experience	118,000
Benefit payments	(29,000)
Net change in total OPEB liability	\$ 324,000
Total OPEB liability - beginning	1,024,000
Total OPEB liability - ending	\$ 1,348,000
 Covered-employee payroll	 \$ 3,404,000
 City's total OPEB liability (asset) as a percentage of covered-employee payroll	 39.60%

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

Exhibit 28

2021		2020		2019		2018	
\$	37,000	\$	33,000	\$	38,000	\$	37,000
	30,000		38,000		38,000		37,000
	69,000		44,000		(64,000)		-
	(21,000)		(183,000)		(27,000)		-
	(15,000)		(23,000)		(22,000)		(35,000)
\$	100,000	\$	(91,000)	\$	(37,000)	\$	39,000
	924,000		1,015,000		1,052,000		1,013,000
\$	<u>1,024,000</u>	\$	<u>924,000</u>	\$	<u>1,015,000</u>	\$	<u>1,052,000</u>
\$	3,260,000	\$	3,260,000	\$	2,920,000	\$	2,920,000
	31.41%		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
Years Ended June 30, 2018 through June 30, 2022

	2022
Total OPEB liability	
Service cost	\$ 113,000
Interest	43,000
Changes in assumptions	198,000
Differences between expected and actual experience	286,000
Benefit payments	(532,000)
Net change in total OPEB liability	\$ 108,000
Total OPEB liability - beginning	1,901,000
Total OPEB liability - ending	\$ 2,009,000
 Covered-employee payroll	 \$ 4,808,000
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 41.78%

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

2021		2020		2019		2018	
\$	66,000	\$	73,000	\$	88,000	\$	86,000
	36,000		47,000		54,000		53,000
	92,000		39,000		(116,000)		-
	754,000		(139,000)		(108,000)		-
	(250,000)		(106,000)		(105,000)		(118,000)
\$	698,000	\$	(86,000)	\$	(187,000)	\$	21,000
	1,203,000		1,289,000		1,476,000		1,455,000
\$	<u>1,901,000</u>	\$	<u>1,203,000</u>	\$	<u>1,289,000</u>	\$	<u>1,476,000</u>
\$	5,524,000	\$	5,524,000	\$	5,018,000	\$	5,018,000
	34.41%		21.78%		25.69%		29.41%

re available.

Notes to Required Supplementary Information - OPEB
Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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	1.92% as of July 1, 2021
Inflation	2.50% per year
Healthcare Trend Rate - City	7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Healthcare Trend Rate - School Board	7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 18,173	\$ 18,173	\$ 18,508	\$ 335
Intergovernmental:				
Local government	140,000	140,000	252,792	112,792
Total revenues	<u>\$ 158,173</u>	<u>\$ 158,173</u>	<u>\$ 271,300</u>	<u>\$ 113,127</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 445,668	\$ 445,668	\$ 505,347	\$ (59,679)
Interest and other fiscal charges	25,570	25,570	32,710	(7,140)
Total expenditures	<u>\$ 471,238</u>	<u>\$ 471,238</u>	<u>\$ 538,057</u>	<u>\$ (66,819)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (313,065)</u>	<u>\$ (313,065)</u>	<u>\$ (266,757)</u>	<u>\$ 46,308</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 313,065	\$ 313,065	\$ 266,757	\$ (46,308)
Total other financing sources (uses)	<u>\$ 313,065</u>	<u>\$ 313,065</u>	<u>\$ 266,757</u>	<u>\$ (46,308)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
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, 2022

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 17,234	\$ 51,491	\$ 68,725
Receivables (net of allowance for uncollectibles):			
Accounts receivable	12,635	14,201	26,836
Due from other funds	24,873	-	24,873
Total assets	<u>\$ 54,742</u>	<u>\$ 65,692</u>	<u>\$ 120,434</u>
LIABILITIES			
Accounts payable	\$ 34,922	\$ -	\$ 34,922
Accrued liabilities	14,083	-	14,083
Total liabilities	<u>\$ 49,005</u>	<u>\$ -</u>	<u>\$ 49,005</u>
FUND BALANCES			
Restricted:			
Community development block grant	\$ -	\$ 65,692	\$ 65,692
Assigned:			
Green Hill Cemetary	3,690	-	3,690
Senior citizens program	14,984	-	14,984
Parks and recreation	(12,937)	-	(12,937)
Total fund balances	<u>\$ 5,737</u>	<u>\$ 65,692</u>	<u>\$ 71,429</u>
Total liabilities and fund balances	<u>\$ 54,742</u>	<u>\$ 65,692</u>	<u>\$ 120,434</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 180,305	\$ 73	\$ 180,378
Charges for services	43,120	-	43,120
Miscellaneous	42,170	-	42,170
Recovered costs	13,956	-	13,956
Total revenues	<u>\$ 279,551</u>	<u>\$ 73</u>	<u>\$ 279,624</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 8,071	\$ -	\$ 8,071
Parks, recreation, and cultural	622,063	-	622,063
Total expenditures	<u>\$ 630,134</u>	<u>\$ -</u>	<u>\$ 630,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (350,583)</u>	<u>\$ 73</u>	<u>\$ (350,510)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 346,050	\$ -	\$ 346,050
Transfers out	(6,876)	-	(6,876)
Total other financing sources (uses)	<u>\$ 339,174</u>	<u>\$ -</u>	<u>\$ 339,174</u>
Net change in fund balances	\$ (11,409)	\$ 73	\$ (11,336)
Fund balances - beginning	17,146	65,619	82,765
Fund balances - ending	<u>\$ 5,737</u>	<u>\$ 65,692</u>	<u>\$ 71,429</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2022

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
ASSETS				
Cash and cash equivalents	\$ 594	\$ 12,950	\$ 3,690	\$ 17,234
Receivables (net of allowance for uncollectibles):				
Accounts receivable	10,601	2,034	-	12,635
Due from other funds	24,873	-	-	24,873
Total assets	<u>\$ 36,068</u>	<u>\$ 14,984</u>	<u>\$ 3,690</u>	<u>\$ 54,742</u>
LIABILITIES				
Accounts payable	\$ 34,922	\$ 0	\$ -	\$ 34,922
Accrued liabilities	14,083	-	-	14,083
Total liabilities	<u>\$ 49,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,005</u>
FUND BALANCES				
Assigned:				
Green Hill Cemetery	\$ -	\$ -	\$ 3,690	\$ 3,690
Senior citizens program	-	14,984	-	14,984
Parks and recreation	(12,937)	-	-	(12,937)
Total fund balances	<u>\$ (12,937)</u>	<u>\$ 14,984</u>	<u>\$ 3,690</u>	<u>\$ 5,737</u>
Total liabilities and fund balances	<u>\$ 36,068</u>	<u>\$ 14,984</u>	<u>\$ 3,690</u>	<u>\$ 54,742</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2022

	Park and Recreation Fund	Senior Center Fund	Green Hill Cemetery Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 180,264	\$ -	\$ 41	\$ 180,305
Charges for services	37,570	-	5,550	43,120
Miscellaneous	42,170	-	-	42,170
Recovered costs	-	13,956	-	13,956
Total revenues	<u>\$ 260,004</u>	<u>\$ 13,956</u>	<u>\$ 5,591</u>	<u>\$ 279,551</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ 8,071	\$ -	\$ 8,071
Parks, recreation, and cultural	622,063	-	-	622,063
Total expenditures	<u>\$ 622,063</u>	<u>\$ 8,071</u>	<u>\$ -</u>	<u>\$ 630,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (362,059)</u>	<u>\$ 5,885</u>	<u>\$ 5,591</u>	<u>\$ (350,583)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 346,050	\$ -	\$ -	\$ 346,050
Transfers out	-	-	(6,876)	(6,876)
Total other financing sources (uses)	<u>\$ 346,050</u>	<u>\$ -</u>	<u>\$ (6,876)</u>	<u>\$ 339,174</u>
Net change in fund balances	\$ (16,009)	\$ 5,885	\$ (1,285)	\$ (11,409)
Fund balances - beginning	3,072	9,099	4,975	17,146
Fund balances - ending	<u><u>\$ (12,937)</u></u>	<u><u>\$ 14,984</u></u>	<u><u>\$ 3,690</u></u>	<u><u>\$ 5,737</u></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, 2022

	Park and Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 133,000	\$ 133,000	\$ 180,264	\$ 47,264
Charges for services	60,600	60,600	37,570	(23,030)
Miscellaneous	2,200	2,200	42,170	39,970
Recovered costs	-	-	-	-
Total revenues	\$ 195,800	\$ 195,800	\$ 260,004	\$ 64,204
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	337,523	464,844	622,063	(157,219)
Total expenditures	\$ 337,523	\$ 464,844	\$ 622,063	\$ (157,219)
Excess (deficiency) of revenues over (under) expenditures	\$ (141,723)	\$ (269,044)	\$ (362,059)	\$ (93,015)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 141,723	\$ 119,657	\$ 346,050	\$ 226,393
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ 141,723	\$ 119,657	\$ 346,050	\$ 226,393
Net change in fund balances	\$ -	\$ (149,387)	\$ (16,009)	\$ 133,378
Fund balances - beginning	-	149,387	3,072	(146,315)
Fund balances - ending	\$ -	\$ -	\$ (12,937)	\$ (12,937)

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41	\$ 41
-	-	-	-	-	-	5,550	5,550
-	-	-	-	-	-	-	-
8,500	8,500	13,956	5,456	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 13,956</u>	<u>\$ 5,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,591</u>	<u>\$ 5,591</u>
\$ 8,500	\$ 8,500	\$ 8,071	\$ 429	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,071</u>	<u>\$ 429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,885	\$ 5,885	\$ -	\$ -	\$ 5,591	\$ 5,591
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(6,876)	(6,876)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,876)</u>	<u>\$ (6,876)</u>
\$ -	\$ -	\$ 5,885	\$ 5,885	\$ -	\$ -	\$ (1,285)	\$ (1,285)
-	-	9,099	9,099	-	-	4,975	4,975
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,984</u>	<u>\$ 14,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,690</u>	<u>\$ 3,690</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Fund
Year Ended June 30, 2022

	Community Development Block Grant Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 73	\$ 73
Total revenues	\$ -	\$ -	\$ 73	\$ 73
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 73	\$ 73
Net change in fund balances	\$ -	\$ -	\$ 73	\$ 73
Fund balances - beginning	-	-	65,619	65,619
Fund balances - ending	\$ -	\$ -	\$ 65,692	\$ 65,692

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, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,011,955	\$ 463,854	\$ 193,542	\$ 1,669,351
Investments	-	-	334,436	334,436
Due from other governmental units	475,760	15,666	-	491,426
Inventories	-	23,415	-	23,415
Prepaid items	54,777	-	15,000	69,777
Total assets	<u>\$ 1,542,492</u>	<u>\$ 502,935</u>	<u>\$ 542,978</u>	<u>\$ 2,588,405</u>
LIABILITIES				
Accounts payable	\$ 281,619	\$ 8,616	\$ 36,676	\$ 326,911
Contracts payable	773,828	-	-	773,828
Due to primary government	48,917	-	-	48,917
Unearned revenue	200,000	-	-	200,000
Total liabilities	<u>\$ 1,304,364</u>	<u>\$ 8,616</u>	<u>\$ 36,676</u>	<u>\$ 1,349,656</u>
FUND BALANCES				
Nonspendable:				
Prepaid expense	\$ 54,777	\$ -	\$ -	\$ 54,777
Inventories	-	23,415	-	23,415
Prepaid items	-	-	15,000	15,000
Restricted:				
School activity funds	-	-	491,302	491,302
Committed:				
School capital projects	183,351	-	-	183,351
School lunch program	-	470,904	-	470,904
Total fund balances	<u>\$ 238,128</u>	<u>\$ 494,319</u>	<u>\$ 506,302</u>	<u>\$ 1,238,749</u>
Total liabilities and fund balances	<u>\$ 1,542,492</u>	<u>\$ 502,935</u>	<u>\$ 542,978</u>	<u>\$ 2,588,405</u>

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

Total fund balances per above	\$ 1,238,749
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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	3,167,657	
Machinery and equipment	1,122,824	
Construction in progress	90,995	
Lease assets	60,828	
	<u>4,446,938</u>	

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

440,497

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

Pension related	\$ 1,604,872	
OPEB related	<u>1,568,005</u>	
		3,172,877

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	\$ (65,175)	
		(65,175)

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	\$ (186,863)	
Lease liabilities	(66,359)	
Accrued interest	(791)	
Net OPEB liability	(3,030,028)	
Net pension liability	<u>(4,199,059)</u>	
		(7,483,100)

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

Pension related	\$ (4,310,327)	
OPEB related	<u>(418,586)</u>	
		(4,728,913)

Net position of governmental activities	\$ <u>(2,978,127)</u>
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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, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 52	\$ -	\$ (20,653)	\$ (20,601)
Charges for services	70,751	27,678	-	98,429
Miscellaneous	-	-	362,958	362,958
Recovered costs	40,297	-	-	40,297
Intergovernmental:				
Local government	2,791,910	-	-	2,791,910
Commonwealth	8,111,238	26,197	-	8,137,435
Federal	1,887,061	653,515	-	2,540,576
Total revenues	<u>\$ 12,901,309</u>	<u>\$ 707,390</u>	<u>\$ 342,305</u>	<u>\$ 13,951,004</u>
EXPENDITURES				
Current:				
Education	\$ 12,689,452	\$ 594,764	\$ 316,192	\$ 13,600,408
Total expenditures	<u>\$ 12,689,452</u>	<u>\$ 594,764</u>	<u>\$ 316,192</u>	<u>\$ 13,600,408</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 211,857	\$ 112,626	\$ 26,113	\$ 350,596
Net change in fund balances	\$ 211,857	\$ 112,626	\$ 26,113	\$ 350,596
Fund balances - beginning	26,271	381,693	480,189	888,153
Fund balances - ending	<u>\$ 238,128</u>	<u>\$ 494,319</u>	<u>\$ 506,302</u>	<u>\$ 1,238,749</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 \$ 350,596

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	\$ 690,781	
Depreciation expense	(556,366)	134,415

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (17,530)

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

Nonemployer VRS pension contribution	33,181
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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	\$ 23,450	
Issuance of leases	(11,395)	
Accrued interest	(791)	11,264

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	\$ 2,248	
Pension expense	1,146,158	
OPEB expense	507,344	1,655,750

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.

120,090

Change in net position of governmental activities \$ 2,287,766

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 52	\$ 52
Charges for services	19,000	19,000	70,751	51,751
Recovered costs	60,000	60,000	40,297	(19,703)
Intergovernmental:				
Local government	2,433,803	2,433,803	2,791,910	358,107
Commonwealth	8,233,266	8,233,266	8,111,238	(122,028)
Federal	2,449,511	2,449,511	1,887,061	(562,450)
Total revenues	<u>\$ 13,195,580</u>	<u>\$ 13,195,580</u>	<u>\$ 12,901,309</u>	<u>\$ (294,271)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 13,195,580</u>	<u>\$ 13,195,580</u>	<u>\$ 12,689,452</u>	<u>\$ 506,128</u>
Total expenditures	<u>\$ 13,195,580</u>	<u>\$ 13,195,580</u>	<u>\$ 12,689,452</u>	<u>\$ 506,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,857</u>	<u>\$ 211,857</u>
Net change in fund balances	\$ -	\$ -	\$ 211,857	\$ 211,857
Fund balances - beginning	-	-	26,271	26,271
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,128</u>	<u>\$ 238,128</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
Year Ended June 30, 2022

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 12,213	\$ 12,213	\$ 27,678	\$ 15,465
Intergovernmental:				
Commonwealth	6,299	6,299	26,197	19,898
Federal	395,157	395,157	653,515	258,358
Total revenues	<u>\$ 413,669</u>	<u>\$ 413,669</u>	<u>\$ 707,390</u>	<u>\$ 293,721</u>
EXPENDITURES				
Current:				
Education	<u>\$ 413,669</u>	<u>\$ 413,669</u>	<u>\$ 594,764</u>	<u>\$ (181,095)</u>
Total expenditures	<u>\$ 413,669</u>	<u>\$ 413,669</u>	<u>\$ 594,764</u>	<u>\$ (181,095)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,626</u>	<u>\$ 112,626</u>
Net change in fund balances	\$ -	\$ -	\$ 112,626	\$ 112,626
Fund balances - beginning	-	-	381,693	381,693
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,319</u>	<u>\$ 494,319</u>

Statement of Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
June 30, 2022

	Health Insurance Fund
ASSETS	
Cash and cash equivalents	\$ 273,354
Total assets	\$ <u>273,354</u>
LIABILITIES	
Claims payable	\$ 338,529
Total liabilities	\$ <u>338,529</u>
NET POSITION	
Unrestricted	\$ (65,175)
Total net position	\$ <u>(65,175)</u>
Total liabilities and net position	\$ <u>273,354</u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2022

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 2,208,423
Total operating revenues	<u>\$ 2,208,423</u>
OPERATING EXPENSES	
Insurance claims paid and expenses	\$ 2,088,382
Total operating expenses	<u>\$ 2,088,382</u>
Operating income (loss)	<u>\$ 120,041</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 49
Total nonoperating revenues (expenses)	<u>\$ 49</u>
Change in net position	\$ 120,090
Net position - beginning	<u>(185,265)</u>
Net position - ending	<u><u>\$ (65,175)</u></u>

Statement of Cash Flows
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2022

	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 2,208,423
Payments for premiums	(2,219,419)
Net cash provided by (used for) operating activities	<u>\$ (10,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 49
Net cash provided by (used for) investing activities	<u>\$ 49</u>
Net increase (decrease) in cash and cash equivalents	\$ (10,947)
Cash and cash equivalents - beginning	284,301
Cash and cash equivalents - ending	<u><u>\$ 273,354</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 120,041
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ (131,037)
Total adjustments	<u>\$ (131,037)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (10,996)</u></u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022

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	\$ 4,307,755	\$ (39,765)
Real and personal public service corporation taxes	290,000	290,000	301,347	11,347
Personal property taxes	1,340,000	1,340,000	1,478,964	138,964
Machinery and tools taxes	350,000	350,000	431,037	81,037
Penalties	61,800	61,800	58,038	(3,762)
Interest	44,300	44,300	28,682	(15,618)
Total general property taxes	<u>\$ 6,433,620</u>	<u>\$ 6,433,620</u>	<u>\$ 6,605,823</u>	<u>\$ 172,203</u>
Other local taxes:				
Local sales and use taxes	\$ 388,000	\$ 388,000	\$ 518,437	\$ 130,437
Consumers' utility taxes	267,000	267,000	263,567	(3,433)
Meals taxes	361,000	361,000	387,636	26,636
Lodging taxes	15,000	15,000	23,552	8,552
Business and professional license taxes	195,000	195,000	186,455	(8,545)
Motor vehicle licenses	161,000	161,000	142,274	(18,726)
Water utility taxes	161,000	161,000	105,475	(55,525)
Bank stock taxes	35,000	35,000	39,100	4,100
Recordation taxes	40,000	40,000	66,338	26,338
Total other local taxes	<u>\$ 1,623,000</u>	<u>\$ 1,623,000</u>	<u>\$ 1,732,834</u>	<u>\$ 109,834</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,900	\$ 1,900	\$ 1,014	\$ (886)
Right of way fees	22,000	22,000	20,839	(1,161)
Transfer fees	175	175	224	49
Permits and other licenses	18,700	18,700	20,421	1,721
Total permits, privilege fees, and regulatory licenses	<u>\$ 42,775</u>	<u>\$ 42,775</u>	<u>\$ 42,498</u>	<u>\$ (277)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 71,020	\$ 71,020	\$ 33,459	\$ (37,561)
Parking fines	700	700	485	(215)
Total fines and forfeitures	<u>\$ 71,720</u>	<u>\$ 71,720</u>	<u>\$ 33,944</u>	<u>\$ (37,776)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,000	\$ 2,000	\$ 9,285	\$ 7,285
Sale of cemetery lots	32,000	32,000	19,950	(12,050)
Carilion lease revenue	31,882	31,882	32,017	135
Total revenue from use of money and property	<u>\$ 65,882</u>	<u>\$ 65,882</u>	<u>\$ 61,252</u>	<u>\$ (4,630)</u>
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 514	\$ 14
Commonwealth attorney fees	500	500	1,863	1,363
Charges for waste collection and disposal	787,893	787,893	722,090	(65,803)
Grave openings	63,083	63,083	55,100	(7,983)
Courthouse maintenance fees	12,500	12,500	4,663	(7,837)
Courthouse security fees	10,000	10,000	14,457	4,457
Jail administration fees	2,200	2,200	691	(1,509)
Other charges for services	700	700	9,274	8,574
Total charges for services	<u>\$ 877,376</u>	<u>\$ 877,376</u>	<u>\$ 808,652</u>	<u>\$ (68,724)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2022 (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	\$ 53,550	\$ 53,550	\$ 108,445	\$ 54,895
Dabney lease revenue	142,327	142,327	143,824	1,497
Total miscellaneous	<u>\$ 195,877</u>	<u>\$ 195,877</u>	<u>\$ 252,269</u>	<u>\$ 56,392</u>
Recovered costs:				
Social service refunds	\$ -	\$ -	\$ 23,398	\$ 23,398
Other recovered costs	-	-	69,245	69,245
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,643</u>	<u>\$ 92,643</u>
Total revenue from local sources	<u>\$ 9,310,250</u>	<u>\$ 9,310,250</u>	<u>\$ 9,629,915</u>	<u>\$ 319,665</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 500	\$ 500	\$ 600	\$ 100
Communication tax	288,000	288,000	225,241	(62,759)
Rolling stock	6,000	6,000	5,805	(195)
Games of skill tax	-	-	864	864
Auto rental tax	500	500	684	184
State recordation tax	12,000	12,000	-	(12,000)
Personal property tax relief funds	662,919	662,919	662,919	-
Total noncategorical aid	<u>\$ 969,919</u>	<u>\$ 969,919</u>	<u>\$ 896,113</u>	<u>\$ (73,806)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 174,580	\$ 174,580	\$ 174,486	\$ (94)
Sheriff	177,940	177,940	177,638	(302)
Commissioner of revenue	85,872	85,872	85,623	(249)
Treasurer	79,314	79,314	79,019	(295)
Registrar/electoral board	56,000	56,000	57,294	1,294
Police	196,550	196,550	196,569	19
Juror Expense	3,000	3,000	-	(3,000)
Clerk of the Circuit Court	157,321	157,321	170,605	13,284
Total shared expenses	<u>\$ 930,577</u>	<u>\$ 930,577</u>	<u>\$ 941,234</u>	<u>\$ 10,657</u>
Other categorical aid:				
Welfare administration and assistance	\$ 100,000	\$ 100,000	\$ 161,958	\$ 61,958
Comprehensive services act	2,233,000	2,233,000	1,175,046	(1,057,954)
Street and Highway Maintenance	1,250,000	1,250,000	1,366,651	116,651
Department of Criminal Justice Services Grant	-	-	32,578	32,578
School resource officer grant	140,000	140,000	113,498	(26,502)
Victim-witness grant	-	-	21,211	21,211
Fire programs	22,000	22,000	30,000	8,000
Four for life	-	-	4,930	4,930
Other state grants	-	-	346,121	346,121
Seized funds	-	-	2,909	2,909
Total other categorical aid	<u>\$ 3,745,000</u>	<u>\$ 3,745,000</u>	<u>\$ 3,254,902</u>	<u>\$ (490,098)</u>
Total categorical aid	<u>\$ 4,675,577</u>	<u>\$ 4,675,577</u>	<u>\$ 4,196,136</u>	<u>\$ (479,441)</u>
Total revenue from the Commonwealth	<u>\$ 5,645,496</u>	<u>\$ 5,645,496</u>	<u>\$ 5,092,249</u>	<u>\$ (553,247)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (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	\$ -	\$ -	\$ 180,415	\$ 180,415
Total noncategorical aid	\$ -	\$ -	\$ 180,415	\$ 180,415
Categorical aid:				
Welfare administration and assistance	\$ 100,000	\$ 100,000	\$ 168,556	\$ 68,556
Emergency management performance grant	-	-	7,500	7,500
Victim-witness grant	74,023	74,023	49,492	(24,531)
Byrne justice assistance grant	-	-	24,609	24,609
Community development block grant	-	-	11,000	11,000
USDA forestry grant	-	-	2,260	2,260
Coronavirus state and local fiscal recovery funds	-	1,695,708	1,759,075	63,367
Total categorical aid	\$ 174,023	\$ 1,869,731	\$ 2,022,492	\$ 152,761
Total revenue from the federal government	\$ 174,023	\$ 1,869,731	\$ 2,202,907	\$ 333,176
Total General Fund	\$ 15,129,769	\$ 16,825,477	\$ 16,925,071	\$ 99,594
Special Revenue Funds:				
Park and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 133,000	\$ 133,000	\$ 180,264	\$ 47,264
Total revenue from use of money and property	\$ 133,000	\$ 133,000	\$ 180,264	\$ 47,264
Charges for services:				
Recreation fees	\$ 60,600	\$ 60,600	\$ 37,570	\$ (23,030)
Total charges for services	\$ 60,600	\$ 60,600	\$ 37,570	\$ (23,030)
Miscellaneous:				
Miscellaneous	\$ 2,200	\$ 2,200	\$ 42,170	\$ 39,970
Total miscellaneous	\$ 2,200	\$ 2,200	\$ 42,170	\$ 39,970
Total revenue from local sources	\$ 195,800	\$ 195,800	\$ 260,004	\$ 64,204
Total Park and Recreation Fund	\$ 195,800	\$ 195,800	\$ 260,004	\$ 64,204
Senior Center Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other localities	\$ 8,500	\$ 8,500	\$ 13,956	\$ 5,456
Total recovered costs	\$ 8,500	\$ 8,500	\$ 13,956	\$ 5,456
Total revenue from local sources	\$ 8,500	\$ 8,500	\$ 13,956	\$ 5,456
Total Senior Center Fund	\$ 8,500	\$ 8,500	\$ 13,956	\$ 5,456
Green Hill Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 41	\$ 41
Total revenue from use of money and property	\$ -	\$ -	\$ 41	\$ 41
Charges for services:				
Cemetery perpetual care receipts	\$ -	\$ -	\$ 5,550	\$ 5,550
Total charges for services	\$ -	\$ -	\$ 5,550	\$ 5,550
Total revenue from local sources	\$ -	\$ -	\$ 5,591	\$ 5,591
Total Green Hill Cemetery Fund	\$ -	\$ -	\$ 5,591	\$ 5,591

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (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	\$ 140,000	\$ 140,000	\$ 252,792	\$ 112,792
Total revenues from local governments	\$ 140,000	\$ 140,000	\$ 252,792	\$ 112,792
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 18,173	\$ 18,173	\$ 18,508	\$ 335
Total revenue from use of money and property	\$ 18,173	\$ 18,173	\$ 18,508	\$ 335
Total School Construction Fund	\$ 158,173	\$ 158,173	\$ 271,300	\$ 113,127
Community Development Block Grant:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 73	\$ 73
Total revenue from use of money and property	\$ -	\$ -	\$ 73	\$ 73
Total Community Development Block Grant Fund	\$ -	\$ -	\$ 73	\$ 73
Total Primary Government	\$ 15,492,242	\$ 17,187,950	\$ 17,475,995	\$ 288,045
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	\$ -	\$ -	\$ 52	\$ 52
Total revenue from use of money and property	\$ -	\$ -	\$ 52	\$ 52
Charges for services:				
Charges for education	\$ 19,000	\$ 19,000	\$ 70,751	\$ 51,751
Total charges for services	\$ 19,000	\$ 19,000	\$ 70,751	\$ 51,751
Recovered costs:				
Other recovered costs	\$ 60,000	\$ 60,000	\$ 40,297	\$ (19,703)
Total recovered costs	\$ 60,000	\$ 60,000	\$ 40,297	\$ (19,703)
Total revenue from local sources	\$ 79,000	\$ 79,000	\$ 111,100	\$ 32,100

Schedule of Revenues - Budget and Actual

Governmental Funds

Year Ended June 30, 2022 (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	\$ 2,791,910	\$ 358,107
Total revenue from local governments	\$ 2,433,803	\$ 2,433,803	\$ 2,791,910	\$ 358,107
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,050,878	\$ 1,050,878	\$ 1,307,812	\$ 256,934
Basic school aid	3,720,199	3,720,199	3,396,951	(323,248)
At-risk	364,104	364,104	350,200	(13,904)
Project graduation	4,326	4,326	3,659	(667)
Alternative education	61,082	61,082	77,162	16,080
Gifted and talented	36,522	36,522	35,196	(1,326)
Special education	430,684	430,684	415,053	(15,631)
Remedial summer school	30,045	30,045	68,926	38,881
Remedial education	155,735	155,735	150,083	(5,652)
Vocational education	270,125	270,125	260,321	(9,804)
Technology funds	180,000	180,000	180,000	-
Lottery	269,873	269,873	315,607	45,734
School security grant	27,298	27,298	27,298	-
Fringe benefits	811,065	811,065	781,628	(29,437)
Medicare benefits	-	-	54,896	54,896
Regional tuition programs	154,053	154,053	-	(154,053)
Reduced class size (K-3)	221,413	221,413	211,272	(10,141)
Free textbooks	74,057	74,057	55,650	(18,407)
Early reading intervention	28,820	28,820	40,349	11,529
Special education - homebound	1,583	1,583	6,117	4,534
Salary supplement	256,898	256,898	247,472	(9,426)
English as a second language	3,490	3,490	1,890	(1,600)
Standards of Learning algebra readiness	17,469	17,469	17,462	(7)
Other state funds	63,547	63,547	106,234	42,687
Total categorical aid	\$ 8,233,266	\$ 8,233,266	\$ 8,111,238	\$ (122,028)
Total revenue from the Commonwealth	\$ 8,233,266	\$ 8,233,266	\$ 8,111,238	\$ (122,028)
Revenue from the federal government:				
Noncategorical aid:				
Education stabilization funds	\$ 1,512,293	\$ 1,512,293	\$ 1,068,258	\$ (444,035)
Coronavirus state and local fiscal recovery funds	200,000	200,000	112,428	(87,572)
Total noncategorical aid	\$ 1,712,293	\$ 1,712,293	\$ 1,180,686	\$ (531,607)
Categorical aid:				
Title I	\$ 222,169	\$ 222,169	\$ 225,979	\$ 3,810
Title VI-B, special education	297,461	297,461	264,028	(33,433)
Title VI-B, pre-school	13,569	13,569	15,526	1,957
Title IV-B, 21st Century	120,000	120,000	120,000	-
Vocational Education	16,500	16,500	25,766	9,266
Title II, Improving teacher quality	31,468	31,468	22,456	(9,012)
Rural and low income grant	18,051	18,051	-	(18,051)
Title IV, Innovative education	18,000	18,000	32,620	14,620
Total categorical aid	\$ 737,218	\$ 737,218	\$ 706,375	\$ (30,843)
Total revenue from the federal government	\$ 2,449,511	\$ 2,449,511	\$ 1,887,061	\$ (562,450)
Total School Operating Fund	\$ 13,195,580	\$ 13,195,580	\$ 12,901,309	\$ (294,271)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (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	\$ 12,213	\$ 12,213	\$ 27,678	\$ 15,465
Total charges for services	\$ 12,213	\$ 12,213	\$ 27,678	\$ 15,465
Total revenue from local sources	\$ 12,213	\$ 12,213	\$ 27,678	\$ 15,465
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,299	\$ 6,299	\$ 26,197	\$ 19,898
Total revenue from the commonwealth	\$ 6,299	\$ 6,299	\$ 26,197	\$ 19,898
Revenue from the federal government:				
Categorical aid:				
USDA Commodities	\$ -	\$ -	\$ 37,135	\$ 37,135
School food program grant	395,157	395,157	616,380	221,223
Total categorical aid	\$ 395,157	\$ 395,157	\$ 653,515	\$ 258,358
Total revenue from the federal government	\$ 395,157	\$ 395,157	\$ 653,515	\$ 258,358
Total School Cafeteria Fund	\$ 413,669	\$ 413,669	\$ 707,390	\$ 293,721
School Activity Funds:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ (20,653)	\$ (20,653)
Total revenue from use of money and property	\$ -	\$ -	\$ (20,653)	\$ (20,653)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 362,958	\$ 362,958
Total miscellaneous revenue	\$ -	\$ -	\$ 362,958	\$ 362,958
Total revenue from local sources	\$ -	\$ -	\$ 342,305	\$ 342,305
Total School Activity Funds	\$ -	\$ -	\$ 342,305	\$ 342,305
Total Discretely Presented Component Unit - School Board	\$ 13,609,249	\$ 13,609,249	\$ 13,951,004	\$ 341,755

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2022

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	\$ 39,548	\$ 39,586	\$ (38)
General and financial administration:				
City Manager	\$ 147,221	\$ 148,721	\$ 147,735	\$ 986
City Attorney/Legal Services	70,000	70,000	73,802	(3,802)
Finance	256,475	260,475	276,883	(16,408)
Independent Auditor	59,800	59,800	62,362	(2,562)
Commissioner of Revenue	203,207	206,207	203,444	2,763
City Treasurer	284,811	288,311	293,740	(5,429)
Reassessment	36,000	36,000	9,786	26,214
Information Technology	136,000	136,000	268,482	(132,482)
Other general and financial administration	68,600	68,600	68,995	(395)
Total general and financial administration	\$ 1,262,114	\$ 1,274,114	\$ 1,405,229	\$ (131,115)
Board of elections:				
Electoral board and officials	\$ 123,124	\$ 125,124	\$ 157,440	\$ (32,316)
Total board of elections	\$ 123,124	\$ 125,124	\$ 157,440	\$ (32,316)
Total general government administration	\$ 1,424,786	\$ 1,438,786	\$ 1,602,255	\$ (163,469)
Judicial administration:				
Courts:				
Circuit court	\$ 6,234	\$ 6,234	\$ 2,189	\$ 4,045
General district court	7,020	9,020	9,086	(66)
Juvenile/Domestic relations court	33,610	35,610	42,184	(6,574)
Clerk of the circuit court	248,352	251,352	255,341	(3,989)
Sheriff	443,093	453,293	472,718	(19,425)
Total courts	\$ 738,309	\$ 755,509	\$ 781,518	\$ (26,009)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 248,002	\$ 250,002	\$ 261,832	\$ (11,830)
Total commonwealth's attorney	\$ 248,002	\$ 250,002	\$ 261,832	\$ (11,830)
Total judicial administration	\$ 986,311	\$ 1,005,511	\$ 1,043,350	\$ (37,839)
Public safety:				
Law enforcement and traffic control:				
Criminal Justice Service Department	\$ 74,023	\$ 75,023	\$ 71,828	\$ 3,195
Police Department	1,625,986	1,679,986	2,100,326	(420,340)
Total law enforcement and traffic control	\$ 1,700,009	\$ 1,755,009	\$ 2,172,154	\$ (417,145)
Fire and rescue services:				
Fire department	\$ 158,000	\$ 214,220	\$ 256,278	\$ (42,058)
Rescue squad	110,903	135,903	154,598	(18,695)
Central dispatch	326,364	326,364	428,836	(102,472)
Total fire and rescue services	\$ 595,267	\$ 676,487	\$ 839,712	\$ (163,225)
Correction and detention:				
Probation Office	\$ 3,000	\$ 3,000	\$ 1,174	\$ 1,826
Magistrate	420	420	120	300
Regional Jail	670,000	670,000	530,696	139,304
Total correction and detention	\$ 673,420	\$ 673,420	\$ 531,990	\$ 141,430

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (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	\$ 220	\$ (70)
Total other protection	\$ 150	\$ 150	\$ 220	\$ (70)
Total public safety	\$ 2,968,846	\$ 3,105,066	\$ 3,544,076	\$ (439,010)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Administrative and Engineering	\$ 166,154	\$ 469,563	\$ 469,203	\$ 360
Street Maintenance Department	1,103,390	1,311,054	1,256,207	54,847
Street Lights	73,000	73,000	59,434	13,566
Total maintenance of highways, streets, bridges and sidewalks	\$ 1,342,544	\$ 1,853,617	\$ 1,784,844	\$ 68,773
Sanitation and waste removal:				
Refuse Department	\$ 424,987	\$ 430,387	\$ 481,163	\$ (50,776)
Refuse Disposal	300,000	300,000	322,523	(22,523)
Total sanitation and waste removal	\$ 724,987	\$ 730,387	\$ 803,686	\$ (73,299)
Maintenance of general buildings and grounds:				
Maintenance Buildings and Grounds	\$ 399,109	\$ 404,009	\$ 474,234	\$ (70,225)
Green Hill Cemetary Maintenance	145,679	180,648	113,184	67,464
Total maintenance of general buildings and grounds	\$ 544,788	\$ 584,657	\$ 587,418	\$ (2,761)
Total public works	\$ 2,612,319	\$ 3,168,661	\$ 3,175,948	\$ (7,287)
Health and welfare:				
Health:				
Health Services	\$ 41,766	\$ 41,766	\$ 41,766	\$ -
Total health	\$ 41,766	\$ 41,766	\$ 41,766	\$ -
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	\$ 60,355	\$ 19,645
Social Services	3,100,000	3,100,000	1,979,625	1,120,375
VA Municipal League	4,642	4,642	5,090	(448)
Valley Program for Aging	43,912	43,912	43,912	-
Total welfare	\$ 3,228,554	\$ 3,228,554	\$ 2,088,982	\$ 1,139,572
Total health and welfare	\$ 3,319,664	\$ 3,319,664	\$ 2,180,092	\$ 1,139,572

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (Continued)

General Fund: (continued)

Education:

Other instructional costs:

Contribution to City School Board	\$ 2,733,785	\$ 2,733,785	\$ 2,791,910	\$ (58,125)
Contribution to Community Colleges	36,408	36,408	36,408	-
Total education	<u>\$ 2,770,193</u>	<u>\$ 2,770,193</u>	<u>\$ 2,828,318</u>	<u>\$ (58,125)</u>

Parks, recreation, and cultural:

Library:

Rockbridge/ Buena Vista Regional Library	\$ 139,225	\$ 139,225	\$ 142,345	\$ (3,120)
Total library	<u>\$ 139,225</u>	<u>\$ 139,225</u>	<u>\$ 142,345</u>	<u>\$ (3,120)</u>
Total parks, recreation, and cultural	<u>\$ 139,225</u>	<u>\$ 139,225</u>	<u>\$ 142,345</u>	<u>\$ (3,120)</u>

Community development:

Planning and community development:

Community development administration	\$ 110,608	\$ 119,187	\$ 97,093	\$ 22,094
Central Shenandoah Planning District Commission	20,499	20,499	20,499	-
Visitor's Center	48,308	48,308	48,308	-
Paxton House	-	-	1,500	(1,500)
Rockbridge Area transportation system	18,639	18,639	-	18,639
Buena Vista Junior Women's Club			500	(500)
Employee programs	30,000	30,000	44,732	(14,732)
Business Development	216,530	218,530	352,914	(134,384)
Total planning and community development	<u>\$ 444,584</u>	<u>\$ 455,163</u>	<u>\$ 565,873</u>	<u>\$ (110,710)</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>\$ -</u>	<u>\$ 2,000</u>

Total community development	<u>\$ 446,584</u>	<u>\$ 457,163</u>	<u>\$ 565,873</u>	<u>\$ (108,710)</u>
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Debt service:

Principal retirement	\$ 77,673	\$ 77,673	\$ 128,027	\$ (50,354)
Interest and other fiscal charges	110,295	110,295	95,562	14,733
Total debt service	<u>\$ 187,968</u>	<u>\$ 187,968</u>	<u>\$ 223,589</u>	<u>\$ (35,621)</u>

Total General Fund	<u>\$ 14,855,896</u>	<u>\$ 15,592,237</u>	<u>\$ 15,305,846</u>	<u>\$ 286,391</u>
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Special Revenue Fund:**Park & Recreation Fund:**

Parks, recreation, and cultural:

Parks and recreation:

Administration	\$ 54,455	\$ 55,826	\$ 96,269	\$ (40,443)
Recreation	125,809	125,809	154,596	(28,787)
Parks and Ground Maintenance	83,172	207,522	245,320	(37,798)
Activities	16,300	16,300	16,493	(193)
Swimming Pool	57,787	59,387	109,385	(49,998)
Total Parks and Recreation	<u>\$ 337,523</u>	<u>\$ 464,844</u>	<u>\$ 622,063</u>	<u>\$ (157,219)</u>

Total Park and Recreation Fund	<u>\$ 337,523</u>	<u>\$ 464,844</u>	<u>\$ 622,063</u>	<u>\$ (157,219)</u>
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Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2022 (Continued)

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

Health and Welfare:

Senior center	\$ 8,500	\$ 8,500	\$ 8,071	\$ 429
Total health and welfare	<u>8,500</u>	<u>8,500</u>	<u>8,071</u>	<u>429</u>
Total Senior Center Fund	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 8,071</u>	<u>\$ 429</u>

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

Debt service:

Principal retirement	\$ 445,668	\$ 445,668	\$ 505,347	\$ (59,679)
Interest and other fiscal charges	<u>25,570</u>	<u>25,570</u>	<u>32,710</u>	<u>(7,140)</u>
Total debt service	<u>\$ 471,238</u>	<u>\$ 471,238</u>	<u>\$ 538,057</u>	<u>\$ (66,819)</u>
Total School Construction Fund	<u>\$ 471,238</u>	<u>\$ 471,238</u>	<u>\$ 538,057</u>	<u>\$ (66,819)</u>

Total Primary Government	<u>\$ 15,673,157</u>	<u>\$ 16,536,819</u>	<u>\$ 16,474,037</u>	<u>\$ 62,782</u>
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Discretely Presented Component Unit - School Board**School Operating Fund:**

Education:

Instruction	\$ 10,116,772	\$ 10,116,772	\$ 9,588,471	\$ 528,301
Administration and Health Services	<u>720,370</u>	<u>720,370</u>	<u>736,089</u>	<u>(15,719)</u>
Transportation	<u>368,970</u>	<u>368,970</u>	<u>399,698</u>	<u>(30,728)</u>
Operation and Maintenance	<u>1,230,933</u>	<u>1,230,933</u>	<u>1,116,316</u>	<u>114,617</u>
Technology	<u>758,535</u>	<u>758,535</u>	<u>596,086</u>	<u>162,449</u>
Contribution to City of Buena Vista, Virginia	<u>-</u>	<u>-</u>	<u>252,792</u>	<u>(252,792)</u>
Total Education	<u>\$ 13,195,580</u>	<u>\$ 13,195,580</u>	<u>\$ 12,689,452</u>	<u>\$ 506,128</u>
Total School Operating Fund	<u>\$ 13,195,580</u>	<u>\$ 13,195,580</u>	<u>\$ 12,689,452</u>	<u>\$ 506,128</u>

Special Revenue Funds:**School Cafeteria Fund:**

Education:

School food services:

School Nutrition	\$ 413,669	\$ 413,669	\$ 594,764	\$ (181,095)
Total education	<u>\$ 413,669</u>	<u>\$ 413,669</u>	<u>\$ 594,764</u>	<u>\$ (181,095)</u>
Total School Cafeteria Fund	<u>\$ 413,669</u>	<u>\$ 413,669</u>	<u>\$ 594,764</u>	<u>\$ (181,095)</u>

School Activity Funds

Education:

Other instructional services	\$ -	\$ -	\$ 316,192	\$ (316,192)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,192</u>	<u>\$ (316,192)</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,192</u>	<u>\$ (316,192)</u>

Total Discretely Presented Component Unit - School Board	<u>\$ 13,609,249</u>	<u>\$ 13,609,249</u>	<u>\$ 13,600,408</u>	<u>\$ 8,841</u>
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STATISTICAL SECTION

STATISTICAL SECTION

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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			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 8,383,865	\$ 8,787,455	\$ 7,963,203	\$ 8,551,947
Restricted	191,002	203,321	204,585	205,881
Unrestricted	1,991,915	2,535,594	482,642	1,191,643
Total governmental activities net position	<u>\$ 10,566,782</u>	<u>\$ 11,526,370</u>	<u>\$ 8,650,430</u>	<u>\$ 9,949,471</u>
Business-type activities				
Net investment in capital assets	\$ (1,603,483)	\$ (805,396)	\$ 49,145	\$ (125,963)
Restricted	814,994	849,815	839,260	815,382
Unrestricted	1,225,491	994,498	(702,747)	(1,226,666)
Total business-type activities net position	<u>\$ 437,002</u>	<u>\$ 1,038,917</u>	<u>\$ 185,658</u>	<u>\$ (537,247)</u>
Primary government				
Net investment in capital assets	\$ 6,780,382	\$ 7,982,059	\$ 8,012,348	\$ 8,425,984
Restricted	1,005,996	1,053,136	1,043,845	1,021,263
Unrestricted	3,217,406	3,530,092	(220,105)	(35,023)
Total primary government net position	<u>\$ 11,003,784</u>	<u>\$ 12,565,287</u>	<u>\$ 8,836,088</u>	<u>\$ 9,412,224</u>

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 9,164,709	\$ 9,418,051	\$ 9,710,411	\$ 9,672,482	\$ 9,808,390	\$ 10,902,760
207,337	208,672	310,654	182,606	184,533	185,231
941,248	(143,522)	(1,106,904)	(2,025,561)	(1,320,741)	(229,183)
<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>	<u>\$ 10,858,808</u>
\$ (271,422)	\$ (421,031)	\$ (618,159)	\$ (1,263,416)	\$ (1,429,553)	\$ (2,702,479)
782,330	589,348	649,457	638,209	633,852	1,029,776
<u>(1,760,050)</u>	<u>(2,240,550)</u>	<u>(2,985,941)</u>	<u>(3,262,826)</u>	<u>(3,737,252)</u>	<u>(2,960,905)</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>	<u>\$ (4,633,608)</u>
\$ 8,893,287	\$ 8,997,020	\$ 9,092,252	\$ 8,409,066	\$ 8,378,837	\$ 8,200,281
989,667	798,020	960,111	820,815	818,385	1,215,007
<u>(818,802)</u>	<u>(2,384,072)</u>	<u>(4,092,845)</u>	<u>(5,288,387)</u>	<u>(5,057,993)</u>	<u>(3,190,088)</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>	<u>\$ 6,225,200</u>

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government administration	\$ 1,434,120	\$ 1,352,667	\$ 1,331,648	\$ 1,433,595
Judicial administration	781,762	744,136	739,630	784,356
Public safety	2,094,716	2,421,580	2,078,802	2,265,851
Public works	1,528,167	1,543,028	1,710,983	1,960,690
Health and welfare	1,262,700	1,430,280	1,515,132	1,487,186
Education	2,678,335	2,507,520	3,987,920	2,461,405
Parks, recreation and cultural	502,721	512,800	467,036	541,016
Community development	380,195	476,304	443,371	437,882
Interest on long-term debt	328,515	244,753	237,479	195,175
Total governmental activities expenses	\$ 10,991,231	\$ 11,233,068	\$ 12,512,001	\$ 11,567,156
Business-type activities:				
Water and sewer	\$ 2,147,225	\$ 2,164,971	\$ 2,111,346	\$ 2,309,955
Sewer	-	-	-	-
Golf course	1,060,556	1,041,770	1,171,247	1,072,226
Total business-type activities expenses	\$ 3,207,781	\$ 3,206,741	\$ 3,282,593	\$ 3,382,181
Total primary government expenses	\$ 14,199,012	\$ 14,439,809	\$ 15,794,594	\$ 14,949,337
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 12,854	\$ 3,129	\$ 2,418	\$ 6,111
Judicial administration	894	1,413	1,082	1,657
Public safety	92,936	101,687	65,546	72,387
Public works	594,270	732,987	716,207	714,462
Parks, recreation and cultural	103,445	92,251	85,177	86,880
Operating grants and contributions	2,952,688	3,287,030	2,869,831	3,330,959
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 3,757,087	\$ 4,218,497	\$ 3,740,261	\$ 4,212,456
Business-type activities:				
Charges for services:				
Water and sewer	\$ 2,006,397	\$ 2,064,255	\$ 2,113,865	\$ 2,065,614
Sewer	-	-	-	-
Golf course	471,885	439,807	385,436	352,310
Operating grants and contributions	-	-	-	-
Capital grants and contributions	190,455	813,106	38,901	100
Total business-type activities program revenues	\$ 2,668,737	\$ 3,317,168	\$ 2,538,202	\$ 2,418,024
Total primary government program revenues	\$ 6,425,824	\$ 7,535,665	\$ 6,278,463	\$ 6,630,480
Net (expense) / revenue				
Governmental activities	\$ (7,234,144)	\$ (7,014,571)	\$ (8,771,740)	\$ (7,354,700)
Business-type activities	(539,044)	110,427	(744,391)	(964,157)
Total primary government net expense	\$ (7,773,188)	\$ (6,904,144)	\$ (9,516,131)	\$ (8,318,857)

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,451,815	\$ 1,436,939	\$ 1,464,836	\$ 1,610,849	\$ 1,795,707	\$ 1,727,240
860,720	880,505	1,027,787	980,103	1,019,950	1,017,867
2,631,032	2,864,208	3,060,196	3,132,569	3,316,903	3,239,319
2,064,999	2,316,348	2,413,388	2,416,545	2,672,139	2,480,331
2,094,471	2,534,961	3,382,721	3,074,478	2,466,902	2,103,375
3,053,399	2,917,688	2,669,456	2,907,138	2,275,851	2,878,417
616,884	606,652	617,980	568,944	518,058	704,206
483,507	464,611	475,645	992,368	628,416	538,074
180,959	183,087	207,889	144,151	139,701	122,113
<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>	<u>\$ 14,810,942</u>
\$ 2,298,746	\$ 2,269,976	\$ 2,474,759	\$ 1,592,637	\$ 1,433,945	\$ 1,424,593
-	-	-	891,033	1,048,050	1,112,872
1,061,779	1,035,255	1,004,867	1,053,312	1,064,944	941,810
<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>\$ 3,479,275</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>	<u>\$ 18,290,217</u>
\$ 2,583	\$ 3,507	\$ 2,241	\$ 3,495	\$ 1,977	\$ 153,098
1,669	881	1,058	1,970	1,528	1,863
73,081	81,260	52,353	38,379	29,283	49,606
744,410	677,866	674,044	745,969	754,550	769,251
94,478	91,188	88,017	59,909	86,421	98,220
4,526,619	4,545,783	4,948,486	5,266,448	5,220,710	6,651,835
-	-	200,804	1,040	-	-
<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>	<u>\$ 7,723,873</u>
\$ 2,044,753	\$ 2,042,514	\$ 2,024,132	\$ 1,107,618	\$ 1,253,242	\$ 1,314,329
-	-	-	939,537	1,053,032	1,110,125
331,401	301,263	301,310	251,533	445,836	220,730
-	-	-	-	31,212	7,424
-	-	-	-	-	-
<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>\$ 2,652,608</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>	<u>\$ 10,376,481</u>
\$ (7,994,946)	\$ (8,804,514)	\$ (9,352,895)	\$ (9,709,935)	\$ (8,739,158)	\$ (7,087,069)
(984,371)	(961,454)	(1,154,184)	(1,238,294)	(763,617)	(826,667)
<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>	<u>\$ (7,913,736)</u>

City of Buena Vista, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting) (continued)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,777,309	\$ 5,655,373	\$ 5,600,403	\$ 5,974,703
Local sales and use taxes	407,119	366,318	396,151	378,543
Consumer utility taxes	269,962	264,219	264,454	263,677
Meals taxes	290,324	297,771	326,384	340,008
Cellular phone taxes and right of ways	-	-	-	-
Business and professional licenses taxes	175,858	172,418	174,344	174,412
Motor vehicle licenses taxes	170,345	170,032	166,550	166,467
Other local taxes	171,903	195,495	203,309	196,196
Unrestricted grants and contributions	1,007,441	994,313	1,039,468	982,759
Unrestricted revenues from use of money and property	136,639	168,566	190,386	182,946
Miscellaneous	186,182	180,254	214,621	235,226
Transfers	(327,890)	(490,600)	(441,351)	(241,196)
Total governmental activities	\$ 8,265,192	\$ 7,974,159	\$ 8,134,719	\$ 8,653,741
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ 40
Miscellaneous	8,653	888	447	16
Transfers	327,890	490,600	441,351	241,196
Total business-type activities	\$ 336,543	\$ 491,488	\$ 441,798	\$ 241,252
Total primary government	\$ 8,601,735	\$ 8,465,647	\$ 8,576,517	\$ 8,894,993
Change in Net Position				
Governmental activities	\$ 1,031,048	\$ 959,588	\$ (637,021)	\$ 1,299,041
Business-type activities	(202,501)	601,915	(302,593)	(722,905)
Total primary government	\$ 828,547	\$ 1,561,503	\$ (939,614)	\$ 576,136

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					
2017	2018	2019	2020	2021	2022
\$ 5,905,508	\$ 6,027,804	\$ 6,045,670	\$ 6,043,063	\$ 6,592,574	\$ 6,871,692
377,061	388,643	387,031	435,404	481,248	518,437
263,392	267,128	260,778	268,597	261,312	263,567
319,870	314,150	354,913	360,599	391,982	387,636
-	-	-	-	-	-
184,093	176,301	189,708	202,935	188,928	186,455
168,992	161,220	160,662	154,522	148,416	142,274
201,057	211,825	193,408	193,811	236,032	234,465
973,816	959,916	949,351	936,840	911,217	896,113
183,630	174,807	210,411	205,052	274,265	260,138
160,503	228,992	364,791	234,821	214,309	238,755
(270,794)	(253,937)	(254,018)	(294,129)	(118,470)	(725,837)
\$ 8,467,128	\$ 8,656,849	\$ 8,862,705	\$ 8,741,515	\$ 9,581,813	\$ 9,273,695
\$ 902	\$ 7,335	\$ 15,970	\$ 9,785	\$ 48	\$ 159
780	8,663	1,786	990	179	16
270,794	253,937	254,018	294,129	118,470	725,837
\$ 272,476	\$ 269,935	\$ 271,774	\$ 304,904	\$ 118,697	\$ 726,012
\$ 8,739,604	\$ 8,926,784	\$ 9,134,479	\$ 9,046,419	\$ 9,700,510	\$ 9,999,707
\$ (337,386)	\$ (696,046)	\$ (847,230)	\$ (968,420)	\$ 842,655	\$ 2,186,626
(688,978)	(884,249)	(966,520)	(933,390)	(644,920)	(100,655)
\$ (1,026,364)	\$ (1,580,295)	\$ (1,813,750)	\$ (1,901,810)	\$ 197,735	\$ 2,085,971

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
2022	\$ 6,871,692	\$ 518,437	\$ 263,567	\$ 387,636	\$ -	\$ 186,455
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

Table 3

	Motor Vehicle License Tax	Other Local Tax	Total
\$	142,274	\$ 234,465	\$ 8,604,526
	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

City of Buena Vista, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 24,741	\$ 26,568	\$ 27,924	\$ 132,433
Restricted	108,540	109,520	110,509	111,408
Unassigned	1,392,969	2,297,349	2,698,796	3,044,256
Total general fund	<u>\$ 1,526,250</u>	<u>\$ 2,433,437</u>	<u>\$ 2,837,229</u>	<u>\$ 3,288,097</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ 1,075	\$ -	\$ 818
Restricted:				
Community development block grant	82,462	93,801	94,076	94,473
School capital projects	222,846	223,184	214,496	-
Assigned:				
Debt service	486,693	255,195	-	-
Senior Center	9,529	5,761	4,512	7,382
Green Hill Cemetary	51,536	46,188	38,305	33,002
Parks and recreation	-	-	-	-
Unassigned, reported in:				
Special revenue funds	(66,009)	(80,744)	(66,610)	(62,692)
Capital projects funds	-	-	(228,900)	(14,375)
Total all other governmental funds	<u>\$ 787,057</u>	<u>\$ 544,460</u>	<u>\$ 55,879</u>	<u>\$ 58,608</u>

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 98,341	\$ 93,516	\$ 89,159	\$ 92,006	\$ 77,139	\$ 143,469
112,412	113,427	230,835	116,987	118,914	119,539
2,790,572	2,434,483	1,471,951	975,465	1,944,849	2,457,487
<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>	<u>\$ 2,720,495</u>
\$ 818	\$ 818	\$ 2,291	\$ 2,343	\$ -	\$ -
94,925	95,245	79,819	65,619	65,619	65,692
-	-	-	-	-	-
-	-	-	-	-	-
5,715	6,818	7,603	8,415	9,099	14,984
26,564	19,035	14,650	8,951	4,975	3,690
-	-	14,930	9,591	3,075	(12,937)
(71,600)	(16,358)	-	-	-	-
(13,827)	(14,374)	-	-	-	-
<u>\$ 42,595</u>	<u>\$ 91,184</u>	<u>\$ 119,293</u>	<u>\$ 94,919</u>	<u>\$ 82,768</u>	<u>\$ 71,429</u>

City of Buena Vista, Virginia

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
General property taxes	\$ 5,566,575	\$ 5,816,792	\$ 5,687,818	\$ 5,741,167
Other local taxes	1,485,511	1,466,253	1,531,192	1,519,303
Permits, privilege fees and regulatory licenses	35,195	56,039	44,163	40,924
Fines and forfeitures	78,145	85,102	52,441	57,242
Revenue from use of money and property	136,639	168,566	190,386	182,946
Charges for services	691,059	790,326	773,826	783,331
Miscellaneous	186,182	180,254	214,621	235,226
Recovered costs	26,142	38,313	6,062	10,776
Intergovernmental:				
Local government	372,953	372,953	48,860	193,474
Commonwealth	3,481,495	3,865,603	3,805,864	4,053,919
Federal	105,681	42,787	54,575	66,325
Total revenues	\$ 12,165,577	\$ 12,882,988	\$ 12,409,808	\$ 12,884,633
Expenditures				
General government administration	\$ 1,069,263	\$ 1,040,690	\$ 1,087,930	\$ 1,171,159
Judicial administration	768,349	730,301	750,287	789,640
Public safety	2,012,328	2,344,890	2,108,910	2,205,651
Public works	1,452,948	1,466,101	1,933,435	2,193,090
Health and welfare	1,268,530	1,468,281	1,512,651	1,487,742
Education	2,469,550	2,283,301	2,286,258	2,220,877
Parks, recreation and cultural	490,914	510,236	457,666	531,499
Community development	399,905	480,235	759,790	444,948
Capital outlay	328,280	15,583	223,186	294,357
Debt service				
Principal	1,246,281	1,104,081	1,003,427	928,069
Interest and other fiscal charges	343,443	284,099	229,706	217,100
Total expenditures	\$ 11,849,791	\$ 11,727,798	\$ 12,353,246	\$ 12,484,132
Excess (deficiency) of revenues over (under) expenditures	\$ 315,786	\$ 1,155,190	\$ 56,562	\$ 400,501
Other financing sources (uses)				
Transfers in	\$ 879,436	\$ 698,134	\$ 880,904	\$ 587,788
Transfers out	(1,207,326)	(1,188,734)	(1,322,255)	(828,984)
Refunding bonds issued	-	-	300,000	-
Issuance of long-term debt	-	-	-	294,292
Issuance of general obligation bonds	509,973	-	-	-
Total other financing sources (uses)	\$ 182,083	\$ (490,600)	\$ (141,351)	\$ 53,096
Net change in fund balances	\$ 497,869	\$ 664,590	\$ (84,789)	\$ 453,597
Debt service as a percentage of noncapital expenditures	13.79%	11.84%	10.65%	9.39%

Table 5

Fiscal Year						
	2017	2018	2019	2020	2021	2022
\$	5,803,302	\$ 6,005,861	\$ 6,037,950	\$ 6,115,416	\$ 6,404,088	\$ 6,605,823
	1,514,465	1,519,267	1,546,500	1,615,868	1,707,918	1,732,834
	66,319	37,805	24,621	78,875	31,993	42,498
	57,544	66,589	40,254	30,308	19,758	33,944
	183,630	174,807	210,411	205,052	274,265	260,138
	792,358	750,308	752,838	740,539	822,008	851,772
	160,503	228,992	364,791	234,821	214,309	294,439
	30,787	33,502	59,931	30,764	46,735	106,599
	193,474	193,474	169,088	294,189	150,060	252,792
	5,102,195	4,931,116	5,454,072	5,408,275	4,886,959	5,092,249
	204,766	381,109	475,481	501,864	1,094,908	2,202,907
\$	<u>14,109,343</u>	<u>\$ 14,322,830</u>	<u>\$ 15,135,937</u>	<u>\$ 15,255,971</u>	<u>\$ 15,653,001</u>	<u>\$ 17,475,995</u>
\$	1,198,390	\$ 1,126,123	\$ 1,219,895	\$ 1,330,504	\$ 1,566,173	\$ 1,602,255
	844,801	854,800	1,012,532	930,891	950,652	1,043,350
	2,647,082	2,858,765	3,062,164	2,950,132	3,158,038	3,544,076
	2,843,347	2,427,429	2,571,675	2,229,030	2,549,548	3,175,948
	2,115,142	2,609,039	3,426,113	3,088,727	2,497,825	2,188,163
	2,812,881	2,648,982	2,457,090	2,694,787	2,161,966	2,828,318
	615,116	643,457	619,851	544,464	498,155	764,408
	491,121	480,471	597,487	985,609	577,617	565,873
	55	65	80	65	-	-
	511,865	574,197	698,741	694,383	610,647	633,374
	185,917	156,875	218,429	176,926	142,620	128,272
\$	<u>14,265,717</u>	<u>\$ 14,380,203</u>	<u>\$ 15,884,057</u>	<u>\$ 15,625,518</u>	<u>\$ 14,713,241</u>	<u>\$ 16,474,037</u>
\$	<u>(156,374)</u>	<u>\$ (57,373)</u>	<u>\$ (748,120)</u>	<u>\$ (369,547)</u>	<u>\$ 939,760</u>	<u>\$ 1,001,958</u>
\$	609,992	\$ 672,207	\$ 620,092	\$ 491,043	\$ 404,836	\$ 619,683
	(880,786)	(926,144)	(874,110)	(785,172)	(523,306)	(1,345,520)
	-	-	-	-	-	292,136
	232,742	-	139,475	31,815	123,000	-
	-	-	-	-	-	-
\$	<u>(38,052)</u>	<u>(253,937)</u>	<u>(114,543)</u>	<u>(262,314)</u>	<u>4,530</u>	<u>(433,701)</u>
\$	<u>(194,426)</u>	<u>(311,310)</u>	<u>(862,663)</u>	<u>(631,861)</u>	<u>944,290</u>	<u>568,257</u>
	9.39%	5.22%	5.98%	5.60%	5.24%	5.02%

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
2022	\$ 6,605,823	\$ 518,437	\$ 263,567	\$ 186,455	\$ 142,274	\$ 39,100	\$ 66,338
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

Table 6

Meals Tax	Other Local Tax	Total
\$ 387,636	\$ 129,027	\$ 8,338,657
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

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
2022	\$	341,132,250	\$	54,058,886	\$	23,665,886	\$	418,857,022	\$	497,395,822		84.21%	\$	12.64
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

(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
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

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 2022		Fiscal Year 2013	
		2022 Assessed Valuation	% of Total Assessed Valuation	2013 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric and Power	Utilities	11,528,853	2.75%	7,513,050	1.90%
Columbia Gas of Virginia, Inc.	Utilities	5,881,602	1.40%	2,668,433	0.67%
Modine	Manufacturing	5,320,000	1.27%	8,058,700	2.04%
GPH Buena Vista LLC	Nursing Home	3,625,000	0.87%	3,808,590	0.96%
Buena Vista Management LLC(1)	Retail Merchants	3,115,500	0.74%	-	0.00%
Beverly Everette(1)	Real Estate	3,053,100	0.73%	-	0.00%
Treemont Village Preservation	Apartments	3,021,200	0.72%	3,042,200	0.77%
Everbrite	Manufacturing	2,839,200	0.68%	3,349,525	0.85%
Knopp Company	Apartments	2,818,300	0.67%	2,863,300	0.72%
Nibco(1)	Manufacturing	2,803,000	0.67%	-	0.00%
		<u>\$ 44,005,755</u>	<u>10.51%</u>	<u>\$ 31,303,798</u>	<u>7.91%</u>

Source: Commissioner of Revenue

(1) Business not in operation in fiscal year 2013

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
2022	\$	7,662,991	\$ 7,032,738	91.78%	\$ -	\$ 7,032,738	91.78%
2021		7,332,049	6,884,680	93.90%	167,998	7,052,678	96.19%
2020		6,662,964	6,260,700	93.96%	224,422	6,485,122	97.33%
2019		6,656,869	6,230,502	93.60%	301,749	6,532,251	98.13%
2018		6,582,676	6,159,283	93.57%	347,032	6,506,315	98.84%
2017		6,500,078	6,044,153	92.99%	407,121	6,451,274	99.25%
2016		6,521,393	6,102,140	93.57%	378,970	6,481,110	99.38%
2015		6,374,749	6,032,482	94.63%	342,128	6,374,610	100.00%
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%

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	Loans Payable	Revenue Bonds	Capital Leases	Other Obligations
2022	\$ 301,344	\$ -	\$ -	\$ 2,102,702	\$ 323,446	\$ 5,733,541	\$ -	\$ -
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

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)
\$	8,461,033	3.98%	\$ 1,277
	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

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)
2022	\$ 301,344	\$ -	\$ 301,344	0.07%	\$ 45
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

(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, loans payable, 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, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit (1)	\$ 36,976,630	\$ 36,996,510	\$ 37,029,970	\$ 36,474,282
Total net debt applicable to limit (2)	<u>24,931,688</u>	<u>23,785,473</u>	<u>22,882,353</u>	<u>22,028,528</u>
Legal debt margin	<u>\$ 12,044,942</u>	<u>\$ 13,211,037</u>	<u>\$ 14,147,617</u>	<u>\$ 14,445,754</u>
Total net debt applicable to the limit as a percentage of debt limit	67.43%	64.29%	61.79%	60.39%

(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					
2017	2018	2019	2020	2021	2022
\$ 32,731,346	\$ 32,749,809	\$ 32,780,098	\$ 32,843,655	\$ 34,054,310	\$ 34,113,225
<u>21,522,159</u>	<u>20,778,316</u>	<u>20,192,035</u>	<u>19,274,687</u>	<u>19,274,687</u>	<u>19,274,687</u>
\$ <u><u>11,209,187</u></u>	\$ <u><u>11,971,493</u></u>	\$ <u><u>12,588,063</u></u>	\$ <u><u>13,568,968</u></u>	\$ <u><u>14,779,623</u></u>	\$ <u><u>14,838,538</u></u>
65.75%	63.45%	61.60%	58.69%	56.60%	56.50%

City of Buena Vista, Virginia

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds (1)									
Fiscal Year	Water		Less:		Net		Coverage		
	Charges and Other		Operating Expenses		Available Revenue	Debt Service			
						Principal	Interest		
2022 (3)	\$	1,314,329	\$	1,140,781	\$	240,882	\$	287,604	32.84%
2021 (2)		1,253,254		1,138,561		229,849		299,050	21.69%
2020 (2)		1,107,618		1,286,170		(178,552)		309,953	-33.76%
2019 (2)		2,024,132		2,160,283		(136,151)		315,976	-30.49%
2018 (2)		2,050,364		1,886,186		164,178		322,088	34.89%
2017		2,045,288		1,919,514		125,774		329,004	24.00%
2016		2,065,614		1,926,450		139,164		337,798	26.43%
2015		2,113,865		1,767,302		346,563		345,431	66.17%
2014		2,064,255		1,777,994		286,261		333,967	56.55%
2013		2,014,987		1,689,750		325,237		403,401	61.52%

- (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.
- (3) During 2022, the City reached a settlement with ACA and the revenue bonds were redeemed and a portion of the collateral was relinquished. Reference Notes 9 and 24 for further details.

Table 14

Golf Course Revenue Bonds (1)						
Golf Course Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 220,746	\$ 451,168	\$ (230,422)	\$ 39,517	\$ 38,561		-295.12%
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%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2022	6,628	\$ 212,639,496	\$ 32,082	35.9	817	3.30%
2021	6,479	138,773,701	21,419	35.5	864	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%

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 2022			Fiscal Year 2013		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Southern Virginia University	152	1	4.29%	225	1	6.86%
Everbrite LLC	137	2	3.87%	99	6	3.02%
Munters Corp	97	3	2.74%	176	4	5.37%
Modine	89	4	2.51%	174	2	5.31%
Sayre	77	5	2.18%	110	5	3.35%
City of Buena Vista, VA	55	6	1.22%	198	3	6.04%
Buena Vista City Public Schools	43	7	0.99%	-	N/A	0.00%
Pro Careers	35	8	1.55%	77	8	2.35%
Advanced Drainage Systems	27	9	0.76%	36	10	1.10%
Food Lion	22	10	0.62%	-	N/A	0.00%
Totals	734		20.74%	1,095		33.39%

Source: BLS, VEC, Businesses

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	12	11	11	12	12	12	12	12	12	12
Judicial administration	8	8	8	8	8	9	9	9	9	9
Public safety										
Police department	15	15	15	15	17	18	18	18	18	18
Building inspections	1	1	1	1	1	1	1	1	1	1
Animal control	1	1	1	1	1	0	0	0	0	0
Public works										
General maintenance	33	33	34	34	32	33	33	33	31	32
Culture and recreation										
Parks and recreation	5	3	4	4	4	4	5	5	4	6
Community development										
Planning	2	2	2	2	2	2	2	2	2	2
Totals	77	74	76	77	77	79	80	80	77	80

Source: Individual City departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Sheriffs department:										
Civil papers	4004	4004	4004	4004	4004	4004	4004	4004	2385	2683
Building inspections:										
Permits issued	66	61	71	71	61	55	77	119	95	107
Public works										
Landfill:										
Recycling (tons/year)	343	343	343	343	343	343	0	0	0	0
Community development										
Planning:										
Zoning permits issued	46	48	36	36	50	61	52	63	44	65
Component Unit - School Board										
Education:										
School age population	1,035	1,046	1,046	965	930	948	940	1,040	948	1105
Number of teachers	86	80	80	79	75	77	70	72	65	65
Local expenditures per pupil	\$ 1,944	\$ 9,238	\$ 9,709	\$ 9,709	\$ 9,709	\$ 3,343	\$ 1,879	\$ 2,021	\$ 2,463	\$ 2,819

Source: Individual City departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	16	16	16	21	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	29	30	27	27	28	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	5	6	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	12	12	12	12	12	12	12	12	12	12

Source: Individual City departments

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2022, 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 30, 2022.

Report on 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

Report on 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 30, 2022



**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

Opinion on Each Major Federal Program

We have audited City of Buena Vista, Virginia's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on 84.425 Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions Section of our report, the 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, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Buena Vista, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Buena Vista, Virginia's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on 84.425 Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, City of Buena Vista, Virginia did not comply with requirements regarding Assistance Listing No. 84.425 Education Stabilization Fund as described in finding number 2022-002 for allowable costs.

Compliance with such requirements is necessary, in our opinion, for the City of Buena Vista, Virginia to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Buena Vista, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Buena Vista, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Buena Vista, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Buena Vista, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Buena Vista, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Buena Vista, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City of Buena Vista, Virginia's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Buena Vista, Virginia's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 30, 2022

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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	\$ 2,755
Temporary Assistance for Needy Families	93.558	Not available	39
Foster Care - Title IV-E	93.658	Not available	20,159
Adoption Assistance	93.659	Not available	126,216
Social Services Block Grant	93.667	Not available	19,137
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Not available	250
Total Dept. Health & Human Services-pass through			\$ 168,556
Total Department of Health and Human Services			\$ 168,556
Department of Treasury			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0218	\$ 187,839
Direct Payments:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 1,737,616
Pass Through Payments:			
Virginia Department of Education			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SFLRP1026	112,428
Virginia Tourism Corporation			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	15,000
Virginia Department of Criminal Justice Services			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	120304	6,459
Total AL 21.027			\$ 1,871,503
Total Department of Treasury			\$ 2,059,342
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture:			
Food Distribution	10.555	Not available	\$ 37,135
Virginia Department of Education:			
National School Lunch Program	10.555	202121N11994 1	54,822
National School Lunch Program	10.555	202221N11994 1	201,814
National School Lunch Program	10.555	202221N89034 1	18,939
National School Lunch Program	10.555	202222N11994 1	123,272
Total AL 10.555			\$ 435,982
School Breakfast Program	10.553	202121N11994 1	\$ 18,875
School Breakfast Program	10.553	202221N11994 1	60,621
School Breakfast Program	10.553	202222N11994 1	67,191
Total AL 10.553			\$ 146,687
Summer Food Service Program for Children	10.559	202121N11994 1	\$ 57,905
Summer Food Service Program for Children	10.559	202221N11994 1	12,327
Total AL 10.559			\$ 70,232
Total Child Nutrition Cluster			\$ 652,901
Virginia Department of Education:			
COVID-19 Pandemic Electronic Benefit Transfer Administrative Costs	10.649	202121S900941	614
Total Department of Agriculture - pass-through payments			\$ 96,333
Total Department of Agriculture			\$ 653,515
Environmental Protection Agency			
Pass Through Payments:			
Virginia Department of Forestry			
Chesapeake Bay Program	66.466	66466	\$ 2,260
Total Environmental Protection Agency			\$ 2,260
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	\$ 11,000
Total Department of Housing and Urban Development			\$ 11,000
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	Not available	\$ 49,492
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DBX0728	22,715
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19MUBX0026	859
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20MUBX0035	1,035
Total AL 16.738			\$ 24,609
Total Department of Justice			\$ 74,101
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	EMP-2021-EP-00004	\$ 7,500
Total Department of Homeland Security			\$ 7,500

City of Buena Vista, Virginia

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

Department of Education:

Pass Through Payments:

Department of Education:

Title I: Grants to Local Educational Agencies	84.010	S010A190046	\$ 722
Title I: Grants to Local Educational Agencies	84.010	S010A200046	45,291
Title I: Grants to Local Educational Agencies	84.010	S010A210046	179,966
Total AL 84.010			\$ 225,979
Career and Technical Education - Basic Grants to States	84.048	V048A200046	\$ 764
Career and Technical Education - Basic Grants to States	84.048	V048A210046	25,002
Total AL 84.018			\$ 25,766
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	H027A200107	\$ 161,105
Title VI-B: Special Education - Grants to States	84.027	H027A210107	61,355
COVID 19 Title VI-B: Special Education - Grants to States	84.027	H027X210107	41,567
Total AL 84.027			\$ 264,027
Title VI-B: Special Education - Preschool Grants	84.173	H173A200112	\$ 10,342
Title VI-B: Special Education - Preschool Grants	84.173	H173A210112	2,542
COVID 19 Title VI-B: Special Education - Preschool Grants	84.173	H173X210112	2,642
Total AL 84.173			\$ 15,526
Total Special Education Cluster			\$ 279,553
Twenty-first Century Community Learning Centers	84.287	S287C200047	\$ 120,000
Student Support and Academic Enrichment Program	84.424	S424A200048	16,473
Student Support and Academic Enrichment Program	84.424	S424A210048	16,147
Total AL 84.424			\$ 32,620
Supporting Effective Instruction State Grants	84.367	S367A190044	\$ 2,696
Supporting Effective Instruction State Grants	84.367	S367A200044	19,760
Total AL 84.367			\$ 22,456
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	S425C200042	\$ 340
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425C	S425U210008	581,970
Total AL 84.425C			\$ 582,310
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	\$ 22,577
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210008	463,372
Total 84.425D			\$ 485,949
Total AL 84.425			\$ 1,068,259
Total Department of Education			\$ 1,774,633
Total Expenditures of Federal Awards			\$ 4,750,907

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, 2022. 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	\$ 2,202,907
Enterprise funds	7,424
Total primary government	\$ 2,210,331
Discretely presented component unit - School Board:	
School operating fund	\$ 1,887,061
School cafeteria fund	653,515
Total discretely presented component unit - School Board	\$ 2,540,576

Total federal expenditures per the Schedule of Expenditures of
Federal awards

\$ 4,750,907

CITY OF BUENA VISTA, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x yes no

- Significant deficiency(ies) identified? yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? x yes 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)? x yes no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	 Coronavirus State and Local Fiscal Recovery Funds
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

2022-01 Material Weakness

Criteria: Identification of material adjustments to the financial statements that were not detected by the City's internal controls indicates a material weakness may exist.

Condition: The City's financial statements required several material adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles.

Cause: Due to pressure of implementing new standards during fiscal year 2022, the City was unable to review financial statements in detail as in previous years before providing them to the Auditors. In addition, unusual activity occurred in the golf course right after year end and the City was unsure which year to book the activity to.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the City's internal controls over financial reporting.

Recommendation: Management should review the current year adjusting entries and consider whether or not they apply during the next fiscal year close.

Management's Response: Management will review current and future adjusting entries to ensure transactions, in particular those relating to the golf course, are booked in the proper fiscal year.

Section III-Federal Award Findings and Questioned Costs

Department of Education**2022-02 Compliance Finding
and Material Weakness****84.425 Education Stabilization Fund**

Criteria and Condition:	Per the Office of Management and Budget Compliance Supplement and the Cost Principles for for State, Local, and Indian Tribe Governments, claims for reimbursements must be for actual costs incurred.
Context:	During a test of disbursements, we observed that an invoice was submitted for reimbursement to Virginia Department of Education under the Education Stabilization Fund (ESSER) as well under the Coronavirus State and Local Fiscal Recovery Funds to Support HVAC Replacement. Under the terms of the Coronavirus State and Local Fiscal Recovery Funds to Support HVAC Replacement, there is a 100% local match required, which could be funded with ESSER funding. The School Board total HVAC project cost was \$224,856 and the school board received reimbursement in the amount of \$424,856 (\$224,856 under ESSER and \$200,000 under ARPA HVAC).
Cause:	The School Board received reimbursement for the HVAC project in excess of the allowable amount under conditions of the grants.
Effect:	Federal revenues and expenditures of federal awards exceeded the allowable amount by \$200,000.
Questioned Costs:	Total allowable costs for the HVAC project were \$224,856. Half of the project costs were eligible for funding under each program (ESSER and HVAC ARPA). Total grant reimbursement amounted to \$424,856. Therefore, \$200,000 is considered questioned costs.
Recommendation:	The School Board should thoroughly review the terms and conditions of federal awards before submitting reimbursement requests to ensure compliance with federal programs guidelines.
Views of Responsible Officials and Planned Corrective Actions:	Management will review terms and conditions of federal awards before submitting reimbursement requests to ensure compliance. The School Board will issue a check in the amount of \$200,000 and return the excess funds to the Virginia Department of Education.

Section IV-Status of Prior Year Audit Findings

None