



Financial Report

Year Ended June 30, 2025

TOWN OF WEST POINT, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

Jack T. Lawson, Mayor

Christopher P. Vincent, Vice-Mayor

Samantha Bohannon

R. Jeffrey Cole

John Nein Jr.

James Pruett

John G. Ragsdale, II

Allen White

TOWN SCHOOL BOARD

Elliot Jenkins, Chair

Chase Evans, Vice-Chair

Leslie-Ann Sturtz

Resa Reid

Nicole Sweetin

ECONOMIC DEVELOPMENT AUTHORITY

William Otto, Chairperson

James Pruett, Vice-Chairman

Robert Lawrence

Jack Lawson

Jeff Cole

Paul Kelley

Ken Staples

OTHER OFFICIALS

Town ManagerJohn B. Edwards, Jr.
Town Attorney.....Andrea G. Erard
Town TreasurerSusan M. Lathan
Town Clerk..... Karen M. Barrow
School SuperintendentDr. Larry L. Frazier, Jr.

TOWN OF WEST POINT, VIRGINIA

Financial Report
Year Ended June 30, 2025

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Independent Auditors' Report

**To the Honorable Members of the Town Council
Town of West Point, Virginia
West Point, 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, and each major fund of the Town of West Point, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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, business-type activities, the discretely presented component units and each major fund of the Town of West Point, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year the 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 Town of West Point, 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 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 19 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. 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; and for 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 Town of West Point, 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 the Town of West Point, 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 the Town of West Point, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Town of West Point, Virginia's basic financial statements. The accompanying other supplementary information and schedule 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 the schedule 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 statistical information 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 February 16, 2026, on our consideration of Town of West Point, 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 Town of West Point, 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 Town of West Point, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

February 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,712,736 (net position). Of this amount, \$9,221,620 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's general fund reported ending fund balance of \$8,638,325, an increase of \$199,819 in comparison with the prior year. Approximately 70% of this total amount, \$6,024,498, is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,024,498, or approximately 52% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

This report also contains required and 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 Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, 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 Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 the 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).

Overview of the Financial Statements: (Continued)

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government administration, public safety, public works, education, community development, and parks, recreation and cultural activities.

The government-wide financial statements include not only Town of West Point, Virginia itself (known as the primary government), but also a legally separate school district and an Economic Development Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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. Town of West Point, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories – governmental funds and proprietary 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 balance 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 of 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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one individual governmental fund – the General Fund.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The Town maintains one proprietary fund – the Water and Sewer Fund. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

Notes to 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.

Supplementary and Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedules related to pension and OPEB funding, and other supplementary information includes combining and individual financial statements for the discretely presented component units, and a supporting schedule showing budgetary information. The report also includes statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,712,736 at the close of the most recent fiscal year.

**Town of West Point, Virginia
Statement of Net Position
Governmental and Business-type Activities
June 30, 2025 and 2024**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 9,097,300	\$ 9,136,358	\$ 1,953,823	\$ 1,584,238	\$ 11,051,123	\$ 10,720,596
Capital assets	8,164,129	9,035,500	3,878,260	2,939,189	12,042,389	11,974,689
Note receivable	11,408	25,306	-	-	11,408	25,306
Net pension asset	138,426	-	14,026	-	152,452	-
Total assets	\$ 17,411,263	\$ 18,197,164	\$ 5,846,109	\$ 4,523,427	\$ 23,257,372	\$ 22,720,591
Deferred outflows of resources	\$ 409,491	\$ 580,744	\$ 45,873	\$ 54,399	\$ 455,364	\$ 635,143
Total assets and deferred outflows	\$ 17,820,754	\$ 18,777,908	\$ 5,891,982	\$ 4,577,826	\$ 23,712,736	\$ 23,355,734
Long-term liabilities outstanding	\$ 3,308,929	\$ 3,889,450	\$ 196,559	\$ 282,060	\$ 3,505,488	\$ 4,171,510
Current liabilities	638,775	878,416	98,495	75,880	737,270	954,296
Total liabilities	\$ 3,947,704	\$ 4,767,866	\$ 295,054	\$ 357,940	\$ 4,242,758	\$ 5,125,806
Deferred inflows of resources	\$ 542,923	\$ 126,865	\$ 52,421	\$ 8,925	\$ 595,344	\$ 135,790
Net position:						
Net investment in capital assets	\$ 5,187,263	\$ 5,714,582	\$ 3,683,260	\$ 2,681,189	\$ 8,870,523	\$ 8,395,771
Restricted	768,465	639,035	14,026	-	782,491	639,035
Unrestricted	7,374,399	7,529,560	1,847,221	1,529,772	9,221,620	9,059,332
Total net position	\$ 13,330,127	\$ 13,883,177	\$ 5,544,507	\$ 4,210,961	\$ 18,874,634	\$ 18,094,138
Total liabilities, deferred inflows and net position	\$ 17,820,754	\$ 18,777,908	\$ 5,891,982	\$ 4,577,826	\$ 23,712,736	\$ 23,355,734

A large part of the Town’s net position (\$8,870,523, or 37%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’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.

During the current fiscal year, the Town’s net position decreased in the governmental activities in the amount of \$77,809. The business-type activities net position increased in the amount of \$1,364,595.

Government-wide Financial Analysis: (Continued)

Governmental Activities – Governmental activities decreased the Town’s net position by \$77,809. Key elements of this increase are as follows:

**Town of West Point, Virginia
Statement of Activities
Governmental and Business-type Activities
Years Ended June 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 420,288	\$ 366,125	\$ 1,905,356	\$ 1,830,002	\$ 2,325,644	\$ 2,196,127
Operating grants and contributions	649,733	2,109,492	-	-	649,733	2,109,492
General revenues:						
General property taxes	7,465,134	7,411,967	-	-	7,465,134	7,411,967
Other local taxes	1,656,444	1,539,932	-	-	1,656,444	1,539,932
Use of money and property	398,417	397,313	21,999	20,659	420,416	417,972
Gain on sale of assets	-	-	11,250	-	11,250	-
Commonwealth of Virginia non- categorical aid	630,706	618,730	-	-	630,706	618,730
Other general revenues	450,938	314,050	97,059	66,893	547,997	380,943
Total revenues	\$ 11,671,660	\$ 12,757,609	\$ 2,035,664	\$ 1,917,554	\$ 13,707,324	\$ 14,675,163
Expenses:						
General government administration	\$ 1,007,181	\$ 1,056,833	\$ -	\$ -	\$ 1,007,181	\$ 1,056,833
Public safety	1,979,131	1,775,195	-	-	1,979,131	1,775,195
Public works	1,614,992	2,157,294	-	-	1,614,992	2,157,294
Education	5,014,849	4,489,589	-	-	5,014,849	4,489,589
Parks, recreation, and cultural	119,423	126,786	-	-	119,423	126,786
Community development	1,060,741	1,535,797	-	-	1,060,741	1,535,797
Interest	109,081	62,593	-	-	109,081	62,593
Water and sewer	-	-	1,515,140	1,526,570	1,515,140	1,526,570
Total expenses	\$ 10,905,398	\$ 11,204,087	\$ 1,515,140	\$ 1,526,570	\$ 12,420,538	\$ 12,730,657
Increase (decrease) in net position before transfers	\$ 766,262	\$ 1,553,522	\$ 520,524	\$ 390,984	\$ 1,286,786	\$ 1,944,506
Transfers	(844,071)	90,312	844,071	(90,312)	-	-
Increase (decrease) in net position	\$ (77,809)	\$ 1,643,834	\$ 1,364,595	\$ 300,672	\$ 1,286,786	\$ 1,944,506
Net position - beginning, as previously reported	13,883,177	12,239,343	4,210,961	3,910,289	13,883,177	16,149,632
Restatement	(475,241)	-	(31,049)	-	(506,290)	-
Net position - beginning, as restated	13,407,936	12,239,343	4,179,912	3,910,289	17,587,848	16,149,632
Net position - ending	\$ 13,330,127	\$ 13,883,177	\$ 5,544,507	\$ 4,210,961	\$ 18,874,634	\$ 18,094,138

Business-type activities increased the Town’s net position by \$1,364,595. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town’s business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's general fund reported ending fund balance of \$8,638,325, an increase of \$199,819 in comparison with the prior year. A significant portion of this fund balance, \$6,024,498 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for new spending because it is either restricted, committed or assigned.

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50% of total general fund expenditures.

General Fund Budgetary Highlights

The Town's General Fund expended \$11,621,272 during the year, which was \$396,989 less than what was budgeted.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2025 totals \$8,164,129 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and machinery and equipment.

* School Board capital assets are jointly owned by the Town (primary government) and the component unit school board. The Town's share of the School Board capital assets is in proportion to the debt owed on such assets by the Town. The Town reports depreciation on these assets as an element of its share of the costs of the public school system.

Additional information on the Town's capital assets can be found in Note 5 to these financial statements.

Debt - Of the total principal balance at the end of the year, \$3,014,476 was for General Obligation Bonds and \$157,390 was for lease liabilities. The Town's total outstanding debt principal decreased by \$385,717.

Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 12 to the financial statements.

Contact the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Treasurer, P. O. Box 152, West Point, Virginia 23181.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,570,937	\$ 1,752,346	\$ 8,323,283	\$ 2,275,500	\$ 390,855
Certificate of deposit	2,000,000	-	2,000,000	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	291,580	-	291,580	-	-
Accounts receivable	115,498	201,477	316,975	-	-
Current portion of note receivable	13,899	-	13,899	-	-
Inventory	-	-	-	-	548,208
Due from other governments	105,386	-	105,386	160,325	-
Prepaid expenses	-	-	-	322,842	-
Total Current Assets	<u>\$ 9,097,300</u>	<u>\$ 1,953,823</u>	<u>\$ 11,051,123</u>	<u>\$ 2,758,667</u>	<u>\$ 939,063</u>
Noncurrent Assets					
Net pension asset	\$ 138,426	\$ 14,026	\$ 152,452	\$ -	\$ -
Net OPEB asset	-	-	-	4,208	-
Noncurrent portion of note receivable	11,408	-	11,408	-	-
Capital Assets (net of accumulated depreciation):					
Land	2,062,695	367,305	2,430,000	59,350	-
Construction in progress	11,829	-	11,829	-	-
Buildings and improvements	4,921,507	3,398,024	8,319,531	5,873,438	-
Equipment	1,019,022	112,931	1,131,953	809,338	-
Lease equipment	149,076	-	149,076	174,181	-
Total Noncurrent Assets	<u>\$ 8,313,963</u>	<u>\$ 3,892,286</u>	<u>\$ 12,206,249</u>	<u>\$ 6,920,515</u>	<u>\$ -</u>
Total Assets	<u>\$ 17,411,263</u>	<u>\$ 5,846,109</u>	<u>\$ 23,257,372</u>	<u>\$ 9,679,182</u>	<u>\$ 939,063</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 367,550	\$ 40,381	\$ 407,931	\$ 2,334,309	\$ -
OPEB related items	41,941	5,492	47,433	229,902	-
Total Deferred Outflows of Resources	<u>\$ 409,491</u>	<u>\$ 45,873</u>	<u>\$ 455,364</u>	<u>\$ 2,564,211</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,820,754</u>	<u>\$ 5,891,982</u>	<u>\$ 23,712,736</u>	<u>\$ 12,243,393</u>	<u>\$ 939,063</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 192,815	\$ 22,789	\$ 215,604	\$ 143,521	\$ -
Accrued expenses	-	2,228	2,228	1,493,159	-
Customers' deposits	-	3,629	3,629	-	-
Unearned revenue	8,170	-	8,170	-	-
Accrued interest payable	24,388	-	24,388	-	-
Current portion of long-term obligations	413,402	69,849	483,251	109,666	-
Total Current Liabilities	<u>\$ 638,775</u>	<u>\$ 98,495</u>	<u>\$ 737,270</u>	<u>\$ 1,746,346</u>	<u>\$ -</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 3,308,929	\$ 196,559	\$ 3,505,488	\$ 7,341,131	\$ 361,566
Total Liabilities	<u>\$ 3,947,704</u>	<u>\$ 295,054</u>	<u>\$ 4,242,758</u>	<u>\$ 9,087,477</u>	<u>\$ 361,566</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 505,990	\$ 50,332	\$ 556,322	\$ 1,341,182	\$ -
OPEB related items	15,773	2,089	17,862	185,837	-
Deferred revenue - property taxes	21,160	-	21,160	-	-
Total Deferred Inflows of Resources	<u>\$ 542,923</u>	<u>\$ 52,421</u>	<u>\$ 595,344</u>	<u>\$ 1,527,019</u>	<u>\$ -</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	\$ 5,187,263	\$ 3,683,260	\$ 8,870,523	\$ 6,643,845	\$ -
Restricted for:					
Economic development	433,708	-	433,708	-	-
Cemetery operations	196,331	-	196,331	-	-
Net pension asset	138,426	14,026	152,452	-	-
Net OPEB asset	-	-	-	4,208	-
Unrestricted (Deficit)	<u>7,374,399</u>	<u>1,847,221</u>	<u>9,221,620</u>	<u>(5,019,156)</u>	<u>577,497</u>
Total Net Position (Deficit)	<u>\$ 13,330,127</u>	<u>\$ 5,544,507</u>	<u>\$ 18,874,634</u>	<u>\$ 1,628,897</u>	<u>\$ 577,497</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	<u>\$ 17,820,754</u>	<u>\$ 5,891,982</u>	<u>\$ 23,712,736</u>	<u>\$ 12,243,393</u>	<u>\$ 939,063</u>

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,007,181	\$ -	\$ 430,686	\$ -
Public safety	1,979,121	160,409	148,211	-
Public works	1,614,992	259,341	-	-
Education	5,014,849	-	55,589	-
Parks, recreation, and cultural	119,423	538	-	-
Community development	1,060,751	-	15,247	-
Interest on long-term debt	109,081	-	-	-
Total governmental activities	<u>\$ 10,905,398</u>	<u>\$ 420,288</u>	<u>\$ 649,733</u>	<u>\$ -</u>
Business-type activities:				
Water and Sewer	\$ 1,515,140	\$ 1,905,356	\$ -	\$ -
Total primary government	<u>\$ 12,420,538</u>	<u>\$ 2,325,644</u>	<u>\$ 649,733</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 14,716,283	\$ 109,729	\$ 8,726,321	\$ -
Economic Development Authority	2,500	-	-	-
Total component units	<u>\$ 14,718,783</u>	<u>\$ 109,729</u>	<u>\$ 8,726,321</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money				
Gain on sale of assets				
Contribution from EDA to Town of West Point				
Town contribution to School Board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning, as previously reported				
Restatement				
Net position (deficit) - beginning, as restated				
Net position (deficit) - ending				

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ (576,495)	\$ -	\$ (576,495)	\$ -	\$ -
Public safety	(1,670,501)	-	(1,670,501)	-	-
Public works	(1,355,651)	-	(1,355,651)	-	-
Education	(4,959,260)	-	(4,959,260)	-	-
Parks, recreation, and cultural	(118,885)	-	(118,885)	-	-
Community development	(1,045,504)	-	(1,045,504)	-	-
Interest on long-term debt	(109,081)	-	(109,081)	-	-
Total governmental activities	\$ (9,835,377)	\$ -	\$ (9,835,377)	\$ -	\$ -
Business-type activities:					
Water and Sewer	\$ -	\$ 390,216	\$ 390,216	\$ -	\$ -
Total primary government	\$ (9,835,377)	\$ 390,216	\$ (9,445,161)	\$ -	\$ -
COMPONENT UNITS:					
School Board	\$ -	\$ -	\$ -	\$ (5,880,233)	\$ -
Economic Development Authority	-	-	-	-	(2,500)
Total component units	\$ -	\$ -	\$ -	\$ (5,880,233)	\$ (2,500)
	\$ 7,465,134	\$ -	\$ 7,465,134	\$ -	\$ -
	582,028	-	582,028	-	-
	397,799	-	397,799	-	-
	306,133	-	306,133	-	-
	75,031	-	75,031	-	-
	295,453	-	295,453	-	-
	398,417	21,999	420,416	166,890	6,112
	-	11,250	11,250	-	-
	2,500	-	2,500	-	-
	-	-	-	4,977,108	-
	448,438	97,059	545,497	959,004	-
	630,706	-	630,706	-	-
	(844,071)	844,071	-	-	-
	\$ 9,757,568	\$ 974,379	\$ 10,731,947	\$ 6,103,002	\$ 6,112
	\$ (77,809)	\$ 1,364,595	\$ 1,286,786	\$ 222,769	\$ 3,612
	13,883,177	4,210,961	18,094,138	1,406,128	573,885
	(475,241)	(31,049)	(506,290)	-	-
	13,407,936	4,179,912	17,587,848	1,406,128	573,885
	\$ 13,330,127	\$ 5,544,507	\$ 18,874,634	\$ 1,628,897	\$ 577,497

Fund Financial Statements

Balance Sheet - Governmental Fund
June 30, 2025

	<u>General Fund</u>	
ASSETS		
Cash and cash equivalents	\$ 6,570,937	
Certificate of deposit	2,000,000	
Receivables (Net of allowance for uncollectibles)		
Taxes, including penalties	291,580	
Accounts receivable	115,498	
Due from other governments	<u>105,386</u>	
Total assets	<u>\$ 9,083,401</u>	
LIABILITIES		
Accounts payable	\$ 192,815	
Unearned revenue	<u>8,170</u>	
Total liabilities	<u>\$ 200,985</u>	
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	<u>\$ 244,091</u>	
FUND BALANCE		
Restricted:		
Economic development	\$ 433,708	
Cemetery operations	196,331	
Assigned:		
Dare projects	10,988	
Solid waste fleet replacement	39,602	
Vehicle replacement	262,280	
Solid waste	338,258	
School capital improvements	285,968	
Long-term debt	1,031,293	
Seized and forfeited	15,399	
Unassigned	<u>6,024,498</u>	
Total fund balance	<u>\$ 8,638,325</u>	
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 9,083,401</u>	
Amounts reported for governmental activities in the statement of net position are different because		
Fund balance from above	\$ 8,638,325	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 2,062,695	
Construction in progress	11,829	
Buildings and improvements	4,921,507	
Equipment	1,019,022	
Lease equipment	<u>149,076</u>	8,164,129
Other long-term assets are not available to pay for current-period expenditures and therefore, are not reported in the funds.		
Note receivable	\$ 25,307	
Unavailable revenue - property taxes	222,931	386,667
Net pension asset	<u>138,429</u>	
Deferred outflows of resources are not available to pay for current-period expenditure: and, therefore, are not reported in the funds.		
Pension related items	\$ 367,550	
OPEB related items	<u>41,941</u>	409,491
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$ (2,819,476)	
Compensated absences	(647,904)	
Net OPEB liability	(97,561)	
Lease liabilities	(157,390)	
Accrued interest payable	<u>(24,388)</u>	(3,746,719)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (505,990)	
OPEB related items	<u>(15,776)</u>	(521,766)
Net position of General Governmental Activities:	<u>\$ 13,330,127</u>	

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

Statement of Revenues, Expenditures, and Change in Fund Balance -
 Governmental Fund
 Year Ended June 30, 2025

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 7,423,217
Other local taxes	1,656,444
Permits, privilege fees and regulatory licenses	67,414
Fines and forfeitures	92,995
Revenue from use of money and property	411,907
Charges for services	259,879
Miscellaneous	448,438
Recovered costs	46,929
Intergovernmental:	
King William County	196,639
EDA contribution to Town	2,500
Commonwealth	647,113
Federal	436,687
Total revenues	<u>\$ 11,690,162</u>
Expenditures:	
Current:	
General government administration	\$ 1,187,759
Public safety	2,076,236
Public works	1,844,953
Education	4,713,610
Parks, recreation, and cultural	119,423
Community development	557,262
Nondepartmental	713,622
Debt service:	
Principal retirement	344,052
Interest and other fiscal charges	64,355
Total expenditures	<u>\$ 11,621,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 68,890</u>
Other financing sources (uses):	
Transfers in	<u>\$ 130,929</u>
Total other financing sources (uses)	<u>\$ 130,929</u>
Change in fund balance	\$ 199,819
Fund balance at beginning of year	<u>8,438,506</u>
Fund balance at end of year	<u><u>\$ 8,638,325</u></u>

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

Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2025

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balance - total governmental fund	\$ 199,819
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 capital outlays exceeded depreciation expense in the current period.	
Capital outlay	\$ 785,316
Depreciation expense	<u>(418,189)</u>
	367,127
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	(263,498)
Transfer of completed construction in progress from Primary Government Governmental Activities to the Primary Government Business-Type Activities	(975,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	41,917
Donation of capital assets	
Repayment of the principal of long-term note receivable provides current financial resources to governmental funds. These transactions, however, have no effect on net position.	
Payment received for principal of note receivable	(13,490)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items and details are as follows:	
Principal repayments	\$ 322,717
Repayment of lease liabilities	<u>21,335</u>
	344,052
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	\$ 63,298
Change in accrued interest	2,972
Pension expense	148,428
OPEB expense	<u>6,566</u>
	<u>221,264</u>
Change in net position of governmental activities	\$ <u><u>(77,809)</u></u>

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

Statement of Net Position - Proprietary Fund
June 30, 2025

	Water and Sewer Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,752,346
Receivables (net of allowance for uncollectibles):	
Accounts receivable	201,477
Total Current Assets	<u>\$ 1,953,823</u>
Noncurrent Assets	
Net pension asset	\$ 14,026
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,975,933
Equipment	432,258
Accumulated depreciation	(3,897,236)
Total Noncurrent Assets	<u>\$ 3,892,286</u>
Total Assets	<u>\$ 5,846,109</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 40,381
OPEB related items	5,492
Total deferred outflows of resources	<u>\$ 45,873</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,891,982</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 22,789
Accrued expenses	2,228
Customer deposits	3,629
Current portion of long-term obligations	69,849
Total Current Liabilities	<u>\$ 98,495</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>\$ 196,559</u>
Total Liabilities	<u>\$ 295,054</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 50,332
OPEB related items	2,089
Total deferred inflows of resources	<u>\$ 52,421</u>
NET POSITION	
Net investment in capital assets	\$ 3,683,260
Restricted for net pension asset	14,026
Unrestricted	<u>1,847,221</u>
Total Net Position	<u>\$ 5,544,507</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 5,891,982</u>

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

Statement of Revenues, Expenses, and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2025

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 1,905,356
Miscellaneous	97,059
Total operating revenues	<u>\$ 2,002,415</u>
Operating expenses:	
Personnel services	\$ 244,865
Fringe benefits	85,528
Contractual services	78,067
Capital outlay	3,169
Other operating costs	989,650
Depreciation	109,269
Total operating expenses	<u>\$ 1,510,548</u>
Operating income (loss)	<u>\$ 491,867</u>
Nonoperating revenues (expenses):	
Interest income	\$ 21,999
Interest expense	(4,592)
Gain on sale of assets	11,250
Total nonoperating revenues (expenses)	<u>\$ 28,657</u>
Income before transfers	\$ 520,524
Transfers in	\$ 975,000
Transfers out	<u>(130,929)</u>
Change in net position	\$ 1,364,595
Net position, beginning of year, as originally reported	4,210,961
Restatement	(31,049)
Net position, beginning of year, as restated	<u>4,179,912</u>
Net position, end of year	<u><u>\$ 5,544,507</u></u>

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2025

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,935,899
Payments to employees (including fringe benefits)	(341,390)
Payments to suppliers and service providers	<u>(1,053,825)</u>
Net cash provided by (used for) operating activities	\$ <u>540,684</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	\$ 11,250
Purchase of capital assets	(73,340)
Retirement of general obligation bonds	(63,000)
Interest expense	<u>(4,592)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(129,682)</u>
Cash flows from noncapital financing activities:	
Transfers out	\$ <u>(130,929)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(130,929)</u>
Cash flows from investing activities:	
Interest income	\$ <u>21,999</u>
Net cash provided by (used for) investing activities	\$ <u>21,999</u>
Net increase (decrease) in cash and cash equivalents	\$ 302,072
Cash and cash equivalents at beginning of year	<u>1,450,274</u>
Cash and cash equivalents at end of year	\$ <u><u>1,752,346</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 491,867
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	109,269
Changes in operating assets, deferred outflows, liabilities and deferred inflows:	
(Increase)/Decrease in accounts receivable	(67,516)
(Increase)/Decrease in net pension asset	(14,026)
(Increase)/Decrease in deferred outflows of resources - pension related	9,056
(Increase)/Decrease in deferred outflows of resources - OPEB related	(530)
Increase/(Decrease) in accounts payable	14,833
Increase/(Decrease) in accrued expenses	2,228
Increase/(Decrease) in customer deposits	1,000
Increase/(Decrease) in net pension liability	(54,095)
Increase/(Decrease) in net OPEB liabilities	614
Increase/(Decrease) in compensated absences	4,488
Increase/(Decrease) in deferred inflows of resources - pension related	43,187
Increase/(Decrease) in deferred inflows of resources - OPEB related	<u>309</u>
Net cash provided by (used for) operating activities	\$ <u><u>540,684</u></u>
Noncash investing, capital and financing activities:	
Capital contributions - transfer of assets from governmental activities	\$ <u><u>975,000</u></u>

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Town of West Point, Virginia is governed by an elected seven member Town Council. The Town provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities and cultural events; and education.

A. Financial Statement Presentation

Management’s Discussion and Analysis - GASB requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town’s financial activities in the form of “Management’s Discussion and Analysis” (MD&A).

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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, 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.

Statement of Net Position - 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 expense - 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.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

B. Government-wide and Fund Financial Statements: (Continued)

Fund Financial Statements - 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.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

C. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general-purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present Town of West Point, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

D. Individual Component Unit Disclosures

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2025.

Discretely Presented Component Units:

School Board: The West Point School Board members are elected by the citizens of Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component unit of the Town financial statements for the fiscal year ended June 30, 2025.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

D. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Economic Development Authority: The Economic Development Authority of the Town was established to promote industry and commercial enterprises to locate in the Town. The Authority draws its corporate powers from the Virginia Code section 15.1-1376, which defines it as a corporate body. The Authority consists of 7 members, all of which are appointed by the Primary Government for limited terms. The Primary Government can impose its will on the Authority as exemplified by approving its debt issues. These factors warrant its inclusion in the Town's reporting entity as a discretely presented component unit. The Authority does not issue a separate financial report.

E. Other Related Organizations Included in the Town's Financial Report

The Town has no related organizations.

F. 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 (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules, generally when payment is due.

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

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

2. Proprietary Funds

Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of enterprise funds.

Enterprise Funds

Enterprise 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 Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for water and sewer services of the Town.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

3. Discretely Presented Component Units

Town of West Point Public Schools

Town of West Point Public Schools (School Board) is responsible for elementary and secondary education within the Town. The Schools are fiscally dependent upon the Town because the Town Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money. Separate financial statements for the School Board are not issued.

- a. School Operating Fund - accounts for and reports revenues and expenditures relating to the operation of Town of West Point Public Schools. Revenues are derived from the General Fund and from state and federal funds. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- b. School Cafeteria Fund - accounts for and reports revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and federal funds. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.
- c. School Activity Funds - accounts for and reports revenues and expenditures relating to the school level student activity funds. Revenues are derived from fees and payment for participation in student activities. The School Activity Fund is considered a major fund of the School Board for financial reporting purposes.
- d. School Capital Projects Fund - accounts for and reports revenues and expenditures relating to school capital projects. Revenues are derived from state and federal funds and from interest on unused project funds. The School Capital Projects Fund is considered a major fund of the School Board for financial reporting purposes.

Economic Development Authority – accounts for and reports revenues and expenditures relating to operation of Economic Development Authority. Revenues are derived from the earning of interest.

G. Budgets and Budgetary Accounting

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes 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 Resolution.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

G. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The Town Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all Town units. Supplemental appropriations were necessary during the year.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

H. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. 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.

I. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, 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.

J. 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 "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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$83,653 at June 30, 2025 and is composed of the allowance for uncollectible property taxes of \$22,414 and utility accounts of \$61,239.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on August 5th. The Town bills and collects its own property taxes.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

K. Inventory and Prepaid Items

Inventory consists of commercial property held for resale. Inventories are valued at cost.

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

L. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets (except for lease assets, described more in detail below) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment, and lease assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives (or life of the associated contract for lease assets):

<u>Assets</u>	<u>Years</u>
Water and wastewater treatment systems	50
Buildings	40
Building improvements	20-40
Vehicles	3-5
Office and computer equipment, other equipment	5-10
Buses	12
Lease equipment	5-10

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position include a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 Town has one 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.

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

M. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent 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 Town has two 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, and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

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

P. Compensated Absences (Continued)

Sick Leave

The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Q. Adoption of Accounting Principles

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in a restatement of net position as indicated in Note 19 to the financial statements.

R. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities and business-type activities, or proprietary fund type Statement of Net Position. 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 while discounts on debt issuances are reported as other financing uses.

S. Leases

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 Town 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). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

S. Leases: (Continued)

Key Estimates and Judgments

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

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town 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).

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

T. Fund Balance

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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

T. Fund Balance (Continued)

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

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town 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).

The Town Council has established a minimum unassigned fund balance in the General Fund to be no less than 10% of the expenditures budgeted in the general fund (excluding capital projects) or \$2,000,000, whichever is greater.

U. 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.

V. Net Position

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

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

Sometimes the Town 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 government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

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

W. Upcoming Pronouncements

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

NOTE 2—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 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 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 Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Town has not adopted a formal investment policy to address the various types of risks associated with investments.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 105,386	\$ -
Other state grants	-	160,325
Total due from other governmental units	<u>\$ 105,386</u>	<u>\$ 160,325</u>

NOTE 4—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 130,929	\$ -
Water and Sewer Fund	-	130,929
Total	<u>\$ 130,929</u>	<u>\$ 130,929</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 329,511
School Cafeteria Fund	329,511	-
Total	<u>\$ 329,511</u>	<u>\$ 329,511</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting 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 the other funds in accordance with budgeting authorization.

During the year ended June 30, 2025, the Town completed work on the Town’s waterworks system. This project had previously been recorded as construction in progress for the Governmental Activities of the Town, and upon completion, the asset was transferred to the Water and Sewer Fund. As long-term assets are only reported in the Government-Wide Financial Statements, this transfer was not reported in the Governmental Fund.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 5—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Primary Government:					
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,961,695	\$ 101,000	\$ -	\$ -	\$ 2,062,695
Construction in progress	896,066	90,763	-	(975,000)	11,829
Total capital assets not being depreciated	<u>\$ 2,857,761</u>	<u>\$ 191,763</u>	<u>\$ -</u>	<u>\$ (975,000)</u>	<u>\$ 2,074,524</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 5,852,046	\$ -	\$ -	\$ -	\$ 5,852,046
Equipment	2,707,601	593,553	99,443	-	3,201,711
Lease equipment	239,622	-	-	-	239,622
Jointly owned assets	2,603,374	-	263,498	-	2,339,876
Total capital assets being depreciated	<u>\$ 11,402,643</u>	<u>\$ 593,553</u>	<u>\$ 362,941</u>	<u>\$ -</u>	<u>\$ 11,633,255</u>
Less accumulated depreciation:					
Buildings and improvements	\$ 2,075,445	\$ 164,500	\$ -	\$ -	\$ 2,239,945
Equipment	2,115,183	166,949	99,443	-	2,182,689
Lease equipment	67,910	22,636	-	-	90,546
Jointly owned assets	966,366	64,104	-	-	1,030,470
Total accumulated depreciation	<u>\$ 5,224,904</u>	<u>\$ 418,189</u>	<u>\$ 99,443</u>	<u>\$ -</u>	<u>\$ 5,543,650</u>
Total capital assets being depreciated, net	<u>\$ 6,177,739</u>	<u>\$ 175,364</u>	<u>\$ 263,498</u>	<u>\$ -</u>	<u>\$ 6,089,605</u>
Net capital assets governmental activities	<u>\$ 9,035,500</u>	<u>\$ 367,127</u>	<u>\$ 263,498</u>	<u>\$ (975,000)</u>	<u>\$ 8,164,129</u>
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 367,305	\$ -	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:					
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 975,000	\$ 6,975,934
Equipment	405,465	73,340	46,548	-	432,257
Total capital assets being depreciated	<u>\$ 6,406,399</u>	<u>\$ 73,340</u>	<u>\$ 46,548</u>	<u>\$ 975,000</u>	<u>\$ 7,408,191</u>
Less accumulated depreciation:					
Buildings and improvements	\$ 3,483,259	\$ 94,651	\$ -	\$ -	\$ 3,577,910
Equipment	351,256	14,618	46,548	-	319,326
Total accumulated depreciation	<u>\$ 3,834,515</u>	<u>\$ 109,269</u>	<u>\$ 46,548</u>	<u>\$ -</u>	<u>\$ 3,897,236</u>
Total capital assets being depreciated, net	<u>\$ 2,571,884</u>	<u>\$ (35,929)</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 3,510,955</u>
Net capital assets business-type activities	<u>\$ 2,939,189</u>	<u>\$ (35,929)</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 3,878,260</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Total capital assets not being depreciated	<u>\$ 59,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,350</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 14,204,379	\$ 263,498	\$ -	\$ 14,467,877
Equipment	2,312,115	205,022	-	2,517,137
Lease equipment	<u>81,878</u>	<u>180,891</u>	<u>-</u>	<u>262,769</u>
Total capital assets being depreciated	<u>\$ 16,598,372</u>	<u>\$ 649,411</u>	<u>\$ -</u>	<u>\$ 17,247,783</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 8,109,272	\$ 485,167	\$ -	\$ 8,594,439
Equipment	1,584,845	122,954	-	1,707,799
Lease equipment	<u>62,715</u>	<u>25,873</u>	<u>-</u>	<u>88,588</u>
Total accumulated depreciation	<u>\$ 9,756,832</u>	<u>\$ 633,994</u>	<u>\$ -</u>	<u>\$ 10,390,826</u>
Total capital assets being depreciated, net	<u>\$ 6,841,540</u>	<u>\$ 15,417</u>	<u>\$ -</u>	<u>\$ 6,856,957</u>
Net capital assets School Board	<u><u>\$ 6,900,890</u></u>	<u><u>\$ 15,417</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,916,307</u></u>

Depreciation expense was charged to function/programs of the primary government and component unit School Board as follows:

Governmental activities:	
General government administration	\$ 70,044
Public safety	96,315
Public works	164,196
Education	64,104
Parks, recreation and cultural	<u>23,530</u>
Total governmental activities	<u>\$ 418,189</u>
Water and Sewer Fund	<u>\$ 109,269</u>
Component Unit School Board	<u><u>\$ 633,994</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 6—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>514,529,715</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	51,452,972
Less net bonded debt at June 30, 2025		<u>2,819,476</u>
Legal margin for creation of additional debt	\$	<u>48,633,496</u>

NOTE 7—PENSION PLANS:

Plan Description

All full-time, salaried permanent employees of the Town and (nonprofessional) employees of public school divisions are automatically covered by a 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 plus service credit 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.

NOTE 7—PENSION PLANS: (CONTINUED)

Benefit Structures: (Continued)

- 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 plus service credit equals 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.

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 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	20	2
Inactive members:		
Vested inactive members	13	3
Non-vested inactive members	32	4
Inactive members active elsewhere in VRS	<u>26</u>	<u>3</u>
Total inactive members	71	10
Active members	<u>43</u>	<u>12</u>
Total covered employees	<u><u>134</u></u>	<u><u>24</u></u>

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 Town’s contractually required employer contribution rate for the year ended June 30, 2025 was 9.90% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 Town were \$280,540 and \$240,536 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 6.98% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$47,188 and \$36,426 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Contributions: (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$4,870 and \$1,276 for the Town and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$4,247 and \$222 for the Town and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$486,983 and \$127,553 for the Town and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability (Asset)

The net pension liability (NPL) 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 Town's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 rate 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

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

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update 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 be more consistent with Locals Largest 10 Hazardous
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Discount Rate: (Continued)

are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

		Increase (Decrease)		
		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
		(a)	(b)	(a) - (b)
Primary Government	Balances at June 30, 2023	\$ 7,801,112	\$ 7,150,116	\$ 650,996
	Changes for the year:			
	Service cost	\$ 318,484	\$ -	\$ 318,484
	Interest	541,280	-	541,280
	Differences between expected and actual experience	(602,807)	-	(602,807)
	Contributions - employer	-	239,101	(239,101)
	Contributions - employee	-	119,306	(119,306)
	Net investment income	-	705,951	(705,951)
	Benefit payments, including refunds	(201,271)	(201,271)	-
	Administrative expenses	-	(4,121)	4,121
	Other changes	-	168	(168)
	Net changes	\$ 55,686	\$ 859,134	\$ (803,448)
	Balances at June 30, 2024	\$ 7,856,798	\$ 8,009,250	\$ (152,452)
Component School Board (nonprofessional)	Balances at June 30, 2023	\$ 429,928	\$ 391,559	\$ 38,369
	Changes for the year:			
	Service cost	\$ 34,791	\$ -	\$ 34,791
	Interest	30,953	-	30,953
	Differences between expected and actual experience	1,978	-	1,978
	Contributions - employer	-	36,383	(36,383)
	Contributions - employee	-	24,304	(24,304)
	Net investment income	-	40,076	(40,076)
	Benefit payments, including refunds	(12,315)	(12,315)	-
	Administrative expenses	-	(163)	163
	Other changes	-	12	(12)
	Net changes	\$ 55,407	\$ 88,297	\$ (32,890)
	Balances at June 30, 2024	\$ 485,335	\$ 479,856	\$ 5,479

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

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

The following presents the net pension liability of the Town and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the Town’s and Component Unit School Board’s (nonprofessional) 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		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town			
Net Pension Liability (Asset)	\$ 944,062	\$ (152,452)	\$ (1,037,417)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 58,490	\$ 5,479	\$ (38,166)

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

For the year ended June 30, 2025, the Town and Component Unit School Board (nonprofessional) recognized pension expense of \$114,805 and \$22,283, respectively. At June 30, 2025, the Town 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	\$ 123,045	\$ 351,637	\$ 21,413	\$ 13,237
Changes of assumptions	-	-	1,559	-
Net difference between projected and actual earnings on pension plan investments	-	200,339	-	6,842
Change in proportionate share	4,346	4,346	-	-
Employer contributions subsequent to the measurement date	280,540	-	47,188	-
Total	\$ 407,931	\$ 556,322	\$ 70,160	\$ 20,079

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

\$280,540 and \$47,188 reported as deferred outflows of resources related to pensions resulting from the Town’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. 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>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2026	\$ (293,464)	\$ 7,858
2027	(50,713)	(305)
2028	(41,126)	(2,257)
2029	(43,628)	(2,403)
2030	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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 provided to school divisions 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, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$969,955 and \$1,038,694 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Contributions: (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$26,219 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$4,573 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,621,862 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$5,780,474 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion was 0.062% as compared to 0.064% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$409,041. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,002,831	\$ 119,024
Changes of assumptions	104,923	-
Net difference between projected and actual earnings on pension plan investments	-	795,686
Changes in proportion and differences between employer contributions and proportionate share of contributions	186,440	406,393
Employer contributions subsequent to the measurement date	969,955	-
Total	\$ 2,264,149	\$ 1,321,103

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—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)

\$969,955 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 ending June 30, 2026. 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>	
2026	\$ (491,785)
2027	438,590
2028	123,456
2029	(97,169)
2030	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 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 year age and service 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, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	60,622,260
Plan Fiduciary Net Position		51,235,326
Employers' Net Pension Liability (Asset)	\$	<u>9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.52%

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—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		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 10,738,988	\$ 5,780,474	\$ 1,719,609

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 407,931	\$ 556,322	\$ (152,452)	\$ 114,805	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	70,160	20,079	5,479	22,283
School Board Professional	-	-	-	-	2,264,149	1,321,103	5,780,474	409,041
Totals	<u>\$ 407,931</u>	<u>\$ 556,322</u>	<u>\$ (152,452)</u>	<u>\$ 114,805</u>	<u>\$ 2,334,309</u>	<u>\$ 1,341,182</u>	<u>\$ 5,785,953</u>	<u>\$ 431,324</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—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.

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 the COLA was \$9,532 as of June 30, 2025.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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. Contributions to the GLI Plan from the entity were \$13,359 and \$13,727 for the years ended June 30, 2025 and June 30, 2024, respectively, for the Town; \$3,177 and \$3,047 for the years ended June 30, 2025 and June 30, 2024, respectively, for the component unit school board (nonprofessional); and \$32,082 and \$34,992 for the years ended June 30, 2025 and June 30, 2024, respectively, for the component unit school board (professional).

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, 2025, liabilities of \$110,476, \$24,550, and \$281,659 were reported for the Town, component unit school board (nonprofessional), and component unit school board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employers' proportion was 0.0099%, 0.0022%, and 0.0252% as compared to 0.0096%, 0.0015%, and 0.0263% at June 30, 2023, for the Town, component unit school board (nonprofessional), and component unit school board (professional), respectively.

For the year ended June 30, 2025, the participating employers recognized GLI OPEB expense of \$7,187, \$5,838, and (\$1,680) for the Town, component unit school board (nonprofessional), and component unit school board (professional), 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—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 GLI Plan OPEB: (Continued)

At June 30, 2025, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		
Differences between expected and actual experience	\$ 17,425	\$ 2,699		
Net difference between projected and actual earnings on GLI OPEB program investments	-	9,312		
Change in assumptions	630	5,475		
Changes in proportion	16,019	376		
Employer contributions subsequent to the measurement date	<u>13,359</u>	<u>-</u>		
Total	<u>\$ 47,433</u>	<u>\$ 17,862</u>		
	<u>Component Unit School Board (nonprofessional)</u>		<u>Component Unit School Board (professional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,872	\$ 600	\$ 44,424	\$ 6,880
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,069	-	23,741
Change in assumptions	140	1,217	1,605	13,958
Changes in proportion	16,201	2,789	7,708	29,035
Employer contributions subsequent to the measurement date	<u>3,177</u>	<u>-</u>	<u>32,082</u>	<u>-</u>
Total	<u>\$ 23,390</u>	<u>\$ 6,675</u>	<u>\$ 85,819</u>	<u>\$ 73,614</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—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 GLI Plan OPEB: (Continued)

\$13,359, \$3,177, and \$32,082, for the Town, component unit school board (nonprofessional), and component unit school board (professional), respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employers’ 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, 2026. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2026	\$ (540)	\$ 4,157	\$ (20,588)
2027	6,435	5,456	(1,365)
2028	4,364	1,218	(3,068)
2029	3,765	1,062	2,722
2030	2,188	1,646	2,422
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. 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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 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 rated 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

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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
Net GLI OPEB Liability (Asset)	\$	<u><u>1,115,922</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability: (Continued)

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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 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 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%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 171,805	\$ 110,476	\$ 60,931
Component unit school board (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 38,179	\$ 24,550	\$ 13,540
Component unit school board (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 438,016	\$ 281,659	\$ 155,343

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 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>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	1
Total inactive members	<u>1</u>
Active members	12
Total covered employees	<u><u>13</u></u>

Contributions

The contribution requirements for active employees is governed by §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 Component Unit School Board (nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2025 was 0.11% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 Component Unit School Board (nonprofessional) to the HIC Plan were \$744 and \$1,580 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net HIC OPEB Liability

The Component Unit School Board (nonprofessional)'s net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, VRS Board elected a long-term rate of return of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2024, the rate contributed by the entity for the

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate: (Continued)

HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 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.

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, 2023	\$ 4,339	\$ 6,488	\$ (2,149)
Changes for the year:			
Service cost	\$ 513	\$ -	\$ 513
Interest	328	-	328
Differences between expected and actual experience	(615)	-	(615)
Contributions - employer	-	1,580	(1,580)
Net investment income	-	715	(715)
Administrative expenses	-	(11)	11
Other changes	-	1	(1)
Net changes	\$ 226	\$ 2,285	\$ (2,059)
Balances at June 30, 2024	\$ 4,565	\$ 8,773	\$ (4,208)

Sensitivity of the Component Unit School Board (nonprofessional)’s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit School Board (nonprofessional)’s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit School Board (nonprofessional)’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%)
Component unit school board (nonprofessional) Net HIC OPEB Liability	\$ (3,703)	\$ (4,208)	\$ (4,638)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—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, 2025, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of (\$159). At June 30, 2025, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,351
Net difference between projected and actual earnings on HIC OPEB plan investments	-	118
Change in assumptions	6	91
Employer contributions subsequent to the measurement date	<u>744</u>	<u>-</u>
Total	<u>\$ 750</u>	<u>\$ 1,560</u>

\$744 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'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, 2026. 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 periods as follows:

Year Ended June 30

2026	\$	(527)
2027		(433)
2028		(443)
2029		(151)
2030		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—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, 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 the HIC as a retiree.

NOTE 10—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, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$82,593 and \$78,407 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the school division reported a liability of \$698,936 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.0605% as compared to 0.0622% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$44,878. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—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)

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 33,114
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,486
Change in assumptions	12,041	-
Changes in proportionate share and differences between actual and expected contributions	25,309	68,388
Employer contributions subsequent to the measurement date	<u>82,593</u>	<u>-</u>
Total	<u>\$ 119,943</u>	<u>\$ 103,988</u>

\$82,593 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (18,384)
2027	(15,412)
2028	(15,587)
2029	(10,890)
2030	(2,601)
Thereafter	(3,764)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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, 2023, 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, 2024.

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

Mortality Rates – Teachers

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 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, 2024, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation, at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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, 2024, 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, 2024 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 794,864	\$ 698,936	\$ 617,628

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—AGGREGATE OPEB INFORMATION

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 8):				
Town	\$ 47,433	\$ 17,862	\$ 110,476	\$ 7,187
Totals	\$ 47,433	\$ 17,862	\$ 110,476	\$ 7,187

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—AGGREGATE OPEB INFORMATION: (CONTINUED)

	Component Unit School Board				
	Net OPEB Asset	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:					
Group Life Insurance Plan (Note 8):					
School Board Nonprofessional	\$ -	\$ 23,390	\$ 6,675	\$ 24,550	\$ 5,838
School Board Professional	-	85,819	73,614	281,659	(1,680)
Health Insurance Credit Plan					
School Board Nonprofessional (Note 9)	4,208	750	1,560	-	(159)
Teacher Employee (Note 10)	-	119,943	103,988	698,936	44,878
Totals	<u>\$ 4,208</u>	<u>\$ 229,902</u>	<u>\$ 185,837</u>	<u>\$ 1,005,145</u>	<u>\$ 48,877</u>

NOTE 12—LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2025:

	Balance at June 30, 2024	GASB 101 Restatement	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Due Within One Year
<u>Governmental Activities:</u>						
Direct borrowings and placements:						
General obligation bonds	\$ 3,142,193	\$ -	\$ -	\$ 322,717	\$ 2,819,476	\$ 329,368
Net pension liability	596,898	-	784,407	1,381,305	-	-
Net OPEB liability	103,312	-	51,215	56,966	97,561	-
Compensated absences	235,971	475,241	117,986	181,294	647,904	64,790
Lease liabilities	178,725	-	-	21,335	157,390	19,244
Total	<u>\$ 4,257,099</u>	<u>\$ 475,241</u>	<u>\$ 953,608</u>	<u>\$ 1,963,617</u>	<u>\$ 3,722,331</u>	<u>\$ 413,402</u>
<u>Business-type Activities:</u>						
Direct borrowings and placements:						
General obligation bond	\$ 258,000	\$ -	\$ -	\$ 63,000	\$ 195,000	\$ 64,000
Net pension liability	54,098	-	85,272	139,370	-	-
Net OPEB liabilities	12,302	-	7,993	7,381	12,914	-
Compensated absences	22,957	31,049	11,477	6,989	58,494	5,849
Total	<u>\$ 347,357</u>	<u>\$ 31,049</u>	<u>\$ 104,742</u>	<u>\$ 216,740</u>	<u>\$ 266,408</u>	<u>\$ 69,849</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Changes in Long-term Obligations: (Continued)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Director Borrowings and Direct Placements		Director Borrowings and Direct Placements	
	General Obligation Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2026	\$ 329,368	\$ 52,639	\$ 64,000	\$ 3,471
2027	336,026	46,023	65,000	2,332
2028	342,691	39,294	66,000	1,175
2029	349,391	32,423	-	-
2030	356,000	26,024	-	-
2031	362,000	19,687	-	-
2032	369,000	13,243	-	-
2033	375,000	6,675	-	-
Total	\$ <u>2,819,476</u>	\$ <u>236,008</u>	\$ <u>195,000</u>	\$ <u>6,978</u>

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

Year Ending June 30,	Governmental Activities	
	Lease Liabilities	
	Principal	Interest
2026	\$ 19,244	\$ 4,438
2027	16,075	3,925
2028	16,564	3,436
2029	17,068	2,932
2030	17,587	2,413
2031	18,122	1,878
2032	18,674	1,326
2033	19,242	759
2034	14,814	187
Total	\$ <u>157,390</u>	\$ <u>21,294</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Changes in Long-term Obligations: (Continued)

Lease liabilities outstanding as of June 30, 2025 are as follows:

<u>Description</u>	<u>Fiscal Year Lease Ends</u>	<u>Discount Rate</u>	<u>Payment Frequency</u>	<u>Balance</u>
Copier - Ricoh Lease	2026	3.00%	monthly	\$ 1,392
Copier - Ricoh Lease	2026	3.00%	monthly	2,251
Building - 433 12th Street	2034	3.00%	quarterly	153,747
Total				<u>\$ 157,390</u>

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>		
Direct Borrowings and Placements:		
General Obligation Bonds:		
\$367,139 issued December 11, 2008 due in varying annual installments, interest payable semi-annually at rates varying from 3.60% to 5.35%, through January 15, 2029	\$ 89,476	\$ 21,368
\$3,634,000 refunding issued April 12, 2022 due in varying annual installments, interest payable semi-annually at 1.78%, through January 15, 2033	2,730,000	308,000
Total Direct Borrowings and Placements	<u>\$ 2,819,476</u>	<u>\$ 329,368</u>
Net OPEB liability	\$ 97,561	\$ -
Compensated absences	\$ 647,904	\$ 64,790
Lease liabilities	\$ 157,390	\$ 19,244
Total governmental activities long-term obligations	<u>\$ 3,722,331</u>	<u>\$ 413,402</u>
<u>Business-type Activities</u>		
Direct Borrowings and Placements:		
General Obligation Bonds:		
\$970,114 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2028	\$ 195,000	\$ 64,000
Net OPEB liabilities	\$ 12,914	\$ -
Compensated absences	\$ 58,494	\$ 5,849
Total business-type long-term obligations	<u>\$ 266,408</u>	<u>\$ 69,849</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2025:

	<u>Balance at</u> <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2025</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Note payable	\$ 38,796	\$ -	\$ 13,490	\$ 25,306	\$ 13,899
Financed purchase	-	102,712	27,752	74,960	23,433
Net pension liability	6,463,519	2,892,765	3,570,331	5,785,953	-
Net OPEB liabilities	1,086,908	336,068	417,831	1,005,145	-
Compensated absences	368,451	319,226	300,437	387,240	38,724
Lease liabilities	19,985	180,891	28,683	172,193	33,610
Total	<u>\$ 7,977,659</u>	<u>\$ 3,831,662</u>	<u>\$ 4,358,524</u>	<u>\$ 7,450,797</u>	<u>\$ 109,666</u>

Annual payments on long-term note payable and related interest are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 13,899	\$ 585
2027	11,407	165
Total	<u>\$ 25,306</u>	<u>\$ 750</u>

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

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>School Board</u>	
	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 33,610	\$ 4,706
2027	34,632	3,684
2028	35,685	2,631
2029	36,771	1,545
2030	<u>31,495</u>	<u>435</u>
Total	<u>\$ 172,193</u>	<u>\$ 13,001</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD: (CONTINUED)

Annual payments on long-term financed purchase and related interest are as follows:

Year Ending June 30,	School Board	
	Financed Purchase	
	Principal	Interest
2026	\$ 23,433	\$ 4,861
2027	24,953	3,341
2028	<u>26,574</u>	<u>1,723</u>
Total	\$ <u>74,960</u>	\$ <u>9,925</u>

Lease liabilities outstanding as of June 30, 2025 are as follows:

Description	Fiscal Year Lease Ends	Discount Rate	Payment Frequency	Balance
Copier - Canon Lease	2030	3.00%	monthly	\$ <u>172,193</u>
Total				\$ <u>172,193</u>

	Amount Outstanding	Due Within One Year
Note payable: \$125,000 issued May 9, 2016 payable to the Town in monthly installments of \$1,207, interest payable each month at .25% rate, through April 2027	\$ <u>25,306</u>	\$ <u>13,899</u>
Financed purchase: \$102,712 purchase of equipment on May 16, 2025, payable in annual installments of \$28,294, interest payable annually at 6.49% rate, through May 2028	\$ <u>74,960</u>	\$ <u>23,433</u>
Net pension liability	\$ <u>5,785,953</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>1,005,145</u>	\$ <u>-</u>
Compensated absences	\$ <u>387,240</u>	\$ <u>38,724</u>
Lease liabilities	\$ <u>172,193</u>	\$ <u>33,610</u>
Total school long-term obligations	\$ <u>7,450,797</u>	\$ <u>109,666</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

Unearned, deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. As of June 30, 2025, unearned, deferred, and unavailable revenue consisted of the following:

Unearned revenue: Unearned revenue consists of unearned bond proceeds as of June 30, 2025, totaling \$3,945, and \$4,225 related to prepaid customer billings.

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$222,931 at June 30, 2025.

Prepaid property taxes: Property taxes due subsequent to June 30, 2025 but paid in advance by the taxpayers totaled \$21,160 at June 30, 2025.

NOTE 14—CONTINGENT LIABILITIES:

The Town participates in a number of federally assisted grant programs. These programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant.

On October 31, 2006, the Economic Development Authority of the Town of West Point issued a Letter of Credit in the amount of \$450,000 in favor of the Virginia Department of Transportation, to secure payment of any drafts under the Letter of Credit issued by the Citizens and Farmers Bank. Should the Letter of Credit be drawn upon by the holder pursuant to the terms, then the amount shall become due and payable and shall bear interest at the rate of the Wall Street Journal Prime plus one and one-half percentage points. During the year ended June 30, 2017, \$88,434 was paid to the Commonwealth of Virginia Department of Transportation pursuant to the assignment of deposit account agreement. On March 16, 2017, the General Assembly of Virginia approved legislation which acted to impose a moratorium on the 48-month repayment of funds allocated for a bonded project pursuant to the Economic Development Access Program.

NOTE 15—RISK MANAGEMENT:

The Town 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 Town carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 16—SURETY BOND INFORMATION:

	<u>Amount</u>
United States Fidelity and Guaranty Company	
Surety Bond - Mayor	\$ 100,000
Surety Bond - Chairman of the Finance Committee	100,000
Surety Bond - Treasurer	100,000
Surety Bond - Town Manager and Clerk	100,000
Surety Bond - West Point School Administrative Employee Blanket Bond	25,000
National Union Fire Insurance Company	
Errors and Omissions Policy - School Leaders School Employees Blanket Policy	1,000,000

NOTE 17—INVENTORY:

At June 30, 2025, the Component Unit – Economic Development Authority held inventory as follows:

	<u>Amount</u>
74.02 acres of Commercial property by the EDA (average cost per acre is \$3,459)	\$ 258,250
Lot 1 and lot 5 Industrial Park	75,080
Lot 521, lot 524, and lot 525	180,878
2 Commercial buildings held by the EDA	<u>34,000</u>
Totals	<u>\$ 548,208</u>

NOTE 18—LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

NOTE 19—RESTATEMENT OF BEGINNING NET POSITION:

The Town restated beginning net position in fiscal year 2025 as follows:

	<u>Primary-Government</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, as previously reported	\$ 13,883,177	\$ 4,210,961
Implementation of GASB 101	<u>(475,241)</u>	<u>(31,049)</u>
Net position, as restated	<u>\$ 13,407,936</u>	<u>\$ 4,179,912</u>

Required Supplementary Information

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 7,483,204	\$ 7,483,204	\$ 7,423,217	\$ (59,987)
Other local taxes	1,373,000	1,373,000	1,656,444	283,444
Permits, privilege fees and regulatory licenses	35,350	35,350	67,414	32,064
Fines and forfeitures	80,000	80,000	92,995	12,995
Revenue from use of money and property	125,008	125,008	411,907	286,899
Charges for services	252,000	252,000	259,879	7,879
Miscellaneous	57,500	57,500	448,438	390,938
Recovered costs	50,000	50,000	46,929	(3,071)
Intergovernmental:				
King William County	182,616	182,616	196,639	14,023
EDA contribution to Town	-	-	2,500	2,500
Commonwealth	626,639	649,639	647,113	(2,526)
Federal	28,400	28,400	436,687	408,287
Total revenues	\$ 10,293,717	\$ 10,316,717	\$ 11,690,162	\$ 1,373,445
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 52,100	\$ 52,100	\$ 63,274	\$ (11,174)
Human resources	139,359	147,927	148,762	(835)
Total legislative	\$ 191,459	\$ 200,027	\$ 212,036	\$ (12,009)
General and financial administration:				
Town treasurer	\$ 336,663	\$ 356,788	\$ 404,808	\$ (48,020)
Town manager	498,025	512,382	570,915	(58,533)
Total general and financial administration	\$ 834,688	\$ 869,170	\$ 975,723	\$ (106,553)
Total general government administration	\$ 1,026,147	\$ 1,069,197	\$ 1,187,759	\$ (118,562)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,435,226	\$ 1,509,518	\$ 1,441,785	\$ 67,733
Central dispatching	63,500	63,500	43,237	20,263
Total law enforcement and traffic control	\$ 1,498,726	\$ 1,573,018	\$ 1,485,022	\$ 87,996
Fire and rescue services:				
Fire department	\$ 475,388	\$ 484,981	\$ 483,328	\$ 1,653
Total fire and rescue services	\$ 475,388	\$ 484,981	\$ 483,328	\$ 1,653
Inspections:				
Building	\$ 108,574	\$ 114,736	\$ 107,886	\$ 6,850
Total inspections	\$ 108,574	\$ 114,736	\$ 107,886	\$ 6,850
Total public safety	\$ 2,082,688	\$ 2,172,735	\$ 2,076,236	\$ 96,499

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 380,391	\$ 399,529	\$ 370,006	\$ 29,523
Highways, streets, bridges and sidewalks	391,881	407,977	322,922	85,055
Total maintenance of highways, streets, bridges and sidewalks	\$ 772,272	\$ 807,506	\$ 692,928	\$ 114,578
Sanitation and waste removal:				
Refuse collection and disposal	\$ 213,112	\$ 224,155	\$ 470,351	\$ (246,196)
Total sanitation and waste removal	\$ 213,112	\$ 224,155	\$ 470,351	\$ (246,196)
Maintenance of general buildings and grounds:				
General properties	\$ 765,197	\$ 1,124,166	\$ 681,674	\$ 442,492
Total maintenance of general buildings and grounds	\$ 765,197	\$ 1,124,166	\$ 681,674	\$ 442,492
Total public works	\$ 1,750,581	\$ 2,155,827	\$ 1,844,953	\$ 310,874
Education:				
Contribution to school board component unit	\$ 4,777,480	\$ 4,777,480	\$ 4,713,610	\$ 63,870
Total education	\$ 4,777,480	\$ 4,777,480	\$ 4,713,610	\$ 63,870
Parks, recreation and cultural:				
Parks and recreation:				
Cemetery	\$ 29,300	\$ 29,300	\$ 35,707	\$ (6,407)
Puller 10K	30,300	30,300	25,251	5,049
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 99,600	\$ 99,600	\$ 100,958	\$ (1,358)
Library:				
Library administration	\$ 16,000	\$ 16,000	\$ 18,465	\$ (2,465)
Total library	\$ 16,000	\$ 16,000	\$ 18,465	\$ (2,465)
Total parks, recreation and cultural	\$ 115,600	\$ 115,600	\$ 119,423	\$ (3,823)

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Planning and community development:				
Community development:				
Community development	\$ 329,187	\$ 341,207	\$ 342,383	\$ (1,176)
Economic development	161,100	191,643	213,350	(21,707)
Planning commission	3,300	3,300	1,529	1,771
Total community development	\$ 493,587	\$ 536,150	\$ 557,262	\$ (21,112)
Total planning and community development	\$ 493,587	\$ 536,150	\$ 557,262	\$ (21,112)
Nondepartmental:				
Employee compensation	\$ 253,654	\$ 16,000	\$ 4,483	\$ 11,517
Computer repair blanket	47,500	47,500	55,014	(7,514)
Portable electronic agendas	7,500	13,500	7,418	6,082
Board of zoning appeals	1,100	1,100	1,151	(51)
Wetlands Board	1,000	1,000	-	1,000
Portable toilets	5,000	5,000	9,673	(4,673)
American Rescue Plan Act (ARPA)	235,000	522,555	516,182	6,373
Liability insurance	52,000	52,000	39,156	12,844
Town hall	52,805	52,805	42,045	10,760
Annual audit service	36,250	36,250	38,500	(2,250)
Total nondepartmental	\$ 691,809	\$ 747,710	\$ 713,622	\$ 34,088
Debt service:				
Principal retirement	\$ 344,052	\$ 344,052	\$ 344,052	\$ -
Interest and fiscal charges	79,510	99,510	64,355	35,155
Total debt service	\$ 423,562	\$ 443,562	\$ 408,407	\$ 35,155
Total expenditures	\$ 11,361,454	\$ 12,018,261	\$ 11,621,272	\$ 396,989
Excess (deficiency) of revenues over expenditures	\$ (1,067,737)	\$ (1,701,544)	\$ 68,890	\$ 1,770,434
Other financing sources (uses):				
Transfers in (out)	\$ 187,271	\$ 187,271	\$ 130,929	\$ (56,342)
Total other financing sources (uses)	\$ 187,271	\$ 187,271	\$ 130,929	\$ (56,342)
Change in fund balance	\$ (880,466)	\$ (1,514,273)	\$ 199,819	\$ 1,714,092
Fund balance at beginning of year	880,466	1,514,273	8,438,506	6,924,233
Fund balance at end of year	\$ -	\$ -	\$ 8,638,325	\$ 8,638,325

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 318,484	\$ 278,750	\$ 209,234	\$ 198,512	\$ 207,210
Interest	541,280	463,547	428,243	372,261	349,695
Changes of assumptions	-	-	-	236,195	-
Differences between expected and actual experience	(602,807)	562,491	23,914	42,856	(25,761)
Benefit payments	(201,271)	(184,581)	(231,175)	(228,222)	(165,448)
Net change in total pension liability	<u>\$ 55,686</u>	<u>\$ 1,120,207</u>	<u>\$ 430,216</u>	<u>\$ 621,602</u>	<u>\$ 365,696</u>
Total pension liability - beginning	<u>7,801,112</u>	<u>6,680,905</u>	<u>6,250,689</u>	<u>5,629,087</u>	<u>5,263,391</u>
Total pension liability - ending (a)	<u><u>\$ 7,856,798</u></u>	<u><u>\$ 7,801,112</u></u>	<u><u>\$ 6,680,905</u></u>	<u><u>\$ 6,250,689</u></u>	<u><u>\$ 5,629,087</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 239,101	\$ 215,303	\$ 156,389	\$ 137,459	\$ 79,104
Contributions - employee	119,306	107,186	89,922	96,566	78,249
Net investment income	705,951	436,152	(9,965)	1,423,377	97,085
Benefit payments	(201,271)	(184,581)	(231,175)	(228,222)	(165,448)
Administrator charges	(4,121)	(4,129)	(4,049)	(3,445)	(3,262)
Other	168	177	155	135	(116)
Net change in plan fiduciary net position	<u>\$ 859,134</u>	<u>\$ 570,108</u>	<u>\$ 1,277</u>	<u>\$ 1,425,870</u>	<u>\$ 85,612</u>
Plan fiduciary net position - beginning	<u>7,150,116</u>	<u>6,580,008</u>	<u>6,578,731</u>	<u>5,152,861</u>	<u>5,067,249</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,009,250</u></u>	<u><u>\$ 7,150,116</u></u>	<u><u>\$ 6,580,008</u></u>	<u><u>\$ 6,578,731</u></u>	<u><u>\$ 5,152,861</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ (152,452)	\$ 650,996	\$ 100,897	\$ (328,042)	\$ 476,226
Plan fiduciary net position as a percentage of the total pension liability	101.94%	91.66%	98.49%	105.25%	91.54%
Covered payroll	\$ 2,542,124	\$ 2,271,319	\$ 1,666,502	\$ 1,625,395	\$ 1,574,948
Town's net pension liability (asset) as a percentage of covered payroll	-6.00%	28.66%	6.05%	-20.18%	30.24%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 166,461	\$ 158,875	\$ 159,706	\$ 153,503	\$ 139,219
Interest	310,690	285,573	257,580	257,485	241,502
Changes of assumptions	184,138	-	(52,964)	-	-
Differences between expected and actual experience	224,430	19,553	114,277	(330,501)	(53,409)
Benefit payments	(121,518)	(88,845)	(68,566)	(89,690)	(108,267)
Net change in total pension liability	\$ 764,201	\$ 375,156	\$ 410,033	\$ (9,203)	\$ 219,045
Total pension liability - beginning	<u>4,499,190</u>	<u>4,124,034</u>	<u>3,714,001</u>	<u>3,723,204</u>	<u>3,504,159</u>
Total pension liability - ending (a)	<u>\$ 5,263,391</u>	<u>\$ 4,499,190</u>	<u>\$ 4,124,034</u>	<u>\$ 3,714,001</u>	<u>\$ 3,723,204</u>
Plan fiduciary net position					
Contributions - employer	\$ 81,516	\$ 70,331	\$ 68,585	\$ 108,608	\$ 109,477
Contributions - employee	78,354	73,959	70,957	66,741	67,115
Net investment income	319,995	324,146	471,341	66,888	161,326
Benefit payments	(121,518)	(88,845)	(68,566)	(89,690)	(108,267)
Administrator charges	(3,040)	(2,702)	(2,604)	(2,196)	(2,115)
Other	(202)	(291)	(424)	(28)	(35)
Net change in plan fiduciary net position	\$ 355,105	\$ 376,598	\$ 539,289	\$ 150,323	\$ 227,501
Plan fiduciary net position - beginning	<u>4,712,144</u>	<u>4,335,546</u>	<u>3,796,257</u>	<u>3,645,934</u>	<u>3,418,433</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,067,249</u>	<u>\$ 4,712,144</u>	<u>\$ 4,335,546</u>	<u>\$ 3,796,257</u>	<u>\$ 3,645,934</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 196,142	\$ (212,954)	\$ (211,512)	\$ (82,256)	\$ 77,270
Plan fiduciary net position as a percentage of the total pension liability	96.27%	104.73%	105.13%	102.21%	97.92%
Covered payroll	\$ 1,508,394	\$ 1,508,394	\$ 1,445,442	\$ 1,374,894	\$ 1,375,847
Town's net pension liability (asset) as a percentage of covered payroll	13.00%	-14.12%	-14.63%	-5.98%	5.62%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2020 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 34,791	\$ 37,959	\$ 28,980	\$ 24,772	\$ -
Interest	30,953	29,275	21,458	16,958	-
Assumption changes	-	-	-	9,775	256,177
Differences between expected and actual experience	1,978	(26,539)	71,778	-	-
Benefit payments	(12,315)	(13,035)	(17,728)	(9,902)	-
Net change in total pension liability	<u>\$ 55,407</u>	<u>\$ 27,660</u>	<u>\$ 104,488</u>	<u>\$ 41,603</u>	<u>\$ 256,177</u>
Total pension liability - beginning	<u>429,928</u>	<u>402,268</u>	<u>297,780</u>	<u>256,177</u>	<u>-</u>
Total pension liability - ending (a)	<u>\$ 485,335</u>	<u>\$ 429,928</u>	<u>\$ 402,268</u>	<u>\$ 297,780</u>	<u>\$ 256,177</u>
Plan fiduciary net position					
Contributions - employer	\$ 36,383	\$ 23,071	\$ 20,896	\$ 15,485	\$ 1,148
Contributions - employee	24,304	15,526	17,261	12,687	935
Net investment income	40,076	23,261	(2,556)	56,294	6,267
Benefit payments	(12,315)	(13,035)	(17,728)	(9,902)	-
Administrator charges	(163)	(203)	(306)	76	269
Other	12	10	8	166,055	242,085
Net change in plan fiduciary net position	<u>\$ 88,297</u>	<u>\$ 48,630</u>	<u>\$ 17,575</u>	<u>\$ 240,695</u>	<u>\$ 250,704</u>
Plan fiduciary net position - beginning	<u>391,559</u>	<u>342,929</u>	<u>325,354</u>	<u>250,704</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 479,856</u>	<u>\$ 391,559</u>	<u>\$ 342,929</u>	<u>\$ 491,399</u>	<u>\$ 250,704</u>
School Board's net pension liability (asset) - ending (a) - (b)	\$ 5,479	\$ 38,369	\$ 59,339	\$ (193,619)	\$ 5,473
Plan fiduciary net position as a percentage of the total pension liability	98.87%	91.08%	85.25%	165.02%	97.86%
Covered payroll	\$ 564,186	\$ 353,582	\$ 396,580	\$ 339,569	\$ N/A
School Board's net pension liability (asset) as a percentage of covered payroll	0.97%	10.85%	14.96%	-57.02%	N/A

Schedule is intended to show information for 10 years. 2020 was the first year that the School Board nonprofessional employees participated in this plan. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2015 through June 30, 2024

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Component Unit School Board (professional)					
2024	0.062%	\$ 5,780,474	\$ 6,479,951	89.21%	84.52%
2023	0.064%	6,425,150	6,199,673	103.64%	82.45%
2022	0.061%	5,761,866	5,532,401	104.15%	82.61%
2021	0.064%	4,990,895	5,566,537	89.66%	85.46%
2020	0.067%	9,694,960	5,733,055	169.11%	71.47%
2019	0.068%	8,967,611	5,636,545	159.10%	73.51%
2018	0.068%	8,053,000	5,468,141	147.27%	74.81%
2017	0.069%	8,447,000	5,365,434	157.43%	72.92%
2016	0.063%	8,857,000	4,818,688	183.81%	70.68%
2015	0.061%	7,655,000	4,522,187	169.28%	70.88%

Schedule of Employer Contributions
Pension Plans
Years Ended June 30, 2016 through June 30, 2025

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					
2025	\$ 280,540	\$ 280,540	\$ -	\$ 2,833,740	9.90%
2024	240,536	240,536	-	2,542,124	9.46%
2023	216,748	216,748	-	2,271,319	9.54%
2022	157,117	157,117	-	1,888,466	8.32%
2021	138,125	138,125	-	1,666,502	8.29%
2020	79,654	79,654	-	1,625,395	4.90%
2019	81,941	81,941	-	1,574,948	5.20%
2018	70,585	70,585	-	1,508,394	4.68%
2017	72,850	72,850	-	1,445,442	5.04%
2016	111,092	111,092	-	1,374,894	8.08%
Component Unit School Board (nonprofessional)					
2025	\$ 47,188	\$ 47,188	\$ -	\$ 676,049	6.98%
2024	36,426	36,426	-	564,186	6.46%
2023	23,138	23,138	-	353,582	6.54%
2022	20,896	20,896	-	396,580	5.27%
2021	15,485	15,485	-	339,569	4.56%
Component Unit School Board (professional)					
2025	\$ 969,955	\$ 969,955	\$ -	\$ 6,825,861	14.21%
2024	1,038,694	1,038,694	-	6,479,951	16.03%
2023	1,003,532	1,003,532	-	6,199,673	16.19%
2022	899,047	899,047	-	5,532,401	16.25%
2021	909,537	909,537	-	5,566,537	16.34%
2020	885,254	885,254	-	5,733,055	15.44%
2019	873,296	873,296	-	5,636,545	15.49%
2018	795,496	795,496	-	5,468,141	14.55%
2017	771,779	771,779	-	5,365,434	14.38%
2016	670,955	670,955	-	4,818,688	13.92%

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

Schedule is intended to show information for 10 years. 2020 was the first year School Board nonprofessional employees participated in this plan. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Pension Plans
 Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 rate to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rate 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. 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 rate 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 rate 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 Town and School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
Primary Government:					
2024	0.0099%	\$ 110,476	\$ 2,542,124	4.35%	73.41%
2023	0.0096%	115,614	2,271,319	5.09%	69.30%
2022	0.0087%	104,516	1,888,466	5.53%	67.21%
2021	0.0081%	93,957	1,666,502	5.64%	67.45%
2020	0.0079%	132,338	1,631,309	8.11%	52.64%
2019	0.0080%	130,669	1,574,948	8.30%	52.00%
2018	0.0079%	121,000	1,508,394	8.02%	51.22%
2017	0.0078%	118,000	1,445,442	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2024	0.0022%	\$ 24,550	\$ 564,186	4.35%	73.41%
2023	0.0015%	17,990	353,582	5.09%	69.30%
2022	0.0018%	21,915	396,580	5.53%	67.21%
2021	0.0017%	19,210	339,569	5.66%	67.45%
2020	0.0001%	1,669	339,569	0.49%	52.64%
Component Unit School Board (professional):					
2024	0.0252%	\$ 281,659	\$ 6,479,951	4.35%	73.41%
2023	0.0263%	315,659	6,199,673	5.09%	69.30%
2022	0.0254%	306,202	5,532,401	5.53%	67.21%
2021	0.0270%	313,887	5,566,537	5.64%	67.45%
2020	0.0279%	464,938	5,733,055	8.11%	52.64%
2019	0.0288%	467,839	5,636,545	8.30%	52.00%
2018	0.0288%	436,000	5,468,141	7.97%	51.22%
2017	0.0291%	438,000	5,365,434	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. 2020 was the first year School Board nonprofessional employees participated in this plan. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2025	\$ 13,359	\$ 13,359	\$ -	\$ 2,842,316	0.47%
2024	13,727	13,727	-	2,542,124	0.54%
2023	12,265	12,265	-	2,271,319	0.54%
2022	10,198	10,198	-	1,888,466	0.54%
2021	8,999	8,999	-	1,666,502	0.54%
2020	8,483	8,483	-	1,631,309	0.52%
2019	8,190	8,190	-	1,574,948	0.52%
2018	7,844	7,844	-	1,508,394	0.52%
2017	7,516	7,516	-	1,445,442	0.52%
2016	7,287	7,287	-	1,374,894	0.53%
Component Unit School Board (nonprofessional)					
2025	\$ 3,177	\$ 3,177	\$ -	\$ 676,049	0.47%
2024	3,047	3,047	-	564,186	0.54%
2023	1,909	1,909	-	353,582	0.54%
2022	2,142	2,142	-	396,580	0.54%
2021	1,834	1,834	-	339,569	0.54%
Component Unit School Board (professional)					
2025	\$ 32,082	\$ 32,082	\$ -	\$ 6,825,861	0.47%
2024	34,992	34,992	-	6,479,951	0.54%
2023	33,478	33,478	-	6,199,673	0.54%
2022	29,875	29,875	-	5,532,401	0.54%
2021	30,059	30,059	-	5,566,537	0.54%
2020	29,812	29,812	-	5,733,055	0.52%
2019	29,310	29,310	-	5,636,545	0.52%
2018	28,434	28,434	-	5,468,141	0.52%
2017	27,900	27,900	-	5,365,434	0.52%
2016	25,539	25,539	-	4,818,688	0.53%

Schedule is intended to show information for 10 years. 2020 was the first year School Board nonprofessional employees participated in this plan. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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 for all
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
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. 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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability					
Service cost	\$ 513	\$ 512	\$ 734	\$ 484	\$ -
Interest	328	288	346	245	-
Changes in benefit terms	-	-	-	-	3,642
Differences between expected and actual experience	(615)	(221)	(1,515)	-	-
Changes of assumptions	-	-	(190)	14	-
Net change in total HIC OPEB liability	<u>\$ 226</u>	<u>\$ 579</u>	<u>\$ (625)</u>	<u>\$ 743</u>	<u>\$ 3,642</u>
Total HIC OPEB Liability - beginning	<u>4,339</u>	<u>3,760</u>	<u>4,385</u>	<u>3,642</u>	<u>-</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 4,565</u></u>	<u><u>\$ 4,339</u></u>	<u><u>\$ 3,760</u></u>	<u><u>\$ 4,385</u></u>	<u><u>\$ 3,642</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 1,580	\$ 988	\$ 1,150	\$ 835	\$ 218
Net investment income	715	361	(43)	657	2,357
Administrator charges	(11)	(10)	(1)	(20)	(5)
Other	1	1	-	-	-
Net change in plan fiduciary net position	<u>\$ 2,285</u>	<u>\$ 1,340</u>	<u>\$ 1,106</u>	<u>\$ 1,472</u>	<u>\$ 2,570</u>
Plan fiduciary net position - beginning	<u>6,488</u>	<u>5,148</u>	<u>4,042</u>	<u>2,570</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,773</u></u>	<u><u>\$ 6,488</u></u>	<u><u>\$ 5,148</u></u>	<u><u>\$ 4,042</u></u>	<u><u>\$ 2,570</u></u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ (4,208)	\$ (2,149)	\$ (1,388)	\$ 343	\$ 1,072
Plan fiduciary net position as a percentage of the total HIC OPEB liability	192.18%	149.53%	136.91%	92.18%	70.57%
Covered payroll	\$ 564,186	\$ 353,582	\$ 396,580	\$ 339,569	\$ 339,569
School Board's net HIC OPEB liability as a percentage of covered payroll	-0.75%	-0.61%	-0.35%	0.10%	0.32%

Schedule is intended to show information for 10 years. 2020 was the first year School Board nonprofessional employees participated in this plan. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2020 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 744	\$ 744	-	\$ 676,049	0.11%
2024	1,580	1,580	-	564,186	0.28%
2023	990	990	-	353,582	0.28%
2022	1,150	1,150	-	396,580	0.29%
2021	985	985	-	339,569	0.29%
2020	218	218	-	339,569	0.06%

Schedule is intended to show information for 10 years. School Board nonprofessional employees began participating in HIC plan during the 2020 plan. Additional information will be added as it becomes available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 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, 2024

<u>Date</u>	<u>Employer's Proportion of the Net HIC OPEB Liability</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability</u>
2024	0.0605%	\$ 698,936	\$ 6,479,951	10.79%	21.82%
2023	0.0622%	753,259	6,199,673	12.15%	17.90%
2022	0.0593%	741,434	5,532,401	13.40%	15.08%
2021	0.0629%	807,878	5,566,537	14.51%	13.15%
2020	0.0654%	853,154	5,733,055	14.88%	9.95%
2019	0.0672%	879,714	5,636,545	15.61%	8.97%
2018	0.0676%	859,000	5,468,141	15.71%	8.08%
2017	0.0679%	863,000	5,365,434	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, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 82,593	\$ 82,593	\$ -	\$ 6,825,861	1.21%
2024	78,407	78,407	-	6,479,951	1.21%
2023	75,016	75,016	-	6,199,673	1.21%
2022	66,942	66,942	-	5,532,401	1.21%
2021	67,355	67,355	-	5,566,537	1.21%
2020	68,797	68,797	-	5,733,055	1.20%
2019	67,639	67,639	-	5,636,545	1.20%
2018	67,258	67,258	-	5,468,141	1.23%
2017	65,995	65,995	-	5,365,434	1.23%
2016	56,861	56,861	-	4,818,688	1.18%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2025

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, 2025 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Other Supplementary Information

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
 Discretely Presented Component Unit - School Board
 June 30, 2025

	School Operating	School Cafeteria	School Capital Projects	School Activity Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,153,513	\$ 269,440	\$ 646,681	\$ 205,866	\$ 2,275,500
Due from other governments	160,325	-	-	-	160,325
Prepaid expenses	322,842	-	-	-	322,842
Total assets	<u>\$ 1,636,680</u>	<u>\$ 269,440</u>	<u>\$ 646,681</u>	<u>\$ 205,866</u>	<u>\$ 2,758,667</u>
LIABILITIES					
Accounts payable	\$ 143,521	\$ -	\$ -	\$ -	\$ 143,521
Accrued expenses	1,493,159	-	-	-	1,493,159
Total liabilities	<u>\$ 1,636,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,636,680</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepaid expenses	\$ 322,842	\$ -	\$ -	\$ -	\$ 322,842
Restricted:					
School capital projects	-	-	646,681	-	646,681
Committed:					
Education	-	-	-	205,866	205,866
Assigned:					
Special revenue	-	269,440	-	-	269,440
Unassigned (deficit)	(322,842)	-	-	-	(322,842)
Total fund balances	<u>\$ -</u>	<u>\$ 269,440</u>	<u>\$ 646,681</u>	<u>\$ 205,866</u>	<u>\$ 1,121,987</u>
Total liabilities and fund balances	<u>\$ 1,636,680</u>	<u>\$ 269,440</u>	<u>\$ 646,681</u>	<u>\$ 205,866</u>	<u>\$ 2,758,667</u>

Amounts reported for the school board in the statement of net position are different because:

Fund balance from above	\$ 1,121,987
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net OPEB asset	4,208
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 59,350
Building and improvements	5,873,438
Equipment	809,338
Lease equipment	174,181
	<u>6,916,307</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 2,334,309
OPEB related items	229,902
	<u>2,564,211</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Note payable	\$ (25,306)
Financed purchase	(74,960)
Net pension liability	(5,785,953)
Net OPEB liabilities	(1,005,145)
Compensated absences	(387,240)
Lease liabilities	(172,193)
	<u>(7,450,797)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (1,341,182)
OPEB related items	(185,837)
	<u>(1,527,019)</u>
Net position of governmental activities	<u>\$ 1,628,897</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2025

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>School Activity Fund</u>	<u>Total</u>
Revenues:					
Revenue from use of money and property	\$ 146,199	\$ 7,384	\$ 13,307	\$ -	\$ 166,890
Charges for services	-	109,729	-	-	109,729
Miscellaneous	552,359	-	-	406,645	959,004
Recovered costs	289,253	-	-	-	289,253
Intergovernmental revenue:					
Contribution from Town of West Point	4,713,610	-	-	-	4,713,610
Commonwealth	7,969,881	-	-	-	7,969,881
Federal	662,702	-	-	-	662,702
Total revenues	\$ 14,334,004	\$ 117,113	\$ 13,307	\$ 406,645	\$ 14,871,069
Expenditures:					
Current:					
Education	\$ 14,215,455	\$ 637,729	\$ 45,971	\$ 398,548	\$ 15,297,703
Debt service:					
Principal retirement	69,925	-	-	-	69,925
Interest and fiscal charges	2,716	-	-	-	2,716
Total expenditures	\$ 14,288,096	\$ 637,729	\$ 45,971	\$ 398,548	\$ 15,370,344
Excess (deficiency) of revenues over (under) expenditures	\$ 45,908	\$ (520,616)	\$ (32,664)	\$ 8,097	\$ (499,275)
Other financing sources (uses):					
Lease issuance	\$ 180,891	\$ -	\$ -	\$ -	\$ 180,891
Issuance of financed purchase	102,712	-	-	-	102,712
Transfers in (out)	(329,511)	329,511	-	-	-
Total other financing sources (uses)	\$ (45,908)	\$ 329,511	\$ -	\$ -	\$ 283,603
Changes in fund balances	\$ -	\$ (191,105)	\$ (32,664)	\$ 8,097	\$ (215,672)
Fund balances at beginning of year	-	460,545	679,345	197,769	1,337,659
Fund balances at end of year	\$ -	\$ 269,440	\$ 646,681	\$ 205,866	\$ 1,121,987

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2025

	<u>Component-Unit School Board</u>
Amounts reported for the school board in the statement of activities are different because:	
Net change in fund balances - total school board funds	\$ (215,672)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 385,913
Depreciation expense	<u>(633,994)</u>
	(248,081)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	263,498
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items and details are as follows:	
Principal repayments	\$ 41,242
Repayment of lease liabilities	28,683
Issuance of lease and financed purchase	<u>(283,603)</u>
	(213,678)
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.	
Pension expense	\$ 585,774
OPEB expense	69,717
Change in compensated absences	<u>(18,789)</u>
	<u>636,702</u>
Change in net position of governmental activities	\$ <u><u>222,769</u></u>

Schedule of Revenues, Expenditures, and Change in Fund Balances
 Budget and Actual - School Operating Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2025

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 146,199	\$ 136,199
Miscellaneous	215,918	215,918	552,359	336,441
Recovered costs	393,150	393,150	289,253	(103,897)
Intergovernmental:				
Contribution to School Board from Town of West Point	5,983,542	5,983,542	4,713,610	(1,269,932)
Commonwealth	7,921,363	7,921,363	7,969,881	48,518
Federal	330,672	330,672	662,702	332,030
Total revenues	\$ 14,854,645	\$ 14,854,645	\$ 14,334,004	\$ (520,641)
Expenditures:				
Current:				
Education:				
Instruction	\$ 11,711,799	\$ 11,711,799	\$ 12,754,064	\$ (1,042,265)
Administration, attendance and health	726,600	726,600	201,935	524,665
Pupil transportation services	239,313	239,313	134,502	104,811
Operation and maintenance services	1,664,823	1,664,823	1,047,682	617,141
Facilities	81,185	81,185	77,171	4,014
School food services	405,037	405,037	101	404,936
Debt service				
Principal retirement	25,888	25,888	69,925	(44,037)
Interest and fiscal charges	-	-	2,716	(2,716)
Total expenditures	\$ 14,854,645	\$ 14,854,645	\$ 14,288,096	\$ 566,549
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 45,908	\$ 45,908
Other financing sources (uses):				
Lease issuance	\$ -	\$ -	\$ 180,891	\$ 180,891
Issuance of financed purchase	-	-	102,712	102,712
Transfers out	-	-	(329,511)	(329,511)
Total other financing sources (uses)	\$ -	\$ -	\$ (45,908)	\$ (45,908)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Discretely Presented Component Unit—Economic Development Authority

Statement of Net Position - Proprietary Fund
 Discretely Presented Component Unit - Economic Development Authority
 June 30, 2025

	Proprietary Fund
	<u>Enterprise</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 390,855
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 939,063</u>
 Total Assets	 <u><u>\$ 939,063</u></u>
 LIABILITIES	
Noncurrent Liabilities:	
Contingent liability	<u>\$ 361,566</u>
 NET POSITION	
Unrestricted	<u>\$ 577,497</u>
Total Liabilities and Net Position	<u><u>\$ 939,063</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
 Discretely Presented Component Unit - Economic Development Authority
 Year Ended June 30, 2025

	Proprietary Fund
	<u>Enterprise</u>
Nonoperating revenues (expenses):	
Interest income	\$ 6,112
EDA contribution to Town	<u>(2,500)</u>
Total nonoperating revenues (expenses)	\$ <u>3,612</u>
Change in net position	\$ 3,612
Net position at beginning of year	<u>573,885</u>
Net position at end of year	\$ <u><u>577,497</u></u>

Statement of Cash Flows - Proprietary Fund
 Discretely Presented Component Unit - Economic Development Authority
 Year Ended June 30, 2025

	<u>Proprietary Fund</u>	<u>Enterprise</u>
Cash flows from noncapital financing activities:		
EDA contribution to Town	\$ <u>(2,500)</u>	
Cash flows from investing activities:		
Interest income	\$ <u>6,112</u>	
Increase (decrease) in cash and cash equivalents	\$ 3,612	
Cash and cash equivalents at beginning of year		<u>387,243</u>
Cash and cash equivalents at end of year		<u>\$ 390,855</u>

Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,592,956	\$ 2,592,956	\$ 2,591,457	\$ (1,499)
Real and personal public service corporation property taxes	100,000	100,000	107,344	7,344
Personal property taxes	1,079,417	1,079,417	976,754	(102,663)
Machinery and tools taxes	3,670,831	3,670,831	3,658,543	(12,288)
Penalties	40,000	40,000	51,095	11,095
Interest	-	-	38,024	38,024
Total general property taxes	\$ 7,483,204	\$ 7,483,204	\$ 7,423,217	\$ (59,987)
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 582,028	\$ 82,028
Consumers' utility taxes	70,000	70,000	75,031	5,031
Utility consumption tax	45,000	45,000	41,597	(3,403)
Business license taxes	200,000	200,000	306,133	106,133
Motor vehicle licenses	50,000	50,000	59,513	9,513
Natural gas tax	45,000	45,000	41,803	(3,197)
Bank franchise tax	90,000	90,000	134,393	44,393
Meals taxes	370,000	370,000	397,799	27,799
Transient occupancy tax	3,000	3,000	1,225	(1,775)
Cigarette tax	-	-	16,922	16,922
Total other local taxes	\$ 1,373,000	\$ 1,373,000	\$ 1,656,444	\$ 283,444
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 35,350	\$ 35,350	\$ 67,414	\$ 32,064
Total permits, privilege fees and regulatory licenses	\$ 35,350	\$ 35,350	\$ 67,414	\$ 32,064
Fines and forfeitures:				
Court fines and forfeitures	\$ 80,000	\$ 80,000	\$ 92,995	\$ 12,995
Total fines and forfeitures	\$ 80,000	\$ 80,000	\$ 92,995	\$ 12,995
Revenue from use of money and property:				
Revenue from use of money	\$ 115,008	\$ 115,008	\$ 402,607	\$ 287,599
Revenue from use of property	10,000	10,000	9,300	(700)
Total revenue from use of money and property	\$ 125,008	\$ 125,008	\$ 411,907	\$ 286,899
Charges for services:				
Charges for solid waste collection	\$ 252,000	\$ 252,000	\$ 259,341	\$ 7,341
Charges for Parks and Recreation	-	-	538	538
Total charges for services	\$ 252,000	\$ 252,000	\$ 259,879	\$ 7,879

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 57,500	\$ 57,500	\$ 448,438	\$ 390,938
Total miscellaneous	\$ 57,500	\$ 57,500	\$ 448,438	\$ 390,938
Recovered costs:				
DMV - license agent fees	\$ 50,000	\$ 50,000	\$ 46,929	\$ (3,071)
Total recovered costs	\$ 50,000	\$ 50,000	\$ 46,929	\$ (3,071)
Total revenue from local sources	\$ 9,456,062	\$ 9,456,062	\$ 10,407,223	\$ 951,161
Intergovernmental:				
Local government:				
King William County	\$ 182,616	\$ 182,616	\$ 196,639	\$ 14,023
EDA contribution to Town	-	-	2,500	2,500
Total local government	\$ 182,616	\$ 182,616	\$ 199,139	\$ 16,523
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	-
Rolling stock tax	6,000	6,000	7,321	1,321
Communications tax	70,000	70,000	60,196	(9,804)
Total noncategorical aid	\$ 442,550	\$ 442,550	\$ 434,067	\$ (8,483)
Categorical aid:				
Fire department grant	\$ 15,000	\$ 15,000	\$ 17,497	\$ 2,497
599 fund grant	91,439	91,439	94,713	3,274
VA commission of the arts grant	4,500	4,500	4,500	-
School resource officer incentive grant	55,650	55,650	55,589	(61)
Emergency management grant	7,500	7,500	-	(7,500)
GO VA grant	-	23,000	10,747	(12,253)
Public safety services	10,000	10,000	30,000	20,000
Total other categorical aid	\$ 184,089	\$ 207,089	\$ 213,046	\$ 5,957
Total categorical aid	\$ 184,089	\$ 207,089	\$ 213,046	\$ 5,957
Total revenue from the Commonwealth	\$ 626,639	\$ 649,639	\$ 647,113	\$ (2,526)
Revenue from the Federal Government:				
Categorical aid:				
American Rescue Plan Act (ARPA)	\$ -	\$ -	\$ 430,686	\$ 430,686
Police grants	28,400	28,400	6,001	(22,399)
Total categorical aid	\$ 28,400	\$ 28,400	\$ 436,687	\$ 408,287
Total revenue from the federal government	\$ 28,400	\$ 28,400	\$ 436,687	\$ 408,287
Total General Fund	\$ 10,293,717	\$ 10,316,717	\$ 11,690,162	\$ 1,370,945

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 140,299	\$ 130,299
Revenue from use of property	-	-	5,900	5,900
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 146,199</u>	<u>\$ 136,199</u>
Miscellaneous:				
Miscellaneous	\$ 215,918	\$ 215,918	\$ 552,359	\$ 336,441
Total miscellaneous	<u>\$ 215,918</u>	<u>\$ 215,918</u>	<u>\$ 552,359</u>	<u>\$ 336,441</u>
Recovered costs:				
Tuition or other payments from another county or city	\$ 393,150	\$ 393,150	\$ 289,253	\$ (103,897)
Total recovered costs	<u>\$ 393,150</u>	<u>\$ 393,150</u>	<u>\$ 289,253</u>	<u>\$ (103,897)</u>
Total revenue from local sources	<u>\$ 619,068</u>	<u>\$ 619,068</u>	<u>\$ 987,811</u>	<u>\$ 368,743</u>
Intergovernmental:				
Town contribution to School Board	\$ 5,983,542	\$ 5,983,542	\$ 4,713,610	\$ (1,269,932)
Total intergovernmental	<u>\$ 5,983,542</u>	<u>\$ 5,983,542</u>	<u>\$ 4,713,610</u>	<u>\$ (1,269,932)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 857,963	\$ 857,963	\$ 916,079	\$ 58,116
Basic school aid	4,243,127	4,243,127	4,274,123	30,996
Special education - SOQ	358,216	358,216	362,090	3,874
Share of fringe benefits	690,423	690,423	697,889	7,466
State technology grant	102,000	102,000	-	(102,000)
Security equipment program	47,910	47,910	3,303	(44,607)
Other state funds	1,621,724	1,621,724	1,716,397	94,673
Total categorical aid	<u>\$ 7,921,363</u>	<u>\$ 7,921,363</u>	<u>\$ 7,969,881</u>	<u>\$ 48,518</u>
Total revenue from the Commonwealth	<u>\$ 7,921,363</u>	<u>\$ 7,921,363</u>	<u>\$ 7,969,881</u>	<u>\$ 48,518</u>
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 65,601	\$ 65,601	\$ 83,080	\$ 17,479
Title VI-B - special education	135,055	135,055	174,099	39,044
Other federal funds	130,016	130,016	405,523	275,507
Total categorical aid	<u>\$ 330,672</u>	<u>\$ 330,672</u>	<u>\$ 662,702</u>	<u>\$ 332,030</u>
Total revenue from the federal government	<u>\$ 330,672</u>	<u>\$ 330,672</u>	<u>\$ 662,702</u>	<u>\$ 332,030</u>
Total School Operating Fund	<u><u>\$ 14,854,645</u></u>	<u><u>\$ 14,854,645</u></u>	<u><u>\$ 14,334,004</u></u>	<u><u>\$ (520,641)</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 7,384	\$ 7,384
Charges for services:				
Cafeteria sales	-	-	109,729	109,729
Total revenue from local sources	\$ -	\$ -	\$ 117,113	\$ 117,113
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,113</u>	<u>\$ 117,113</u>
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13,307	\$ 13,307
Total revenue from local sources	\$ -	\$ -	\$ 13,307	\$ 13,307
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,307</u>	<u>\$ 13,307</u>

Statistical Information

TOWN OF WEST POINT, VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General				Parks, Recreation and Cultural			Interest on Debt	Water and Sewer	Total
	Government Administration	Public Safety	Public Works	Education	Community Development	Development	Debt			
2015-16	\$ 674,846	\$ 965,293	\$ 1,219,024	\$ 4,151,528	\$ 30,793	\$ 170,104	\$ 518,365	\$ 8,083,559		
2016-17	565,170	936,254	998,086	4,482,732	94,201	150,301	551,546	8,482,636		
2017-18	632,350	973,116	1,120,322	4,201,196	114,103	156,589	553,804	8,140,004		
2018-19	597,754	989,220	803,279	4,842,622	116,589	146,160	499,600	8,629,113		
2019-20	579,200	1,113,455	1,484,585	5,509,750	100,698	99,902	615,040	9,777,270		
2020-21	912,268	1,354,928	1,258,264	5,142,230	128,710	98,924	595,686	9,890,444		
2021-22	887,677	1,378,535	1,258,484	4,300,537	92,211	151,287	529,555	9,452,203		
2022-23	671,907	1,688,811	1,766,740	4,836,545	124,496	37,510	1,384,369	11,564,567		
2023-24	1,056,833	1,775,195	2,157,294	4,489,589	126,786	62,593	1,526,570	12,730,657		
2024-25	1,007,181	1,979,131	1,614,992	5,014,849	119,423	109,081	1,515,140	12,420,538		

TOWN OF WEST POINT, VIRGINIA

Table 2

Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money	Gain on Sale Of Assets	Miscellaneous		
2015-16	\$ 1,006,562	\$ 141,413	\$ 12,525	\$ 5,461,795	\$ 1,008,983	\$ 604,546	\$ 208,841	\$ -	\$ 148,979	\$ 8,593,644	
2016-17	1,000,483	151,764	7,694	5,691,267	1,036,154	611,471	221,070	-	79,550	8,799,453	
2017-18	987,443	154,034	118,416	5,919,213	1,057,967	746,069	261,516	-	190,021	9,434,679	
2018-19	986,664	110,804	109,457	5,916,458	1,162,159	602,523	337,290	-	175,683	9,401,038	
2019-20	983,390	143,682	-	6,402,469	1,125,260	602,611	398,466	-	76,694	9,732,572	
2020-21	795,960	648,883	-	6,281,725	1,263,488	748,454	96,962	-	1,324,489	11,159,961	
2021-22	938,440	631,564	-	6,706,978	1,429,087	602,771	84,281	-	123,340	10,516,461	
2022-23	2,154,346	847,132	-	6,862,321	1,372,280	615,652	221,944	-	143,996	12,217,671	
2023-24	2,196,174	2,109,492	-	7,411,967	1,539,932	621,230	417,925	-	378,443	14,675,163	
2024-25	2,325,644	649,733	-	7,465,134	1,656,444	630,706	420,416	11,250	547,997	13,707,324	

TOWN OF WEST POINT, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
	General Property Taxes	Other Local Taxes	Revenues from the Use of Money & Property	Charges for Services									
2015-16	\$ 5,456,035	\$ 1,008,983	\$ 48,378	\$ 22,859	\$ 212,419	\$ 345,468	\$ 218,464	\$ 365,992	\$ 5,488,112	\$ 13,166,710			
2016-17	5,670,824	1,036,154	50,166	31,865	224,466	361,429	287,294	424,258	6,207,149	14,293,605			
2017-18	5,874,081	1,057,967	38,750	43,362	275,736	356,032	367,199	397,487	6,711,921	15,122,535			
2018-19	5,988,099	1,162,159	39,703	24,082	353,606	364,766	219,494	419,216	6,679,756	15,250,881			
2019-20	6,303,564	1,125,260	33,668	18,357	411,949	324,326	407,640	395,758	6,764,413	15,784,935			
2020-21	6,271,660	1,263,488	39,334	42,493	108,995	223,226	360,638	302,833	8,272,182	16,884,849			
2021-22	6,683,664	1,429,087	45,384	94,530	101,431	290,247	675,931	433,456	8,520,448	18,274,178			
2022-23	6,811,901	1,372,280	38,842	141,411	258,001	404,392	684,642	370,203	10,507,305	20,588,977			
2023-24	7,513,878	1,539,932	30,586	134,847	474,512	422,408	934,734	352,669	11,251,719	22,655,285			
2024-25	7,423,217	1,656,444	67,414	92,995	578,797	369,608	1,409,942	336,182	9,913,022	21,847,621			

(1) Includes General, Special Revenue Funds, and School Capital Projects Fund of the primary government and its discretely presented component unit - School Board.

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board and from the discretely presented component unit - EDA.

TOWN OF WEST POINT, VIRGINIA

Table 4

General Government Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Administration	Public Safety	Public Works	Education (2)	Parks			Community Development	Non-Departmental	Debt Service	Total
					Recreation and Cultural						
2015-16	\$ 697,306	\$ 957,812	\$ 926,841	\$ 9,231,126	\$ 67,823	\$ 359,323	\$ 198,227	\$ 458,479	\$ 12,896,937		
2016-17	652,149	929,783	857,245	10,306,910	98,896	718,580	133,245	627,992	14,324,800		
2017-18	667,453	1,036,909	1,005,890	10,581,656	122,323	432,050	126,597	399,800	14,372,678		
2018-19	686,804	1,099,423	1,001,372	11,169,734	166,042	632,819	130,576	517,136	15,403,906		
2019-20	711,129	1,036,687	1,192,944	11,046,289	338,055	260,838	214,075	1,366,292	16,166,309		
2020-21	924,700	1,297,820	1,041,634	12,096,215	599,432	342,208	136,490	368,058	16,806,557		
2021-22	783,229	1,380,061	1,187,108	12,241,669	119,782	287,481	674,173	429,259	17,102,762		
2022-23	889,668	1,665,410	1,661,457	13,631,802	133,991	343,620	814,541	355,053	19,495,542		
2023-24	983,790	1,948,170	1,974,704	14,261,942	126,786	597,804	1,912,142	355,238	22,160,576		
2024-25	1,187,759	2,076,236	1,844,953	15,370,344	119,423	557,262	713,622	408,407	22,278,006		

(1) Includes General and Special Revenue Funds' Current Expenditures and Debt Service of the primary government and its discretely presented component unit - School Board.

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board.

TOWN OF WEST POINT, VIRGINIA

Table 5

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service (2)	Mobile Homes	Total
2015-16	\$ 310,901,142	\$ 22,368,692	\$ 109,437,086	\$ 15,400,962	\$ 10,017	\$ 458,117,899
2016-17	311,096,090	27,830,795	117,573,376	16,599,624	4,531	473,104,416
2017-18	311,517,001	25,667,916	122,264,085	16,798,854	3,472	476,251,328
2018-19	313,570,859	27,982,178	125,094,621	15,948,581	-	482,596,239
2019-20	314,894,995	27,898,510	133,564,553	15,720,367	-	492,078,425
2020-21	316,023,717	29,905,459	152,505,894	16,006,899	6,000	514,447,969
2021-22	331,292,582	37,147,948	156,958,498	14,521,731	6,000	539,926,759
2022-23	332,963,053	53,739,017	160,879,401	13,684,180	6,000	561,271,651
2023-24	489,236,895	43,948,876	163,876,398	22,205,562	8,256	719,275,987
2024-25	494,317,870	43,183,632	163,591,892	20,218,572	8,256	721,320,222

(1) Real Estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

TOWN OF WEST POINT, VIRGINIA

Table 6

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Machinery and Tools
2015-16	\$	0.720	\$	3.52	2.40
2016-17		0.720		3.52	2.40
2017-18		0.720		3.52	2.40
2018-19		0.720		3.52	2.40
2019-20		0.720		3.52	2.40
2020-21		0.670		3.29	2.24
2021-22		0.670		3.29	2.24
2022-23		0.670		2.64	2.24
2023-24		0.530		3.29	2.24
2024-25		0.530		3.29	2.24

(1) Per \$100 of assessed value.

TOWN OF WEST POINT, VIRGINIA

Table 7

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2015-16	\$ 5,764,136	\$ 5,652,037	98.06%	\$ 103,253	\$ 5,755,290	99.85%	\$ 153,032	2.65%
2016-17	6,161,478	5,931,129	96.26%	67,782	5,998,911	97.36%	170,487	2.77%
2017-18	6,201,948	6,078,951	98.02%	96,926	6,175,877	99.58%	208,308	3.36%
2018-19	6,359,969	6,259,996	98.43%	47,640	6,307,636	99.18%	125,972	1.98%
2019-20	6,568,007	6,496,850	98.92%	107,210	6,604,060	100.55%	258,050	3.93%
2020-21	6,624,837	6,496,347	98.06%	81,751	6,578,098	99.29%	248,541	3.75%
2021-22	6,957,743	6,927,958	99.57%	61,348	6,989,306	100.45%	283,445	4.07%
2022-23	7,345,108	7,054,233	96.04%	66,007	7,120,240	96.94%	344,964	4.70%
2023-24	7,827,802	7,605,930	97.17%	174,416	7,780,346	99.39%	255,560	3.26%
2024-25	7,812,472	7,556,794	96.73%	143,854	7,700,648	98.57%	313,994	4.02%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

TOWN OF WEST POINT, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:			Ratio of Net General Obligation Debt to Assessed Value		Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)	Net Bonded Debt			
2015-16	3,339	\$ 458,118	\$ 7,410,415	-	\$ 778,526	\$ 6,631,889	1.45%	\$ 1,986	
2016-17	3,314	473,104	6,887,710	-	727,488	6,160,222	1.30%	1,859	
2017-18	3,312	476,251	6,592,629	-	675,272	5,917,357	1.24%	1,787	
2018-19	3,312	482,596	6,093,142	-	542,966	5,550,176	1.15%	1,676	
2019-20	3,261	492,078	4,782,404	-	487,609	4,294,795	0.87%	1,317	
2020-21	3,292	514,448	4,439,969	-	431,075	4,008,894	0.78%	1,218	
2021-22	3,436	539,927	4,164,808	-	381,000	3,783,808	0.70%	1,101	
2022-23	3,414	561,272	3,777,293	-	319,000	3,458,293	0.62%	1,013	
2023-24	3,536	719,276	3,400,193	-	258,000	3,142,193	0.44%	889	
2024-25	3,581	721,320	3,014,476	-	195,000	2,819,476	0.39%	787	

(1) Weldon Cooper Center for Public Service at the University of Virginia.

(2) From Table 5.

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans. Excludes revenue bonds, lease liabilities, compensated absences, and net pension and OPEB liabilities.

(4) Includes General Obligation Debt payable from enterprise revenues.

Compliance



**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 Honorable Members of the Town Council
Town of West Point, Virginia
West Point, 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, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated February 16, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of West Point, 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 Town of West Point, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of West Point, 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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weakness. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item (2025-001) that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of West Point, Virginia's financial statements are free of 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*.

Town of West Point, Virginia's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town of West Point, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of West Point, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

February 16, 2026



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Town Council
Town of West Point, Virginia
West Point, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of West Point, 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 the Town of West Point, Virginia's major federal programs for the year ended June 30, 2025. Town of West Point, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of West Point, Virginia complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

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 the Town of West Point, 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 the Town of West Point, Virginia's compliance with the compliance requirements referred to above.

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 the Town of West Point, 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 the Town of West Point, 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 the Town of West Point, 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 the Town of West Point, 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 the Town of West Point, 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 the Town of West Point, 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

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Town of West Point, Virginia's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. Town of West Point, 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

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Robinson, Farnum, Cox Associates

Charlottesville, Virginia

February 16, 2026

TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	APE402540000	\$ 243,057
School Breakfast Program	10.553	APE402530000	108,598
Total Child Nutrition Cluster			<u>\$ 351,655</u>
Total Department of Agriculture			<u>\$ 351,655</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BPT-2023-53088	\$ 6,001
Total Highway Safety Cluster			<u>\$ 6,001</u>
Total Department of Transportation			<u>\$ 6,001</u>
Department of the Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Unavailable	\$ 430,686
Total Department of the Treasury			<u>\$ 430,686</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A190046/S010A220046	\$ 83,080
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A220107	169,706
Special Education - Preschool Grants	84.173	H173A220112	4,393
Total Special Education Cluster (IDEA)			<u>174,099</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A220046	17,908
Supporting Effective Instruction State Grants	84.367	S367A190044	15,960
Student Support and Academic Enrichment Program	84.424	S424A190048	20,000
Total Department of Education			<u>\$ 311,047</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,099,389</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

TOWN OF WEST POINT, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2025. 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 Town of West Point, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of West Point, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying numbers are presented where available.

(3) The Town did not elect to use the 15% de minimis indirect cost rate.

(4) The Town did not pass any federal awards through to subrecipients during the year ended June 30, 2025.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 436,687
Component Unit School Board:	
School Operating Fund	<u>662,702</u>
Total federal expenditures per basic financial statements	<u>\$ 1,099,389</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,099,389</u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? None noted

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? 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 2 CFR Section 200.516 (a)? Yes

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS:

2025-001 – Lack of Competency in the Preparation and Posting of Journal Entries

Criteria: Town management is responsible for developing and maintaining an effective system of internal controls over financial closing and reporting that provides reasonable assurance for the reliability of the reported financial information. Identification of material adjustments to the financial statements not detected by the Town’s system of internal controls indicates that a significant deficiency may exist.

Condition: The financial statements did not include necessary adjustments to ensure such statements were in accordance with Generally Accepted Accounting Principles (GAAP).

Cause: The Town did not have proper controls in place to detect and correct errors in the financial reporting process.

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS: (Continued)

2025-001 – Lack of Competency in the Preparation and Posting of Journal Entries (Continued)

Effect: The possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the Town’s system of internal controls over financial reporting is high enough to merit attention by those charged with governance.

Recommendation: We recommend the Town review all journal entries and develop a plan to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.

Management’s Response: The Town of West Point’s Management has received and reviewed the Schedule of Findings provided by Robinson, Farmer, Cox Associates and has developed a corrective action plan in response to those findings. A copy of our detailed plan has been made available to the Town Council and the auditors.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

2025-002 – Inaccurate Reporting of Federal Expenses

Assistance Listing: 21.027
Federal Program: Coronavirus State and Local Fiscal Recovery Funds
Federal Agency: Department of the Treasury
Award Year: 2025

Criteria: According to federal grant reporting requirements, all expenses on the Project & Expenditure Report submission must be complete, accurate, and properly supported by documentation. Accurate reporting is essential to comply with federal regulations and to ensure transparency in financial reporting.

Condition: The reported expenses did not accurately reflect the underlying financial records resulting in discrepancies between the submission and the financial statements.

Cause: The Town did not have proper controls in place to detect and correct errors in the federal submission process.

Effect: Misstated expenses could lead to noncompliance with federal award requirements, potential funding adjustments, and increased risk of audit findings. Inaccurate reporting may also impact financial decision-making and reduce confidence in the Town’s financial statements.

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS: (Continued)

2025-002 – Inaccurate Reporting of Federal Expenses: (Continued)

Questioned Cost Amount: Not Applicable.

Context: During the year, the Town reported the grant as fully expended on its annual Project & Expenditure Report submission , however \$104,345 of grant funds remained to be spent.

Recommendation: We recommend the Town implement strengthened review and approval procedures to ensure all reported expenses are complete and accurate.

Management’s Response: The Town of West Point’s Management has received and reviewed the Schedule of Findings provided by Robinson, Farmer, Cox Associates and has developed a corrective action plan in response to those findings. A copy of our detailed plan has been made available to the Town Council and the auditors.

TOWN OF WEST POINT, VIRGINIA

Summary Schedule of Prior Findings and Questioned Costs
Year Ended June 30, 2025

2024-001 – Material Audit Adjustments Proposed by Auditor

Condition: The financial statements required material adjustments proposed by the auditor to ensure such statements were materially correct in accordance with Generally Accepted Accounting Principles (GAAP).

Recommendation: We recommend the Town implement procedures to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.

Current Status: Audit finding repeated in current year.