

City of Buena Vista, Virginia

Comprehensive Financial Review – Executive Summary

Presented to City Council at the Fall Retreat



October 17, 2026

- Davenport & Company LLC (“Davenport”) was retained to serve as independent Financial Advisor to the city of Buena Vista (the “City”), having been tasked by City Staff and the School Board to prepare a Comprehensive Financial Review (“CFR”) of the City’s financial health in anticipation of future school and other capital projects.
- City and School Staff informed Davenport of the City’s desire to construct an extension to the City’s existing high school for the relocation of the City’s Middle School.
- The City’s new City Manager has further requested that Davenport expand the CFR to include/address various Enterprise Funds and related Authorities of the City (e.g., Water and Sewer Enterprise Fund and Park and Recreation Fund) and provide a timetable for action to accomplish these analyses and recommendations.
- Davenport has provided a holistic overview of the General Fund Multi-Year performance along with the resulting debt impact of a new borrowing for a school capital project taking into consideration a grant (i.e., SCAP Grant) and an issuance through one of several financing programs.

Topics/Concept Areas to be Addressed

- Below, please find a list of the topics/concept areas to be addressed:

- 1) General Fund;
 - a) Historical Financial Performance
 - b) Debt Management
 - c) Capital Improvement Program
- 2) School Related Funding;
- 3) Impact(s) on the General Fund under various Financing Scenarios;
- 4) Proposed School Local Option Sales Tax;
- 5) Water and Sewer Enterprise Fund;
 - a) Historical Financial Performance
 - b) Debt Management
 - c) Capital Improvement Program
- 6) Park and Recreation Fund – Financial Performance;
- 7) Credit Worthiness (i.e., City’s Potential Credit Ratings);
- 8) Operational “Best Practices” and Key Recommendations;
- 9) Outstanding Debt and Potential Opportunities; and,
- 10) Timetable for Action.

Goals and Objectives

- Davenport, in coordination with City Staff input, has identified **Immediate Goals and Objectives** and **Long(er)-Term Goals and Objectives**.
- **Immediate Goals and Objectives** pertain largely to providing the City and related parties with the information needed in anticipation of the November Referendum for the Proposed 1% School Local Option Sales Tax.

and

- A Timetable of Next Steps following a potential citizen-passed resolution of the Referendum.
- On the following page, Davenport has provided an overview of **Long(er)-Term Goals and Objectives**.

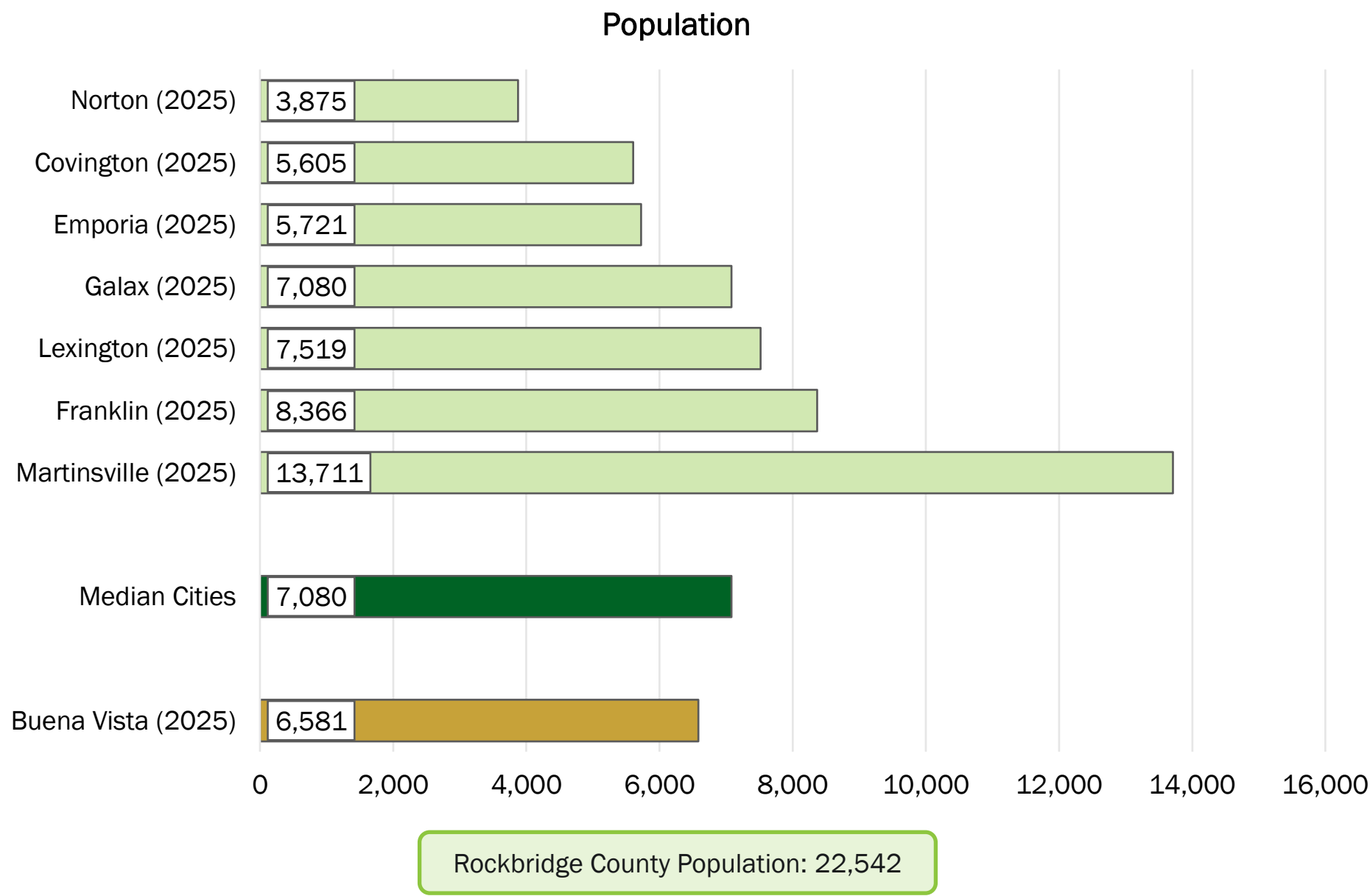
Goals and Objectives

- **Long(er)-Term Goals and Objectives** are tied largely to providing key information to City Staff and Council in anticipation of the Fiscal Year 2028 Budget Deliberations and beyond. This is anticipated to include, but not limited to, addressing the following topics:
 - Create a plan for sourcing Multi-Year Capital Improvement Program (“CIP”) for City and School Division projects;
 - Plan of Finance for the Water and Sewer Enterprise Fund including a Cost-of-Service report;
 - Recommended Debt Management Policies;
 - Recommended Fund Balance and Reserve Policies;
 - Consideration of obtaining Formal Credit Rating(s); and,
 - Discuss Strategy and Potential Opportunities for Strategic Refinancing and/or Restructuring of Outstanding Debt.

Peer Comparatives | Peer Map

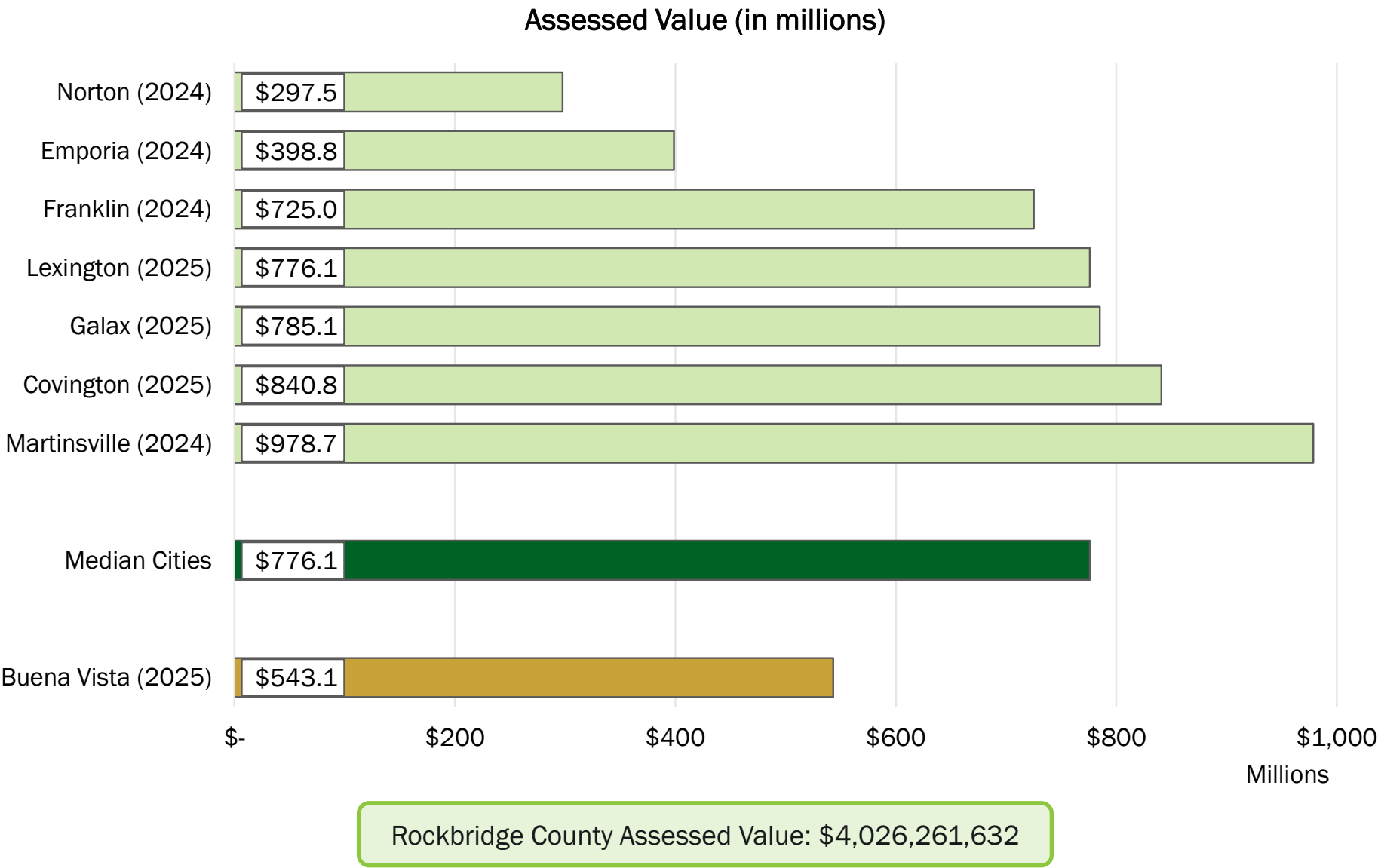
- Peer Comparatives allow the City to compare itself to other demographically similar and neighboring localities with respect to economic, financial, and debt profiles.
- The following slides show how the City measures against the Peer Comparative Group to help provide insight into potential Financial Policies.
- The Peer Group was selected from Cities of similar size and location in Virginia.





Source: University of Virginia Weldon Cooper Center for Public Service (2025). Virginia Population Estimates.

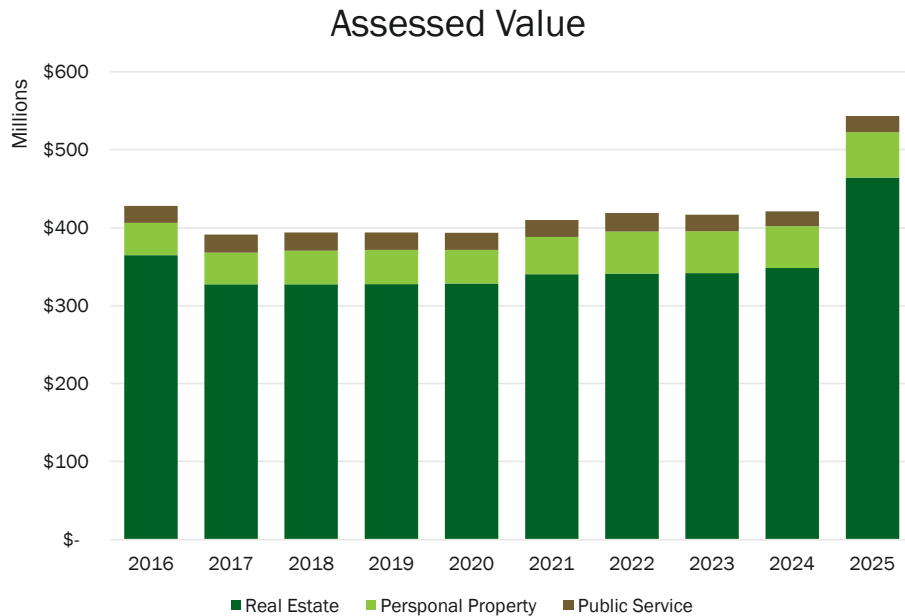
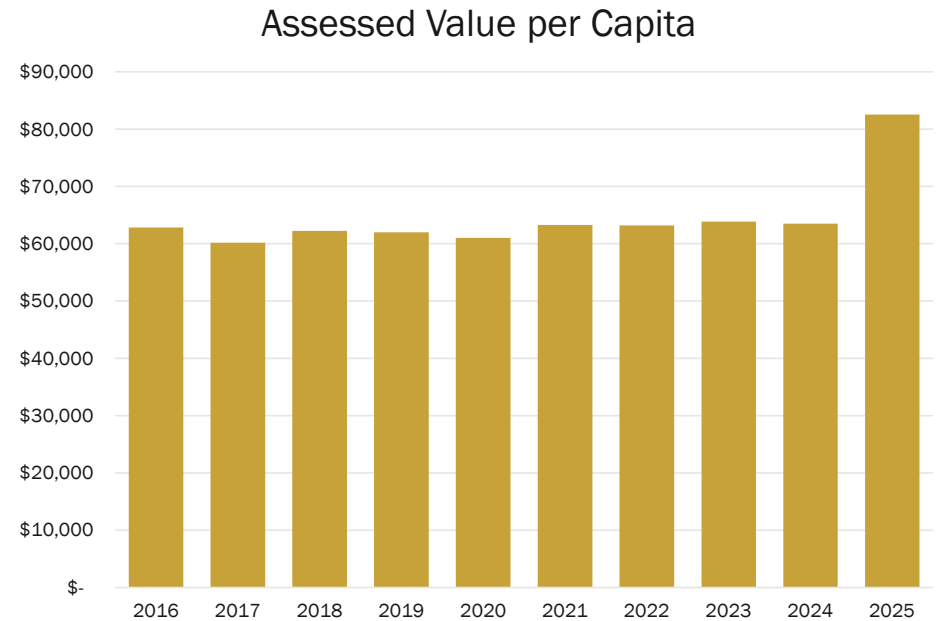
Peer Comparatives | Assessed Value



Source: Fiscal Year 2025 City of Buena Vista Audit. Most Recently Available Peer Comparative Locality Audit.
Note: Emporia only includes Real Property Assessed Value. The City of Buena Vista and other Peer Comparative Localities include Real Property & Personal Property.

Historical Assessed Value and Assessed Value per Capita

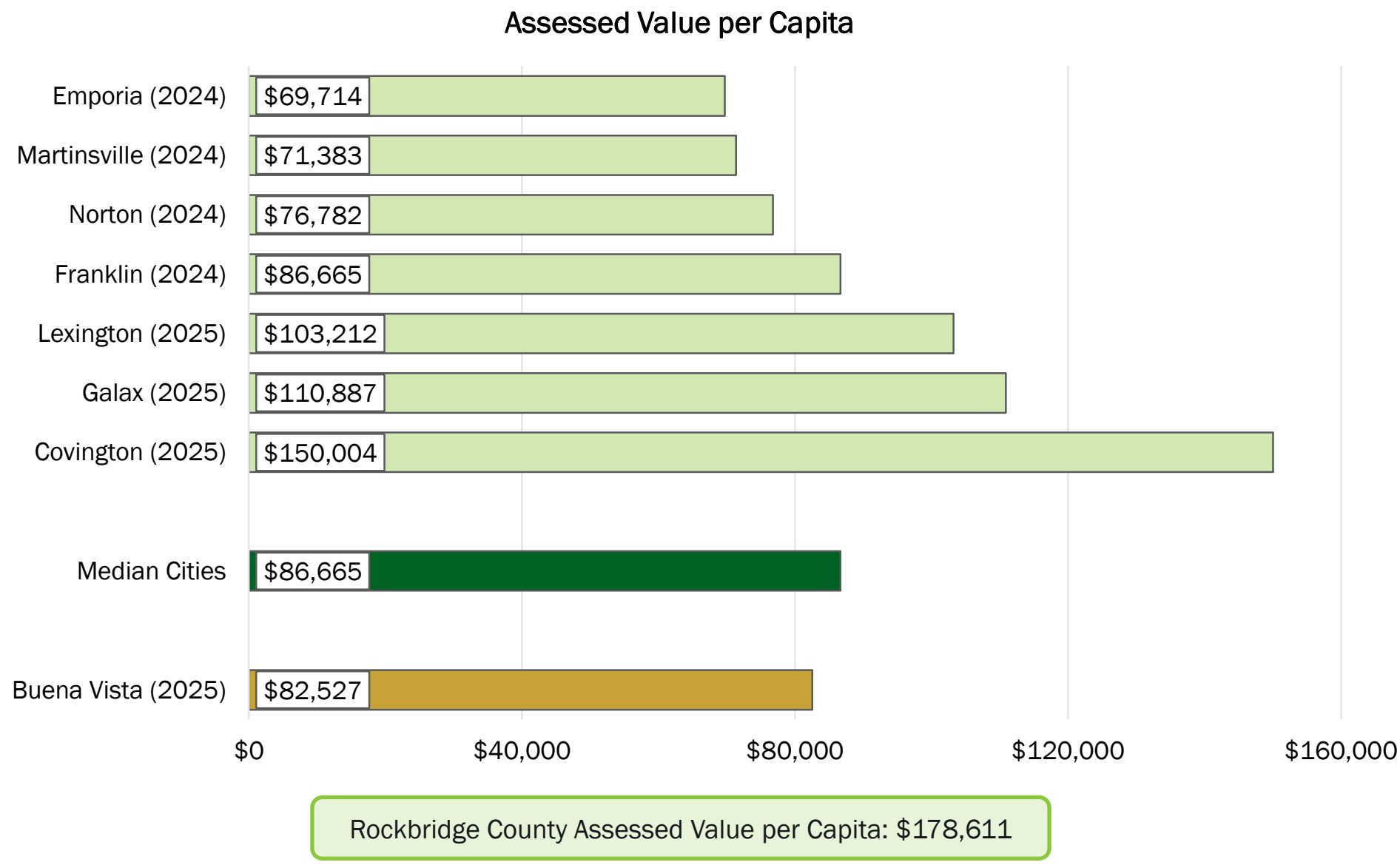
- The City conducts real estate reassessment on a four-year cycle. The last reassessment occurred in Fiscal Year 2025.



Fiscal Year	Assessed Value			Total Taxable AV	Population	Assessed Value per Capita
	Real Estate	Personal Property	Public Service			
2016	\$ 364,742,820	\$ 41,387,341	\$ 21,978,142	\$ 428,108,303	6,817	\$ 62,800
2017	327,313,460	40,865,214	23,005,034	391,183,708	6,502	60,164
2018	327,498,090	42,979,676	23,322,541	393,800,307	6,327	62,241
2019	327,800,980	43,730,511	22,218,021	393,749,512	6,351	61,998
2020	328,436,550	43,179,143	21,972,178	393,587,871	6,454	60,984
2021	340,543,100	47,679,280	21,643,851	409,866,231	6,479	63,261
2022	341,132,250	54,058,886	23,665,886	418,857,022	6,628	63,195
2023	341,888,250	53,746,522	21,056,911	416,691,683	6,523	63,880
2024	348,281,810	53,665,739	19,117,528	421,065,077	6,632	63,490
2025	464,251,675	58,213,257	20,643,684	543,108,616	6,581	82,527

Source: Fiscal Year 2025 City of Buena Vista Audit.

Peer Comparatives | Assessed Value per Capita



Source: Fiscal Year 2025 City of Buena Vista Audit. Most Recently Available Peer Comparative Locality Audit.
Note: Emporia only includes Real Property Assessed Value. The City of Buena Vista and other Peer Comparative Localities include Real Property & Personal Property.

Historical Real Estate Tax Rate



Fiscal Year	Real Estate Tax Rate
2016	\$1.10
2017	1.21
2018	1.21
2019	1.21
2020	1.21
2021	1.27
2022	1.27
2023	1.27
2024	1.27
2025	0.91
2026	0.98
2027	0.98

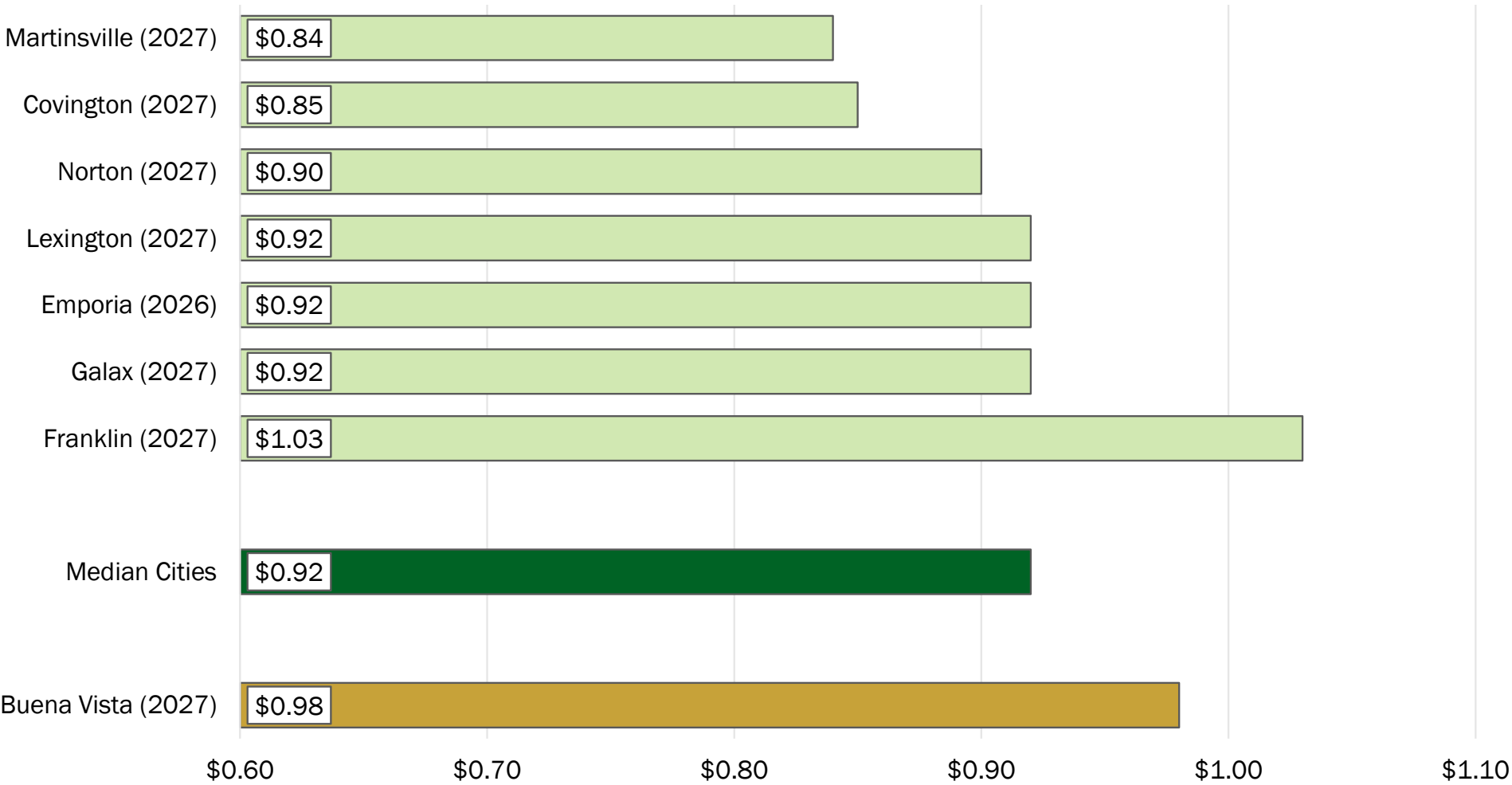


Source: Fiscal Year 2026 and 2027 City of Buena Vista Budget and Fiscal Year 2025 City of Buena Vista Audit.

Peer Comparatives | Real Estate Tax Rate



Real Estate Tax Rate



Rockbridge County Real Estate Tax Rate: \$0.64

Source: Fiscal Year 2027 City of Buena Vista Budget. Fiscal Year 2027 Budget for Peer Comparative Localities.

Historical Personal Property Tax Rate



- The City has maintained the same Personal Property Tax Rate over the past decade.

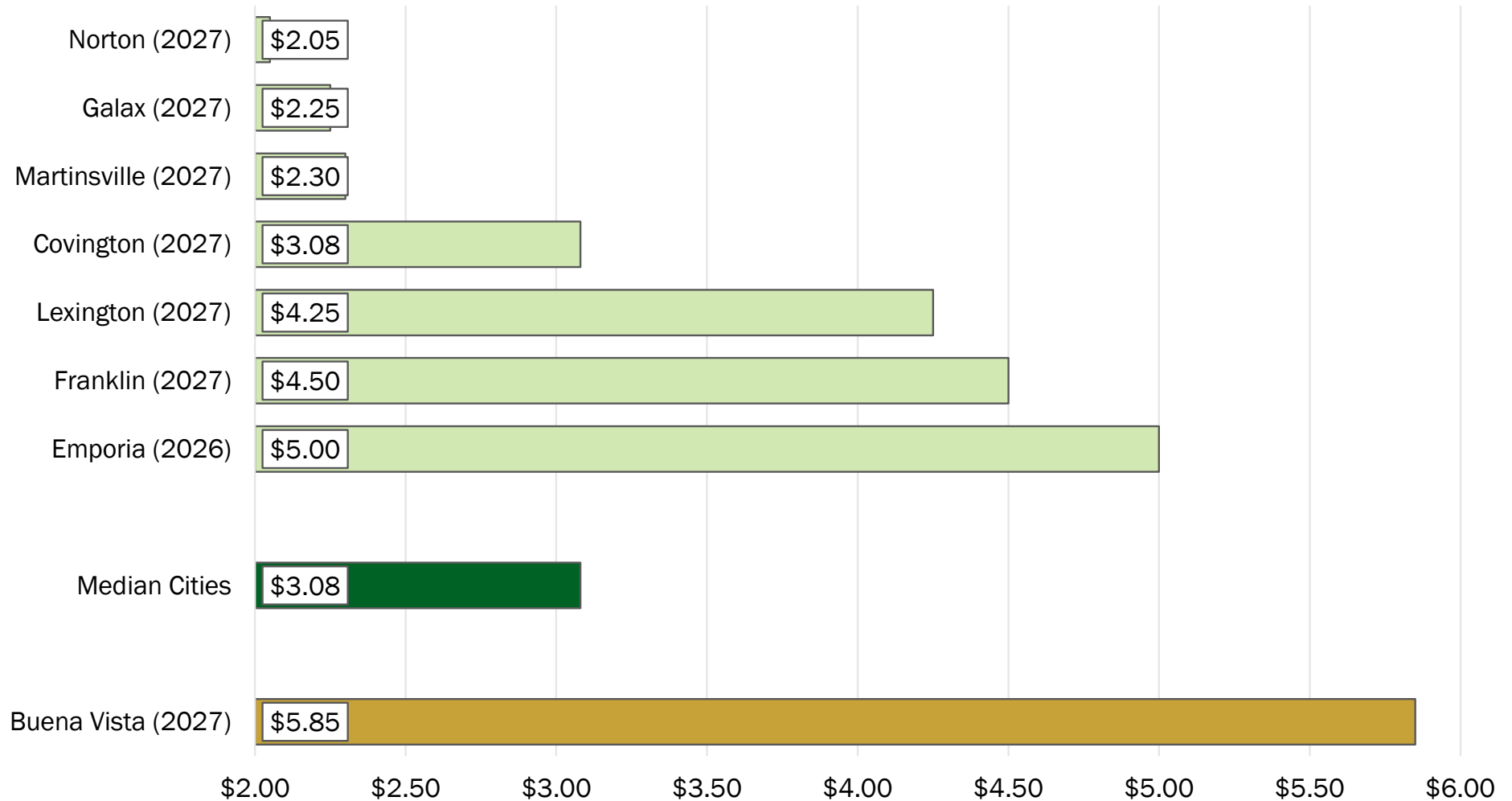
Fiscal Year	Personal Property Tax Rate
2016	\$5.85
2017	5.85
2018	5.85
2019	5.85
2020	5.85
2021	5.85
2022	5.85
2023	5.85
2024	5.85
2025	5.85
2026	5.85
2027	5.85



Source: Fiscal Year 2026 and 2027 City of Buena Vista Budget and Fiscal Year 2025 City of Buena Vista Audit.

Peer Comparatives | Personal Property Tax Rate

Personal Property Tax Rate

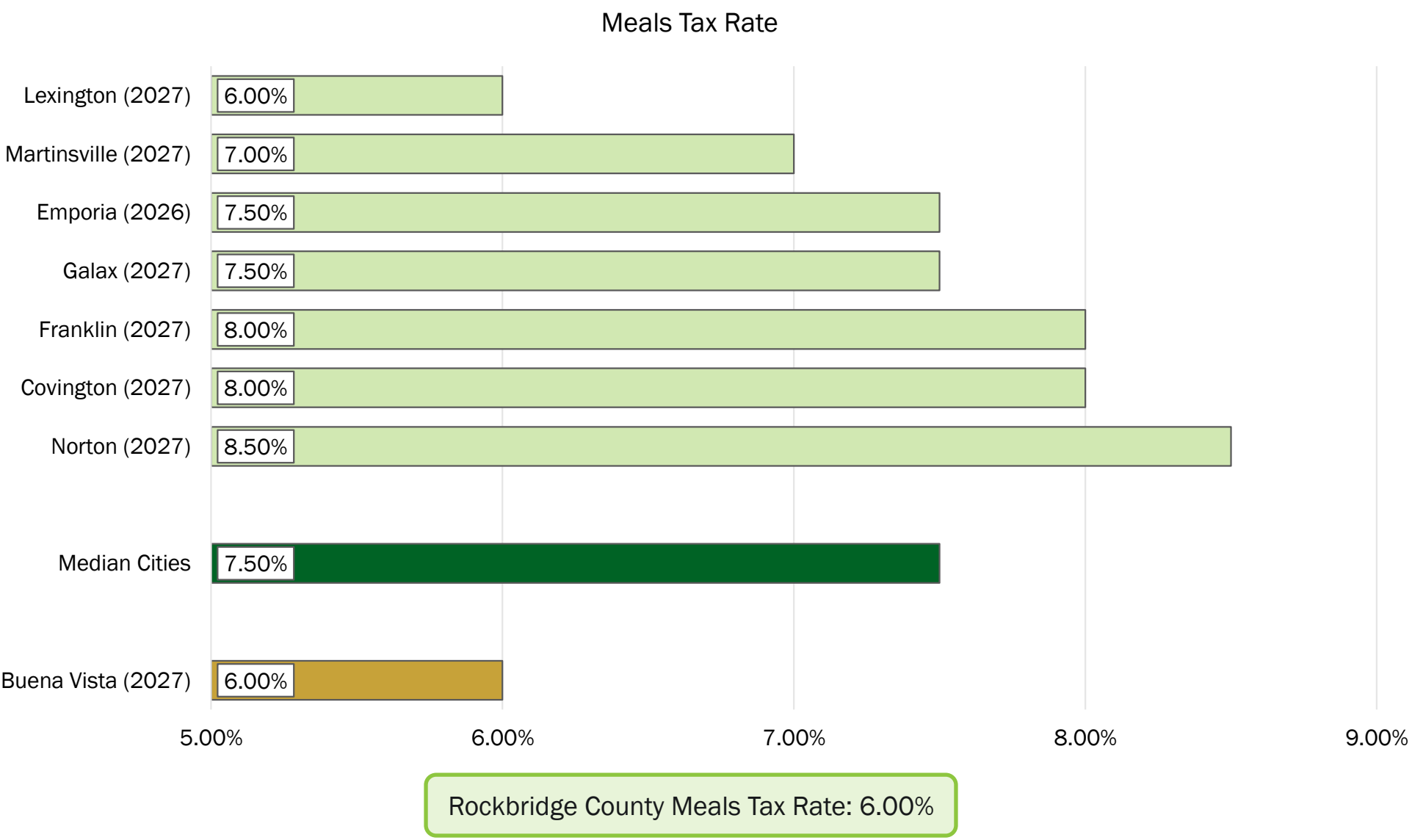


Rockbridge County Personal Property Tax Rate: \$4.25

Peer Comparatives | Meals Tax Rate



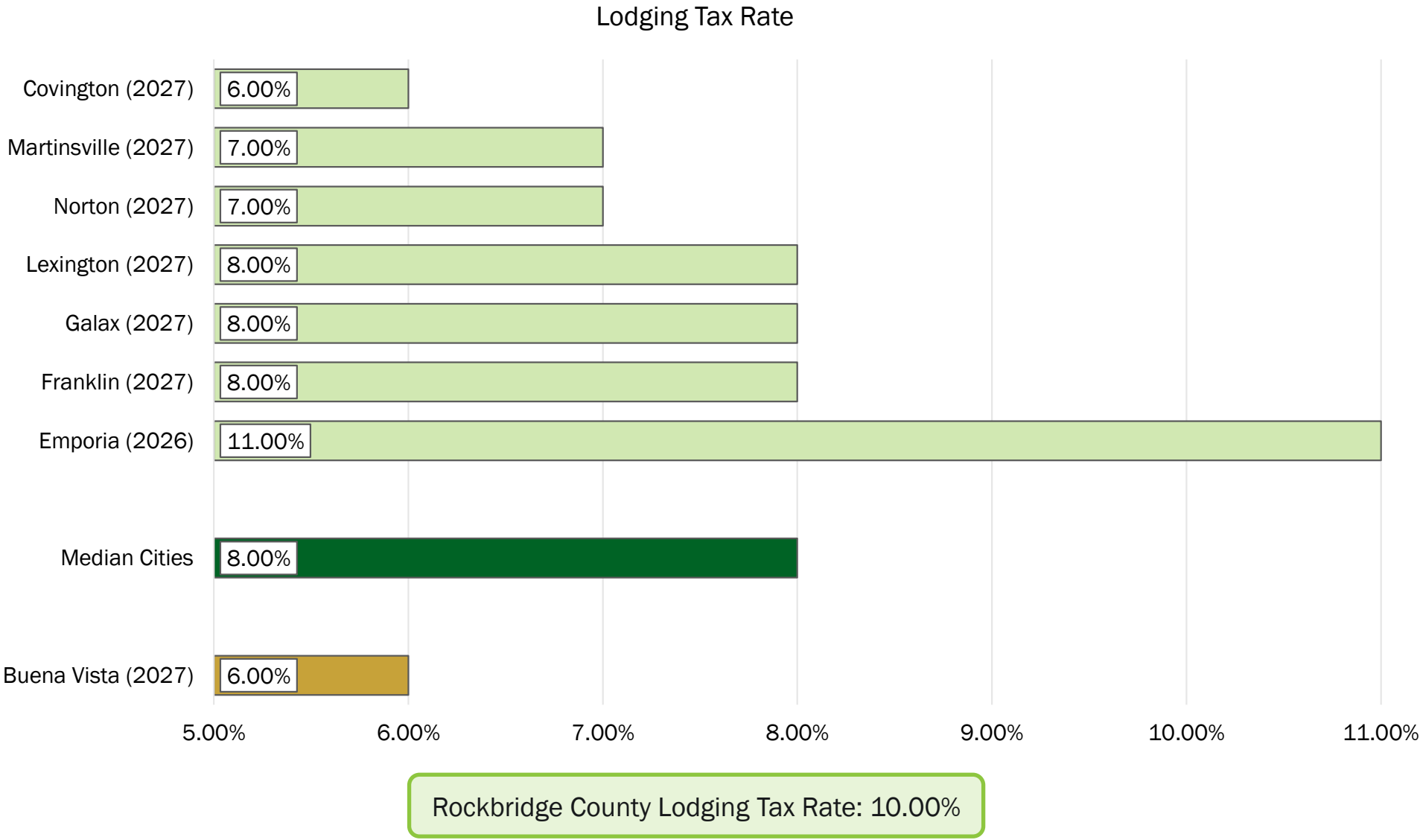
- 1% of Meals Tax generates approximately \$76,000.



Peer Comparatives | Lodging Tax Rate



- 1% of Lodging Tax generates approximately \$9,000.



Source: Fiscal Year 2027 City of Buena Vista Budget. Fiscal Year 2027 Budget for Peer Comparative Localities. Fiscal Year 2025 City of Buena Vista Audit.

A. General Fund

Section A – Tab 1

General Fund – Historical Financial Performance

General Fund Financial Performance | Overview

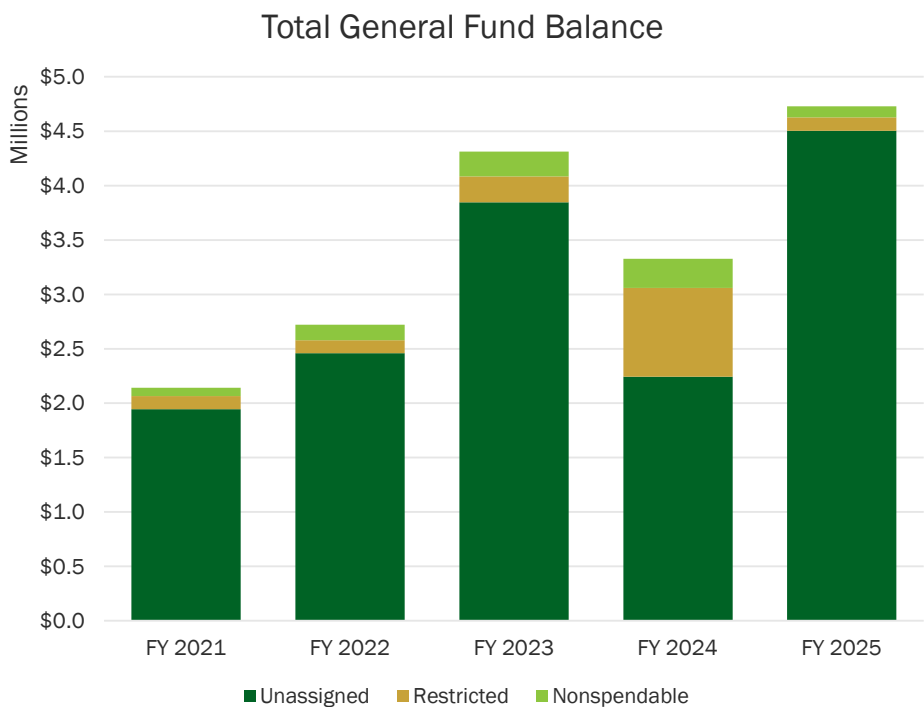
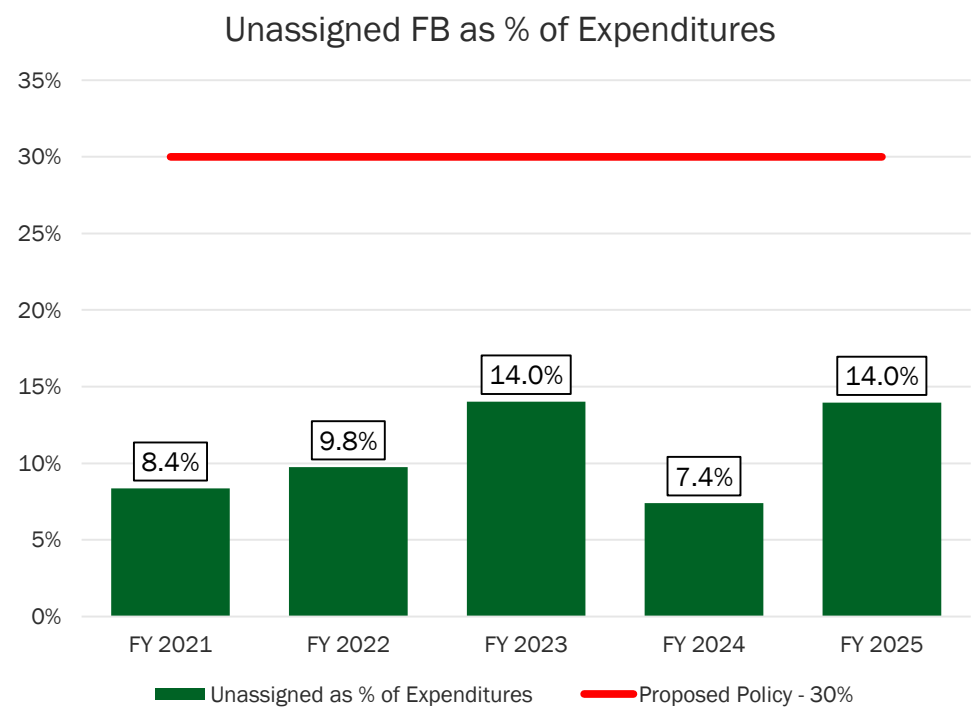


- The City has produced a surplus in four (4) of the past five (5) Fiscal Years between Fiscal Year 2021 and Fiscal Year 2025.
- The 5-Year Compound Annual Growth Rate for General Fund Revenue outpaced General Fund Expenditures:
 - General Fund Revenues: 8.4%
 - General Fund Expenditures: 7.3%
- Intergovernmental Revenue (revenues from the Commonwealth and the Federal Government) made up approximately 51% of the City's General Fund Revenues in FY 2025.
- General Fund Other Local Taxes have grown by 3.2% annually over the past five (5) Fiscal Years.
- Local Sales and Use Taxes made up approximately 33% of the City's General Fund Other Local Taxes.

General Fund | Fund Balance



- As of Fiscal Year 2025, the City’s Unassigned Fund Balance as a % of Governmental Expenditures is approximately 14.0%.
- To strengthen the City’s financial resilience, Davenport would propose City Council consider the following General Fund Reserve Policy:
 - The City will maintain General Fund Unassigned Fund Balance at a level equal to the greater of \$8.0 million or 30% of annual governmental expenditures.

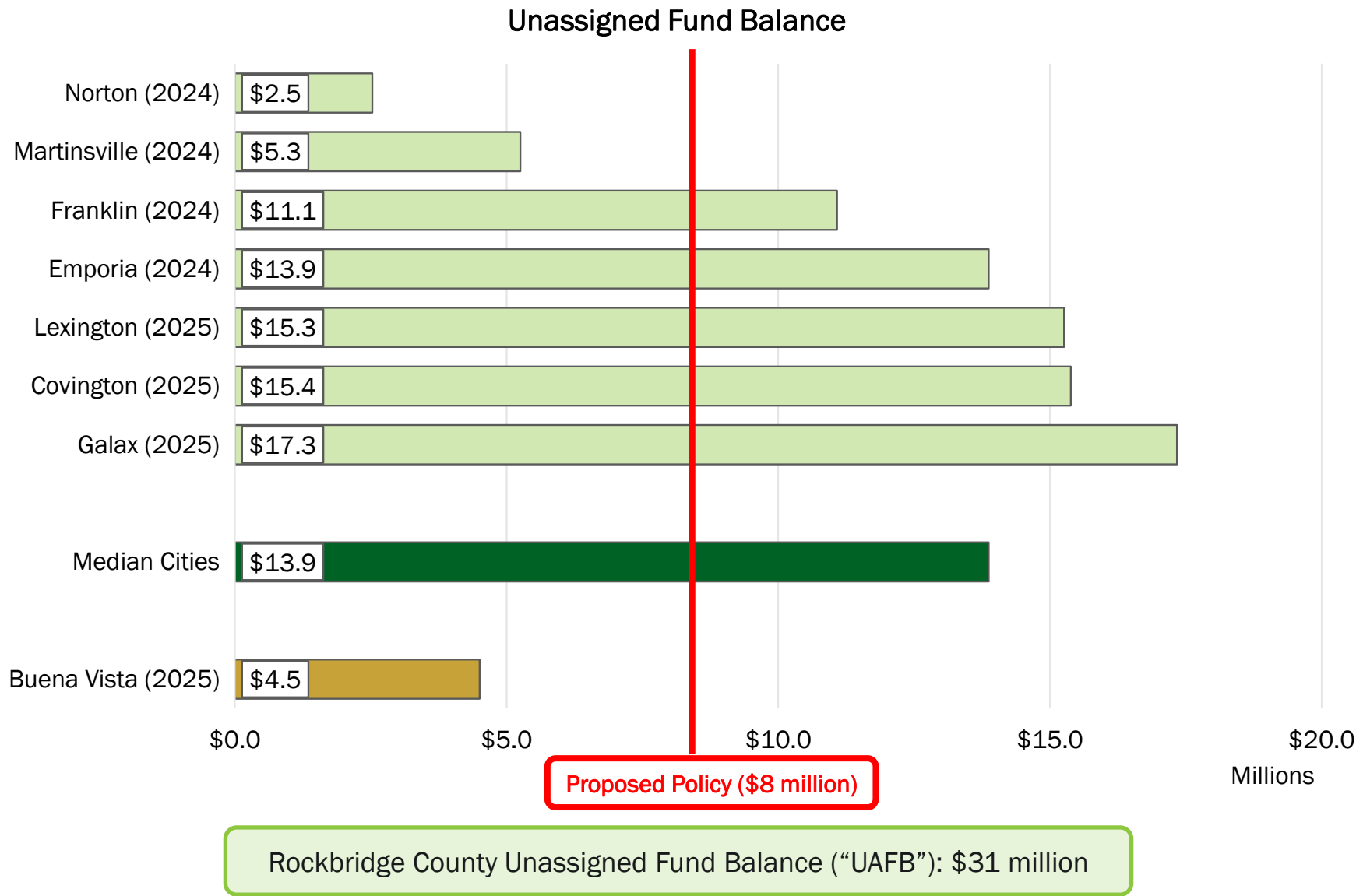


Source: City of Buena Vista Audits.
Note: Governmental Expenditures are calculated as follows: General Fund Expenditures plus School Expenditures less Local Transfer from General Fund to Schools.

Peer Comparatives | Unassigned Fund Balance



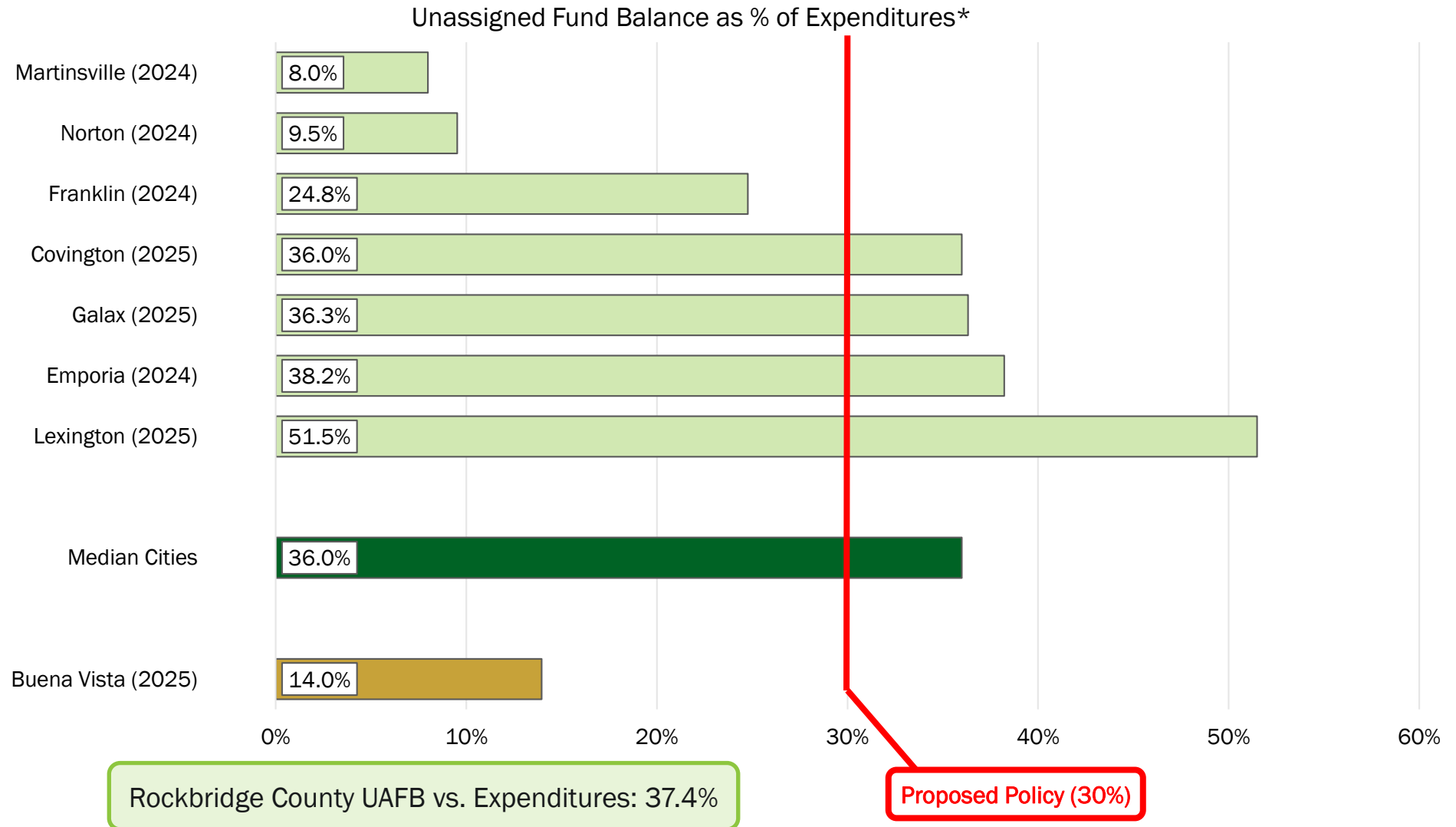
- The City’s Unassigned Fund Balance is below the peer group.



Source: Fiscal Year 2025 City of Buena Vista Audit. Most Recently Available Peer Comparative Locality Audit.

Peer Comparatives | Unassigned Fund Balance vs Expenditures

- The City's Unassigned Fund Balance as a percent of Governmental Expenditures is below the peer group.



*Governmental Expenditures include General Fund Expenditures plus School Operating Expenditures minus City Contribution to Schools.

Note: Buena Vista Ratio is calculated with the removal of ARPA funding from expenditures. Peer Comparatives of other localities do not reflect that adjustment.

Source: Fiscal Year 2025 City of Buena Vista Audit. Most Recently Available Peer Comparative Locality Audit and School Locality Audit.

Section A – Tab 2 General Fund – Debt Management

Existing Debt Profile Composition

Principal Outstanding as of 6.30.2026	Amount Outstanding	Original Issue	Interest Rate	Final Maturity
General Obligation Bonds				
VPSA GO Series 2012C School Bond	\$ 208,620	\$ 509,973	1.90%	12/1/2034
Loans Payable				
National Bank Loan #2543 ⁽¹⁾	\$ 1,301,698	\$ 1,800,000	7.00%	4/5/2044
National Bank Loan #2519 ⁽²⁾	404,717	700,000	4.00%	4/5/2044
Bank of Botetourt ⁽³⁾	85,370	300,000	6.99%	10/1/2029
Total Principal Outstanding	\$ 2,000,405	\$ 3,309,973		

(1) The National Bank Loan #2543 is a variable rate loan which is currently at a 7% interest rate.

(2) The National Bank Loan #2519 is a variable rate loan which is currently at a 4% interest rate.

(3) The Bank of Botetourt Loan is a variable rate loan which is currently at a 6.99% interest rate.

Note: All three Loans Payable financings are callable, in whole or in part, with no prepayment penalty.

Existing Debt Profile

As of 6/30/2026

- In the capital funding analysis herein, Davenport has utilized the City's existing Debt Profile.

Existing Debt			
Fiscal Year	Principal	Interest	Total
Total	\$ 2,000,405	\$ 1,199,791	\$ 3,200,196
2027	112,456	112,686	225,142
2028	118,725	113,647	232,372
2029	125,157	107,305	232,462
2030	111,798	101,130	212,928
2031	107,067	96,094	203,161
2032	112,050	91,111	203,161
2033	117,854	85,307	203,161
2034	123,812	79,349	203,161
2035	130,175	72,986	203,161
2036	113,621	66,360	179,981
2037	109,381	58,934	168,315
2038	80,954	52,359	133,313
2039	87,287	46,025	133,313
2040	94,016	39,296	133,312
2041	101,476	31,841	133,317
2042	109,411	23,902	133,313
2043	117,971	15,342	133,313
2044	127,194	6,119	133,313

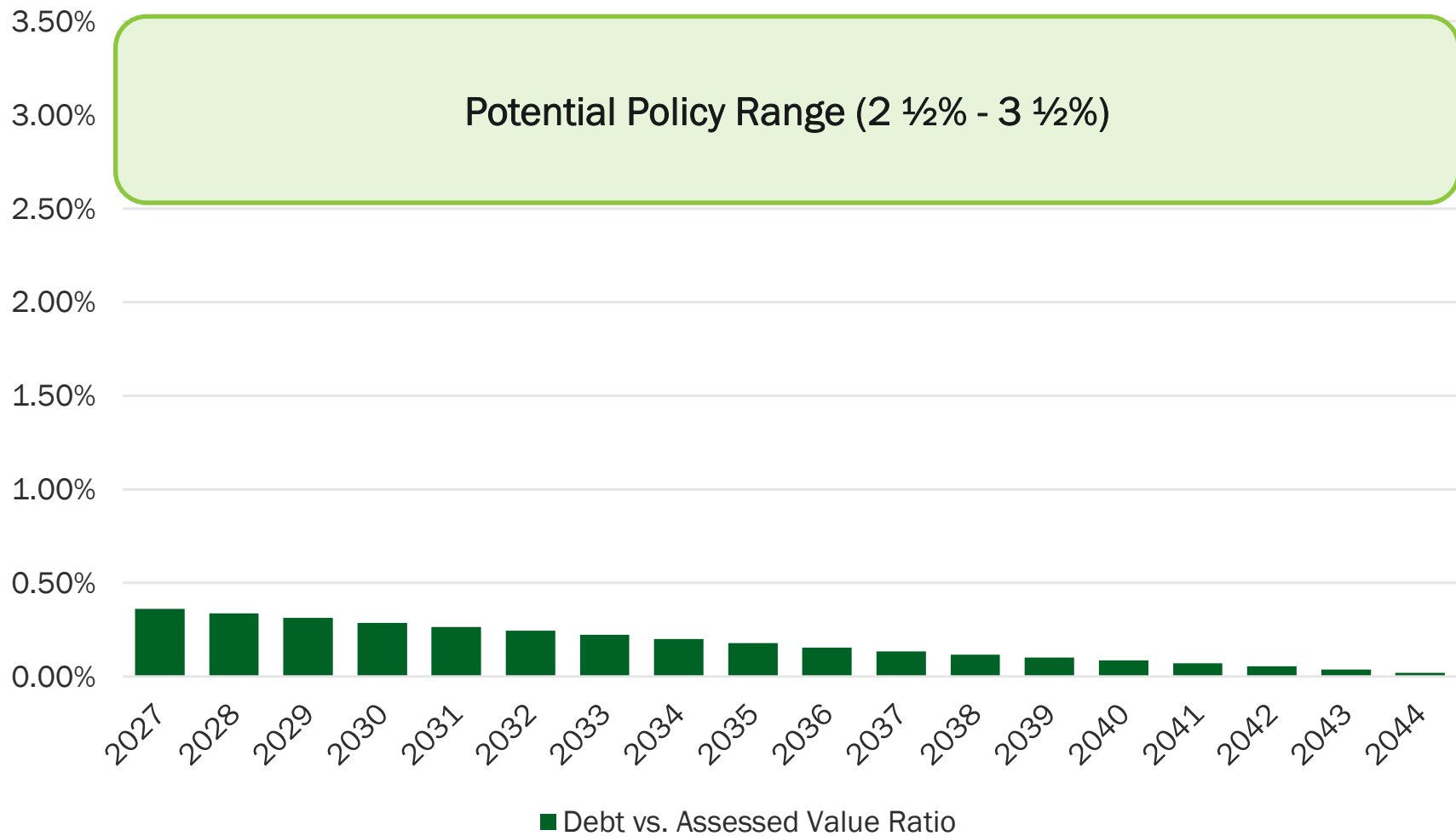


Source: Updated Amortization Schedule of each respective financing utilizing new variable rates – provided by the City's Director of Finance.

Debt Management Policies

- Currently, the City does not have any adopted Debt Management Policies.
- An important part of debt management is monitoring indicators of borrowing capacity and affordability. While there are several different ratios/metrics that can be tracked to evaluate a government's debt profile, two are generally regarded industry-wide as **Key Debt Ratios**.
 1. Debt vs. Assessed Value:
 - *The City does not have a policy related to Debt vs. Assessed Value.*
 - *Davenport would recommend the City adopt a Debt vs. Assessed Value policy of 2 ½ - 3 ½%.*
 - This ratio is commonly used by rating agencies to measure an issuer's capacity to support existing and additional debt.
 2. Debt Service vs. Expenditures
 - *The City does not have a policy related to Debt Service vs. Expenditures.*
 - *Davenport would recommend the City adopt a Debt Service vs. Expenditures policy of 10 - 12%.*
 - Debt Service vs. Expenditures is a key ratio because it measures how much of the annual budget is being spent to pay for debt and can show how much additional debt service can be added before exceeding prudent levels.
 3. Consider a Refinancing Policy when interest savings are possible.

Debt vs. Assessed Value

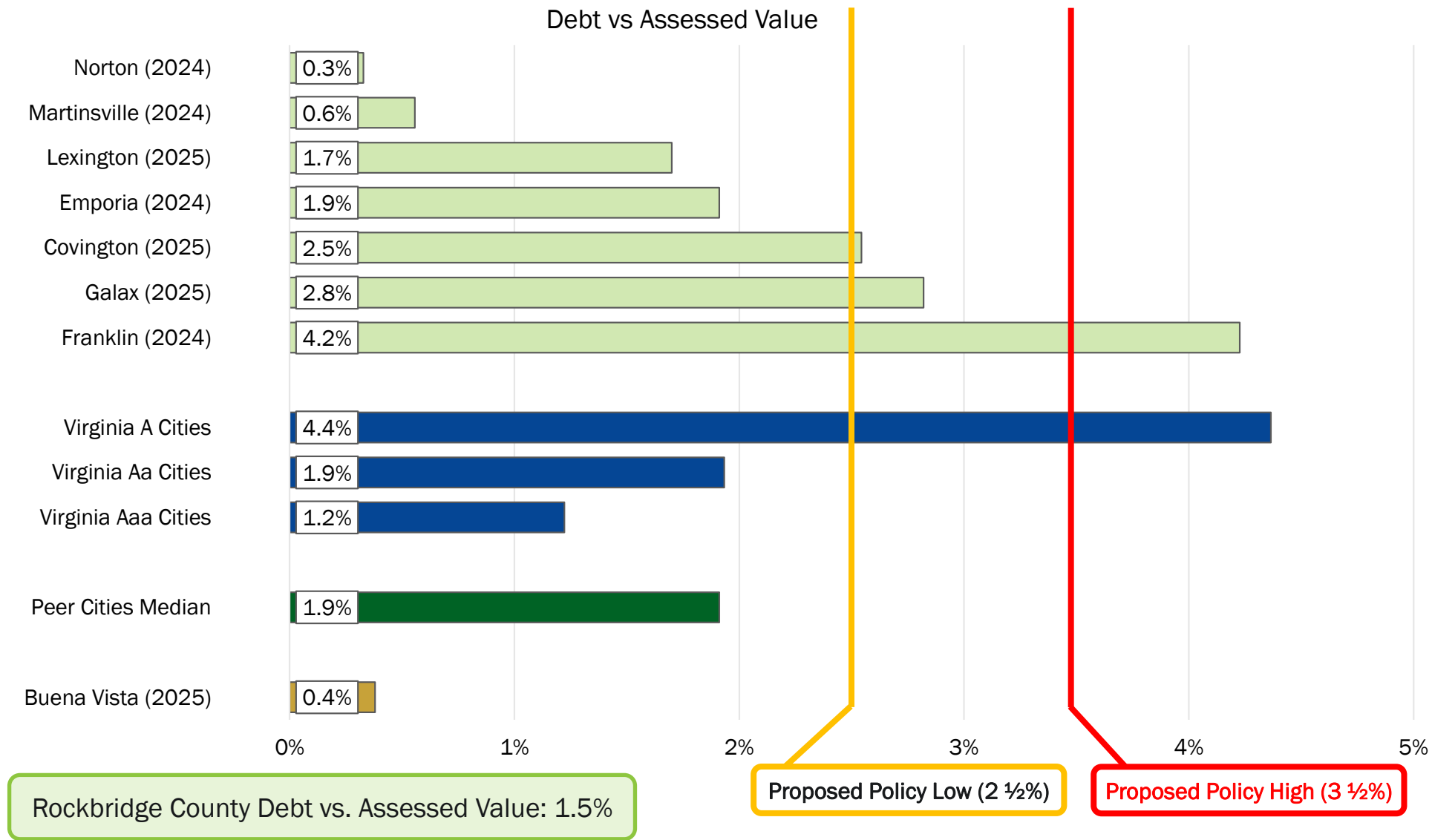


Source: City of Buena Vista Audit.

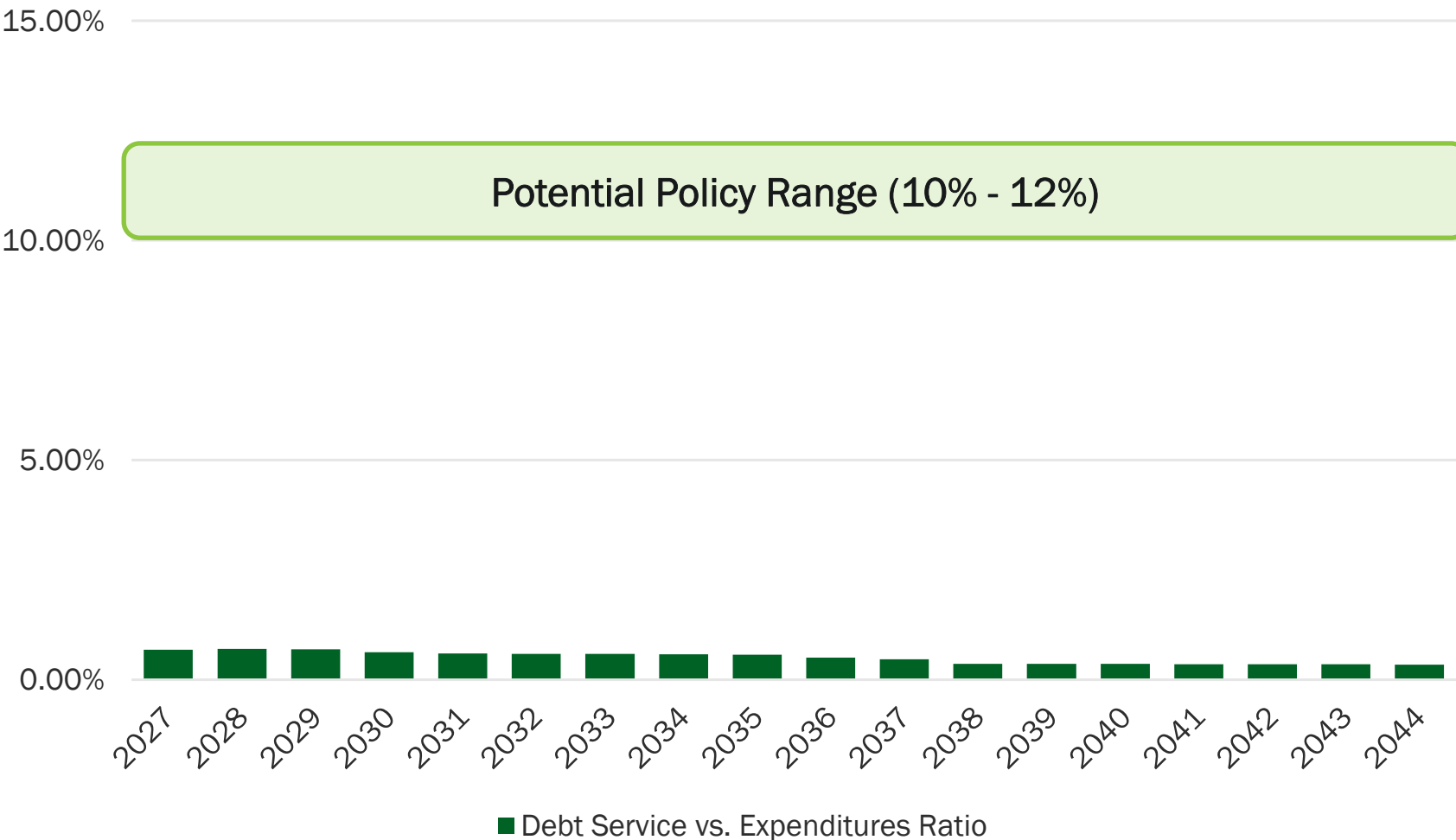
Peer Comparatives | Debt vs Assessed Value



- The City’s Debt as a percent of Assessed Value is below the peer group.



Debt Service vs. Expenditures

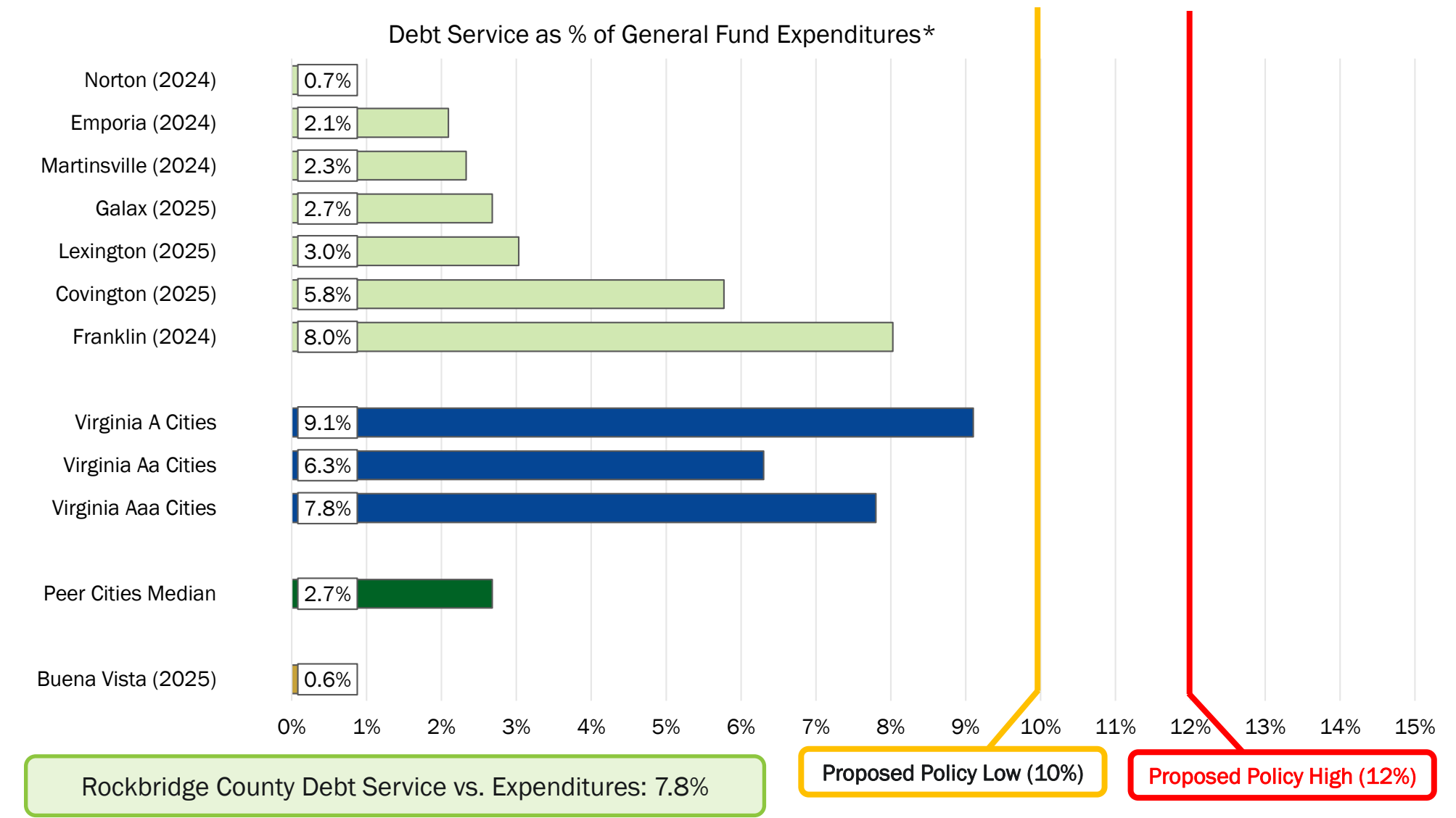


*Expenditures include General Fund Expenditures plus School Operating Expenditures minus City Contribution to Schools.
Source: City of Buena Vista Audit.

Peer Comparatives | Debt Service vs Expenditures



- The City’s Debt Service as a percent of General Fund Expenditures is below the peer group.



*Expenditures include General Fund Expenditures plus School Operating Expenditures minus City Contribution to Schools.
Source: Fiscal Year 2025 City of Buena Vista Audit, Davenport Peer Comparative Model, and Most Recently Available Peer Comparative Locality Audit and School Locality Audit.

B. Credit Worthiness

- The City's default on prior Lease Revenue debt continues to influence investor perception and access to the Capital Markets.

- To address this, Davenport recommends the City consider exploring/obtaining credit rating(s), which would provide an independent assessment of the City's current financial condition and management practices.

- A public credit rating would help rebuild investor confidence by demonstrating the City's commitment to financial transparency and accountability.

- Over time, a favorable rating could expand market access, lower borrowing costs, and improve flexibility for funding future capital needs.

C. Operational “Best Practices” and Key Recommendations

Recommendations

- 1) Establish Formal Debt Policies;
- 2) Establish Formal Fund Balance and Reserve Policies;
- 3) Establish firmer Internal Controls, Policies, and Procedures;
 - a) Consider engaging Anne Seward to provide comprehensive operational guidelines.
- 4) Consider Formal Action involving Delinquent Tax Collections;
- 5) Engage appropriate professionals to prepare a comprehensive analysis of the Enterprise Fund, via a Cost-of-Service Study;

Recommendations (cont.)

- 6) Provide regular financial briefings to Council/Citizens on Budget to Actual performance on a regularly scheduled basis (monthly, every two months, quarterly – at least);
- 7) Develop a Multi-Year CIP for the General Fund and the Enterprise Fund;
- 8) Create a Finance Committee;
 - a) Finance Committee should be organized to meet initially on a monthly basis;
 - b) The Finance Committee should consist of at least the following members: two (2) City Council members, the City Manager, a representative from the Finance Department, select Constitutional Officers, and the City’s Financial Advisor - Davenport (acting as a facilitator of the discussions).
 - c) The role of the Finance Committee:
 - 1) Review and Report on ongoing financial performance and key trends;
 - 2) Evaluate budget priorities and long-term financial plans;
 - 3) Oversee debt management and capital financing decisions;
 - 4) Monitor compliance with formal financial policies (if enacted);
 - 5) Promote transparency and investor confidence.

Recommendations (cont.)

- 9) Consider potential refunding(s) of selected debt for interest rate savings and provide a timetable / approach to potentially execute the refunding(s);
- 10) Consider obtaining formal credit rating(s) for the General Fund – at the appropriate time; and,
- 11) Provide the General Public – i.e., Buena Vista citizens – a pathway to financing the school project without the need to increase Real Estate taxes.

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D. Outstanding Debt and Potential Opportunities

Outstanding Debt and Potential Opportunities

Financing	Original Amount	Amount Outstanding as of 6.30.2026	Interest Rate	Final Maturity	Prepayment	Issuer / Borrower	Purpose	Security / Repayment	General Obligation?	Appropriation Backed Financing?
Community Bank R-1 Revenue Bond, Series 2009 ⁽¹⁾	\$ 1,800,000	\$ 1,301,698	Variable Interest Rate - Currently 7.00%.	4/5/2044	Prepayable in whole or in part.	Public Recreational Facilities Authority of the City of Buena Vista.	Dabney S. Lancaster Community College facility financing / refinancing of interim construction financing.	Deed of Trust on project property/improvements; Assignment of Rents; project-related revenues. City Support Agreement was identified in prior review, but exact appropriation provisions need confirmation from the underlying agreement.	No.	To be confirmed from Support Agreement.
Community Bank R-2 Revenue Bond, Series 2009	\$ 700,000	\$ 404,717	Variable Interest Rate - 4.00%.	4/5/2044	Prepayable in whole or in part.	Public Recreational Facilities Authority of the City of Buena Vista.	Not expressly stated in documents reviewed.	Not confirmed.	Not confirmed.	Not confirmed.
Bank of Botetourt Loan, 2014 ⁽¹⁾	\$ 300,000	\$ 85,370	Variable Interest Rate - Currently 6.99%.	10/1/2029	Prepayable in whole or in part.	Economic Development Authority of Buena Vista.	Not expressly stated in documents reviewed.	Deed of Trust on certain real and personal property, including improvements, fixtures, rents and related proceeds.	Not confirmed.	Not confirmed.
VPSA GO School Bond, Series 2012	\$ 509,973	\$ 208,620	Fixed Interest Rate of 1.90%.	12/1/2034	At the discretion of VPSA.	City of Buena Vista.	Parry McCluer Middle School energy-efficiency improvements, renovations, modernization, upgrades and other energy/renewable-energy projects.	City's full faith and credit and unlimited ad valorem taxing power.	Yes.	No.
Total General Fund Debt		\$ 2,000,405								
USDA Water Revenue Bond, Series 2024	\$ 5,424,000	\$ 5,265,132	Fixed Interest Rate of 2.875%.	6/1/2064	Prepayable in whole or in part.	Buena Vista Public Service Authority.	Purchase of water-system assets and refinancing/restructuring of prior system debt.	First-priority pledge of Water System revenues; rate covenant and reserve requirements; no Deed of Trust identified in documents reviewed.	No.	No.
Total Enterprise Debt		\$ 5,265,132								
Total GF and Enterprise Debt		\$ 7,265,537								

(1) Based on update rates and schedule provided by the City's Director of Finance.

E. Timetable for Action

Additional Financial Advisory Services

- The Scope of Services agreed to by Davenport and the City does not include the actual execution of the school funding plan following the successful outcome to the November Referendum.

- The Scope of Services agreed to by Davenport and the City does not include the development of strategy related to a Multi-Year Capital Improvement Program for the General Fund, Water and Sewer Enterprise Fund, and the Parks and Recreation Fund.

- Nevertheless, Davenport recommends that City Council consider retaining Davenport under a new contract to assist in the following tasks, amongst other;
 - Successful Execution of the School Financing;

 - Develop a Multi-Year Utility Pro-Forma Analysis related to the Water and Sewer Enterprise Fund;

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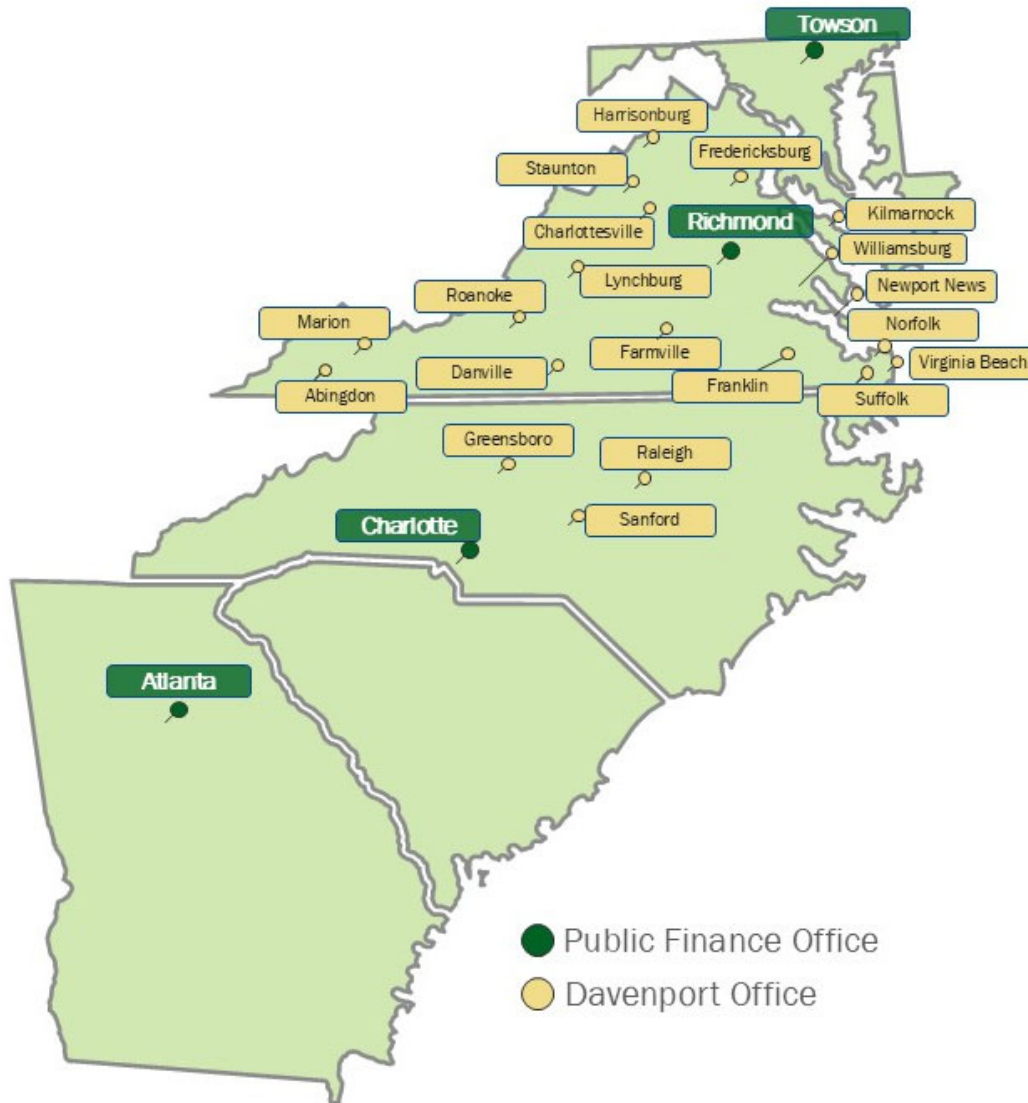
Additional Financial Advisory Services (cont.)

- Assist the City in obtaining an independent consulting engineer to provide a Cost of Service study for the Utility Enterprise Fund;
- Assist on strategies for the General Fund, Water and Sewer Enterprise Fund, and the Parks and Recreation Fund;
- Obtain Issuer Credit Ratings from the National Credit Rating Agencies (Moody's Ratings, Standard & Poor's ("S&P"), and/or Fitch Ratings);
- Assist the City in the Budget Development process, in concert with the recommend consultant – Anne Seward;
- Assist in evaluating potential refunding and restructuring opportunities; and,
- Execute on the post-referendum issuance related to the school project through the VPSA Program.

Timetable

<u>Date</u>	<u>Action</u>
Saturday, October 17 th	<u>City Council Retreat:</u> <ul style="list-style-type: none"> ▪ Davenport to present high-level summary of our CFR, with select recommendations and action items to be considered by City Council. ▪ Davenport to present a timetable for additional analyses and recommendations (e.g. General Fund non-school CIP, Utility Fund CIP, Formal Reserve and Debt Management Policies, etc.).
Until November 3 rd	<ul style="list-style-type: none"> ▪ Davenport to provide additional help and context regarding planned School Project and the November Referendum.
Following November 3 rd	<ul style="list-style-type: none"> ▪ Davenport to assist in moving forward with the execution of a financing for the School Project.
Prior to the end of Calendar Year 2026	<ul style="list-style-type: none"> ▪ City to procure and begin a Cost-of-Service study of the Enterprise Fund to be ready by early/mid Winter. ▪ City to engage outside assistance with Internal Controls, Policies, and Procedures to be ready by early/mid Winter. ▪ City to discuss Capital Improvement needs with all Department Heads including the Enterprise Fund.
Early January 2027	<ul style="list-style-type: none"> ▪ Davenport to provide City Council with a progress report. ▪ Davenport to follow up with the City and provide new initiatives for the next 90 days in anticipation of Fiscal Year 2028 City Council/City Staff Budget Meetings.

Appendix



Founded in 1863 in Richmond, VA, Davenport is an employee-owned firm.

Key Statistics

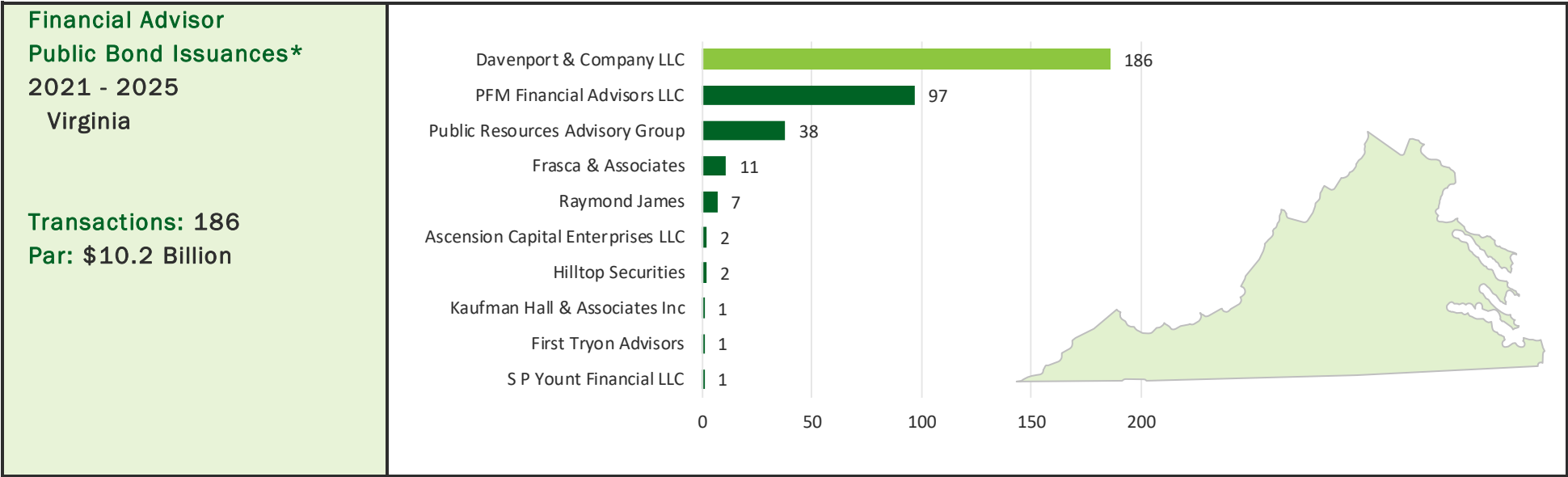
- Employees: 553
- Client Assets: \$51.7 Billion
- Advisory AUM: \$26 Billion

Major Business Concentrations

- Public Finance
- Asset Management
- Investment Consulting
- Retail Brokerage
- Equity Research

Key Statistics data as of June 30, 2026.

Davenport consistently ranks as the Top Financial Advisor in Virginia.



Source: LSEG Analytics (Formerly Thompson Reuters, and Refinitiv).

Note: Data shown is for public bond offerings and does not include bank loans or privately placed transactions.

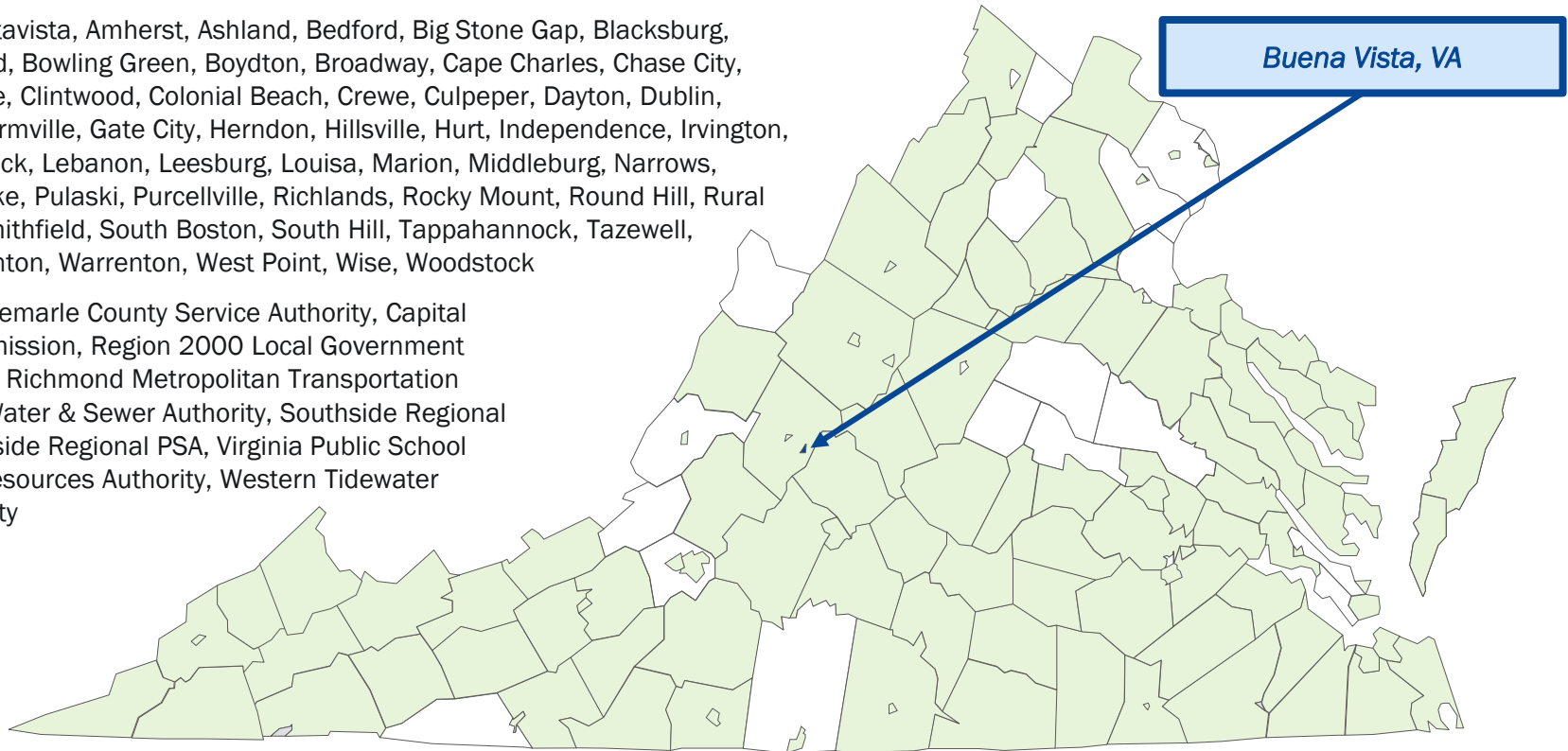
Commonwealth of Virginia Local Government Experience

Counties: Accomack, Albemarle, Amelia, Amherst, Appomattox, Augusta, Bath, Bedford, Bland, Botetourt, Brunswick, Buchanan, Buckingham, Campbell, Caroline, Carroll, Charles City, Charlotte, Chesterfield, Culpeper, Cumberland, Dickenson, Dinwiddie, Essex, Fauquier, Floyd, Franklin, Frederick, Giles, Gloucester, Greene, Greenville, Halifax, Henrico, Henry, Isle of Wight, James City, King George, King and Queen, King William, Lancaster, Lee, Loudoun, Lunenburg, Madison, Mathews, Mecklenburg, Middlesex, Montgomery, Nelson, New Kent, Northampton, Northumberland, Nottoway, Orange, Page, Patrick, Powhatan, Prince Edward, Prince George, Pulaski, Richmond, Rockbridge, Rockingham, Russell, Scott, Shenandoah, Smyth, Southampton, Spotsylvania, Surry, Sussex, Tazewell, Warren, Washington, Westmoreland, Wise, Wythe

Cities: Alexandria, Bristol, Buena Vista, Covington, Danville, Emporia, Fairfax, Falls Church, Franklin, Galax, Hampton, Harrisonburg, Hopewell, Lexington, Lynchburg, Manassas, Manassas Park, Martinsville, Norfolk, Norton, Petersburg, Poquoson, Portsmouth, Radford, Richmond, Roanoke, Salem, Staunton, Suffolk, Virginia Beach, Waynesboro, Williamsburg

Towns: Abingdon, Altavista, Amherst, Ashland, Bedford, Big Stone Gap, Blacksburg, Blackstone, Bluefield, Bowling Green, Boydton, Broadway, Cape Charles, Chase City, Chilhowie, Clarksville, Clintwood, Colonial Beach, Crewe, Culpeper, Dayton, Dublin, Dumfries, Elkton, Farmville, Gate City, Herndon, Hillsville, Hurt, Independence, Irvington, Kenbridge, Kilmarnock, Lebanon, Leesburg, Louisa, Marion, Middleburg, Narrows, Pearisburg, Pembroke, Pulaski, Purcellville, Richlands, Rocky Mount, Round Hill, Rural Retreat, Saltville, Smithfield, South Boston, South Hill, Tappahannock, Tazewell, Urbanna, Vienna, Vinton, Warrenton, West Point, Wise, Woodstock

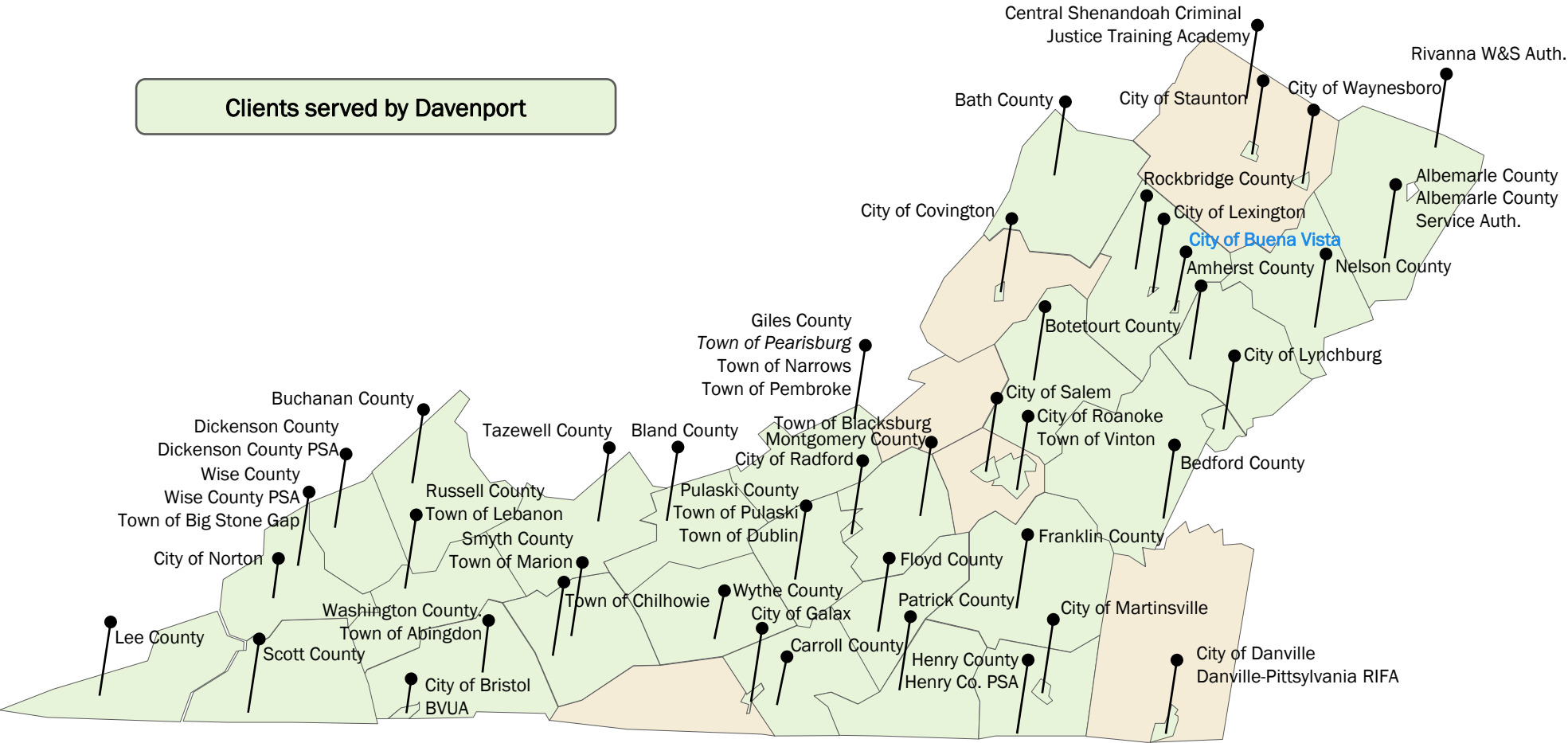
Selected Others: Albemarle County Service Authority, Capital Region Airport Commission, Region 2000 Local Government Council, Region Ten, Richmond Metropolitan Transportation Authority, Rivanna Water & Sewer Authority, Southside Regional Jail Authority, Southside Regional PSA, Virginia Public School Authority, Virginia Resources Authority, Western Tidewater Regional Jail Authority



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