



## Financial Report

Year Ended June 30, 2014

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**TOWN OF WEST POINT, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2014**

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## TOWN OF WEST POINT, VIRGINIA

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### *TOWN COUNCIL*

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James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Wayne Healy

Jack Lawson

Paul T. Kelley

O.B. Shreaves, Jr.

Chris P. Vincent

### *TOWN SCHOOL BOARD*

---

Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

### *ECONOMIC DEVELOPMENT AUTHORITY*

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Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Carol Cunningham  
O.B. Shreaves, Jr.

William B. Lee

Debbie Brockwell  
Lisa Graham

### *OTHER OFFICIALS*

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Town Manager.....	John Edwards
Town Attorney .....	Andrea G. Erard
Town Treasurer .....	Letrecia Moore
Town Clerk.....	Karen M. Barrow
School Superintendent .....	Dr. Jeffrey O. Smith



TOWN OF WEST POINT, VIRGINIA

Financial Report  
Year Ended June 30, 2014

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress on pages 4-8, 45-48, and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other 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 combining and individual fund financial statements and schedules, supporting schedule, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, supporting schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules, supporting schedule, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, 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 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 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  
December 22, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia 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, 2014.

### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,198,208 (net position). Of this amount, \$4,697,017 (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 funds reported ending fund balance of \$4,715,279, a decrease of \$664,448 in comparison with the prior year. Approximately 64% of this total amount, \$3,025,059, 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 \$3,025,059, or 33% percent 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 statement, governmental fund financial statement 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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedule of pension funding progress, and other supplementary information includes combining and individual financial statements for the discretely presented component units, a supporting schedule showing budgetary information and 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 exceeded liabilities and deferred inflows of resources by \$10,198,208 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, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,596,129	\$ 8,225,847	\$ 605,844	\$ 667,743	\$ 6,201,973	\$ 8,893,590
Capital assets	9,452,398	7,796,595	3,968,605	4,112,617	13,421,003	11,909,212
Total assets	<u>\$ 15,048,527</u>	<u>\$ 16,022,442</u>	<u>\$ 4,574,449</u>	<u>\$ 4,780,360</u>	<u>\$ 19,622,976</u>	<u>\$ 20,802,802</u>
Long-term liabilities outstanding	\$ 7,564,215	\$ 7,709,141	\$ 839,099	\$ 891,920	\$ 8,403,314	\$ 8,601,061
Current liabilities	951,670	2,897,457	64,648	66,804	1,016,318	2,964,261
Total liabilities	<u>\$ 8,515,885</u>	<u>\$ 10,606,598</u>	<u>\$ 903,747</u>	<u>\$ 958,724</u>	<u>\$ 9,419,632</u>	<u>\$ 11,565,322</u>
Deferred inflows of resources	\$ 5,136	\$ 1,100	\$ -	\$ -	\$ 5,136	\$ 303,437
Net position:						
Net investment in capital assets	\$ 2,409,654	\$ 4,433,339	\$ 3,091,537	\$ 3,188,437	\$ 5,501,191	\$ 7,621,776
Unrestricted	4,117,852	981,405	579,165	633,199	4,697,017	1,614,604
Total net position	<u>\$ 6,527,506</u>	<u>\$ 5,414,744</u>	<u>\$ 3,670,702</u>	<u>\$ 3,821,636</u>	<u>\$ 10,198,208</u>	<u>\$ 9,236,380</u>
Total liabilities, deferred inflows and net position	<u>\$ 15,048,527</u>	<u>\$ 16,022,442</u>	<u>\$ 4,574,449</u>	<u>\$ 4,780,360</u>	<u>\$ 19,622,976</u>	<u>\$ 21,105,139</u>

A large part of the Town's net position (\$5,501,191, or 54 percent) 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 experienced an increase in the governmental activities in the amount of \$1,112,762. The business-type activities net position decreased in the amount of \$150,934.

## Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$1,112,762. 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, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 270,445	\$ 250,277	\$ 591,358	\$ 572,332	\$ 861,803	\$ 822,609
Operating grants and contributions	303,408	152,424	-	-	303,408	152,424
Capital grants and contributions	174,750	368,811	-	-	174,750	368,811
General revenues:						
General property taxes	2,332,979	5,083,067	-	-	2,332,979	5,083,067
Other local taxes	871,190	836,331	-	-	871,190	836,331
Use of money and property	212,756	228,979	829	52	213,585	229,031
Commonwealth of Virginia non- categorical aid	3,716,547	463,080	-	-	3,716,547	463,080
Other general revenues	148,548	162,224	18,482	7,845	167,030	170,069
Total revenues	\$ 8,030,623	\$ 7,545,193	\$ 610,669	\$ 580,229	\$ 8,641,292	\$ 8,125,422
Expenses:						
General government administration	\$ 680,711	\$ 611,633	\$ -	\$ -	\$ 680,711	\$ 611,633
Public safety	1,116,392	973,530	-	-	1,116,392	973,530
Public works	1,079,004	1,094,055	-	-	1,079,004	1,094,055
Education	3,671,221	3,872,596	-	-	3,671,221	3,872,596
Parks, recreation, and cultural	73,417	115,923	-	-	73,417	115,923
Community development	438,667	360,715	-	-	438,667	360,715
Interest	125,649	123,548	-	-	125,649	123,548
Water and sewer	-	-	494,403	534,472	494,403	534,472
Total expenses	\$ 7,185,061	\$ 7,152,000	\$ 494,403	\$ 534,472	\$ 7,679,464	\$ 7,686,472
Increase (decrease) in net position before transfers	\$ 845,562	\$ 393,193	\$ 116,266	\$ 45,757	\$ 961,828	\$ 438,950
Transfers	267,200	209,000	(267,200)	(209,000)	-	-
Increase (decrease) in net position	\$ 1,112,762	\$ 602,193	\$ (150,934)	\$ (163,243)	\$ 961,828	\$ 438,950
Net position, beginning of year	5,414,744	4,812,551	3,821,636	3,984,879	9,236,380	8,797,430
Net position, end of year	\$ 6,527,506	\$ 5,414,744	\$ 3,670,702	\$ 3,821,636	\$ 10,198,208	\$ 9,236,380

## Financial Analysis of the Town's Funds

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

## Financial Analysis of the Town's Funds: (Continued)

Governmental Funds - 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 governmental fund reported ending fund balance of \$4,715,279, a decrease of \$664,448 in comparison with the prior year. A significant portion of this fund balance, \$3,025,059 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 33% of total general fund expenditures, while total fund balance represents 52% of that same amount.

### General Fund Budgetary Highlights

The Town's General Fund expended \$9,039,563 during the year, which was \$1,667,055 more than what was budgeted. The biggest reason for this disparity is the \$1,853,087 that was expended for the HVAC replacement project.

### Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2014 totals \$9,452,398 (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 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 the footnotes to these financial statements.

Debt - Of the total principal balance at the end of the year, \$2,686,025 was for General Obligation Bonds, \$5,628,000 was for a General Obligation Note, and \$184,011 was for State Literary Loans payable. The Town's total outstanding debt principal decreased by \$190,527.

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

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## Basic Financial Statements

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## Government-wide Financial Statements

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## Statement of Net Position

June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 5,254,842	\$ 485,165	\$ 5,740,007	\$ 403,917	\$ 713,975
Receivables (net of allowance for uncollectibles):					
Property taxes	138,641	-	138,641	-	-
Accounts receivable	5,964	120,679	126,643	-	-
Inventory	-	-	-	-	548,208
Due from other governments	196,682	-	196,682	48,688	-
Due from primary government	-	-	-	638,872	-
Total Current Assets	\$ 5,596,129	\$ 605,844	\$ 6,201,973	\$ 1,091,477	\$ 1,262,183
Noncurrent Assets					
Capital Assets (net of accumulated depreciation):					
Land	\$ 869,546	\$ 367,305	\$ 1,236,851	\$ 59,350	\$ -
Construction in progress	5,054,526	-	5,054,526	705,943	-
Buildings and improvements	3,022,791	3,508,253	6,531,044	4,925,847	-
Equipment	505,535	93,047	598,582	426,097	-
Total Capital Assets	\$ 9,452,398	\$ 3,968,605	\$ 13,421,003	\$ 6,117,237	\$ -
Total Assets	\$ 15,048,527	\$ 4,574,449	\$ 19,622,976	\$ 7,208,714	\$ 1,262,183
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 57,727	\$ 5,051	\$ 62,778	\$ 143,580	\$ -
Accrued expenses	14,548	3,845	18,393	925,241	-
Customers' deposits	-	5,880	5,880	-	-
Unearned revenue	36,473	-	36,473	-	-
Due to component unit	638,872	-	638,872	-	-
Accrued interest payable	46,987	-	46,987	-	-
Current portion of long-term obligations	157,063	49,872	206,935	10,048	-
Total Current Liabilities	\$ 951,670	\$ 64,648	\$ 1,016,318	\$ 1,078,869	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	7,564,215	839,099	8,403,314	90,431	-
Total Liabilities	\$ 8,515,885	\$ 903,747	\$ 9,419,632	\$ 1,169,300	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue-property taxes	\$ 5,136	\$ -	\$ 5,136	\$ -	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 2,409,654	\$ 3,091,537	\$ 5,501,191	\$ 6,117,237	\$ -
Unrestricted	4,117,852	579,165	4,697,017	(77,823)	1,262,183
Total Net Position	\$ 6,527,506	\$ 3,670,702	\$ 10,198,208	\$ 6,039,414	\$ 1,262,183
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,048,527	\$ 4,574,449	\$ 19,622,976	\$ 7,208,714	\$ 1,262,183

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

## TOWN OF WEST POINT, VIRGINIA

## Statement of Activities

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 680,711	\$ -	\$ -	\$ -
Public safety	1,116,392	87,851	222,727	-
Public works	1,079,004	182,594	-	-
Education	3,671,221	-	-	-
Parks, recreation, and cultural	73,417	-	-	-
Community development	438,667	-	80,681	174,750
Interest on long-term debt	125,649	-	-	-
Total governmental activities	\$ 7,185,061	\$ 270,445	\$ 303,408	\$ 174,750
Business-type activities:				
Water and Sewer	\$ 494,403	\$ 591,358	\$ -	\$ -
Total primary government	\$ 7,679,464	\$ 861,803	\$ 303,408	\$ 174,750
COMPONENT UNITS:				
School Board	\$ 8,932,450	\$ 141,718	\$ 4,699,011	\$ -
Economic Development Authority	116,953	-	-	-
Total component units	\$ 9,049,403	\$ 141,718	\$ 4,699,011	\$ -
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 and property				
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 - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority	
\$ (680,711)	\$ -	\$ (680,711)	\$ -	\$ -	
(805,814)	-	(805,814)	-	-	
(896,410)	-	(896,410)	-	-	
(3,671,221)	-	(3,671,221)	-	-	
(73,417)	-	(73,417)	-	-	
(183,236)	-	(183,236)	-	-	
(125,649)	-	(125,649)	-	-	
<u>\$ (6,436,458)</u>	<u>\$ -</u>	<u>\$ (6,436,458)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 96,955</u>	<u>\$ 96,955</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 96,955</u>	<u>\$ (6,339,503)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,091,721)	\$ -	
-	-	-	-	(116,953)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,091,721)</u>	<u>\$ (116,953)</u>	
\$ 2,332,979	\$ -	\$ 2,332,979	\$ -	\$ -	
229,930	-	229,930	-	-	
264,492	-	264,492	-	-	
167,166	-	167,166	-	-	
69,157	-	69,157	-	-	
140,445	-	140,445	-	-	
212,756	829	213,585	5,980	5,098	
-	-	-	3,661,255	-	
148,548	18,482	167,030	435,741	679	
3,716,547	-	3,716,547	-	-	
267,200	(267,200)	-	-	-	
<u>\$ 7,549,220</u>	<u>\$ (247,889)</u>	<u>\$ 7,301,331</u>	<u>\$ 4,102,976</u>	<u>\$ 5,777</u>	
<u>\$ 1,112,762</u>	<u>\$ (150,934)</u>	<u>\$ 961,828</u>	<u>\$ 11,255</u>	<u>\$ (111,176)</u>	
<u>\$ 5,414,744</u>	<u>\$ 3,821,636</u>	<u>\$ 9,236,380</u>	<u>\$ 6,028,159</u>	<u>\$ 1,373,359</u>	
<u>\$ 6,527,506</u>	<u>\$ 3,670,702</u>	<u>\$ 10,198,208</u>	<u>\$ 6,039,414</u>	<u>\$ 1,262,183</u>	

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## Fund Financial Statements

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Balance Sheet - Governmental Funds  
June 30, 2014

	Governmental Funds
	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,254,842
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	138,641
Accounts receivable	5,964
Due from other governments	196,682
Total assets	<u>\$ 5,596,129</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 57,727
Accrued expenses	14,548
Unearned revenue	36,473
Due to component unit	638,872
Total liabilities	<u>\$ 747,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	<u>\$ 133,230</u>
<b>FUND BALANCE</b>	
Restricted:	
Economic development	\$ 136,495
Cemetery operations	149,096
Committed:	
Capital projects - HVAC	578,224
Assigned:	
Dare projects	1,279
Radio replacement	13,382
Solid waste fleet replacement	20,000
Vehicle replacement	32,043
Solid waste	96,704
Capital improvements	74,174
Long-term debt	588,823
Unassigned	3,025,059
Total fund balance	<u>\$ 4,715,279</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 5,596,129</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

Fund balance from above	\$ 4,715,279
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 869,546	
Construction in progress	5,054,526	
Buildings and improvements	3,022,791	
Equipment	505,535	9,452,398

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.

128,094

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$ (1,808,957)	
General obligation note	(5,628,000)	
Literary fund loans	(184,011)	
Compensated absences	(100,310)	
Accrued interest payable	(46,987)	(7,768,265)

Net position of General Governmental Activities	<u>\$ 6,527,506</u>
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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, 2014

	Governmental Fund
	General
Revenues:	
General property taxes	\$ 2,358,051
Other local taxes	871,190
Permits, privilege fees and regulatory licenses	30,524
Fines and forfeitures	57,327
Revenue from use of money and property	212,756
Charges for services	182,594
Miscellaneous	148,548
Recovered costs	52,220
Intergovernmental:	
King William County	3,255,944
Commonwealth	634,384
Federal	304,377
Total revenues	\$ 8,107,915
Expenditures:	
Current:	
General government administration	\$ 688,257
Public safety	1,089,546
Public works	860,358
Education	5,479,159
Parks, recreation, and cultural	71,408
Community development	438,667
Nondepartmental	137,700
Debt service:	
Principal retirement	143,415
Interest and other fiscal charges	131,053
Total expenditures	\$ 9,039,563
Excess (deficiency) of revenues over (under) expenditures	\$ (931,648)
Other financing sources (uses):	
Transfers in	\$ 267,200
Total other financing sources (uses)	\$ 267,200
Change in fund balance	\$ (664,448)
Fund balance at beginning of year	5,379,727
Fund balance at end of year	\$ 4,715,279

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, 2014

		<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		\$ (664,448)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:		
Capital outlay	\$ 1,902,837	
Depreciation expense	<u>(211,851)</u>	1,690,986
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(35,183)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(25,072)
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 the 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 retired on general obligation bonds	\$ 113,915	
Principal retired on literary fund loans	<u>29,500</u>	143,415
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (2,340)	
Change in accrued interest payable	<u>5,404</u>	3,064
Change in net position of governmental activities		<u>\$ 1,112,762</u>

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

Statement of Net Position - Proprietary Fund  
June 30, 2014

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 485,165
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>120,679</u>
Total Current Assets	<u>\$ 605,844</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	394,145
Accumulated depreciation	<u>(2,793,779)</u>
Total Noncurrent Assets	<u>\$ 3,968,605</u>
Total Assets	<u><u>\$ 4,574,449</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 5,051
Accrued expenses	3,845
Customer deposits	5,880
Current portion of long-term obligations	<u>49,872</u>
Total Current Liabilities	<u>\$ 64,648</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>839,099</u>
Total Liabilities	<u>\$ 903,747</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 3,091,537
Unrestricted	<u>579,165</u>
Total Net Position	<u>\$ 3,670,702</u>
Total Liabilities and Net Position	<u><u>\$ 4,574,449</u></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, 2014

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 591,358
Miscellaneous	<u>18,482</u>
Total operating revenues	<u>\$ 609,840</u>
Operating expenses:	
Personnel services	\$ 147,949
Fringe benefits	58,047
Contractual services	49,065
Capital outlay	13,632
Other operating costs	58,552
Depreciation and amortization	<u>144,012</u>
Total operating expenses	<u>\$ 471,257</u>
Operating Income (loss)	<u>\$ 138,583</u>
Nonoperating revenues (expenses):	
Interest income	\$ 829
Interest expense	<u>(23,146)</u>
Total nonoperating revenues (expenses)	<u>\$ (22,317)</u>
Income before transfers	\$ 116,266
Transfers out	<u>(267,200)</u>
Change in net position	\$ (150,934)
Net position, beginning of year	<u>3,821,636</u>
Net position, end of year	<u><u>\$ 3,670,702</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, 2014

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 600,507
Payments to employees (including fringe benefits)	(208,850)
Payments to suppliers and service providers	<u>(126,260)</u>
Net cash provided by (used for) operating activities	<u>\$ 265,397</u>
Cash flows from capital and related financing activities:	
Retirement of long-term debt	\$ (47,112)
Interest paid on debt	<u>(23,146)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (70,258)</u>
Cash flows from noncapital financing activities:	
Transfers out	<u>\$ (267,200)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 829</u>
Net increase (decrease) in cash and cash equivalents	\$ (71,232)
Cash and cash equivalents at beginning of year	<u>556,398</u>
Cash and cash equivalents at end of year	<u><u>\$ 485,166</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 138,583
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operations:	
Depreciation and amortization	144,012
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	(9,333)
Increase/(Decrease) in accounts payable	(4,112)
Increase/(Decrease) in accrued expenses	1,745
Increase/(Decrease) in customer deposits	(899)
Increase/(Decrease) in compensated absences	<u>(4,599)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 265,397</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, 2014

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#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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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; cultural events; and education.

##### Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 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).

##### 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 components 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 (government 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.

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

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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. Governments report the original budget to the current comparison of final budget and actual results.

**A. 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 the 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.

**B. Individual Component Unit Disclosures**

*Blended Component Units:* The Town has no blended component units to be included for the fiscal year ended June 30, 2014.

*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 discrete presentation of the Town financial statements for the fiscal year ended June 30, 2014.

*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 8 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.

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

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

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The 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 and claims and judgments, are recorded only when payment is due.

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.

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

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

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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

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.



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

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

3. Discretely Presented Component Units: (Continued)

- 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 Construction Fund - accounts for and reports school construction and related expenditures of the public school system. The School Construction Fund is considered a major fund of the School Board for financial reporting purposes.

E. 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.
- 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.

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

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F. Cash and Cash Equivalents

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

Investments for the Town, as well as for its component units, are reported at fair value.

G. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

State statutes authorize the Town and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

H. Receivables and Payables

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

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 \$142,269 at June 30, 2014 and is composed of the allowance for uncollectible property taxes of \$39,656 and utility accounts of \$102,613.

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 5<sup>th</sup>. The Town bills and collects its own property taxes.

I. Inventory

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

J. 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 are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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

J. Capital Assets: (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2014 was immaterial.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies 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 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources.

L. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

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

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M. 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.

N. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications 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.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town 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).

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

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N. Fund Equity: (Continued)

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.

O. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service cost and amortization of prior service cost over a 30-year period. The Town's policy is to fund pension cost as it accrues.

P. 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.

Q. Net Position

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

R. Net Position Flow Assumption

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.

NOTE 2—DEPOSIT AND INVESTMENTS:

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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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 2—DEPOSIT AND INVESTMENTS: (Continued)

Investments

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

Credit Risk of Debt securities

The Town's rated debt investments as of June 30, 2014 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Town's Rate Debt Investments' Values	
	Fair Quality Ratings
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>8,292</u>

External Investment Pool

The fair value of the positions in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 19,077	\$ -
Fire programs	10,000	-
State sales tax	-	48,688
Federal Government:		
Safe routes to schools	<u>167,605</u>	<u>-</u>
Total due from other governmental units	\$ <u>196,682</u>	\$ <u>48,688</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 4—DUE TO/FROM PRIMARY GOVERNMENT/COMPONENT UNITS:

<u>Fund</u>	<u>Due To Component Unit</u>	<u>Due From Primary Government</u>
Primary Government:		
General	\$ <u>638,872</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>638,872</u>

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 267,200	\$ -
Water and Sewer Fund	<u>-</u>	<u>267,200</u>
Total	\$ <u>267,200</u>	\$ <u>267,200</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 139,919
School Cafeteria Fund	<u>139,919</u>	<u>-</u>
Total	\$ <u>139,919</u>	\$ <u>139,919</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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 869,546	\$ -	\$ -	\$ 869,546
Construction in progress	3,201,439	1,853,087	-	5,054,526
Total capital assets not being depreciated	<u>\$ 4,070,985</u>	<u>\$ 1,853,087</u>	<u>\$ -</u>	<u>\$ 5,924,072</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,447,668	\$ -	\$ -	\$ 3,447,668
Equipment	1,730,805	49,750	-	1,780,555
Jointly owned assets	518,563	-	46,527	472,036
Total capital assets being depreciated	<u>\$ 5,697,036</u>	<u>\$ 49,750</u>	<u>\$ 46,527</u>	<u>\$ 5,700,259</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 684,849	\$ 108,313	\$ -	\$ 793,162
Equipment	1,181,448	93,572	-	1,275,020
Jointly owned assets	105,129	9,966	11,344	103,751
Total accumulated depreciation	<u>\$ 1,971,426</u>	<u>\$ 211,851</u>	<u>\$ 11,344</u>	<u>\$ 2,171,933</u>
Total capital assets being depreciated net	<u>\$ 3,725,610</u>	<u>\$ (162,101)</u>	<u>\$ 35,183</u>	<u>\$ 3,528,326</u>
Net capital assets governmental activities	<u>\$ 7,796,595</u>	<u>\$ 1,690,986</u>	<u>\$ 35,183</u>	<u>\$ 9,452,398</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 6,000,934
Equipment	394,145	-	-	394,145
Total capital assets being depreciated	<u>\$ 6,395,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,395,079</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 2,371,115	\$ 121,566	\$ -	\$ 2,492,681
Equipment	278,652	22,446	-	301,098
Total accumulated depreciation	<u>\$ 2,649,767</u>	<u>\$ 144,012</u>	<u>\$ -</u>	<u>\$ 2,793,779</u>
Total capital assets being depreciated net	<u>\$ 3,745,312</u>	<u>\$ (144,012)</u>	<u>\$ -</u>	<u>\$ 3,601,300</u>
Net capital assets business-type activities	<u>\$ 4,112,617</u>	<u>\$ (144,012)</u>	<u>\$ -</u>	<u>\$ 3,968,605</u>



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Component Unit School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	424,772	281,171	-	705,943
Total capital assets not being depreciated	\$ 484,122	\$ 281,171	\$ -	\$ 765,293
Capital assets being depreciated:				
Buildings and improvements	\$ 8,866,699	\$ 46,527	\$ -	\$ 8,913,226
Equipment	1,244,284	-	-	1,244,284
Total capital assets being depreciated	\$ 10,110,983	\$ 46,527	\$ -	\$ 10,157,510
Less accumulated depreciation:				
Buildings and improvements	\$ 3,787,845	\$ 199,534	\$ -	\$ 3,987,379
Equipment	698,903	119,284	-	818,187
Total accumulated depreciation	\$ 4,486,748	\$ 318,818	\$ -	\$ 4,805,566
Total capital assets being depreciated net	\$ 5,624,235	\$ (272,291)	\$ -	\$ 5,351,944
Net capital assets School Board	\$ 6,108,357	\$ 8,880	\$ -	\$ 6,117,237

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

Governmental activities:	
General government administration	\$ 18,466
Public safety	23,133
Public works	156,885
Education	9,966
Parks, recreation and cultural	3,401
Total governmental activities	\$ 211,851
Water and Sewer Fund	\$ 144,012
Component Unit School Board	\$ 307,474 *
* Depreciation expense School Board	\$ 307,474
Transfer of accumulated depreciation from Primary Government	11,344
Total accumulated depreciation increase - School Board	\$ 318,818

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

### NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>350,458,760</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	35,045,876
Less net bonded debt at June 30, 2014		<u>8,498,036</u>
Legal margin for creation of additional debt	\$	<u>26,547,840</u>

### NOTE 8—PENSION PLAN:

#### A. Plan Description

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

#### VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)
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4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)
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11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. **Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)
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16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2
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1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

VRS – PLAN 2 (CONTINUED)
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6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  
  
Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.  
  
Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.  
  
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN
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1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
  - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
  - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
  - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
  - State employees\*
  - School division employees
  - Political subdivision employees\*
  - Judges appointed or elected to an original term on or after January 1, 2014
  - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. **\*Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
  - Members of the State Police Officers’ Retirement System (SPORS)
  - Members of the Virginia Law Officers’ Retirement System (VaLORS)
  - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.



NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.



NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)
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7. **Calculating the Benefit**

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. **Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. **Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. **Normal Retirement Age**

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. **Earliest Unreduced Retirement Eligibility**

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. **Earliest Reduced Retirement Eligibility**

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. **Cost-of-Living Adjustment (COLA) in Retirement**

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

NOTE 8—PENSION PLAN: (CONTINUED)

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A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

14. **Eligibility** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. **Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service**

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rates for the fiscal year ended 2014 was 9.03% of annual covered payroll.

The School Board's contributions for professional employees were \$536,931, \$527,999, and \$504,072, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

### NOTE 8—PENSION PLAN: (CONTINUED)

#### C. Annual Pension Cost

For fiscal year 2014, Town's annual pension cost of \$116,594 was equal to the Town's required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Town:			
June 30, 2014	\$ 116,594	100%	\$ -
June 30, 2013	107,010	100%	-
June 30, 2012	79,213	100%	-

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

#### D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the Town's plan was 84.35% funded. The actuarial accrued liability for benefits was \$3,199,211, and the actuarial value of assets was \$2,698,494 resulting in an unfunded actuarial accrued liability (UAAL) of \$500,717. The covered payroll (annual payroll of active employees covered by the plan) was \$1,233,289 and ratio of the UAAL to the covered payroll was 40.60%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 9—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, 2014:

	Balance at July 1, 2013	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2014	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,922,872	\$ -	\$ 113,915	\$ 1,808,957	\$ 117,532
General obligation note	5,628,000	-	-	5,628,000	-
Literary fund loans	213,511	-	29,500	184,011	29,500
Compensated absences	97,970	18,574	16,234	100,310	10,031
Total	<u>\$ 7,862,353</u>	<u>\$ 18,574</u>	<u>\$ 159,649</u>	<u>\$ 7,721,278</u>	<u>\$ 157,063</u>
<u>Business-type Activities:</u>					
General obligation bond	\$ 924,180	\$ -	\$ 47,112	\$ 877,068	\$ 48,682
Compensated absences	16,502	2,484	7,083	11,903	1,190
Total	<u>\$ 940,682</u>	<u>\$ 2,484</u>	<u>\$ 54,195</u>	<u>\$ 888,971</u>	<u>\$ 49,872</u>

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

Year Ending June 30,	Governmental Activities						Business-type Activities	
	General Obligation Bonds		General Obligation Note		Literary Fund Loans		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 117,532	\$ 51,395	\$ -	\$ 64,722	\$ 29,500	\$ 5,520	\$ 48,682	\$ 21,915
2016	119,547	48,277	-	64,722	29,500	4,635	49,860	20,649
2017	122,656	45,021	-	64,722	29,500	3,750	51,038	19,352
2018	124,865	41,599	5,628,000	64,722	29,500	2,865	52,216	18,025
2019	128,701	38,102	-	-	29,500	1,980	53,786	16,664
2020	132,581	34,481	-	-	36,511	1,293	55,357	15,261
2021	105,901	30,738	-	-	-	-	56,534	13,823
2022	108,856	27,459	-	-	-	-	58,105	12,350
2023	111,840	24,087	-	-	-	-	59,675	10,836
2024	114,854	20,624	-	-	-	-	61,246	9,283
2025	117,901	17,066	-	-	-	-	62,816	7,689
2026	120,982	13,411	-	-	-	-	64,386	6,054
2027	124,069	9,686	-	-	-	-	65,957	4,379
2028	127,771	5,885	-	-	-	-	67,920	2,659
2029	130,901	1,977	-	-	-	-	69,490	893
Total	<u>\$ 1,808,957</u>	<u>\$ 409,808</u>	<u>\$ 5,628,000</u>	<u>\$ 258,888</u>	<u>\$ 184,011</u>	<u>\$ 20,043</u>	<u>\$ 877,068</u>	<u>\$ 179,832</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2014 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>		
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	\$ 289,025	\$ 16,214
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	1,356,932	75,318
\$188,000 issued December 11, 2012 due in varying annual installments, interest payable annually at 1.88%, through January 15, 2020	<u>163,000</u>	<u>26,000</u>
Total General Obligation Bonds	<u>\$ 1,808,957</u>	<u>\$ 117,532</u>
General Obligation Note:		
\$5,628,000 issued December 11, 2012 due in full on January 15, 2018, interest payable semi-annually at 1.15%, through January 15, 2018	<u>\$ 5,628,000</u>	<u>\$ -</u>
Compensated Absences	<u>\$ 100,310</u>	<u>\$ 10,031</u>
Literary Fund Loans		
\$597,011 State Literary Fund loan issued September 15, 1998, due in annual installments of \$29,500 through September 15, 2019, interest payable annually at 3%	<u>\$ 184,011</u>	<u>\$ 29,500</u>
Total governmental fund long-term obligations	<u><u>\$ 7,721,278</u></u>	<u><u>\$ 157,063</u></u>
<u>Business-type Activities</u>		
Water & Sewer Fund:		
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, 2029	<u>\$ 877,068</u>	<u>\$ 48,682</u>
Compensated absences	<u>\$ 11,903</u>	<u>\$ 1,190</u>
Total proprietary fund long-term obligations	<u><u>\$ 888,971</u></u>	<u><u>\$ 49,872</u></u>

## TOWN OF WEST POINT, VIRGINIA

### Notes to Financial Statements June 30, 2014 (Continued)

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#### NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

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##### COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2014:

	<u>Balance at</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
General Long-term Obligations:					
Compensated absences	\$ 99,823	\$ 24,182	\$ 23,526	\$ 100,479	\$ 10,048
Total	<u>\$ 99,823</u>	<u>\$ 24,182</u>	<u>\$ 23,526</u>	<u>\$ 100,479</u>	<u>\$ 10,048</u>

#### NOTE 10—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

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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. As of June 30, 2014, unearned, deferred and unavailable revenue consisted of the following:

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$128,094 at June 30, 2014.

Prepaid property taxes: Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$5,136 at June 30, 2014.

Other unearned items: Other amounts consist of DMV stop payments totaling \$3,974 and other unearned grant funds totaling \$32,499 at June 30, 2014.

#### NOTE 11—CONTINGENT LIABILITIES:

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The Town participates in a number of federally assisted grant programs. Although the Town has been audited in accordance with the provisions of OMB Circular A-133, 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. Based on prior experience, Town management believes such disallowances, if any, will not be significant.

#### NOTE 12—RISK MANAGEMENT:

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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, 2014 (Continued)

#### NOTE 13—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 14—INVENTORY:

At June 30, 2014 the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

	<u>Enterprise Funds</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 15—LITIGATION:

At June 30, 2014, there were no matters of litigation involving the Town or which would materially effect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

#### NOTE 16—UPCOMING PRONOUNCEMENTS:

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town believes the implementation of Statement No. 68 will significantly impact the Town's net position; however, no formal study or estimate of the impact of this standard has been performed.

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## Required Supplementary Information

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Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2014

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 2,407,036	\$ 2,407,036	\$ 2,358,051	\$ (48,985)
Other local taxes	810,000	810,000	871,190	61,190
Permits, privilege fees and regulatory licenses	29,200	29,200	30,524	1,324
Fines and forfeitures	30,000	30,000	57,327	27,327
Revenue from use of money and property	198,800	198,800	212,756	13,956
Charges for services	173,000	173,000	182,594	9,594
Miscellaneous	281,426	301,476	148,548	(152,928)
Recovered costs	42,000	42,000	52,220	10,220
Intergovernmental revenue:				
King William County	3,052,534	3,052,534	3,255,944	203,410
Commonwealth	719,480	719,180	634,384	(84,796)
Federal	-	-	304,377	304,377
Total revenues	\$ 7,743,476	\$ 7,763,226	\$ 8,107,915	\$ 344,689
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 63,000	\$ 63,000	\$ 110,291	\$ (47,291)
Human resources	-	-	43,293	(43,293)
Total legislative	\$ 63,000	\$ 63,000	\$ 153,584	\$ (90,584)
General and financial administration:				
Town treasurer	\$ 298,750	\$ 298,750	\$ 282,329	\$ 16,421
Town manager	243,212	243,212	252,344	(9,132)
Total general and financial administration	\$ 541,962	\$ 541,962	\$ 534,673	\$ 7,289
Total general government administration	\$ 604,962	\$ 604,962	\$ 688,257	\$ (83,295)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 717,126	\$ 799,375	\$ 769,614	\$ 29,761
Town radio equipment	-	-	86,765	(86,765)
Central dispatching	61,000	61,000	66,575	(5,575)
Total law enforcement and traffic control	\$ 778,126	\$ 860,375	\$ 922,954	\$ (62,579)

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total fire and rescue services	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Inspections:				
Building	\$ 84,700	\$ 84,700	\$ 66,592	\$ 18,108
Total inspections	\$ 84,700	\$ 84,700	\$ 66,592	\$ 18,108
Total public safety	\$ 962,826	\$ 1,045,075	\$ 1,089,546	\$ (44,471)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 191,700	\$ 191,700	\$ 179,145	\$ 12,555
Highways, streets, bridges and sidewalks	354,200	354,200	327,952	26,248
Total maintenance of highways, streets, bridges and sidewalks	\$ 545,900	\$ 545,900	\$ 507,097	\$ 38,803
Sanitation and waste removal:				
Refuse collection and disposal	\$ 168,000	\$ 168,000	\$ 99,673	\$ 68,327
Total sanitation and waste removal	\$ 168,000	\$ 168,000	\$ 99,673	\$ 68,327
Maintenance of general buildings and grounds:				
General properties	\$ 253,800	\$ 253,800	\$ 253,588	\$ 212
Total maintenance of general buildings and grounds	\$ 253,800	\$ 253,800	\$ 253,588	\$ 212
Total public works	\$ 967,700	\$ 967,700	\$ 860,358	\$ 107,342
Education:				
Contribution to school board component unit	\$ 3,820,000	\$ 3,775,603	\$ 3,626,072	\$ 149,531
HVAC replacement	-	-	1,853,087	(1,853,087)
Total education	\$ 3,820,000	\$ 3,775,603	\$ 5,479,159	\$ (1,703,556)

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation				
Cemetery	\$ 31,000	\$ 31,000	\$ 21,030	\$ 9,970
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 71,000	\$ 71,000	\$ 61,030	\$ 9,970
Library:				
Library administration	\$ 14,600	\$ 14,600	\$ 10,378	\$ 4,222
Total library	\$ 14,600	\$ 14,600	\$ 10,378	\$ 4,222
Total parks, recreation and cultural	\$ 85,600	\$ 85,600	\$ 71,408	\$ 14,192
Planning and community development:				
Community development:				
Community development	\$ 85,733	\$ 85,733	\$ 78,514	\$ 7,219
Economic development	32,700	32,700	34,464	(1,764)
MPPDC fees	4,033	4,033	4,033	-
Farmers market	1,000	1,000	1,760	(760)
Chesapeake bay transit	20,675	20,675	20,675	-
Relocation expense	1,000	1,000	907	93
Safe routes to schools	151,026	151,026	180,194	(29,168)
Hazard mitigation	115,000	115,000	101,148	13,852
Bay agency on aging	2,500	2,500	2,500	-
Lead program	7,000	7,000	3,272	3,728
Art council funding	10,000	10,000	10,000	-
Chamber of commerce	1,200	1,200	1,200	-
Total community development	\$ 431,867	\$ 431,867	\$ 438,667	\$ (6,800)
Total planning and community development	\$ 431,867	\$ 431,867	\$ 438,667	\$ (6,800)
Nondepartmental:				
Employee compensation	\$ 39,575	\$ 39,575	\$ 2,859	\$ 36,716
Historical Society	10,000	10,000	10,000	-
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	4,000	4,000	2,288	1,712
Computer repair blanket	7,000	7,000	8,855	(1,855)
Puller 10k	8,800	8,800	8,486	314
Planning commission	2,500	2,500	1,050	1,450
Portable electronic agendas	19,980	19,980	11,408	8,572
Board of zoning appeals	1,200	1,200	308	892
Dare	-	-	383	(383)
Wetlands Board	1,200	1,200	314	886
Marketing	2,000	2,000	2,665	(665)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
Liability insurance	37,246	37,246	34,084	3,162
Annual audit service	30,000	30,000	23,000	7,000
Total nondepartmental	\$ 195,501	\$ 195,501	\$ 137,700	\$ 57,801

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Debt service:				
Principal retirement	\$ 266,200	\$ 266,200	\$ 143,415	\$ 122,785
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>131,053</u>	<u>(131,053)</u>
Total debt service	\$ 266,200	\$ 266,200	\$ 274,468	\$ (8,268)
Total expenditures	\$ 7,334,656	\$ 7,372,508	\$ 9,039,563	\$ (1,667,055)
Excess (deficiency) of revenues over expenditures	\$ 408,820	\$ 390,718	\$ (931,648)	\$ (1,322,366)
Other financing sources (uses):				
Transfers in	\$ 267,200	\$ 267,200	\$ 267,200	\$ -
Total other financing sources (uses)	\$ 267,200	\$ 267,200	\$ 267,200	\$ -
Change in fund balance	\$ 676,020	\$ 657,918	\$ (664,448)	\$ (1,322,366)
Fund balance at beginning of year	<u>(676,020)</u>	<u>(657,918)</u>	<u>5,379,727</u>	<u>6,037,645</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,715,279</u>	<u>\$ 4,715,279</u>

Schedule of Pension Funding Progress for the Virginia Retirement System  
Last Three Fiscal Years

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Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 2,698,494	\$ 3,199,211	\$ 500,717	84.35%	\$ 1,233,289	40.60%
6/30/2012	2,533,663	3,028,642	494,979	83.66%	1,372,925	36.05%
6/30/2011	2,369,258	2,781,397	412,139	85.18%	1,340,947	30.73%

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## Other Supplementary Information

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**Discretely Presented Component Unit-School Board**

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Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2014

	School Operating	School Cafeteria	School Construction	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 381,261	\$ 22,075	\$ 581	\$ 403,917
Due from other governments	48,688	-	-	48,688
Due from primary government	638,872	-	-	638,872
Total assets	<u>\$ 1,068,821</u>	<u>\$ 22,075</u>	<u>\$ 581</u>	<u>\$ 1,091,477</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 143,580	\$ -	\$ -	\$ 143,580
Accrued expenses	925,241	-	-	925,241
Total liabilities	<u>\$ 1,068,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,821</u>
<b>FUND BALANCES</b>				
Assigned:				
Special revenue	\$ -	\$ 22,075	\$ -	\$ 22,075
Capital projects	-	-	581	581
Total fund balances	<u>\$ -</u>	<u>\$ 22,075</u>	<u>\$ 581</u>	<u>\$ 22,656</u>
Total liabilities and fund balances	<u>\$ 1,068,821</u>	<u>\$ 22,075</u>	<u>\$ 581</u>	<u>\$ 1,091,477</u>

Detailed explanation of adjustments from fund statements  
to government-wide Statement of Net Position:

Fund balance from above \$ 22,656

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

Land	\$ 59,350	
Buildings and improvements	4,925,847	
Equipment	426,097	
Construction in progress	705,943	6,117,237

Long-term liabilities applicable to the School Board's  
governmental activities are not due and payable in the  
current period and accordingly are not reported as fund  
liabilities. All liabilities--both current and long-term--are  
reported in the Statement of Net Position. Details of this  
item consist of compensated absences.

	(100,479)
Net position of governmental activities	<u>\$ 6,039,414</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2014

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 5,975	\$ 5	\$ -	\$ 5,980
Charges for services	-	141,718	-	141,718
Miscellaneous	435,741	-	-	435,741
Recovered costs	323,276	-	-	323,276
Intergovernmental revenue:				
Contribution from Town of West Point	3,626,072	-	-	3,626,072
Commonwealth	4,349,862	-	-	4,349,862
Federal	349,149	-	-	349,149
Total revenues	<u>\$ 9,090,075</u>	<u>\$ 141,723</u>	<u>\$ -</u>	<u>\$ 9,231,798</u>
Expenditures:				
Current:				
Education	\$ 8,950,156	\$ 278,611	\$ -	\$ 9,228,767
Total expenditures	<u>\$ 8,950,156</u>	<u>\$ 278,611</u>	<u>\$ -</u>	<u>\$ 9,228,767</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 139,919	\$ (136,888)	\$ -	\$ 3,031
Other financing sources (uses):				
Transfers in (out)	<u>(139,919)</u>	<u>139,919</u>	<u>-</u>	<u>-</u>
Changes in fund balances	\$ -	\$ 3,031	\$ -	\$ 3,031
Fund balances at beginning of year	<u>-</u>	<u>19,044</u>	<u>581</u>	<u>19,625</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 22,075</u>	<u>\$ 581</u>	<u>\$ 22,656</u>

Reconciliation of 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, 2014

		<u>Component Unit School Board</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	3,031
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded (did not exceed) depreciation in the current period.		
Capital outlay	\$ 281,171	
Depreciation expense	<u>(307,474)</u>	(26,303)
Transfer of joint tenancy assets from Primary Government to the Component Unit - School Board		35,183
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. This amount reflects the change in compensated absences.		<u>(656)</u>
Change in net position of governmental activities	\$	<u><u>11,255</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, 2014

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 5,975	\$ 5,975
Miscellaneous	216,000	610,556	435,741	(174,815)
Recovered costs	359,225	359,225	323,276	(35,949)
Intergovernmental:				
Town contribution to School Board	3,820,000	3,820,000	3,626,072	(193,928)
Commonwealth	4,138,154	4,138,154	4,349,862	211,708
Federal	257,013	257,013	349,149	92,136
Total revenues	\$ 8,790,392	\$ 9,184,948	\$ 9,090,075	\$ (94,873)
Expenditures:				
Current:				
Education:				
Instruction	\$ 6,874,600	\$ 7,070,166	\$ 7,013,680	\$ 56,486
Administration, attendance and health	433,686	433,686	434,055	(369)
Pupil transportation services	242,808	242,808	198,530	44,278
Operation and maintenance services	971,038	971,038	1,138,104	(167,066)
Facilities	-	-	80,485	(80,485)
Debt service	80,328	80,328	13,311	67,017
School food services	96,932	96,932	36,310	60,622
Capital projects	216,000	414,990	35,681	379,309
Total expenditures	\$ 8,915,392	\$ 9,309,948	\$ 8,950,156	\$ 359,792
Excess (deficiency) of revenues over (under) expenditures	\$ (125,000)	\$ (125,000)	\$ 139,919	\$ 264,919
Other financing sources (uses):				
Transfers in (out)	-	-	(139,919)	(139,919)
Change in fund balance	\$ (125,000)	\$ (125,000)	\$ -	\$ 125,000
Fund balance at beginning of year	125,000	125,000	-	(125,000)
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -



**Discretely Presented Component Unit-Economic Development Authority**

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Discretely Presented Component Unit - Economic Development Authority  
Statement of Net Position - Proprietary Fund  
Year Ended June 30, 2014

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	Proprietary Fund
	<u>Enterprise</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 713,975
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 1,262,183</u>
 Total Assets	 <u><u>\$ 1,262,183</u></u>
 <b>NET POSITION</b>	
Unrestricted	<u>\$ 1,262,183</u>
Total Net Position	<u><u>\$ 1,262,183</u></u>

Discretely Presented Component Unit - Economic Development Authority  
Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund  
Year Ended June 30, 2014

	Proprietary Fund
	Enterprise
Operating revenues:	
Miscellaneous	\$ 679
Total operating revenues	\$ 679
Operating expenses:	
Contractual services	\$ 8,953
Total operating expenses	\$ 8,953
Operating income (loss)	\$ (8,274)
Nonoperating revenues (expenses):	
Interest income	\$ 5,098
EDA contribution to Town	(108,000)
Total nonoperating revenues (expenses)	\$ (102,902)
Change in net position	\$ (111,176)
Net position at beginning of year	1,373,359
Net position at end of year	\$ 1,262,183

Discretely Presented Component Unit - Economic Development Authority  
Statement of Cash Flows - Proprietary Fund  
Year Ended June 30, 2014

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	Proprietary Fund
	Enterprise
<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 679
Payments for services	(8,953)
	<u>(8,274)</u>
Net cash provided by (used for) operating activities	\$ (8,274)
<b>Cash flows from noncapital financing activities:</b>	
EDA contribution to Town	\$ (108,000)
	<u>(108,000)</u>
<b>Cash flows from investing activities:</b>	
Interest income	\$ 5,098
	<u>5,098</u>
Increase (decrease) in cash and cash equivalents	\$ (111,176)
Cash and cash equivalents at beginning of year	825,151
Cash and cash equivalents at end of year	\$ <u><u>713,975</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (8,274)
	<u>(8,274)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(8,274)</u></u>

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## Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 906,477	\$ 906,477	\$ 901,276	\$ (5,201)
Real and personal public service corporation property taxes	34,898	34,898	35,418	520
Personal property taxes	145,363	145,363	215,408	70,045
Machinery and tools taxes	1,268,298	1,268,298	1,173,675	(94,623)
Penalties	52,000	52,000	13,909	(38,091)
Interest	-	-	18,365	18,365
Total general property taxes	\$ 2,407,036	\$ 2,407,036	\$ 2,358,051	\$ (48,985)
Other local taxes:				
Local sales and use taxes	\$ 200,000	\$ 200,000	\$ 229,930	\$ 29,930
Consumers' utility taxes	67,500	67,500	69,157	1,657
Utility consumption tax	47,500	47,500	45,444	(2,056)
Business license taxes	161,000	161,000	167,166	6,166
Motor vehicle licenses	53,000	53,000	46,935	(6,065)
Natural gas tax	30,000	30,000	28,292	(1,708)
Bank franchise tax	15,000	15,000	19,774	4,774
Meals taxes	236,000	236,000	264,492	28,492
Total other local taxes	\$ 810,000	\$ 810,000	\$ 871,190	\$ 61,190
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 29,200	\$ 29,200	\$ 30,524	\$ 1,324
Total permits, privilege fees and regulatory licenses	\$ 29,200	\$ 29,200	\$ 30,524	\$ 1,324
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 57,327	\$ 27,327
Total fines and forfeitures	\$ 30,000	\$ 30,000	\$ 57,327	\$ 27,327
Revenue from use of money and property:				
Revenue from use of money	\$ 47,000	\$ 47,000	\$ 51,044	\$ 4,044
Revenue from use of property	151,800	151,800	161,712	9,912
Total revenue from use of money and property	\$ 198,800	\$ 198,800	\$ 212,756	\$ 13,956
Charges for services:				
Charges for solid waste collection	\$ 173,000	\$ 173,000	\$ 182,594	\$ 9,594
Total charges for services	\$ 173,000	\$ 173,000	\$ 182,594	\$ 9,594

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government: (continued)</b>				
<b>General Fund: (continued)</b>				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous revenue	\$ 173,426	\$ 193,476	\$ 40,548	\$ (152,928)
EDA contribution to Town	108,000	108,000	108,000	-
Total miscellaneous revenue	\$ 281,426	\$ 301,476	\$ 148,548	\$ (152,928)
Recovered costs:				
DMV - license agent fees	\$ 42,000	\$ 42,000	\$ 52,220	\$ 10,220
Total recovered costs	\$ 42,000	\$ 42,000	\$ 52,220	\$ 10,220
Total revenue from local sources	\$ 3,971,462	\$ 3,991,512	\$ 3,913,210	\$ (78,302)
Intergovernmental revenue:				
Local government:				
King William County	\$ 3,052,534	\$ 3,052,534	\$ 3,255,944	\$ 203,410
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	7,346	7,346
Auto rental tax	-	-	378	378
Communications tax	90,000	90,000	86,329	(3,671)
Total noncategorical aid	\$ 456,550	\$ 456,550	\$ 460,603	\$ 4,053
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 10,000	\$ 2,000
599 fund grant	71,100	71,100	71,100	-
VA commission of the arts grant	5,000	5,000	5,000	-
Wireless 911 Board Funding	38,000	37,700	39,538	1,838
Hazard mitigation grant	109,250	109,250	20,182	(89,068)
Police grants	21,580	21,580	17,961	(3,619)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	\$ 262,930	\$ 262,630	\$ 173,781	\$ (88,849)
Total revenue from the Commonwealth	\$ 719,480	\$ 719,180	\$ 634,384	\$ (84,796)
Revenue from the Federal Government:				
Categorical aid:				
Safe routes to schools	\$ -	\$ -	\$ 174,750	\$ 174,750
Hazard mitigation grant	-	-	75,681	75,681
Asset forfeiture	-	-	49,750	49,750
Police grants	-	-	4,196	4,196
Total categorical aid	\$ -	\$ -	\$ 304,377	\$ 304,377
Total revenue from the federal government	\$ -	\$ -	\$ 304,377	\$ 304,377
<b>Total General Fund</b>	<b>\$ 7,743,476</b>	<b>\$ 7,763,226</b>	<b>\$ 8,107,915</b>	<b>\$ 344,689</b>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 2,575	\$ 2,575
Revenue from use of property	-	-	3,400	3,400
Total from use of money and property	\$ -	\$ -	\$ 5,975	\$ 5,975
Miscellaneous revenue:				
Miscellaneous revenue	\$ -	\$ 394,556	\$ 312,741	\$ (81,815)
Donations	216,000	216,000	123,000	(93,000)
Total miscellaneous revenue	\$ 216,000	\$ 610,556	\$ 435,741	\$ (174,815)
Recovered costs:				
Tuition or other payments from another county or city	\$ 359,225	\$ 359,225	\$ 323,276	\$ (35,949)
Total recovered costs	\$ 359,225	\$ 359,225	\$ 323,276	\$ (35,949)
Total revenue from local sources	\$ 575,225	\$ 969,781	\$ 764,992	\$ (204,789)
Intergovernmental revenue:				
Town contribution to School Board	\$ 3,820,000	\$ 3,820,000	\$ 3,626,072	\$ (193,928)
Total intergovernmental revenue	\$ 3,820,000	\$ 3,820,000	\$ 3,626,072	\$ (193,928)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 585,724	\$ 585,724
Basic school aid	-	-	2,579,787	2,579,787
Special education - SOQ	-	-	143,449	143,449
Share of fringe benefits	-	-	419,449	419,449
State technology grant	-	-	128,000	128,000
Other state funds	4,138,154	4,138,154	493,453	(3,644,701)
Total categorical aid	\$ 4,138,154	\$ 4,138,154	\$ 4,349,862	\$ 211,708
Total revenue from the Commonwealth	\$ 4,138,154	\$ 4,138,154	\$ 4,349,862	\$ 211,708
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 35,513	\$ 35,513
Title VI-B - special education	-	-	136,445	136,445
Other federal funds	257,013	257,013	177,191	(79,822)
Total categorical aid	\$ 257,013	\$ 257,013	\$ 349,149	\$ 92,136
Total revenue from the federal government	\$ 257,013	\$ 257,013	\$ 349,149	\$ 92,136
Total School Operating Fund	\$ 8,790,392	\$ 9,184,948	\$ 9,090,075	\$ (94,873)

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Component Unit - School Board: (continued)</b>				
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 5	\$ 5
Charges for services:				
Cafeteria sales	-	-	141,718	141,718
Total revenue from local sources	\$ -	\$ -	\$ 141,723	\$ 141,723
Total School Cafeteria Fund	\$ -	\$ -	\$ 141,723	\$ 141,723
Total Revenues-Component Unit-School Board	\$ 8,790,392	\$ 9,184,948	\$ 9,231,798	\$ 46,850

## Statistical Information

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## TOWN OF WEST POINT, VIRGINIA

Table 1

Government-wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General			Parks, Recreation and				Interest on		Water and		Total
	Government Administration	Public Safety	Public Works	Education	Cultural	Community Development	Debt	Sewer				
2004-05	\$ 508,917	\$ 846,992	\$ 813,402	\$ 3,466,754	\$ 205,965	\$ 92,070	\$ 67,761	\$ 314,719	\$ 6,316,580			
2005-06	497,350	1,014,134	925,106	3,393,894	186,217	343,075	60,017	332,176	6,751,969			
2006-07	492,784	951,767	960,968	3,045,363	236,259	384,050	51,837	397,379	6,520,407			
2007-08	527,844	999,477	961,325	3,215,162	87,274	509,946	122,784	380,719	6,804,531			
2008-09	537,141	988,020	1,990,757	3,276,236	227,297	29,198	92,960	498,940	7,640,549			
2009-10	632,474	1,019,141	244,392	3,411,167	34,689	334,247	97,474	514,681	6,288,265			
2010-11	537,809	1,051,801	1,107,762	3,944,820	40,182	291,900	90,143	528,925	7,593,342			
2011-12	578,255	1,041,749	1,199,933	3,708,942	33,875	1,187,254	88,721	562,855	8,401,584			
2012-13	611,633	973,530	1,094,055	3,872,596	115,923	360,715	123,548	534,472	7,686,472			
2013-14	680,711	1,116,392	1,079,004	3,671,221	73,417	438,667	125,649	494,403	7,679,464			

## 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	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	
2004-05	\$ 482,288	\$ 283,216	\$ 80,481	\$ 4,235,873	\$ 843,847	\$ 343,800	\$ 176,509	\$ 77,952	\$ 6,523,966
2005-06	536,209	266,448	127,818	4,407,679	936,670	347,140	223,704	319,880	7,165,548
2006-07	540,031	372,804	8,643	4,584,226	912,352	374,822	228,437	78,980	7,100,295
2007-08	806,241	147,828	565,000	4,899,425	910,716	369,991	337,094	88,523	8,124,818
2008-09	627,721	213,388	797,060	5,035,591	891,262	372,150	314,562	234,189	8,485,923
2009-10	679,209	158,622	-	1,177,303	842,898	460,225	212,756	49,415	3,580,428
2010-11	676,147	179,698	298,235	4,720,965	765,474	464,463	546,402	236,764	7,888,148
2011-12	718,219	762,693	522,188	4,674,205	847,663	459,509	197,390	165,872	8,347,739
2012-13	822,609	152,424	368,811	5,083,067	836,331	463,080	229,031	170,069	8,125,422
2013-14	861,803	303,408	174,750	2,332,979	871,190	3,716,547	213,585	167,030	8,641,292



## General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	Revenues from the										Inter- governmental (2)	Total
	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures		Use of Money & Property		Charges for Services	Miscellaneous	Recovered Costs		
2004-05	\$ 4,296,314	\$ 843,847	\$ 31,545	\$ 58,844	\$ 180,890	\$ 209,307	\$ 276,297	\$ 320,926	\$ 4,975,597	\$ 11,193,567		
2005-06	4,392,529	936,670	37,880	36,842	231,193	204,535	451,772	320,445	5,298,494	11,910,360		
2006-07	4,581,238	912,352	39,266	64,497	242,128	172,078	266,691	307,307	5,787,514	12,373,071		
2007-08	4,844,194	910,716	45,091	60,363	347,395	158,813	364,795	309,611	6,118,305	13,159,283		
2008-09	4,982,836	891,262	52,260	29,246	319,599	154,113	277,679	280,443	6,901,921	13,889,359		
2009-10	4,760,978	765,674	47,017	26,787	271,267	175,443	192,248	333,471	5,957,738	12,530,623		
2010-11	4,736,169	765,474	18,997	25,815	551,798	132,227	215,927	351,357	5,342,862	12,140,626		
2011-12	4,686,251	847,663	18,726	27,533	201,199	232,205	178,801	366,951	6,572,043	13,131,372		
2012-13	5,071,285	836,331	29,804	36,404	235,956	325,853	397,491	379,539	5,528,944	12,841,607		
2013-14	2,358,051	871,190	30,524	57,327	218,736	324,312	584,289	375,496	8,893,716	13,713,641		

(1) Includes General and Special Revenue Funds 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.

General Government Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Admini- stration	Public Safety	Public Works	Education (2)	Parks			Community Develop- ment	Non- Departmental	Debt Service	Total
					Recreation and Cultural						
2004-05	\$ 448,668	\$ 983,868	\$ 648,555	\$ 8,207,396	\$ 175,443	\$	247,005	\$	63,583	\$ 365,399	\$ 11,139,917
2005-06	510,483	1,110,807	919,435	8,487,566	215,194		343,942		257,894	364,069	12,209,390
2006-07	486,561	970,096	808,823	8,661,071	236,513		384,050		132,646	367,211	12,046,971
2007-08	517,427	982,591	807,728	8,908,318	86,367		2,051,033		173,802	443,971	13,971,237
2008-09	533,128	994,283	834,752	9,333,591	223,146		1,391,436		217,490	493,749	14,021,575
2009-10	546,714	995,229	898,071	9,492,661	54,674		923,655		178,686	536,969	13,626,659
2010-11	567,331	1,077,003	1,035,404	9,051,161	31,652		648,403		241,644	243,589	12,896,187
2011-12	578,122	1,065,555	868,227	9,106,253	34,165		1,282,740		236,481	1,684,796	14,856,339
2012-13	608,551	1,073,442	861,443	12,271,266	111,128		360,715		134,845	188,758	15,610,148
2013-14	688,257	1,089,546	860,358	11,081,854	71,408		438,667		137,700	274,468	14,642,258

(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
2004-05	\$ 199,393,310	\$ 18,756,966	\$ 121,575,309	\$	7,740,626	\$ 6,328	347,472,539
2005-06	245,027,016	20,899,987	125,171,750		9,915,481	41,466	401,055,700
2006-07	250,017,232	26,976,498	108,337,719		7,795,266	44,780	393,171,495
2007-08	257,481,252	30,335,137	108,919,298		8,194,507	7,359	404,937,553
2008-09	329,616,337	28,841,715	105,577,376		11,353,741	8,731	475,397,900
2009-10	329,503,108	22,935,137	102,977,141		9,978,958	22,851	465,417,195
2010-11	334,681,768	24,905,732	103,180,535		11,219,169	22,851	474,010,055
2011-12	334,351,450	22,071,030	99,511,747		12,393,142	675	468,328,044
2012-13	337,460,418	22,704,838	101,227,503		12,796,501	675	474,189,935
2013-14	337,451,530	23,277,613	102,484,916		13,007,230	9,157	476,230,446

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

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

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2004-05	\$ 0.600	\$ 3.30	2.25
2005-06	0.600	3.30	2.25
2006-07	0.600	3.30	2.25
2007-08	0.700	3.30	2.25
2008-09	0.600	3.30	2.25
2009-10	0.600	3.30	2.25
2010-11	0.600	3.30	2.25
2011-12	0.600	3.30	2.25
2012-13	0.640	3.52	2.40
2013-14	0.270	2.25	1.21

(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)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding (1) Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
				Tax (2) Collections								
2004-05	\$ 4,597,266	\$ 4,503,535	97.96%	\$	58,994	\$ 4,562,529	99.24%	\$	62,773		1.37%	
2005-06	5,035,968	4,952,241	98.34%		79,335	5,031,576	99.91%		57,709		1.15%	
2006-07	4,875,394	4,772,165	97.88%		91,142	4,863,307	99.75%		116,875		2.40%	
2007-08	5,311,746	5,145,898	96.88%		39,578	5,185,476	97.62%		143,567		2.70%	
2008-09	5,373,484	5,231,715	97.36%		61,532	5,031,576	93.64%		189,566		3.53%	
2009-10	5,111,549	5,019,617	98.20%		60,351	5,079,968	99.38%		204,235		4.00%	
2010-11	5,219,494	4,961,497	95.06%		77,887	5,039,384	96.55%		197,573		3.79%	
2011-12	5,048,755	4,933,290	97.71%		93,071	5,026,361	99.56%		175,702		3.48%	
2012-13	5,470,825	5,323,156	97.30%		67,642	5,390,798	98.54%		229,029		4.19%	
2013-14	2,710,048	2,656,322	98.02%		56,819	2,713,141	100.11%		178,297		6.58%	

(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)	Less:			Ratio of Net		
			Gross Bonded Debt (3)	Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)	Net Bonded Debt	General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2004-05	2,945	\$ 347,473	\$ 2,118,828	\$ -	\$ 211,911	\$ 1,906,917	0.55%	\$ 648
2005-06	2,963	401,056	1,712,559	-	107,742	1,604,817	0.40%	542
2006-07	3,049	393,171	1,291,417	-	-	1,291,417	0.33%	424
2007-08	3,100	404,938	3,972,417	-	-	3,972,417	0.98%	1,281
2008-09	3,134	475,398	3,872,221	-	-	3,872,221	0.81%	1,236
2009-10	3,156	465,417	3,376,099	-	-	3,376,099	0.73%	1,070
2010-11	3,306	474,010	3,160,100	-	-	3,160,100	0.67%	956
2011-12	3,315	468,328	3,044,913	-	-	3,044,913	0.65%	919
2012-13	3,312	474,190	8,688,563	-	-	8,688,563	1.83%	2,623
2013-14	3,339	476,230	8,498,036	-	-	8,498,036	1.78%	2,545

(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, capital leases, and compensated absences.

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

## Compliance

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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, 2014, 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 December 22, 2014.

### 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 22, 2014

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited Town of West Point, Virginia's compliance with the types of compliance requirements described (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of Town of West Point, Virginia's major federal programs for the year ended June 30, 2014. 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.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of Town of West Point, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of West Point, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### *Opinion on Each Major Federal Program*

In our opinion, Town of West Point, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of Town of West Point, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of West Point, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of West Point, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 22, 2014

## TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Federal Grantor / State Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Agency Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway Planning and Construction	20.205	N/A	\$ 174,750
<u>Pass-through payments:</u>			
Department of Motor Vehicles			
State and Community Highway Safety	20.600	60507-51304 60507-52173	4,196
Total Department of Transportation			\$ 178,946
<u>DEPARTMENT OF TREASURY:</u>			
<u>Direct payments:</u>			
Forfeited Assets	21.000	N/A	\$ 49,750
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass-through payments:</u>			
Department of Emergency Management: Hazard Mitigation Grant	97.039	77501-52749	\$ 75,681
Total Primary Government			\$ 304,377
<b>COMPONENT UNIT: SCHOOL BOARD</b>			
<u>UNITED STATES DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass-through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture:			
National School Lunch Program	10.555	N/A	\$ 17,605
Department of Education:			
National School Lunch Program	10.555	17901-40623	95,433
School Breakfast Program	10.553	17901-40591	34,981
Total Department of Agriculture			\$ 148,019
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass-through payments:</u>			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 6,500
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass-through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901 17901-42999	\$ 35,513
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	132,290
Special Education - Preschool Grants	84.173	17901-62521	4,155
Improving Teacher Quality State Grants	84.367	17901-61480	15,772
Career and Technical Education - Basic Grants to States	84.048	17901-61095	6,900
Total Department of Education			\$ 194,630
Total Component Unit School Board			\$ 349,149
Total Expenditures of Federal Awards			\$ 653,526

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, 2014

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2014 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of 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 Town of West Point, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

#### Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at the 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	\$ 304,377
Component Unit School Board:	
School Operating Fund	349,149
Total federal expenditures per basic financial statements	\$ <u>653,526</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>653,526</u></u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

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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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Federal Award Findings and Questioned Costs

There were no prior year federal award findings and questioned costs to report.

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