



Financial Report

Year Ended June 30, 2018

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Robert Lawrence

Jack Lawson

Paul T. Kelley

Gail Nichols

Chris P. Vincent

TOWN SCHOOL BOARD

Paul Diggs, Chairman

Elliott Jenkins, Vice-Chairman

Phyllis Dorsey

Kay Lawson

Dudley Olsson

ECONOMIC DEVELOPMENT AUTHORITY

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Carol Cunningham
O.B. Shreaves, Jr.

William B. Lee

Debbie Brockwell
Roger Harmon

OTHER OFFICIALS

Town Manager.....	John Edwards
Town Attorney	Andrea G. Erard
Town Treasurer	Letrecia Moore
Town Clerk.....	Karen M. Barrow
School Superintendent	Laura K. Abel

TOWN OF WEST POINT, VIRGINIA

Financial Report
Year Ended June 30, 2018

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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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement Nos. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 of the financial statements, in 2018, the Town restated beginning net position to reflect the requirements of GASB Statement No. 75. The Town also restated beginning net position to account for a promissory note between the Town and the School Board entered in May 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding on pages 4-8, 88-91, and 92-102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of West Point, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

The other supplementary information is the responsibility of management and was 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 other supplementary information is 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 February 11, 2019 on our consideration of Town of West Point, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of West Point, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of West Point, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

February 11, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,275,288 (net position). Of this amount, \$6,635,571 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's general fund reported ending fund balance of \$5,882,805, an increase of \$1,098,069 in comparison with the prior year. Approximately 70% of this total amount, \$4,114,998 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 \$4,114,998, or approximately 53% of total general fund expenditures.

Overview of the Financial Statements

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

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

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Town's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Overview of the Financial Statements: (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government administration, public safety, public works, education, community development, and parks, recreation and cultural activities.

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,275,288 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, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 6,737,824	\$ 5,838,088	\$ 1,116,314	\$ 1,050,713	\$ 7,854,138	\$ 6,888,801
Capital assets	8,379,581	8,551,082	3,415,380	3,547,027	11,794,961	12,098,109
Note receivable	112,271	-	-	-	112,271	-
Net pension asset	188,013	73,424	23,499	8,833	211,512	82,257
Total assets	\$ 15,417,689	\$ 14,462,594	\$ 4,555,193	\$ 4,606,573	\$ 19,972,882	\$ 19,069,167
Deferred outflows of resources	\$ 135,101	\$ 153,089	\$ 16,738	\$ 18,505	\$ 151,839	\$ 171,594
Total assets and deferred outflows	\$ 15,552,790	\$ 14,615,683	\$ 4,571,931	\$ 4,625,078	\$ 20,124,721	\$ 19,240,761
Long-term liabilities outstanding	\$ 6,145,056	\$ 6,016,046	700,724	\$ 685,918	\$ 6,845,780	\$ 6,701,964
Current liabilities	734,570	1,232,433	8,356	62,889	742,926	1,295,322
Total liabilities	\$ 6,879,626	\$ 7,248,479	\$ 709,080	\$ 748,807	\$ 7,588,706	\$ 7,997,286
Deferred inflows of resources	\$ 232,147	\$ 232,549	\$ 28,580	\$ 26,522	\$ 260,727	\$ 259,071
Net position:						
Net investment in capital assets	\$ 2,462,224	\$ 2,464,284	\$ 2,740,108	\$ 2,828,372	\$ 5,202,332	\$ 5,292,656
Restricted	437,385	367,174	-	-	437,385	367,174
Unrestricted	5,541,408	4,303,197	1,094,163	1,021,377	6,635,571	5,324,574
Total net position	\$ 8,441,017	\$ 7,134,655	\$ 3,834,271	\$ 3,849,749	\$ 12,275,288	\$ 10,984,404
Total liabilities, deferred inflows and net position	\$ 15,552,790	\$ 14,615,683	\$ 4,571,931	\$ 4,625,078	\$ 20,124,721	\$ 19,240,761

A large part of the Town's net position (\$5,202,332, or 42%) 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 \$1,296,043. The business-type activities net position decreased in the amount of \$1,368.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$1,296,043. 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, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 264,811	\$ 269,263	\$ 722,632	\$ 731,220	\$ 987,443	\$ 1,000,483
Operating grants and contributions	154,034	151,764	-	-	154,034	151,764
Capital grants and contributions	118,416	7,694	-	-	118,416	7,694
General revenues:						
General property taxes	5,919,213	5,691,267	-	-	5,919,213	5,691,267
Other local taxes	1,057,967	1,036,154	-	-	1,057,967	1,036,154
Use of money and property	257,052	218,069	4,464	3,001	261,516	221,070
Commonwealth of Virginia non- categorical aid	746,069	611,471	-	-	746,069	611,471
Other general revenues	162,672	64,641	27,349	14,909	190,021	79,550
Total revenues	<u>\$ 8,680,234</u>	<u>\$ 8,050,323</u>	<u>\$ 754,445</u>	<u>\$ 749,130</u>	<u>\$ 9,434,679</u>	<u>\$ 8,799,453</u>
Expenses:						
General government administration	\$ 632,350	\$ 565,170	\$ -	\$ -	\$ 632,350	\$ 565,170
Public safety	973,116	936,254	-	-	973,116	936,254
Public works	1,120,322	998,086	-	-	1,120,322	998,086
Education	4,201,196	4,482,732	-	-	4,201,196	4,482,732
Parks, recreation, and cultural	114,103	94,201	-	-	114,103	94,201
Community development	388,524	704,346	-	-	388,524	704,346
Interest	156,589	150,301	-	-	156,589	150,301
Water and sewer	-	-	553,804	551,546	553,804	551,546
Total expenses	<u>\$ 7,586,200</u>	<u>\$ 7,931,090</u>	<u>\$ 553,804</u>	<u>\$ 551,546</u>	<u>\$ 8,140,004</u>	<u>\$ 8,482,636</u>
Increase (decrease) in net position before transfers	\$ 1,094,034	\$ 119,233	\$ 200,641	\$ 197,584	\$ 1,294,675	\$ 316,817
Transfers	202,009	205,316	(202,009)	(205,316)	-	-
Increase (decrease) in net position	\$ 1,296,043	\$ 324,549	\$ (1,368)	\$ (7,732)	\$ 1,294,675	\$ 316,817
Net position - beginning, as restated	<u>7,144,974</u>	<u>6,810,106</u>	<u>3,835,639</u>	<u>3,857,481</u>	<u>10,980,613</u>	<u>10,667,587</u>
Net position - ending	<u>\$ 8,441,017</u>	<u>\$ 7,134,655</u>	<u>\$ 3,834,271</u>	<u>\$ 3,849,749</u>	<u>\$ 12,275,288</u>	<u>\$ 10,984,404</u>

Business-type activities decreased the Town's net position by \$1,368. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's general fund reported ending fund balance of \$5,882,805 an increase of \$1,098,069 in comparison with the prior year. A significant portion of this fund balance, \$4,114,998 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 53% of total general fund expenditures.

General Fund Budgetary Highlights

The Town's General Fund expended \$7,793,707 during the year, which was \$794,648 less than what was budgeted.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2018 totals \$11,794,961 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and machinery and equipment.

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

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

Debt - Of the total principal balance at the end of the year, \$6,592,629 was for General Obligation Bonds. The Town's total outstanding debt principal decreased by \$295,081.

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, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,522,949	\$ 997,280	\$ 7,520,229	\$ 262,890	\$ 385,934
Receivables (net of allowance for uncollectibles):					
Property taxes	181,460	-	181,460	-	-
Accounts receivable	6,233	119,034	125,267	-	-
Current portion of note receivable	10,318	-	10,318	-	-
Inventory	-	-	-	-	548,208
Due from other governments	27,182	-	27,182	58,038	-
Due from primary government	-	-	-	648,380	-
Prepaid expenses	-	-	-	281,177	-
Total Current Assets	\$ 6,748,142	\$ 1,116,314	\$ 7,864,456	\$ 1,250,485	\$ 934,142
Noncurrent Assets					
Net pension asset	\$ 188,013	\$ 23,499	\$ 211,512	\$ -	\$ -
Noncurrent portion of note receivable	101,953	-	101,953	-	-
Capital Assets (net of accumulated depreciation):					
Land	904,427	367,305	1,271,732	59,350	-
Construction in progress	18,388	-	18,388	-	-
Buildings and improvements	7,018,276	3,027,082	10,045,358	5,954,409	-
Equipment	438,490	20,993	459,483	584,724	-
Total Noncurrent Assets	\$ 8,669,547	\$ 3,438,879	\$ 12,108,426	\$ 6,598,483	\$ -
Total Assets	\$ 15,417,689	\$ 4,555,193	\$ 19,972,882	\$ 7,848,968	\$ 934,142
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 132,312	\$ 16,389	\$ 148,701	\$ 1,738,496	\$ -
OPEB related items	2,789	349	3,138	165,632	-
Total Deferred Outflows of Resources	\$ 135,101	\$ 16,738	\$ 151,839	\$ 1,904,128	\$ -
Total Assets and Deferred Outflows of Resources	\$ 15,552,790	\$ 4,571,931	\$ 20,124,721	\$ 9,753,096	\$ 934,142
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 25,620	\$ 2,515	\$ 28,135	\$ 85,692	\$ -
Accrued expenses	-	2,112	2,112	999,112	-
Customers' deposits	-	3,729	3,729	-	-
Due to component unit	648,380	-	648,380	-	-
Accrued interest payable	60,570	-	60,570	-	-
Current portion of long-term obligations	257,982	55,020	313,002	43,094	-
Total Current Liabilities	\$ 992,552	\$ 63,376	\$ 1,055,928	\$ 1,127,898	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 5,887,074	\$ 645,704	\$ 6,532,778	\$ 10,145,522	\$ 361,566
Total Liabilities	\$ 6,879,626	\$ 709,080	\$ 7,588,706	\$ 11,273,420	\$ 361,566
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 211,435	\$ 27,136	\$ 238,571	\$ 1,055,000	\$ -
OPEB related items	11,556	1,444	13,000	59,000	-
Deferred revenue - property taxes	9,156	-	9,156	-	-
Total Deferred Inflows of Resources	\$ 232,147	\$ 28,580	\$ 260,727	\$ 1,114,000	\$ -
NET POSITION (DEFICIT)					
Net investment in capital assets	\$ 2,462,224	\$ 2,740,108	\$ 5,202,332	\$ 6,321,353	\$ -
Restricted for:					
Economic development	268,165	-	268,165	-	-
Cemetery operations	169,220	-	169,220	-	-
Unrestricted	5,541,408	1,094,163	6,635,571	(8,955,677)	572,576
Total Net Position (Deficit)	\$ 8,441,017	\$ 3,834,271	\$ 12,275,288	\$ (2,634,324)	\$ 572,576
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	\$ 15,552,790	\$ 4,571,931	\$ 20,124,721	\$ 9,753,096	\$ 934,142

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 632,350	\$ -	\$ -	\$ -
Public safety	973,116	82,112	149,534	-
Public works	1,120,322	182,699	-	-
Education	4,201,196	-	-	-
Parks, recreation, and cultural	114,103	-	-	-
Community development	388,524	-	4,500	118,416
Interest on long-term debt	156,589	-	-	-
Total governmental activities	\$ 7,586,200	\$ 264,811	\$ 154,034	\$ 118,416
Business-type activities:				
Water and Sewer	\$ 553,804	\$ 722,632	\$ -	\$ -
Total primary government	\$ 8,140,004	\$ 987,443	\$ 154,034	\$ 118,416
COMPONENT UNITS:				
School Board	\$ 10,175,765	\$ 173,333	\$ 5,693,402	\$ -
Economic Development Authority	59,620	-	-	-
Total component units	\$ 10,235,385	\$ 173,333	\$ 5,693,402	\$ -
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 (deficit) - beginning, as restated				
Net position (deficit) - 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	
\$ (632,350)	\$ -	\$ (632,350)	\$ -	\$ -	
(741,470)	-	(741,470)	-	-	
(937,623)	-	(937,623)	-	-	
(4,201,196)	-	(4,201,196)	-	-	
(114,103)	-	(114,103)	-	-	
(265,608)	-	(265,608)	-	-	
(156,589)	-	(156,589)	-	-	
<u>\$ (7,048,939)</u>	<u>\$ -</u>	<u>\$ (7,048,939)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 168,828</u>	<u>\$ 168,828</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (7,048,939)</u>	<u>\$ 168,828</u>	<u>\$ (6,880,111)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,309,030)	\$ -	
-	-	-	-	(59,620)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,309,030)</u>	<u>\$ (59,620)</u>	
\$ 5,919,213	\$ -	\$ 5,919,213	\$ -	\$ -	
313,534	-	313,534	-	-	
295,012	-	295,012	-	-	
175,867	-	175,867	-	-	
65,138	-	65,138	-	-	
208,416	-	208,416	-	-	
257,052	4,464	261,516	7,747	5,165	
-	-	-	4,249,423	-	
162,672	27,349	190,021	204,527	-	
746,069	-	746,069	-	-	
202,009	(202,009)	-	-	-	
<u>\$ 8,344,982</u>	<u>\$ (170,196)</u>	<u>\$ 8,174,786</u>	<u>\$ 4,461,697</u>	<u>\$ 5,165</u>	
<u>\$ 1,296,043</u>	<u>\$ (1,368)</u>	<u>\$ 1,294,675</u>	<u>\$ 152,667</u>	<u>\$ (54,455)</u>	
<u>7,144,974</u>	<u>3,835,639</u>	<u>10,980,613</u>	<u>(2,786,991)</u>	<u>627,031</u>	
<u>\$ 8,441,017</u>	<u>\$ 3,834,271</u>	<u>\$ 12,275,288</u>	<u>\$ (2,634,324)</u>	<u>\$ 572,576</u>	

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Fund Financial Statements

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Balance Sheet - Governmental Fund
June 30, 2018

	General Fund	
ASSETS		
Cash and cash equivalents	\$	6,522,949
Receivables (Net of allowance for uncollectibles):		
Taxes, including penalties		181,460
Accounts receivable		6,233
Due from other governments		27,182
Total assets	\$	<u>6,737,824</u>
LIABILITIES		
Accounts payable	\$	25,620
Due to component unit		648,380
Total liabilities	\$	<u>674,000</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	\$	<u>181,019</u>
FUND BALANCE		
Restricted:		
Economic development	\$	268,165
Cemetery operations		169,220
Assigned:		
Dare projects		6,261
Solid waste fleet replacement		101,619
Vehicle replacement		107,707
Solid waste		168,052
Capital improvements		393,884
Long-term debt		552,899
Unassigned		4,114,998
Total fund balance	\$	<u>5,882,805</u>
Total liabilities, deferred inflows of resources and fund balance	\$	<u>6,737,824</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance from above	\$	5,882,805
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	904,427
Construction in progress		18,388
Buildings and improvements	7,018,276	
Equipment	<u>438,490</u>	8,379,581
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Note receivable	\$	112,271
Unavailable revenue - property taxes		171,863
Net pension asset	<u>188,013</u>	472,147
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	132,312
OPEB related items	<u>2,789</u>	135,101
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(5,917,357)
Compensated absences		(122,809)
Net OPEB liability		(104,890)
Accrued interest payable	<u>(60,570)</u>	(6,205,626)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(211,435)
OPEB related items	<u>(11,556)</u>	(222,991)
Net position of General Governmental Activities	\$	<u>8,441,017</u>

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

Statement of Revenues, Expenditures, and Change in Fund Balance -
 Governmental Fund
 Year Ended June 30, 2018

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 5,874,081
Other local taxes	1,057,967
Permits, privilege fees and regulatory licenses	38,750
Fines and forfeitures	43,362
Revenue from use of money and property	267,989
Charges for services	182,699
Miscellaneous	162,672
Recovered costs	43,728
Intergovernmental:	
King William County	293,353
Commonwealth	598,511
Federal	126,655
Total revenues	<u>\$ 8,689,767</u>
Expenditures:	
Current:	
General government administration	\$ 667,453
Public safety	1,036,909
Public works	1,005,890
Education	4,002,685
Parks, recreation, and cultural	122,323
Community development	432,050
Nondepartmental	126,597
Debt service:	
Principal retirement	242,865
Interest and other fiscal charges	156,935
Total expenditures	<u>\$ 7,793,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 896,060</u>
Other financing sources (uses):	
Transfers in	<u>\$ 202,009</u>
Total other financing sources (uses)	<u>\$ 202,009</u>
Change in fund balance	\$ 1,098,069
Fund balance at beginning of year	<u>4,784,736</u>
Fund balance at end of year	<u><u>\$ 5,882,805</u></u>

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

Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2018

		<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	\$	1,098,069
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	\$ 398,486	
Depreciation expense	<u>(248,249)</u>	150,237
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(321,738)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		45,132
Repayment of the principal of long-term note receivable provides current financial resources to governmental funds. These transactions, however, have no effect on net position.		
Payment received for principal of note receivable		(10,937)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments		242,865
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ (13,156)	
Change in accrued interest	346	
Pension expense	105,991	
OPEB expense	<u>(766)</u>	92,415
Change in net position of governmental activities	\$	<u><u>1,296,043</u></u>

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

Statement of Net Position - Proprietary Fund
June 30, 2018

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 997,280
Receivables (net of allowance for uncollectibles):	
Accounts receivable	119,034
Total Current Assets	<u>\$ 1,116,314</u>
Noncurrent Assets	
Net pension asset	\$ 23,499
Capital assets:	
Land	367,305
Buildings and improvements	6,000,934
Equipment	394,145
Accumulated depreciation	<u>(3,347,004)</u>
Total Noncurrent Assets	<u>\$ 3,438,879</u>
Total Assets	<u>\$ 4,555,193</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 16,389
OPEB related items	349
Total deferred outflows of resources	<u>\$ 16,738</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,571,931</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 2,515
Accrued expenses	2,112
Customer deposits	3,729
Current portion of long-term obligations	<u>55,020</u>
Total Current Liabilities	<u>\$ 63,376</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>\$ 645,704</u>
Total Liabilities	<u>\$ 709,080</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 27,136
OPEB related items	<u>1,444</u>
Total deferred inflows of resources	<u>\$ 28,580</u>
NET POSITION	
Net investment in capital assets	\$ 2,740,108
Unrestricted	<u>1,094,163</u>
Total Net Position	<u>\$ 3,834,271</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 4,571,931</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, 2018

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 722,632
Miscellaneous	<u>27,349</u>
Total operating revenues	<u>\$ 749,981</u>
Operating expenses:	
Personnel services	\$ 171,909
Fringe benefits	53,622
Contractual services	96,185
Capital outlay	18,187
Other operating costs	64,229
Depreciation and amortization	<u>131,647</u>
Total operating expenses	<u>\$ 535,779</u>
Operating income (loss)	<u>\$ 214,202</u>
Nonoperating revenues (expenses):	
Interest income	\$ 4,464
Interest expense	<u>(18,025)</u>
Total nonoperating revenues (expenses)	<u>\$ (13,561)</u>
Income before transfers	\$ 200,641
Transfers out	<u>(202,009)</u>
Change in net position	\$ (1,368)
Net position, beginning of year, as restated	<u>3,835,639</u>
Net position, end of year	<u><u>\$ 3,834,271</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, 2018

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 787,642
Payments to employees (including fringe benefits)	(236,860)
Payments to suppliers and service providers	<u>(179,734)</u>
Net cash provided by (used for) operating activities	<u>\$ 371,048</u>
Cash flows from capital and related financing activities:	
Retirement of general obligation bonds	\$ (52,216)
Interest expense	<u>(18,025)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (70,241)</u>
Cash flows from noncapital financing activities:	
Transfers out	<u>\$ (202,009)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 4,464</u>
Net increase (decrease) in cash and cash equivalents	\$ 103,262
Cash and cash equivalents at beginning of year	<u>894,018</u>
Cash and cash equivalents at end of year	<u><u>\$ 997,280</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Operating income (loss)	\$ 214,202
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and amortization	131,647
Changes in operating assets, deferred outflows, liabilities and deferred inflows:	
(Increase)/Decrease in accounts receivable	37,661
(Increase)/Decrease in net pension asset	(14,666)
(Increase)/Decrease in deferred outflows of resources - pension related	2,593
(Increase)/Decrease in deferred outflows of resources - OPEB related	(777)
Increase/(Decrease) in accounts payable	(542)
Increase/(Decrease) in accrued expenses	509
Increase/(Decrease) in customer deposits	(1,100)
Increase/(Decrease) in deferred inflows of resources - pension related	2,058
Increase/(Decrease) in net OPEB liability	(1,000)
Increase/(Decrease) in compensated absences	<u>463</u>
Net cash provided by (used for) operating activities	<u><u>\$ 371,048</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, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Statement Presentation

Management's Discussion and Analysis - GASB 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).

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its 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)

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

C. The Financial Reporting Entity

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

D. Individual Component Unit Disclosures

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2018.

Discretely Presented Component Units:

School Board: The West Point School Board members are elected by the citizens of Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component unit of the Town financial statements for the fiscal year ended June 30, 2018.

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

D. Individual Component Unit Disclosures: (Continued)

Economic Development Authority: The Economic Development Authority of the Town was established to promote industry and commercial enterprises to locate in the Town. The Authority draws its corporate powers from the Virginia Code section 15.1-1376, which defines it as a corporate body. The Authority consists of 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.

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

The Town has no related organizations.

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

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

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

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

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

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

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

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

1. Governmental Funds

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

General Fund

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

2. Proprietary Funds

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

Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major enterprise fund:

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

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

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

3. Discretely Presented Component Units

Town of West Point Public Schools

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

- a. School Operating Fund - accounts for and reports revenues and expenditures relating to the operation of Town of West Point Public Schools. Revenues are derived from the General Fund and from state and federal funds. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- b. School Cafeteria Fund - accounts for and reports revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and federal funds. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.
- c. School 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.

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

G. Budgets and Budgetary Accounting

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

- 1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

G. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all Town units. Supplemental appropriations were necessary during the year.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

H. Cash and Cash Equivalents

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.

I. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include assets held by a trustee.

J. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$114,151 at June 30, 2018 and is composed of the allowance for uncollectible property taxes of \$26,847 and utility accounts of \$87,304.

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

K. Inventory

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

L. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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, 2018 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:

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

M. 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 has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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

In addition to liabilities, the statement of financial position 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

N. Pensions

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

O. Other Postemployment Benefits (OPEB):

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

O. Other Postemployment Benefits (OPEB): (Continued)

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. 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.

Q. 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.

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

R. 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's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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

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

S. Use of Estimates

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

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

T. 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.

U. 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.

V. Adoption of Accounting Principles

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Town implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in a restatement of net position as described in Note 18.

W. Upcoming Pronouncements

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

W. Upcoming Pronouncements: (Continued)

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

W. Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 27,182	\$ -
Other state grants	-	58,038
Total due from other governmental units	\$ 27,182	\$ 58,038

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (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>648,380</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>648,380</u>

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 202,009	\$ -
Water and Sewer Fund	<u>-</u>	<u>202,009</u>
Total	\$ <u>202,009</u>	\$ <u>202,009</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 179,193
School Cafeteria Fund	<u>179,193</u>	<u>-</u>
Total	\$ <u>179,193</u>	\$ <u>179,193</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, 2018 (Continued)

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 869,546	\$ 34,881	\$ -	\$ 904,427
Construction in progress	-	18,388	-	18,388
Total capital assets not being depreciated	\$ 869,546	\$ 53,269	\$ -	\$ 922,815
Capital assets being depreciated:				
Buildings and improvements	\$ 3,555,237	\$ 75,122	\$ -	\$ 3,630,359
Equipment	2,010,215	110,438	-	2,120,653
Jointly owned assets	5,034,710	159,657	321,738	4,872,629
Total capital assets being depreciated	\$ 10,600,162	\$ 345,217	\$ 321,738	\$ 10,623,641
Less accumulated depreciation:				
Buildings and improvements	\$ 1,118,101	\$ 111,025	\$ -	\$ 1,229,126
Equipment	1,581,369	100,794	-	1,682,163
Jointly owned assets	219,156	36,430	-	255,586
Total accumulated depreciation	\$ 2,918,626	\$ 248,249	\$ -	\$ 3,166,875
Total capital assets being depreciated, net	\$ 7,681,536	\$ 96,968	\$ 321,738	\$ 7,456,766
Net capital assets governmental activities	\$ 8,551,082	\$ 150,237	\$ 321,738	\$ 8,379,581
Business-type Activities:				
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	\$ 6,395,079	\$ -	\$ -	\$ 6,395,079
Less accumulated depreciation:				
Buildings and improvements	\$ 2,855,826	\$ 118,026	\$ -	\$ 2,973,852
Equipment	359,531	13,621	-	373,152
Total accumulated depreciation	\$ 3,215,357	\$ 131,647	\$ -	\$ 3,347,004
Total capital assets being depreciated, net	\$ 3,179,722	\$ (131,647)	\$ -	\$ 3,048,075
Net capital assets business-type activities	\$ 3,547,027	\$ (131,647)	\$ -	\$ 3,415,380

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Total capital assets not being depreciated	\$ 59,350	\$ -	\$ -	\$ 59,350
Capital assets being depreciated:				
Buildings and improvements	\$ 11,057,700	\$ 510,567	\$ 32,000	\$ 11,536,267
Equipment	1,327,086	382,331	-	1,709,417
Total capital assets being depreciated	\$ 12,384,786	\$ 892,898	\$ 32,000	\$ 13,245,684
Less accumulated depreciation:				
Buildings and improvements	\$ 5,080,210	\$ 533,648	\$ 32,000	\$ 5,581,858
Equipment	1,039,019	85,674	-	1,124,693
Total accumulated depreciation	\$ 6,119,229	\$ 619,322	\$ 32,000	\$ 6,706,551
Total capital assets being depreciated, net	\$ 6,265,557	\$ 273,576	\$ -	\$ 6,539,133
Net capital assets School Board	\$ 6,324,907	\$ 273,576	\$ -	\$ 6,598,483

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

Governmental activities:	
General government administration	\$ 20,326
Public safety	27,828
Public works	160,264
Education	36,430
Parks, recreation and cultural	3,401
Total governmental activities	\$ 248,249
Water and Sewer Fund	\$ 131,647
Component Unit School Board	\$ 619,322

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>328,308,728</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	32,830,873
Less net bonded debt at June 30, 2018		<u>6,592,629</u>
Legal margin for creation of additional debt	\$	<u>26,238,244</u>

NOTE 8—PENSION PLAN:

Plan Description

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 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.</p>	<p>About Plan 2 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.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • 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.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> 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.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in 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.</p> <p>Hybrid Opt-In Election Eligible 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* School division employees Members in Plan 1 or 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. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) 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 Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>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.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> 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.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> 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. Plan 1 or 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.</p> <p><u>Defined Contribution Component:</u> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u></p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
<p>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.</p> <p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: 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 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: 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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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%.</p> <p><u>Eligibility:</u> 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.</p> <p>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.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p>
<p>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.</p>	<p>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.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and 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.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	9
Non-vested inactive members	17
Inactive members active elsewhere in VRS	25
Total inactive members	51
Active members	36
Total covered employees	97

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% member contribution. This could be phased in over a period of 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.

The Town's contractually required employer contribution rate for the year ended June 30, 2018 was 5.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$70,585 and \$72,850 for the years ended June 30, 2018 and June 30, 2017, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Asset

The Town's net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 8—PENSION PLAN: (CONTINUED)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Changes in Net Pension Asset

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 3,714,001	\$ 3,796,257	\$ (82,256)
Changes for the year:			
Service cost	\$ 159,706	\$ -	\$ 159,706
Interest	257,580	-	257,580
Differences between expected and actual experience	114,277	-	114,277
Assumption changes	(52,964)	-	(52,964)
Contributions - employer	-	68,585	(68,585)
Contributions - employee	-	70,957	(70,957)
Net investment income	-	471,341	(471,341)
Benefit payments, including refunds	(68,566)	(68,566)	-
Administrative expenses	-	(2,604)	2,604
Other changes	-	(424)	424
Net changes	\$ 410,033	\$ 539,289	\$ (129,256)
Balances at June 30, 2017	\$ 4,124,034	\$ 4,335,546	\$ (211,512)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Town using the discount rate of 7.00%, as well as what the Town's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town			
Net Pension Liability (Asset)	\$ 477,783	\$ (211,512)	\$ (771,026)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2018, the Town recognized pension expense of \$(51,615). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,932	\$ 134,357
Change in assumptions	-	35,656
Net difference between projected and actual earnings on pension plan investments	-	67,372
Employer contributions subsequent to the measurement date	70,585	-
Total	\$ 147,517	\$ 237,385

\$70,585 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2019	\$ (116,028)
2020	(2,588)
2021	(1,192)
2022	(40,645)
2023	-
Thereafter	-

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$795,496 and \$771,779 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$8,447,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.069% as compared to 0.063% at June 30, 2016.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2018, the school division recognized pension expense of \$751,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 598,000
Change in assumptions	123,000	-
Net difference between projected and actual earnings on pension plan investments	-	307,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	820,000	150,000
Employer contributions subsequent to the measurement date	<u>795,496</u>	<u>-</u>
Total	<u>\$ 1,738,496</u>	<u>\$ 1,055,000</u>

\$795,496 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (204,000)
2020	110,000
2021	58,000
2022	(124,000)
2023	48,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	\$	<u>12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

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

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each one of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Rate		
1% Decrease	Current Discount	1% Increase
(6.00%)	(7.00%)	(8.00%)

School division's proportionate
share of the VRS Teacher
Employee Retirement Plan

Net Pension Liability	\$	12,615,000	\$	8,447,000	\$	5,000,000
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)*Plan Description (Continued)*

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employers' contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$7,844 and \$7,516 for the years ended June 30, 2018 and June 30, 2017, respectively, for the Town; and \$28,434 and \$27,900 for the years ended June 30, 2018 and June 30, 2017, respectively, for the component unit school board (professional).

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

At June 30, 2018, liabilities of \$118,000 and \$438,000 were reported for the Town and component unit school board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the Net GLI OPEB Liability was based on the covered employers' actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employers' proportion was 0.0078% and 0.0291% as compared to 0.0077% and 0.02681% at June 30, 2016, for the Town and component unit school board (professional), respectively.

For the year ended June 30, 2018, the participating employers recognized GLI OPEB expense of \$4,000 and \$11,000 for the Town and component unit school board (professional), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,000	\$ -	\$ 10,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,000	-	16,000
Change in assumptions	-	6,000	-	23,000
Changes in proportion	-	-	34,000	-
Employer contributions subsequent to the measurement date	7,844	-	28,434	-
Total	\$ 7,844	\$ 13,000	\$ 62,434	\$ 49,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

\$7,844 and \$28,434, for the Town and component unit school board (professional), respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employers' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (professional)</u>
2019	\$ (3,000)	\$ (4,000)
2020	(3,000)	(4,000)
2021	(3,000)	(4,000)
2022	(3,000)	(3,000)
2023	(1,000)	-
Thereafter	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

The following presents the employers' proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employers' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Town's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	152,000	\$ 118,000	\$ 90,000
Component unit school board (professional) proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	566,000	\$ 438,000	\$ 334,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)***Plan Description: (Continued)***

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$67,258 and \$65,995 for the years ended June 30, 2018 and June 30, 2017, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2018, the school division reported a liability of \$863,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.0679% as compared to 0.0632% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$78,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change in assumptions	-	8,000
Change in proportion	53,000	-
Employer contributions subsequent to the measurement date	67,258	-
Total	\$ 120,258	\$ 10,000

\$67,258 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	\$ 6,000
2020	6,000
2021	6,000
2022	6,000
2023	7,000
Thereafter	12,000

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation: Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,268,611
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)***Net Teacher Employee HIC OPEB Liability: (Continued)***

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	778,000	\$ 863,000	\$ 963,000

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—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, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 6,160,222	\$ -	\$ 242,865	\$ 5,917,357	\$ 245,701
Net OPEB liability	119,113	3,556	17,779	104,890	-
Compensated absences	109,654	21,931	8,776	122,809	12,281
Total	<u>\$ 6,388,989</u>	<u>\$ 25,487</u>	<u>\$ 269,420</u>	<u>\$ 6,145,056</u>	<u>\$ 257,982</u>
<u>Business-type Activities:</u>					
General obligation bond	\$ 727,488	\$ -	\$ 52,216	\$ 675,272	\$ 53,786
Net OPEB liability	14,110	444	1,444	13,110	-
Compensated absences	11,879	5,940	5,477	12,342	1,234
Total	<u>\$ 753,477</u>	<u>\$ 6,384</u>	<u>\$ 59,137</u>	<u>\$ 700,724</u>	<u>\$ 55,020</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (Continued)

Changes in Long-term Obligations: (Continued)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	General Obligation Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2019	\$ 245,701	\$ 148,631	\$ 53,786	\$ 16,664
2020	253,581	142,056	55,357	15,261
2021	285,901	135,258	56,534	13,823
2022	293,856	127,659	58,105	12,350
2023	301,840	119,847	59,675	10,836
2024	309,854	111,824	61,246	9,283
2025	317,901	103,586	62,816	7,689
2026	325,982	95,131	64,386	6,054
2027	334,069	86,486	65,957	4,379
2028	342,771	77,645	67,920	2,659
2029	350,901	68,577	69,490	893
2030	400,000	61,320	-	-
2031	410,000	51,720	-	-
2032	420,000	41,880	-	-
2033	430,000	31,800	-	-
2034	440,000	21,480	-	-
2035	455,000	10,920	-	-
Total	\$ 5,917,357	\$ 1,435,819	\$ 675,272	\$ 99,891

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 11—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	\$ 222,629	\$ 17,487
\$5,070,000 General Obligation Refunding Bond, Series 2014, issued August 8, 2014 due in varying annual installments, interest payable semi-annually at 2.40%, through January 15, 2035	4,650,000	145,000
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	<u>1,044,728</u>	<u>83,214</u>
Total General Obligation Bonds	\$ <u>5,917,357</u>	\$ <u>245,701</u>
Net OPEB Liability	\$ <u>104,890</u>	\$ -
Compensated Absences	\$ <u>122,809</u>	\$ <u>12,281</u>
Total governmental long-term obligations	<u>\$ 6,145,056</u>	<u>\$ 257,982</u>
<u>Business-type Activities</u>		
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>675,272</u>	\$ <u>53,786</u>
Net OPEB Liability	\$ <u>13,110</u>	\$ -
Compensated Absences	\$ <u>12,342</u>	\$ <u>1,234</u>
Total business-type long-term obligations	<u>\$ 700,724</u>	<u>\$ 55,020</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2018:

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Due Within One Year
Note payable	\$ 123,209	\$ -	\$ 10,937	\$ 112,272	\$ 10,318
Capital lease	-	164,858	-	164,858	31,127
Net pension liability	8,857,000	2,196,000	2,606,000	8,447,000	-
Net OPEB liabilities	1,271,000	158,000	128,000	1,301,000	-
Compensated absences	133,494	40,048	10,056	163,486	1,649
Total	<u>\$ 10,384,703</u>	<u>\$ 2,558,906</u>	<u>\$ 2,754,993</u>	<u>\$ 10,188,616</u>	<u>\$ 43,094</u>

Year Ending June 30,	Note Payable	
	Principal	Interest
2019	\$ 10,318	\$ 3,214
2020	11,613	2,871
2021	11,965	2,519
2022	12,330	2,154
2023	12,704	1,780
2024	13,091	1,393
2025	13,540	944
2026	13,899	585
2027	12,812	165
Total	<u>\$ 112,272</u>	<u>\$ 15,625</u>

	Amount Outstanding	Due Within One Year
Note payable:		
\$125,000 issued May 9, 2016 payable to the Town in monthly installments of \$1,207, interest payable each month at .25% rate, through April 2027	\$ 112,272	\$ 10,318
Capital lease	\$ 164,858	\$ 31,127
Net pension liability	\$ 8,447,000	\$ -
Net OPEB liabilities	\$ 1,301,000	\$ -
Compensated absences	\$ 163,486	\$ 1,649
Total school long-term obligations	<u>\$ 10,188,616</u>	<u>\$ 43,094</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements June 30, 2018 (Continued)

NOTE 12—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

Unearned, deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. As of June 30, 2018, 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 \$181,019 at June 30, 2018.

Prepaid property taxes: Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$9,156 at June 30, 2018.

NOTE 13—CONTINGENT LIABILITIES:

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

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

NOTE 14—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 15—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 16—INVENTORY:

At June 30, 2018, the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

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

NOTE 17—LITIGATION:

At June 30, 2018, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 18—NET POSITION RESTATEMENT:

Beginning net position was restated as follows:

	Governmental Activities	Business-type Activities	Component-Unit School Board
Net position, as previously reported	\$ 7,134,655	\$ 3,849,749	\$ (1,479,782)
Implementation of GASB 75	(112,890)	(14,110)	(1,184,000)
Promissory note between School Board and Town	123,209	-	(123,209)
Net position, as restated	<u>\$ 7,144,974</u>	<u>\$ 3,835,639</u>	<u>(2,786,991)</u>

Required Supplementary Information

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2018

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,825,746	\$ 5,825,746	\$ 5,874,081	\$ 48,335
Other local taxes	955,000	955,000	1,057,967	102,967
Permits, privilege fees and regulatory licenses	41,700	41,700	38,750	(2,950)
Fines and forfeitures	20,000	20,000	43,362	23,362
Revenue from use of money and property	207,332	207,332	267,989	60,657
Charges for services	180,599	180,599	182,699	2,100
Miscellaneous	70,353	70,353	162,672	92,319
Recovered costs	48,000	48,000	43,728	(4,272)
Intergovernmental revenue:				
King William County	150,000	150,000	293,353	143,353
Commonwealth	596,143	596,143	598,511	2,368
Federal	-	259,500	126,655	(132,845)
Total revenues	\$ 8,094,873	\$ 8,354,373	\$ 8,689,767	\$ 335,394
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 60,600	\$ 60,600	\$ 45,644	\$ 14,956
Human resources	93,499	93,499	91,711	1,788
Total legislative	\$ 154,099	\$ 154,099	\$ 137,355	\$ 16,744
General and financial administration:				
Town treasurer	\$ 290,551	\$ 290,551	\$ 284,184	\$ 6,367
Town manager	245,351	245,351	245,914	(563)
Total general and financial administration	\$ 535,902	\$ 535,902	\$ 530,098	\$ 5,804
Total general government administration	\$ 690,001	\$ 690,001	\$ 667,453	\$ 22,548
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 817,663	\$ 817,663	\$ 773,217	\$ 44,446
Central dispatching	59,200	59,200	65,066	(5,866)
Total law enforcement and traffic control	\$ 876,863	\$ 876,863	\$ 838,283	\$ 38,580

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2018 (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	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Total fire and rescue services	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Inspections:				
Building	\$ 89,466	\$ 89,466	\$ 73,626	\$ 15,840
Total inspections	\$ 89,466	\$ 89,466	\$ 73,626	\$ 15,840
Total public safety	\$ 1,091,329	\$ 1,091,329	\$ 1,036,909	\$ 54,420
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 286,313	\$ 286,313	\$ 206,608	\$ 79,705
Highways, streets, bridges and sidewalks	\$ 329,316	\$ 329,316	\$ 318,767	\$ 10,549
Total maintenance of highways, streets, bridges and sidewalks	\$ 615,629	\$ 615,629	\$ 525,375	\$ 90,254
Sanitation and waste removal:				
Refuse collection and disposal	\$ 180,599	\$ 180,599	\$ 137,074	\$ 43,525
Total sanitation and waste removal	\$ 180,599	\$ 180,599	\$ 137,074	\$ 43,525
Maintenance of general buildings and grounds:				
General properties	\$ 321,899	\$ 321,899	\$ 343,441	\$ (21,542)
Total maintenance of general buildings and grounds	\$ 321,899	\$ 321,899	\$ 343,441	\$ (21,542)
Total public works	\$ 1,118,127	\$ 1,118,127	\$ 1,005,890	\$ 112,237
Education:				
Contribution to school board component unit	\$ 4,202,750	\$ 4,202,750	\$ 3,927,685	\$ 275,065
School facilities	75,000	75,000	75,000	-
Total education	\$ 4,277,750	\$ 4,277,750	\$ 4,002,685	\$ 275,065

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2018 (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				
Youth recreation programs	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cemetery	40,300	40,300	36,825	3,475
Puller 10K	-	-	23,489	(23,489)
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 85,300	\$ 85,300	\$ 105,314	\$ (20,014)
Library:				
Library administration	\$ 14,820	\$ 14,820	\$ 17,009	\$ (2,189)
Total library	\$ 14,820	\$ 14,820	\$ 17,009	\$ (2,189)
Total parks, recreation and cultural	\$ 100,120	\$ 100,120	\$ 122,323	\$ (22,203)
Planning and community development:				
Community development:				
Community development	\$ 140,826	\$ 140,826	\$ 132,927	\$ 7,899
Economic development	90,700	90,700	69,898	20,802
MPPDC fees	4,233	4,233	4,233	-
Farmers market	3,000	3,000	541	2,459
Chesapeake bay transit	20,675	20,675	20,675	-
Online GIS	10,000	10,000	10,000	-
Safe routes to schools	-	142,500	138,825	3,675
Sidewalks	-	234,000	15,451	218,549
Bike trail improvements	25,000	25,000	26,000	(1,000)
Bay agency on aging	2,500	2,500	2,500	-
Art council funding	10,000	10,000	9,500	500
Chamber of commerce	1,500	1,500	1,500	-
Total community development	\$ 308,434	\$ 684,934	\$ 432,050	\$ 252,884
Total planning and community development	\$ 308,434	\$ 684,934	\$ 432,050	\$ 252,884

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2018 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Nondepartmental:				
Employee compensation	\$ 62,500	\$ 62,500	\$ 4,867	\$ 57,633
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	4,500	4,500	4,689	(189)
Computer repair blanket	11,000	11,000	9,970	1,030
Planning commission	2,700	2,700	2,842	(142)
Portable electronic agendas	7,500	7,500	7,659	(159)
Board of zoning appeals	1,200	1,200	273	927
Dare	-	-	318	(318)
Wetlands Board	1,200	1,200	823	377
Marketing	2,000	2,000	3,730	(1,730)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
YMCA new beginnings	1,500	1,500	1,500	-
Liability insurance	36,000	36,000	33,976	2,024
Annual audit service	25,000	25,000	23,950	1,050
Total nondepartmental	\$ 187,100	\$ 187,100	\$ 126,597	\$ 60,503
Debt service:				
Principal retirement	\$ 438,994	\$ 438,994	\$ 242,865	\$ 196,129
Interest and fiscal charges	-	-	156,935	(156,935)
Total debt service	\$ 438,994	\$ 438,994	\$ 399,800	\$ 39,194
Total expenditures	\$ 8,211,855	\$ 8,588,355	\$ 7,793,707	\$ 794,648
Excess (deficiency) of revenues over expenditures	\$ (116,982)	\$ (233,982)	\$ 896,060	\$ 1,130,042
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 202,009	\$ 202,009
Total other financing sources (uses)	\$ -	\$ -	\$ 202,009	\$ 202,009
Change in fund balance	\$ (116,982)	\$ (233,982)	\$ 1,098,069	\$ 1,332,051
Fund balance at beginning of year	116,982	233,982	4,784,736	4,550,754
Fund balance at end of year	\$ -	\$ -	\$ 5,882,805	\$ 5,882,805

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 159,706	\$ 153,503	\$ 139,219	\$ 143,110
Interest	257,580	257,485	241,502	221,845
Changes of assumptions	(52,964)	-	-	-
Differences between expected and actual experience	114,277	(330,501)	(53,409)	-
Benefit payments, including refunds of employee contributions	(68,566)	(89,690)	(108,267)	(60,007)
Net change in total pension liability	\$ 410,033	\$ (9,203)	\$ 219,045	\$ 304,948
Total pension liability - beginning	3,714,001	3,723,204	3,504,159	3,199,211
Total pension liability - ending (a)	\$ 4,124,034	\$ 3,714,001	\$ 3,723,204	\$ 3,504,159
Plan fiduciary net position				
Contributions - employer	\$ 68,585	\$ 108,608	\$ 109,477	\$ 116,839
Contributions - employee	70,957	66,741	67,115	64,635
Net investment income	471,341	66,888	161,326	461,112
Benefit payments, including refunds of employee contributions	(68,566)	(89,690)	(108,267)	(60,007)
Administrative expense	(2,604)	(2,196)	(2,115)	(2,356)
Other	(424)	(28)	(35)	24
Net change in plan fiduciary net position	\$ 539,289	\$ 150,323	\$ 227,501	\$ 580,247
Plan fiduciary net position - beginning	3,796,257	3,645,934	3,418,433	2,838,186
Plan fiduciary net position - ending (b)	\$ 4,335,546	\$ 3,796,257	\$ 3,645,934	\$ 3,418,433
Town's net pension liability - ending (a) - (b)	\$ (211,512)	\$ (82,256)	\$ 77,270	\$ 85,726
Plan fiduciary net position as a percentage of the total pension liability	105.13%	102.21%	97.92%	97.55%
Covered payroll	\$ 1,445,442	\$ 1,374,894	\$ 1,375,847	\$ 1,291,185
Town's net pension liability as a percentage of covered payroll	-14.63%	-5.98%	5.62%	6.64%

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

Schedule of Employer's Proportionate Share of the Net Pension Liability
 Years Ended June 30, 2015 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Component Unit School Board (professional)					
2017	0.069%	8,447,000	5,365,434	157.43%	72.92%
2016	0.063%	8,857,000	4,818,688	183.81%	70.68%
2015	0.061%	7,655,000	4,522,187	169.28%	70.88%
2014	0.063%	7,612,000	4,606,771	165.24%	70.88%

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

Schedule of Employer Contributions - Pension
 Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 70,585	\$ 70,585	\$ -	\$ 1,508,394	4.68%
2017	72,850	72,850	-	1,445,442	5.04%
2016	111,092	111,092	-	1,374,894	8.08%
2015	111,168	111,168	-	1,375,847	8.08%
2014	116,594	116,594	-	1,291,185	9.03%
2013	84,854	84,854	-	1,247,849	6.80%
2012	79,213	79,213	-	1,440,242	5.50%
2011	77,480	77,480	-	1,408,724	5.50%
2010	80,340	80,340	-	1,386,508	5.79%
2009	78,716	78,716	-	1,354,833	5.81%
Component Unit School Board (professional)					
2018	\$ 795,496	\$ 795,496	\$ -	\$ 5,468,141	14.55%
2017	771,779	771,779	-	5,365,434	14.38%
2016	670,955	670,955	-	4,818,688	13.92%
2015	647,883	647,883	-	4,522,187	14.33%
2014	537,150	537,150	-	4,606,771	11.66%
2013	530,524	530,524	-	4,549,945	11.66%
2012	280,334	280,334	-	4,440,040	6.33%
2011	386,038	386,038	-	4,322,932	8.93%
2010	289,357	289,357	-	3,284,413	8.81%
2009	388,687	388,687	-	4,414,133	8.81%

Notes to Required Supplementary Information - Pension
Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

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

Schedule of Town and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
Primary Government:					
2017	0.0078%	\$ 118,000	\$ 1,445,442	8.16%	48.86%
Component Unit School Board (professional):					
2017	0.0291%	\$ 438,000	\$ 5,365,434	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2018	\$ 7,844	\$ 7,844	\$ -	\$ 1,508,394	0.52%
2017	7,516	7,516	-	1,445,442	0.52%
2016	7,287	7,287	-	1,374,894	0.53%
2015	7,292	7,292	-	1,375,847	0.53%
2014	6,843	6,843	-	1,291,185	0.53%
2013	6,614	6,614	-	1,247,849	0.53%
2012	6,337	6,337	-	1,440,242	0.44%
2011	6,198	6,198	-	1,408,724	0.44%
2010	4,991	4,991	-	1,032,919	0.48%
2009	4,877	4,877	-	1,354,833	0.36%
Component Unit School Board (professional)					
2018	\$ 28,434	\$ 28,434	\$ -	\$ 5,468,141	0.52%
2017	27,900	27,900	-	5,365,434	0.52%
2016	25,539	25,539	-	4,818,688	0.53%
2015	23,968	23,968	-	4,522,187	0.53%
2014	24,416	24,416	-	4,606,771	0.53%
2013	24,115	24,115	-	4,549,945	0.53%
2012	19,536	19,536	-	4,440,040	0.44%
2011	19,021	19,021	-	4,322,932	0.44%
2010	15,689	15,689	-	3,284,412	0.48%
2009	15,891	15,891	-	4,414,133	0.36%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

Date	Employer's Proportion of the Net HIC OPEB Liability	Employer's Proportionate Share of the Net HIC OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
2017	0.0679% \$	863,000 \$	5,365,434	16.08%	7.04%

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

Schedule of Employer Contributions

Teacher Health Insurance Credit Program (HIC)

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 67,258	\$ 67,258	\$ -	\$ 5,468,141	1.23%
2017	65,995	65,995	-	5,365,434	1.23%
2016	56,861	56,861	-	4,818,688	1.18%
2015	53,362	53,362	-	4,522,187	1.18%
2014	53,899	53,899	-	4,606,771	1.17%
2013	52,601	52,601	-	4,495,842	1.17%
2012	47,829	47,829	-	4,428,654	1.08%
2011	46,688	46,688	-	4,322,932	1.08%
2010	48,810	48,810	-	3,284,412	1.49%
2009	49,413	49,413	-	4,411,883	1.12%

Notes to Required Supplementary Information
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Other Supplementary Information

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Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating	School Cafeteria	School Construction	Total
ASSETS				
Cash and cash equivalents	\$ 97,209	\$ 165,681	\$ -	\$ 262,890
Due from other governments	58,038	-	-	58,038
Due from primary government	648,380	-	-	648,380
Prepaid expenses	281,177	-	-	281,177
Total assets	<u>\$ 1,084,804</u>	<u>\$ 165,681</u>	<u>\$ -</u>	<u>\$ 1,250,485</u>
LIABILITIES				
Accounts payable	\$ 85,692	\$ -	\$ -	\$ 85,692
Accrued expenses	999,112	-	-	999,112
Total liabilities	<u>\$ 1,084,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,804</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid expenses	\$ 281,177	\$ -	\$ -	\$ 281,177
Assigned:				
Special revenue	-	165,681	-	165,681
Unassigned	(281,177)	-	-	(281,177)
Total fund balances	<u>\$ -</u>	<u>\$ 165,681</u>	<u>\$ -</u>	<u>\$ 165,681</u>
Total liabilities and fund balances	<u>\$ 1,084,804</u>	<u>\$ 165,681</u>	<u>\$ -</u>	<u>\$ 1,250,485</u>

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

Fund balance from above \$ 165,681

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

Land	\$ 59,350	
Building and improvements	5,954,409	
Equipment	584,724	6,598,483

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

Pension related items	\$ 1,738,496	
OPEB related items	165,632	1,904,128

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

Note payable	\$ (112,272)	
Capital lease	(164,858)	
Net pension liability	(8,447,000)	
Net OPEB liabilities	(1,301,000)	
Compensated absences	(163,486)	(10,188,616)

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

Pension related items	\$ (1,055,000)	
OPEB related items	(59,000)	(1,114,000)

Net position of governmental activities \$ (2,634,324)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2018

	School Operating	School Cafeteria	School Construction	Total
Revenues:				
Revenue from use of money and property	\$ 7,028	\$ 719	\$ -	\$ 7,747
Charges for services	-	173,333	-	173,333
Miscellaneous	204,527	-	-	204,527
Recovered costs	353,759	-	-	353,759
Intergovernmental revenue:				
Contribution from Town of West Point	3,927,685	-	-	3,927,685
Commonwealth	5,267,872	-	-	5,267,872
Federal	425,530	-	-	425,530
Total revenues	\$ 10,186,401	\$ 174,052	\$ -	\$ 10,360,453
Expenditures:				
Current:				
Education	\$ 10,172,066	\$ 334,009	\$ 581	\$ 10,506,656
Total expenditures	\$ 10,172,066	\$ 334,009	\$ 581	\$ 10,506,656
Excess (deficiency) of revenues over (under) expenditures	\$ 14,335	\$ (159,957)	\$ (581)	\$ (146,203)
Other financing sources (uses):				
Capital lease	\$ 164,858	\$ -	\$ -	\$ 164,858
Transfers in (out)	(179,193)	179,193	-	-
Total other financing sources (uses)	\$ (14,335)	\$ 179,193	\$ -	\$ 164,858
Changes in fund balances	\$ -	\$ 19,236	\$ (581)	\$ 18,655
Fund balances at beginning of year	-	146,445	581	147,026
Fund balances at end of year	\$ -	\$ 165,681	\$ -	\$ 165,681

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
Year Ended June 30, 2018

		<u>Component-Unit School Board</u>
Amounts reported for the school board in the statement of activities are different because:		
Net change in fund balances - total school board funds	\$	18,655
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	\$ 571,160	
Depreciation expense	<u>(619,322)</u>	(48,162)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		321,738
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments	\$ 10,937	
Capital lease financing source	<u>(164,858)</u>	(153,921)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense	\$ 54,717	
OPEB expense	(10,368)	
Change in compensated absences	<u>(29,992)</u>	<u>14,357</u>
Change in net position of governmental activities	\$	<u><u>152,667</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, 2018

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 7,028	\$ (2,972)
Miscellaneous	101,725	232,567	204,527	(28,040)
Recovered costs	351,950	351,950	353,759	1,809
Intergovernmental:				
Town contribution to School Board	4,202,750	4,202,750	3,927,685	(275,065)
Commonwealth	5,198,608	5,261,773	5,267,872	6,099
Federal	335,854	347,109	425,530	78,421
Total revenues	\$ 10,200,887	\$ 10,406,149	\$ 10,186,401	\$ (219,748)
Expenditures:				
Current:				
Education:				
Instruction	\$ 8,162,232	\$ 8,162,232	\$ 8,026,516	\$ 135,716
Administration, attendance and health	536,735	536,735	534,235	2,500
Pupil transportation services	353,709	353,709	479,036	(125,327)
Operation and maintenance services	1,243,751	1,243,751	1,013,107	230,644
Facilities	65,311	65,311	65,311	-
Debt service	44,168	44,168	14,984	29,184
School food services	220,064	220,064	38,877	181,187
Total expenditures	\$ 10,625,970	\$ 10,625,970	\$ 10,172,066	\$ 453,904
Excess (deficiency) of revenues over (under) expenditures	\$ (425,083)	\$ (219,821)	\$ 14,335	\$ 234,156
Other financing sources (uses):				
Capital lease	\$ -	\$ -	\$ 164,858	\$ 164,858
Transfers out	-	-	(179,193)	(179,193)
Total other financing sources (uses)	\$ -	\$ -	\$ (14,335)	\$ (14,335)
Net change in fund balance	\$ (425,083)	\$ (219,821)	\$ -	\$ 219,821
Fund balance at beginning of year	425,083	219,821	-	(219,821)
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Statement of Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2018

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 385,934
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 934,142</u>
 Total Assets	 <u><u>\$ 934,142</u></u>
 LIABILITIES	
Contingent liability	<u>\$ 361,566</u>
 NET POSITION	
Unrestricted	<u>\$ 572,576</u>
Total Liabilities and Net Position	<u><u>\$ 934,142</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2018

	Proprietary Fund
	<u>Enterprise</u>
Operating expenses:	
Contractual services	\$ 1,769
Other operating costs	<u>2,498</u>
Total operating expenses	\$ <u>4,267</u>
Operating income (loss)	\$ <u>(4,267)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 5,165
EDA contribution to Town	<u>(55,353)</u>
Total nonoperating revenues (expenses)	\$ <u>(50,188)</u>
Change in net position	\$ (54,455)
Net position at beginning of year	<u>627,031</u>
Net position at end of year	<u><u>\$ 572,576</u></u>

Statement of Cash Flows - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2018

	Proprietary Fund
	<u>Enterprise</u>
Cash flows from operating activities:	
Payments for services	\$ <u>(4,267)</u>
Cash flows from noncapital financing activities:	
EDA contribution to Town	\$ <u>(55,353)</u>
Cash flows from investing activities:	
Interest income	\$ 5,165
Increase (decrease) in cash and cash equivalents	\$ (54,455)
Cash and cash equivalents at beginning of year	<u>440,389</u>
Cash and cash equivalents at end of year	<u><u>\$ 385,934</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(4,267)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (4,267)</u></u>

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, 2018

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,239,891	\$ 2,239,891	\$ 2,231,015	\$ (8,876)
Real and personal public service corporation property taxes	111,000	111,000	121,151	10,151
Personal property taxes	613,094	613,094	522,823	(90,271)
Machinery and tools taxes	2,821,761	2,821,761	2,934,338	112,577
Penalties	40,000	40,000	33,564	(6,436)
Interest	-	-	31,190	31,190
Total general property taxes	\$ 5,825,746	\$ 5,825,746	\$ 5,874,081	\$ 48,335
Other local taxes:				
Local sales and use taxes	\$ 265,000	\$ 265,000	\$ 313,534	\$ 48,534
Consumers' utility taxes	70,000	70,000	65,138	(4,862)
Utility consumption tax	50,000	50,000	45,022	(4,978)
Business license taxes	175,000	175,000	175,867	867
Motor vehicle licenses	55,000	55,000	54,530	(470)
Natural gas tax	45,000	45,000	44,095	(905)
Bank franchise tax	30,000	30,000	64,769	34,769
Meals taxes	265,000	265,000	295,012	30,012
Total other local taxes	\$ 955,000	\$ 955,000	\$ 1,057,967	\$ 102,967
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 41,700	\$ 41,700	\$ 38,750	\$ (2,950)
Total permits, privilege fees and regulatory licenses	\$ 41,700	\$ 41,700	\$ 38,750	\$ (2,950)
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,000	\$ 20,000	\$ 43,362	\$ 23,362
Total fines and forfeitures	\$ 20,000	\$ 20,000	\$ 43,362	\$ 23,362
Revenue from use of money and property:				
Revenue from use of money	\$ 41,000	\$ 41,000	\$ 85,920	\$ 44,920
Revenue from use of property	166,332	166,332	182,069	15,737
Total revenue from use of money and property	\$ 207,332	\$ 207,332	\$ 267,989	\$ 60,657
Charges for services:				
Charges for solid waste collection	\$ 180,599	\$ 180,599	\$ 182,699	\$ 2,100
Total charges for services	\$ 180,599	\$ 180,599	\$ 182,699	\$ 2,100

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous revenue	\$ 15,000	\$ 15,000	\$ 107,319	\$ 92,319
EDA contribution to Town	55,353	55,353	55,353	-
Total miscellaneous revenue	<u>\$ 70,353</u>	<u>\$ 70,353</u>	<u>\$ 162,672</u>	<u>\$ 92,319</u>
Recovered costs:				
DMV - license agent fees	\$ 48,000	\$ 48,000	\$ 43,728	\$ (4,272)
Total recovered costs	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 43,728</u>	<u>\$ (4,272)</u>
Total revenue from local sources	<u>\$ 7,348,730</u>	<u>\$ 7,348,730</u>	<u>\$ 7,671,248</u>	<u>\$ 322,518</u>
Intergovernmental revenue:				
Local government:				
King William County	\$ 150,000	\$ 150,000	\$ 293,353	\$ 143,353
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	6,370	6,370
Auto rental tax	-	-	-	-
Communications tax	85,000	85,000	79,796	(5,204)
Total noncategorical aid	<u>\$ 451,550</u>	<u>\$ 451,550</u>	<u>\$ 452,716</u>	<u>\$ 1,166</u>
Categorical aid:				
Fire department grant	\$ 10,000	\$ 10,000	\$ 11,052	\$ 1,052
599 fund grant	71,100	71,100	73,388	2,288
VA commission of the arts grant	5,000	5,000	4,500	(500)
Wireless 911 Board Funding	40,000	40,000	44,017	4,017
Police grants	8,493	8,493	2,838	(5,655)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	<u>\$ 144,593</u>	<u>\$ 144,593</u>	<u>\$ 145,795</u>	<u>\$ 1,202</u>
Total revenue from the Commonwealth	<u>\$ 596,143</u>	<u>\$ 596,143</u>	<u>\$ 598,511</u>	<u>\$ 2,368</u>
Revenue from the Federal Government:				
Categorical aid:				
Safe routes to schools	\$ -	\$ 142,500	\$ 111,024	\$ (31,476)
Magnolia sidewalk	-	117,000	7,392	(109,608)
Asset forfeiture	-	-	8,239	8,239
Total categorical aid	<u>\$ -</u>	<u>\$ 259,500</u>	<u>\$ 126,655</u>	<u>\$ (132,845)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 259,500</u>	<u>\$ 126,655</u>	<u>\$ (132,845)</u>
Total General Fund	<u><u>\$ 8,094,873</u></u>	<u><u>\$ 8,354,373</u></u>	<u><u>\$ 8,689,767</u></u>	<u><u>\$ 335,394</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 3,628	\$ (6,372)
Revenue from use of property	-	-	3,400	3,400
Total from use of money and property	\$ 10,000	\$ 10,000	\$ 7,028	\$ (2,972)
Miscellaneous revenue:				
Miscellaneous revenue	\$ 101,725	\$ 232,567	\$ 204,527	\$ (28,040)
Total miscellaneous revenue	\$ 101,725	\$ 232,567	\$ 204,527	\$ (28,040)
Recovered costs:				
Tuition or other payments from another county or city	\$ 351,950	\$ 351,950	\$ 353,759	\$ 1,809
Total recovered costs	\$ 351,950	\$ 351,950	\$ 353,759	\$ 1,809
Total revenue from local sources	\$ 463,675	\$ 594,517	\$ 565,314	\$ (29,203)
Intergovernmental revenue:				
Town contribution to School Board	\$ 4,202,750	\$ 4,202,750	\$ 3,927,685	\$ (275,065)
Total intergovernmental revenue	\$ 4,202,750	\$ 4,202,750	\$ 3,927,685	\$ (275,065)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 689,480	\$ 689,480	\$ 695,722	\$ 6,242
Basic school aid	2,868,561	2,868,561	2,824,455	(44,106)
Special education - SOQ	253,575	253,575	256,543	2,968
Share of fringe benefits	557,984	557,984	564,515	6,531
State technology grant	128,000	128,000	128,000	-
Other state funds	701,008	764,173	798,637	34,464
Total categorical aid	\$ 5,198,608	\$ 5,261,773	\$ 5,267,872	\$ 6,099
Total revenue from the Commonwealth	\$ 5,198,608	\$ 5,261,773	\$ 5,267,872	\$ 6,099
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 65,601	\$ 75,263	\$ 72,300	\$ (2,963)
Title VI-B - special education	138,979	138,979	148,092	9,113
Other federal funds	131,274	132,867	205,138	72,271
Total categorical aid	\$ 335,854	\$ 347,109	\$ 425,530	\$ 78,421
Total revenue from the federal government	\$ 335,854	\$ 347,109	\$ 425,530	\$ 78,421
Total School Operating Fund	\$ 10,200,887	\$ 10,406,149	\$ 10,186,401	\$ (219,748)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 719	\$ 719
Charges for services:				
Cafeteria sales	-	-	173,333	173,333
Total revenue from local sources	\$ -	\$ -	\$ 174,052	\$ 174,052
Total School Cafeteria Fund	\$ -	\$ -	\$ 174,052	\$ 174,052
Total Revenues-Component Unit-School Board	\$ 10,200,887	\$ 10,406,149	\$ 10,360,453	\$ (45,696)

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				
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			
2014-15	685,004	968,017	1,177,439	4,373,293	73,849	199,661	180,621	500,710	8,158,594			
2015-16	674,846	965,293	1,219,024	4,151,528	30,793	353,606	170,104	518,365	8,083,559			
2016-17	565,170	936,254	998,086	4,482,732	94,201	704,346	150,301	551,546	8,482,636			
2017-18	632,350	973,116	1,120,322	4,201,196	114,103	388,524	156,589	553,804	8,140,004			

TOWN OF WEST POINT, VIRGINIA

Table 2

Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property		
							Miscellaneous		
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
2014-15	923,488	171,844	27,199	5,231,004	973,010	635,173	191,448	158,834	8,312,000
2015-16	1,006,562	141,413	12,525	5,461,795	1,008,983	604,546	208,841	148,979	8,593,644
2016-17	1,000,483	151,764	7,694	5,691,267	1,036,154	611,471	221,070	79,550	8,799,453
2017-18	987,443	154,034	118,416	5,919,213	1,057,967	746,069	261,516	190,021	9,434,679

TOWN OF WEST POINT, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses		Fines & Forfeitures		Revenues from the Use of Money & Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (2)		Total	
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
2014-15		5,258,570		973,010		39,734		42,933		197,594		325,791		570,038		341,919		5,673,914		13,423,503
2015-16		5,456,035		1,008,983		48,378		22,859		212,419		345,468		218,464		365,992		5,488,112		13,166,710
2016-17		5,670,824		1,036,154		50,166		31,865		224,466		361,429		287,294		424,258		6,207,149		14,293,605
2017-18		5,874,081		1,057,967		38,750		43,362		275,736		356,032		367,199		397,487		6,711,921		15,122,535

(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.

TOWN OF WEST POINT, VIRGINIA

Table 4

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

Fiscal Year	General Administration	Parks						Community Development	Non-Departmental	Debt Service	Total
		Public Safety	Public Works	Education (2)	Recreation and Cultural						
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		
2014-15	648,104	970,160	996,493	10,048,456	71,714	201,192	137,274	5,931,372	19,004,765		
2015-16	697,306	957,812	926,841	9,231,126	67,823	359,323	198,227	458,479	12,896,937		
2016-17	652,149	929,783	857,245	10,306,910	98,896	718,580	133,245	627,992	14,324,800		
2017-18	667,453	1,036,909	1,005,890	10,581,656	122,323	432,050	126,597	399,800	14,372,678		

(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
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		
2014-15	338,312,268	20,992,879	109,069,737	13,691,729	2,627	482,069,240		
2015-16	310,901,142	22,368,692	109,437,086	15,400,962	10,017	458,117,899		
2016-17	311,096,090	27,830,795	117,573,376	16,599,624	4,531	473,104,416		
2017-18	311,517,001	25,667,916	122,264,085	16,798,854	3,472	476,251,328		

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

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

TOWN OF WEST POINT, VIRGINIA

Table 6

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
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
2014-15	0.640	3.52	2.40
2015-16	0.720	3.52	2.40
2016-17	0.720	3.52	2.40
2017-18	0.720	3.52	2.40

(1) Per \$100 of assessed value.

TOWN OF WEST POINT, VIRGINIA

Table 7

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2008-09	\$ 5,373,484	\$ 5,231,715	97.36%	\$ 61,532	\$ 5,293,247	98.51%	\$ 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%
2014-15	5,609,466	5,521,704	98.44%	52,909	5,574,613	99.38%	174,892	3.12%
2015-16	5,764,136	5,652,037	98.06%	103,253	5,755,290	99.85%	153,032	2.65%
2016-17	6,161,478	5,931,129	96.26%	67,782	5,998,911	97.36%	170,487	2.77%
2017-18	6,201,948	6,078,951	98.02%	96,926	6,175,877	99.58%	208,308	3.36%

(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)	General Obligation Debt to Assessed Value	Net Bonded Debt per Capita	
2008-09	3,134	\$ 475,398	\$ 3,872,221	- \$	1,118,980	\$ 2,753,241	0.58%	879
2009-10	3,156	465,417	3,376,099	-	1,057,767	2,318,332	0.50%	735
2010-11	3,306	474,010	3,160,100	-	994,112	2,165,988	0.46%	655
2011-12	3,315	468,328	3,044,913	-	970,114	2,074,799	0.44%	626
2012-13	3,312	474,190	8,688,563	-	924,180	7,764,383	1.64%	2,344
2013-14	3,339	476,230	8,498,036	-	877,068	7,620,968	1.60%	2,282
2014-15	3,333	482,069	7,744,322	-	828,386	6,915,936	1.43%	2,075
2015-16	3,339	458,118	7,410,415	-	778,526	6,631,889	1.45%	1,986
2016-17	3,314	473,104	6,887,710	-	727,488	6,160,222	1.30%	1,859
2017-18	3,312	476,251	6,592,629	-	675,272	5,917,357	1.24%	1,787

(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, compensated absences, and net pension liability.

(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, 2018, and the related notes to the financial statements, which collectively comprise Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated February 11, 2019.

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, Farnell, Cox Associates

Charlottesville, Virginia

February 11, 2019