

TOWN OF WEST POINT, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Wayne Healy

Jack Lawson

Paul T. Kelley

O.B. Shreaves, Jr.

Chris P. Vincent

TOWN SCHOOL BOARD

Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

ECONOMIC DEVELOPMENT AUTHORITY

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Carol Cunningham

William B. Lee

Debbie Brockwell

OTHER OFFICIALS

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

TOWN OF WEST POINT, VIRGINIA
Financial Report
For The Fiscal Year Ended June 30, 2013

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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, each major fund, and the aggregate remaining fund information of Town of West Point, Virginia, as of and for the year ended June 30, 2013, 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, each major fund, and the aggregate remaining fund information of Town of West Point, Virginia, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note 16 to the financial statements, in 2013, the Town adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Point, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedule, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2014, on our consideration of the Town of West Point, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of West Point, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of West Point, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$9,236,380 (net position). Of this amount, \$1,614,604 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's funds reported combined ending fund balances of \$5,379,727, an increase of \$3,242,081 in comparison with the prior year. Approximately 65% of this total amount, \$3,489,160, is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,489,160, or 34% percent of total general fund expenditures.
- The Town's total debt increased \$5,643,650 during the current fiscal year.

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 the financial statements.

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

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the 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, education community development, and recreation activities.

The Government-wide financial statements include not only the 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 present 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. The 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 - the governmental funds and proprietary funds.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$9,236,380 at the close of the most recent fiscal year.

Town of West Point, Virginia's, Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 8,225,847	\$ 2,940,150	\$ 667,743	\$ 728,062	\$ 8,893,590	\$ 3,668,212
Capital assets	7,796,595	4,686,902	4,112,617	4,231,900	11,909,212	8,918,802
Total assets	\$ 16,022,442	\$ 7,627,052	\$ 4,780,360	\$ 4,959,962	\$ 20,802,802	\$ 12,587,014
Noncurrent liabilities	\$ 7,709,141	\$ 2,000,193	\$ 891,920	\$ 919,242	\$ 8,601,061	\$ 2,919,435
Current liabilities	2,897,457	814,308	66,804	55,841	2,964,261	870,149
Total liabilities	\$ 10,606,598	\$ 2,814,501	\$ 958,724	\$ 975,083	\$ 11,565,322	\$ 3,789,584
Deferred inflows of resources	\$ 1,100	\$ -	\$ -	\$ -	\$ 1,100	\$ -
Net position:						
Net investment in capital assets	\$ 4,433,339	\$ 2,612,103	\$ 3,188,437	\$ 3,261,786	\$ 7,621,776	\$ 5,873,889
Unrestricted	981,405	2,200,448	633,199	723,093	1,614,604	2,923,541
Total net position	\$ 5,414,744	\$ 4,812,551	\$ 3,821,636	\$ 3,984,879	\$ 9,236,380	\$ 8,797,430

A large part of the Town's net position (\$7,621,776 or 83 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the Town's net position experienced an increase in the governmental fund balances in the amount of \$602,193. The business type funds decreased in the amount of \$163,243.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$602,193. Key elements of this increase are as follows:

Town of West Point, Virginia's Changes in Net Position For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 250,277	\$ 133,308	\$ 572,332	\$ 584,911	\$ 822,609	\$ 718,219
Operating grants and contributions	152,424	762,693	-	-	152,424	762,693
Capital grants and contributions	368,811	522,188	-	-	368,811	522,188
General revenues:						
General property taxes	5,083,067	4,674,205	-	-	5,083,067	4,674,205
Other local taxes	836,331	847,663	-	-	836,331	847,663
Use of money and property	228,979	197,390	52	-	229,031	197,390
Grants and contributions not restricted to specific programs	463,080	459,509	-	-	463,080	459,509
Other general revenues	162,224	127,112	7,845	38,760	170,069	165,872
Total revenues	\$ 7,545,193	\$ 7,724,068	\$ 580,229	\$ 623,671	\$ 8,125,422	\$ 8,347,739
Expenses:						
General government administration	\$ 611,633	\$ 578,255	\$ -	\$ -	\$ 611,633	\$ 578,255
Public safety	973,530	1,041,749	-	-	973,530	1,041,749
Public works	1,094,055	1,184,433	-	-	1,094,055	1,184,433
Education	3,872,596	3,708,942	-	-	3,872,596	3,708,942
Parks, recreation, and cultural	115,923	33,875	-	-	115,923	33,875
Community development	360,715	1,187,254	-	-	360,715	1,187,254
Interest and other fiscal charges	123,548	88,721	-	-	123,548	88,721
Water	-	-	534,472	562,855	534,472	562,855
Total expenses	\$ 7,152,000	\$ 7,823,229	\$ 534,472	\$ 562,855	\$ 7,686,472	\$ 8,386,084
Increase (decrease) in net position before transfers	\$ 393,193	\$ (99,161)	\$ 45,757	\$ 60,816	\$ 438,950	\$ (38,345)
Transfers	209,000	122,973	(209,000)	(122,973)	-	-
Increase (decrease) in net position	\$ 602,193	\$ 23,812	\$ (163,243)	\$ (62,157)	\$ 438,950	\$ (38,345)
Net position, July 1, 2012	4,812,551	4,788,739	3,984,879	4,047,036	8,797,430	8,835,775
Net position, June 30, 2013	\$ 5,414,744	\$ 4,812,551	\$ 3,821,636	\$ 3,984,879	\$ 9,236,380	\$ 8,797,430

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,379,727, an increase of \$3,242,081 in comparison with the prior year. A significant portion of this fund balance, \$3,489,160 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 has already been committed to capital projects or restricted for:

- Economic development
- Cemetery operations
- HVAC capital projects

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 34% of total general fund expenditures, while total fund balance represents 52% of that same amount.

General Fund Budgetary Highlights

The Town's General Fund expended \$10,361,105 during the year, which was \$2,812,750 more than what was budgeted. The biggest reason for this disparity is the \$3,271,382 that was expended for the HVAC replacement project.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2013 totals \$7,796,595 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

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

Capital Asset and Debt Administration: (Continued)

Debt

Of the total principal balance at the end of the year, \$2,847,052 was for General Obligation Bonds, \$5,628,000 was for a General Obligation Note, and \$213,511 was for State Literary Loans payable. The Town's total outstanding debt principal increased by \$5,643,650.

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 the financial statements.

CONTACT THE TOWN'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 7,974,938	\$ 556,398	\$ 8,531,336	\$ 341,477	\$ 825,151
Receivables (net of allowance for uncollectibles):					
Property taxes	180,492	-	180,492	-	-
Accounts receivable	19,106	111,345	130,451	-	-
Inventory	-	-	-	-	548,208
Due from other governments	51,311	-	51,311	44,674	-
Due from primary government	-	-	-	721,387	-
Total Current Assets	<u>\$ 8,225,847</u>	<u>\$ 667,743</u>	<u>\$ 8,893,590</u>	<u>\$ 1,107,538</u>	<u>\$ 1,373,359</u>
Noncurrent Assets					
Capital Assets (net of accumulated depreciation):					
Land	\$ 869,546	\$ 367,305	\$ 1,236,851	\$ 59,350	\$ -
Construction in progress	3,201,439	-	3,201,439	424,772	-
Buildings and improvements	3,176,253	3,629,819	6,806,072	5,078,854	-
Equipment	549,357	115,493	664,850	545,381	-
Total Capital Assets	<u>\$ 7,796,595</u>	<u>\$ 4,112,617</u>	<u>\$ 11,909,212</u>	<u>\$ 6,108,357</u>	<u>\$ -</u>
Total Assets	<u>\$ 16,022,442</u>	<u>\$ 4,780,360</u>	<u>\$ 20,802,802</u>	<u>\$ 7,215,895</u>	<u>\$ 1,373,359</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 1,954,166	\$ 9,163	\$ 1,963,329	\$ 140,082	\$ -
Accrued expenses	16,301	2,100	18,401	947,831	-
Customers' deposits	-	6,779	6,779	-	-
Due to component unit	721,387	-	721,387	-	-
Accrued interest payable	52,391	-	52,391	-	-
Current portion of long-term obligations	153,212	48,762	201,974	9,982	-
Total Current Liabilities	<u>\$ 2,897,457</u>	<u>\$ 66,804</u>	<u>\$ 2,964,261</u>	<u>\$ 1,097,895</u>	<u>\$ -</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	7,709,141	891,920	8,601,061	89,841	-
Total Liabilities	<u>\$ 10,606,598</u>	<u>\$ 958,724</u>	<u>\$ 11,565,322</u>	<u>\$ 1,187,736</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 1,100	\$ -	\$ 1,100	\$ -	\$ -
NET POSITION					
Net investment in capital assets	\$ 4,433,339	\$ 3,188,437	\$ 7,621,776	\$ 6,108,357	\$ -
Unrestricted	981,405	633,199	1,614,604	(80,198)	1,373,359
Total Net Position	<u>\$ 5,414,744</u>	<u>\$ 3,821,636</u>	<u>\$ 9,236,380</u>	<u>\$ 6,028,159</u>	<u>\$ 1,373,359</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 16,022,442</u>	<u>\$ 4,780,360</u>	<u>\$ 20,802,802</u>	<u>\$ 7,215,895</u>	<u>\$ 1,373,359</u>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 611,633	\$ -	\$ -	\$ -
Public safety	973,530	66,208	137,821	-
Public works	1,094,055	184,069	9,603	368,811
Education	3,872,596	-	-	-
Parks, recreation, and cultural	115,923	-	5,000	-
Community development	360,715	-	-	-
Interest on long-term debt	123,548	-	-	-
Total governmental activities	\$ 7,152,000	\$ 250,277	\$ 152,424	\$ 368,811
Business-type activities:				
Water and Sewer	\$ 534,472	\$ 572,332	\$ -	\$ -
Total primary government	\$ 7,686,472	\$ 822,609	\$ 152,424	\$ 368,811
COMPONENT UNITS:				
School Board	\$ 8,811,787	\$ 141,784	\$ 4,544,629	\$ -
Economic Development Authority	137,163	-	-	-
Total component units	\$ 8,948,950	\$ 141,784	\$ 4,544,629	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Town contribution to school board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- Type Activities	Total	School Board	Economic Development Authority
\$ (611,633)	\$ -	\$ (611,633)	\$ -	\$ -
(769,501)	-	(769,501)	-	-
(531,572)	-	(531,572)	-	-
(3,872,596)	-	(3,872,596)	-	-
(110,923)	-	(110,923)	-	-
(360,715)	-	(360,715)	-	-
(123,548)	-	(123,548)	-	-
<u>\$ (6,380,488)</u>	<u>\$ -</u>	<u>\$ (6,380,488)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 37,860</u>	<u>\$ 37,860</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 37,860</u>	<u>\$ (6,342,628)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (4,125,374)	\$ -
-	-	-	-	(137,163)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,125,374)</u>	<u>\$ (137,163)</u>
\$ 5,083,067	\$ -	\$ 5,083,067	\$ -	\$ -
224,016	-	224,016	-	-
263,838	-	263,838	-	-
172,261	-	172,261	-	-
68,436	-	68,436	-	-
107,780	-	107,780	-	-
228,979	52	229,031	6,977	7,365
-	-	-	3,789,689	-
162,224	7,845	170,069	235,267	20,640
463,080	-	463,080	-	-
209,000	(209,000)	-	-	-
<u>\$ 6,982,681</u>	<u>\$ (201,103)</u>	<u>\$ 6,781,578</u>	<u>\$ 4,031,933</u>	<u>\$ 28,005</u>
<u>\$ 602,193</u>	<u>\$ (163,243)</u>	<u>\$ 438,950</u>	<u>\$ (93,441)</u>	<u>\$ (109,158)</u>
<u>4,812,551</u>	<u>3,984,879</u>	<u>8,797,430</u>	<u>6,121,600</u>	<u>1,482,517</u>
<u>\$ 5,414,744</u>	<u>\$ 3,821,636</u>	<u>\$ 9,236,380</u>	<u>\$ 6,028,159</u>	<u>\$ 1,373,359</u>

Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2013

		Governmental Funds
		General
ASSETS		
Cash and cash equivalents	\$	7,974,938
Receivables (Net of allowance for uncollectibles):		
Taxes, including penalties		180,492
Accounts receivable		19,106
Due from other governments		51,311
Total assets	\$	<u>8,225,847</u>
LIABILITIES		
Accounts payable	\$	1,954,166
Accrued expenses		16,301
Due to component unit		721,387
Total liabilities	\$	<u>2,691,854</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	\$	<u>154,266</u>
FUND BALANCES		
Restricted:		
Economic development	\$	143,977
Cemetery operations		139,120
Total Restricted Fund Balance	\$	<u>283,097</u>
Committed to:		
Capital projects - HVAC	\$	1,607,470
Unassigned:		
General	\$	<u>3,489,160</u>
Total fund balances	\$	<u>5,379,727</u>
Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:		
Fund balance from above	\$	5,379,727
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	869,546
Buildings and improvements		3,176,253
Equipment		549,357
Construction in progress		<u>3,201,439</u>
		7,796,595
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.		
		153,166
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$	(1,922,872)
General obligation note		(5,628,000)
Literary fund loans		(213,511)
Compensated absences		(97,970)
Accrued interest payable		<u>(52,391)</u>
		(7,914,744)
Net position of General Governmental Activities	\$	<u>5,414,744</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2013

	Governmental Funds
	General
Revenues:	
General property taxes	\$ 5,071,285
Other local taxes	836,331
Permits, privilege fees and regulatory licenses	29,804
Fines and forfeitures	36,404
Revenue from use of money and property	228,979
Charges for services	184,069
Miscellaneous	162,224
Recovered cost	44,775
Intergovernmental:	
Commonwealth	599,415
Federal	384,900
Total revenues	<u>\$ 7,578,186</u>
Expenditures:	
Current:	
General government administration	\$ 608,551
Public safety	1,073,442
Public works	861,443
Education	7,022,223
Parks, recreation, and cultural	111,128
Community development	360,715
Nondepartmental	134,845
Debt service:	
Principal retirement	126,416
Interest and other fiscal charges	62,342
Total expenditures	<u>\$ 10,361,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,782,919)</u>
Other financing sources (uses):	
Issuance of debt	\$ 5,816,000
Transfers (out)	209,000
Total other financing sources (uses)	<u>\$ 6,025,000</u>
Changes in fund balances	\$ 3,242,081
Fund balances at beginning of year	<u>2,137,646</u>
Fund balances at end of year	<u><u>\$ 5,379,727</u></u>

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		\$ 3,242,081
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:		
Capital outlay	\$ 3,344,926	
Depreciation expense	<u>(196,385)</u>	3,148,541
Transfer of joint tenancy assets from Primary Government to the Component Unit		(38,848)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		11,782
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal retired on general obligation bonds	\$ 86,954	
Principal retired on literary fund loans	39,462	
Issuance of debt	<u>(5,816,000)</u>	(5,689,584)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ (10,573)	
Change in deferred amount on refunding	(28,525)	
Change in accrued interest payable	<u>(32,681)</u>	(71,779)
Change in net position of governmental activities		\$ <u>602,193</u>

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

Statement of Net Position - Proprietary Fund
June 30, 2013

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 556,398
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>111,345</u>
Total Current Assets	\$ <u>667,743</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	394,145
Accumulated depreciation	<u>(2,649,767)</u>
Total Noncurrent Assets	\$ <u>4,112,617</u>
Total Assets	\$ <u><u>4,780,360</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 9,163
Accrued expenses	2,100
Customer deposits	6,779
Current portion of long-term obligations	<u>48,762</u>
Total Current Liabilities	\$ <u>66,804</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>891,920</u>
Total Liabilities	\$ <u>958,724</u>
NET POSITION	
Net investment in capital assets	\$ 3,188,437
Unrestricted	<u>633,199</u>
Total Net Position	\$ <u>3,821,636</u>
Total Liabilities and Net Position	\$ <u><u>4,780,360</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, 2013

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 572,332
Miscellaneous	<u>7,845</u>
Total operating revenues	\$ <u>580,177</u>
Operating expenses:	
Personnel services	\$ 144,766
Fringe benefits	52,391
Contractual services	78,392
Capital outlay	14,780
Other operating costs	61,479
Depreciation and amortization	<u>158,253</u>
Total operating expenses	\$ <u>510,061</u>
Operating Income (loss)	\$ <u>70,116</u>
Nonoperating revenues (expenses):	
Interest income	\$ 52
Interest expense	<u>(24,411)</u>
Total non-operating revenues (expenses)	\$ <u>(24,359)</u>
Income before transfers	\$ 45,757
Transfers out	<u>(209,000)</u>
Change in net position	\$ (163,243)
Net position, beginning of year	<u>3,984,879</u>
Net position, end of year	<u>\$ 3,821,636</u>

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

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2013

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 568,852
Payments to employees (including fringe benefits)	(192,272)
Payments for operating activities	<u>(148,324)</u>
Net cash provided by (used for) operating activities	<u>\$ 228,256</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (20,607)
Retirement of long-term debt	(45,934)
Interest paid on debt	<u>(24,411)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (90,952)</u>
Cash flows from non-capital financing activities:	
Transfers out	<u>\$ (209,000)</u>
Cash flows from investing activities:	
Interest income	<u>52</u>
Net increase (decrease) in cash and cash equivalents	\$ (71,644)
Cash and cash equivalents at beginning of year	<u>628,042</u>
Cash and cash equivalents at end of year	<u><u>\$ 556,398</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 70,116
Adjustment to reconcile net income (loss) to net cash provided by (used for) operations:	
Depreciation and amortization	158,253
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	(11,325)
Increase/(Decrease) in accounts payable	6,803
Increase/(Decrease) in accrued expenses	2,100
Increase/(Decrease) in customer deposits	(476)
Increase/(Decrease) in compensated absences	<u>2,785</u>
Net cash provided by (used for) operating activities	<u><u>\$ 228,256</u></u>

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements As of June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its components units. For the most part, effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

A. The Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2013.

Discretely Presented Component Units: The West Point School Board members are elected by the citizens of the Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the Town financial statements for the fiscal year ended June 30, 2013.

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 EDA does not issue a separate financial report.

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

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

None

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

2. Proprietary Funds

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

Enterprise Funds

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

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

The Town reports the following major enterprise fund:

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

3. Discretely Presented Component Units

Town of West Point Public Schools

The Town of West Point Public Schools (School Board) is responsible for elementary and secondary education within the Town. The Schools are fiscally dependent upon the Town because the Town Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money.

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

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

3. Discretely Presented Component Units: (Continued)

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

E. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all Town units. Supplemental appropriations were necessary during the year.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

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

F. Cash and Cash Equivalents:

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

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

G. Investments:

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

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

H. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$144,043 at June 30, 2013 and is composed of the allowance for uncollectible property taxes of \$48,537 and utility accounts of \$95,506.

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.

I. Inventory:

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

J. Capital Assets:

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

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

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

J. Capital Assets: (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2013 was immaterial.

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

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

K. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources.

L. Compensated Absences:

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

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

M. Long-term Obligations:

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity:

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

N. Fund Equity: (Continued)

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

O. Retirement Plan:

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

P. Use of Estimates:

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

Q. Net Position:

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

R. Net Position Flow Assumption:

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 2—DEPOSIT AND INVESTMENTS:

Deposits

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 2—DEPOSIT AND INVESTMENTS: (Continued)

Investments

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

Credit Risk of Debt securities

The Town’s rated debt investments as of June 30, 2013 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Town's Rate Debt Investments' Values	
	Fair Quality Ratings
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>8,276</u>

External Investment Pool

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

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 16,916	\$ -
Fire programs	9,429	-
Hazard mitigation grant	1,200	-
State sales tax	-	44,674
Federal Government:		
Hazard mitigation grant	4,500	-
Community development block grant	19,266	-
Total due from other governmental units	\$ <u>51,311</u>	\$ <u>44,674</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

Component Unit - School Board:

<u>Fund</u>	<u>Due To Component Unit</u>	<u>Due From Primary Government</u>
Primary Government: General	\$ <u>721,387</u>	\$ <u>-</u>
Component Unit: School Operating	\$ <u>-</u>	\$ <u>721,387</u>

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 209,000	\$ -
Water and Sewer Fund	<u>-</u>	<u>209,000</u>
Total	\$ <u>209,000</u>	\$ <u>209,000</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
As of June 30, 2013 (Continued)

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 869,546	\$ -	\$ -	\$ 869,546
Construction in progress	99,747	3,213,297	111,605	3,201,439
Total capital assets not being depreciated	\$ 969,293	\$ 3,213,297	\$ 111,605	\$ 4,070,985
Capital assets being depreciated:				
Buildings and improvements	\$ 3,336,063	\$ 111,605	\$ -	\$ 3,447,668
Equipment	1,599,176	131,629	-	1,730,805
Jointly owned assets	573,913	-	55,350	518,563
Total capital assets being depreciated	\$ 5,509,152	\$ 243,234	\$ 55,350	\$ 5,697,036
Less accumulated depreciation:				
Buildings and improvements	\$ 580,494	\$ 104,355	\$ -	\$ 684,849
Equipment	1,102,382	79,066	-	1,181,448
Jointly owned assets	108,667	12,964	16,502	105,129
Total accumulated depreciation	\$ 1,791,543	\$ 196,385	\$ 16,502	\$ 1,971,426
Total capital assets being depreciated net	\$ 3,717,609	\$ 46,849	\$ 38,848	\$ 3,725,610
Net capital assets governmental activities	\$ 4,686,902	\$ 3,260,146	\$ 150,453	\$ 7,796,595
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	373,538	20,607	-	394,145
Total capital assets being depreciated	\$ 6,374,472	\$ 20,607	\$ -	\$ 6,395,079
Less accumulated depreciation:				
Buildings and improvements	\$ 2,249,550	\$ 121,565	\$ -	\$ 2,371,115
Equipment	260,327	18,325	-	278,652
Total accumulated depreciation	\$ 2,509,877	\$ 139,890	\$ -	\$ 2,649,767
Total capital assets being depreciated net	\$ 3,864,595	\$ (119,283)	\$ -	\$ 3,745,312
Net capital assets business-type activities	\$ 4,231,900	\$ (119,283)	\$ -	\$ 4,112,617

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	337,146	87,626	-	424,772
Total capital assets not being depreciated	<u>\$ 396,496</u>	<u>\$ 87,626</u>	<u>\$ -</u>	<u>\$ 484,122</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,106,106	\$ -	\$ -	\$ 8,106,106
Equipment	1,168,696	75,588	-	1,244,284
Jointly owned assets	705,243	55,350	-	760,593
Total capital assets being depreciated	<u>\$ 9,980,045</u>	<u>\$ 130,938</u>	<u>\$ -</u>	<u>\$ 10,110,983</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 3,362,126	\$ 185,192	\$ -	\$ 3,547,318
Equipment	587,178	111,725	-	698,903
Jointly owned assets	224,025	16,502	-	240,527
Total accumulated depreciation	<u>\$ 4,173,329</u>	<u>\$ 313,419</u>	<u>\$ -</u>	<u>\$ 4,486,748</u>
Total capital assets being depreciated net	<u>\$ 5,806,716</u>	<u>\$ (182,481)</u>	<u>\$ -</u>	<u>\$ 5,624,235</u>
Net capital assets School Board	<u><u>\$ 6,203,212</u></u>	<u><u>\$ (94,855)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,108,357</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:

General government administration	\$	18,466
Public safety		12,497
Public works		149,057
Education		12,964
Parks, recreation and cultural		3,401
		<u> </u>
Total governmental activities	\$	<u>196,385</u>
Water and Sewer Fund	\$	<u>139,890</u>
Component Unit School Board	\$	<u>296,917</u> *
* Depreciation expense School Board	\$	296,917
Transfer of accumulated depreciation from Primary Government		16,502
Total accumulated depreciation increase - School Board	\$	<u>313,419</u>

NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>337,460,418</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	33,746,042
Less net bonded debt at June 30, 2013		<u>8,688,563</u>
Legal margin for creation of additional debt	\$	<u>25,057,479</u>

NOTE 8—DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

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

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

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 8—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rates for the fiscal year ended June 30, 2013 was 6.80% of annual covered payroll.

The School Board's contributions for professional employees were \$280,334, \$386,038, and \$289,357, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, and 8.93%, respectively, of current covered payroll. The Town of West Point, Virginia does not cover its non-professional employees through a VRS-administered plan.

C. Annual Pension Cost:

For fiscal year 2013, the Town's annual pension cost of \$107,010 was equal to the Town's required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Town:			
June 30, 2013	\$ 107,010	100%	\$ -
June 30, 2012	79,213	100%	-
June 30, 2011	77,586	100%	-

(1) Employer portion only

NOTE 8—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

The FY 2013 required contributions were determined as a part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Funding Programs:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 83.66% funded. The actuarial accrued liability for benefits was \$3,028,642 and the actuarial value of assets was \$2,533,663 resulting in an unfunded actuarial accrued liability (UAAL) of \$494,979. The covered payroll (annual payroll of active employees covered by the plan) was \$1,372,925 and ratio of the UAAL to the covered payroll was 36.05%.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2013:

	Balance at July 1, 2012	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2013	Due Within One Year
<u>Governmental Funds:</u>					
General obligation bonds	\$ 1,821,826	\$ 188,000	\$ 86,954	\$ 1,922,872	\$ 113,915
Deferred amount on refunding	(28,525)	-	(28,525)	-	-
General obligation note	-	5,628,000	-	5,628,000	-
Literary fund loans	252,973	-	39,462	213,511	29,500
Compensated absences	87,397	26,219	15,646	97,970	9,797
Total	<u>\$ 2,133,671</u>	<u>\$ 5,842,219</u>	<u>\$ 113,537</u>	<u>\$ 7,862,353</u>	<u>\$ 153,212</u>
<u>Proprietary Funds:</u>					
General obligation bond	\$ 970,114	\$ -	\$ 45,934	\$ 924,180	\$ 47,112
Deferred amount on refunding	(18,363)	-	(18,363)	-	-
Compensated absences	13,717	4,115	1,330	16,502	1,650
Total	<u>\$ 965,468</u>	<u>\$ 4,115</u>	<u>\$ 28,901</u>	<u>\$ 940,682</u>	<u>\$ 48,762</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

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

Year Ending June 30,	Governmental Funds						Proprietary Funds	
	General Long-Term Obligations						General Long-Term Obligations	
	General Obligation Bonds		General Obligation Note		Literary Fund Loans		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 113,915	\$ 54,762	\$ -	\$ 70,835	\$ 29,500	\$ 6,405	\$ 47,112	\$ 23,146
2015	117,532	51,395	-	64,722	29,500	5,520	48,682	21,915
2016	119,547	48,277	-	64,722	29,500	4,635	49,860	20,649
2017	122,656	45,021	-	64,722	29,500	3,750	51,038	19,352
2018	124,865	41,599	5,628,000	64,722	29,500	2,865	52,216	18,025
2019	128,701	38,102	-	-	29,500	1,980	53,786	16,664
2020	132,581	34,481	-	-	36,511	1,293	55,357	15,261
2021	105,901	30,738	-	-	-	-	56,534	13,823
2022	108,856	27,459	-	-	-	-	58,105	12,350
2023	111,840	24,087	-	-	-	-	59,675	10,836
2024	114,854	20,624	-	-	-	-	61,246	9,283
2025	117,901	17,066	-	-	-	-	62,816	7,689
2026	120,982	13,411	-	-	-	-	64,386	6,054
2027	124,069	9,686	-	-	-	-	65,957	4,379
2028	127,771	5,885	-	-	-	-	67,920	2,659
2029	130,901	1,977	-	-	-	-	69,490	893
Total	\$ 1,922,872	\$ 464,570	\$ 5,628,000	\$ 329,723	\$ 213,511	\$ 26,448	\$ 924,180	\$ 202,978

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Funds</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	\$ 305,052	\$ 16,027
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	1,429,820	72,888
\$188,000 issued December 11, 2012 due in varying annual installments, interest payable annually at 1.88%, through January 15, 2020	<u>188,000</u>	<u>25,000</u>
Total General Obligation Bonds	\$ <u>1,922,872</u>	\$ <u>113,915</u>
General Obligation Note:		
\$5,628,000 issued December 11, 2012 due in full on January 15, 2018, interest payable semi-annually at 1.15%, through January 15, 2018	\$ <u>5,628,000</u>	\$ -
Compensated Absences	\$ <u>97,970</u>	\$ <u>9,797</u>
Literary Fund Loans		
\$597,011 State Literary Fund loan issued September 15, 1998, due in annual installments of \$29,500 through September 15, 2019, interest payable annually at 3%	\$ <u>213,511</u>	\$ <u>29,500</u>
Total governmental fund long-term obligations	<u>\$ 7,862,353</u>	<u>\$ 153,212</u>
<u>Proprietary Funds</u>		
Water & Sewer Fund:		
General Obligation Bonds:		
\$970,114 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	\$ <u>924,180</u>	\$ <u>47,112</u>
Compensated absences	\$ <u>16,502</u>	\$ <u>1,650</u>
Total proprietary fund long-term obligations	<u>\$ 940,682</u>	<u>\$ 48,762</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 9—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, 2013:

	Balance at			Balance at	Due
	July 1, 2012	Increases	Decreases	June 30, 2013	Within
					One Year
General Long-Term Obligations:					
Compensated absences	\$ 86,859	\$ 17,372	\$ 4,408	\$ 99,823	\$ 9,982
Total	\$ 86,859	\$ 17,372	\$ 4,408	\$ 99,823	\$ 9,982

NOTE 10—UNEARNED AND UNAVAILABLE REVENUE:

Unearned 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. There was no unearned revenue as of June 30, 2013, however unavailable revenue consisted of the following:

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$153,166 at June 30, 2013.

Prepaid property taxes: Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$1,100 at June 30, 2013.

NOTE 11—CONTINGENT LIABILITIES:

The Town participates in a number of federally assisted grant programs. Although the Town has been audited in accordance with the provisions of OMB Circular A-133, these programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be significant.

NOTE 12—RISK MANAGEMENT:

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
As of June 30, 2013 (Continued)

NOTE 13—SURETY BOND INFORMATION:

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

NOTE 14—INVENTORY:

At June 30, 2013 the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

	<u>Enterprise Funds</u>
74.02 acres of Commercial property by the IDA (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 IDA	<u>34,000</u>
Totals	\$ <u><u>548,208</u></u>

NOTE 15—LITIGATION:

At June 30, 2013, there were no matters of litigation involving the Town or which would materially effect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 16—ADOPTION OF ACCOUNTING POLICIES:

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

NOTE 17—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The Town has not determined the impact of this pronouncement on its financial statements.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2013

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,036,073	\$ 5,036,073	\$ 5,071,285	\$ 35,212
Other local taxes	764,000	764,000	836,331	72,331
Permits, privilege fees and regulatory licenses	19,200	19,200	29,804	10,604
Fines and forfeitures	25,000	25,000	36,404	11,404
Revenue from use of money and property	214,800	214,800	228,979	14,179
Charges for services	179,200	179,200	184,069	4,869
Miscellaneous	328,450	407,450	162,224	(245,226)
Recovered cost	40,000	40,000	44,775	4,775
Intergovernmental revenue:				
Commonwealth	556,750	594,450	599,415	4,965
Federal	197,978	407,978	384,900	(23,078)
Total revenues	\$ 7,361,451	\$ 7,688,151	\$ 7,578,186	\$ (109,965)
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 63,500	\$ 63,500	\$ 84,235	\$ (20,735)
Total legislative	\$ 63,500	\$ 63,500	\$ 84,235	\$ (20,735)
General and financial administration:				
Town treasurer	\$ 290,900	\$ 290,900	\$ 297,046	\$ (6,146)
Town manager	238,581	238,581	227,270	11,311
Total general and financial administration	\$ 529,481	\$ 529,481	\$ 524,316	\$ 5,165
Total general government administration	\$ 592,981	\$ 592,981	\$ 608,551	\$ (15,570)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 617,305	\$ 636,885	\$ 672,390	\$ (35,505)
Town radio equipment	-	-	89,293	(89,293)
Vehicle replacement	-	-	27,515	(27,515)
Central dispatching	87,816	120,516	111,986	8,530
Total law enforcement and traffic control	\$ 705,121	\$ 757,401	\$ 901,184	\$ (143,783)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total fire and rescue services	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Inspections:				
Building	\$ 83,450	\$ 83,450	\$ 72,258	\$ 11,192
Total inspections	\$ 83,450	\$ 83,450	\$ 72,258	\$ 11,192
Total public safety	\$ 888,571	\$ 940,851	\$ 1,073,442	\$ (132,591)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 181,651	\$ 181,651	\$ 167,190	\$ 14,461
Highways, streets, bridges and sidewalks	340,300	340,300	332,437	7,863
Storm water repairs	25,000	25,000	-	25,000
Total maintenance of highways, streets, bridges and sidewalks	\$ 546,951	\$ 546,951	\$ 499,627	\$ 47,324
Sanitation and waste removal:				
Refuse collection and disposal	\$ 143,300	\$ 143,300	\$ 127,192	\$ 16,108
Total sanitation and waste removal	\$ 143,300	\$ 143,300	\$ 127,192	\$ 16,108
Maintenance of general buildings and grounds:				
General properties	\$ 252,700	\$ 252,700	\$ 234,624	\$ 18,076
Total maintenance of general buildings and grounds	\$ 252,700	\$ 252,700	\$ 234,624	\$ 18,076
Total public works	\$ 942,951	\$ 942,951	\$ 861,443	\$ 81,508
Education:				
Contribution to school board component unit	\$ 3,820,000	\$ 3,820,000	\$ 3,750,841	\$ 69,159
HVAC replacement	-	-	3,271,382	(3,271,382)
Total education	\$ 3,820,000	\$ 3,820,000	\$ 7,022,223	\$ (3,202,223)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2013 (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				
Playground	\$ 20,000	\$ 20,000	\$ 19,600	\$ 400
Cemetery	31,000	31,000	30,985	15
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 91,000	\$ 91,000	\$ 90,585	\$ 415
Library:				
Library administration	\$ 15,000	\$ 15,000	\$ 20,543	\$ (5,543)
Total library	\$ 15,000	\$ 15,000	\$ 20,543	\$ (5,543)
Total parks, recreation and cultural	\$ 106,000	\$ 106,000	\$ 111,128	\$ (5,128)
Planning and community development:				
Community development:				
Community development	\$ 82,911	\$ 82,911	\$ 80,257	\$ 2,654
Economic development	19,325	19,325	29,874	(10,549)
MPPDC fees	4,033	4,033	4,033	-
Farmers market	1,000	1,000	1,390	(390)
Chesapeake bay transit	20,675	20,675	20,675	-
Riverwalk	110,000	110,000	-	110,000
Kirby street project	-	210,000	166,128	43,872
Relocation expense	1,000	1,000	1,008	(8)
Safe routes to schools	84,978	84,978	-	84,978
Public works rehab - Phase I	-	-	11,858	(11,858)
Sidewalks	178,000	178,000	10,712	167,288
Tennis court replacement	-	-	750	(750)
Hazard mitigation	-	-	6,000	(6,000)
Bay agency on aging	2,500	2,500	2,500	-
Contingency reserve	-	-	14,330	(14,330)
Art council funding	10,000	10,000	10,000	-
Chamber of commerce	1,200	1,200	1,200	-
Total community development	\$ 515,622	\$ 725,622	\$ 360,715	\$ 364,907
Total planning and community development	\$ 515,622	\$ 725,622	\$ 360,715	\$ 364,907
Non-Departmental:				
Employee compensation	\$ 3,450	\$ 3,450	\$ 2,580	\$ 870
Historical Society	-	-	4,000	(4,000)
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	5,000	5,000	1,760	3,240
Computer repair blanket	-	-	12,665	(12,665)
Hurricane expenses	-	-	1,932	(1,932)
Puller 10k	7,800	7,800	10,647	(2,847)
Planning commission	5,100	5,100	3,022	2,078
Portable electronic agendas	-	-	4,583	(4,583)
Board of zoning appeals	2,700	2,700	688	2,012
Wetlands Board	2,700	2,700	537	2,163
Marketing	4,000	4,000	185	3,815
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
Liability insurance	61,000	61,000	37,246	23,754
Annual audit service	30,000	30,000	23,000	7,000
Total non-departmental	\$ 153,750	\$ 153,750	\$ 134,845	\$ 18,905

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Debt service:				
Principal retirement	\$ 266,200	\$ 266,200	\$ 126,416	\$ 139,784
Interest and fiscal charges	-	-	62,342	(62,342)
Total debt service	\$ 266,200	\$ 266,200	\$ 188,758	\$ 77,442
Total expenditures	\$ 7,286,075	\$ 7,548,355	\$ 10,361,105	\$ (2,812,750)
Excess (deficiency) of revenues over expenditures	\$ 75,376	\$ 139,796	\$ (2,782,919)	\$ (2,922,715)
Other financing sources (uses):				
Issuance of debt	\$ -	\$ -	\$ 5,816,000	\$ 5,816,000
Transfers in (out)	209,000	209,000	209,000	-
Total other financing sources (uses)	\$ 209,000	\$ 209,000	\$ 6,025,000	\$ 5,816,000
Changes in fund balances	\$ 284,376	\$ 348,796	\$ 3,242,081	\$ 2,893,285
Fund balances at beginning of year	(284,376)	(348,796)	2,137,646	2,486,442
Fund balances at end of year	\$ -	\$ -	\$ 5,379,727	\$ 5,379,727

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 2,533,663	\$ 3,028,642	\$ 494,979	83.66%	\$ 1,372,925	36.05%
6/30/2011	2,369,258	2,781,397	412,139	85.18%	1,340,947	30.73%
6/30/2010	2,167,654	2,562,713	395,059	84.58%	1,414,345	27.93%

Other Supplementary Information

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
At June 30, 2013

	School Operating	School Cafeteria	School Construction	Total
ASSETS				
Cash and cash equivalents	\$ 319,980	\$ 20,916	\$ 581	\$ 341,477
Due from other governments	44,674	-	-	44,674
Due from primary government	721,387	-	-	721,387
Total assets	<u>\$ 1,086,041</u>	<u>\$ 20,916</u>	<u>\$ 581</u>	<u>\$ 1,107,538</u>
LIABILITIES				
Accounts payable	\$ 140,082	\$ -	\$ -	\$ 140,082
Accrued expenses	945,959	1,872	-	947,831
Total liabilities	<u>\$ 1,086,041</u>	<u>\$ 1,872</u>	<u>\$ -</u>	<u>\$ 1,087,913</u>
FUND BALANCES				
Assigned:				
Special revenue	\$ -	\$ 19,044	\$ -	\$ 19,044
Capital projects	-	-	581	581
Total fund balance	<u>\$ -</u>	<u>\$ 19,044</u>	<u>\$ 581</u>	<u>\$ 19,625</u>
Total liabilities and fund balances	<u>\$ 1,086,041</u>	<u>\$ 20,916</u>	<u>\$ 581</u>	<u>\$ 1,107,538</u>

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

Fund balance from above. \$ 19,625

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

Land	\$ 59,350	
Buildings and improvements	5,078,854	
Equipment	545,381	
Construction in progress	<u>424,772</u>	6,108,357

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

(99,823)

Net position of governmental activities \$ 6,028,159

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit School Board
 Year Ended June 30, 2013

	School Operating	School Cafeteria	School Construction	Total
Revenues:				
Revenue from use of money and property	\$ 5,836	\$ 1,141	\$ -	\$ 6,977
Charges for services	-	141,784	-	141,784
Miscellaneous	233,612	1,655	-	235,267
Recovered costs	334,764	-	-	334,764
Intergovernmental revenue:				
Contribution from Town of West Point	3,750,841	-	-	3,750,841
Commonwealth	4,052,692	9,125	-	4,061,817
Federal	354,197	128,615	-	482,812
Total revenues	\$ 8,731,942	\$ 282,320	\$ -	\$ 9,014,262
Expenditures:				
Current:				
Education	\$ 8,622,376	\$ 267,942	\$ -	\$ 8,890,318
Capital projects	109,566	-	-	109,566
Total expenditures	\$ 8,731,942	\$ 267,942	\$ -	\$ 8,999,884
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 14,378	\$ -	\$ 14,378
Fund balances at beginning of year	-	4,666	581	5,247
Fund balances at end of year	\$ -	\$ 19,044	\$ 581	\$ 19,625

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

		Component Unit School Board
<hr/>		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	14,378
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded (did not exceed) depreciation in the current period.		
Capital outlay	\$ 163,214	
Depreciation expense	<u>(296,917)</u>	(133,703)
Transfer of joint tenancy assets from Primary Government to the Component Unit		38,848
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences.		<u>(12,964)</u>
Change in net position of governmental activities	\$	<u><u>(93,441)</u></u>

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

TOWN OF WEST POINT, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2013

	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	\$ 5,836	\$ (4,164)
Charges for services	-	-	-	-
Miscellaneous	428,678	428,678	233,612	(195,066)
Recovered costs	302,000	302,000	334,764	32,764
Intergovernmental:				
Town contribution to School Board	3,820,000	3,820,000	3,750,841	(69,159)
Commonwealth	3,993,991	3,993,991	4,052,692	58,701
Federal	407,489	407,489	354,197	(53,292)
Total revenues	\$ 8,962,158	\$ 8,962,158	\$ 8,731,942	\$ (230,216)
Expenditures:				
Current:				
Education:				
Instruction	\$ 7,589,566	\$ 7,589,566	\$ 7,654,831	\$ (65,265)
Administration, attendance and health	85,200	85,200	90,204	(5,004)
Pupil transportation services	88,024	88,024	103,931	(15,907)
Operation and maintenance services	756,095	756,095	676,965	79,130
Facilities	83,225	83,225	96,445	(13,220)
Debt service	91,949	91,949	-	91,949
School food services	117,146	117,146	-	117,146
Total education	\$ 8,811,205	\$ 8,811,205	\$ 8,622,376	\$ 188,829
Capital projects	150,953	150,953	109,566	41,387
Total expenditures	\$ 8,962,158	\$ 8,962,158	\$ 8,731,942	\$ 230,216
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				School Capital Projects Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ -	\$ 1,141	\$ 1,141	\$ -	\$ -	\$ -	\$ -
-	-	141,784	141,784	-	-	-	-
-	-	1,655	1,655	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	9,125	9,125	-	-	-	-
-	-	128,615	128,615	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,320</u>	<u>\$ 282,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	267,942	(267,942)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,942</u>	<u>\$ (267,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,942</u>	<u>\$ (267,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 14,378	\$ 14,378	\$ -	\$ -	\$ -	\$ -
-	-	4,666	4,666	-	-	581	581
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,044</u>	<u>\$ 19,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581</u>	<u>\$ 581</u>

Discretely Presented Component Unit - Economic Development Authority
Proprietary Fund
Statement of Net Position
June 30, 2013

	<u>Proprietary Funds</u>
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 825,151
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 1,373,359</u>
 Total Assets	 <u><u>\$ 1,373,359</u></u>
 NET POSITION	
Unrestricted	<u>\$ 1,373,359</u>
Total Liabilities and Net Position	<u><u>\$ 1,373,359</u></u>

Discretely Presented Component Unit - Economic Development Authority
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2013

Operating revenues:	
Miscellaneous	\$ <u>20,640</u>
Total operating revenues	\$ <u>20,640</u>
Operating expenses:	
Contractual services	\$ <u>29,063</u>
Total operating expenses	\$ <u>29,063</u>
Operating income (loss)	\$ <u>(8,423)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 7,365
IDA contribution to Town	<u>(108,100)</u>
Total nonoperating revenues (expenses)	\$ <u>(100,735)</u>
Change in net position	\$ (109,158)
Net position at beginning of year	<u>1,482,517</u>
Net position at end of year	\$ <u><u>1,373,359</u></u>

Discretely Presented Component Unit - Economic Development Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2013

Cash flows from operating activities:	
Receipts from customers and users	\$ 20,640
Payments for services	<u>(29,063)</u>
Net cash provided by (used for) operating activities	\$ <u>(8,423)</u>
Cash flows from investing activities:	
Interest income	\$ 7,365
IDA contribution to Town	<u>(108,100)</u>
Net cash provided by (used for) investing activities	\$ <u>(100,735)</u>
Increase (decrease) in cash and cash equivalents	\$ (109,158)
Cash and cash equivalents at beginning of year	<u>934,309</u>
Cash and cash equivalents at end of year	\$ <u><u>825,151</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(8,423)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(8,423)</u></u>

Supporting Schedule

Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2013

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	\$ 2,119,867	\$ 2,119,867	\$ 2,118,226	\$ (1,641)
Real and personal public service corporation property taxes	70,000	70,000	80,192	10,192
Personal property taxes	411,178	411,178	397,032	(14,146)
Machinery and tools taxes	2,389,028	2,389,028	2,429,460	40,432
Penalties	46,000	46,000	25,947	(20,053)
Interest	-	-	20,428	20,428
Total general property taxes	\$ 5,036,073	\$ 5,036,073	\$ 5,071,285	\$ 35,212
Other local taxes:				
Local sales and use taxes	\$ 198,000	\$ 198,000	\$ 224,016	\$ 26,016
Consumers' utility taxes	65,000	65,000	68,436	3,436
Utility consumption tax	45,000	45,000	46,616	1,616
Business license taxes	159,000	159,000	172,261	13,261
Motor vehicle licenses	53,000	53,000	50,654	(2,346)
Bank franchise tax	29,000	29,000	10,510	(18,490)
Meals taxes	215,000	215,000	263,838	48,838
Total other local taxes	\$ 764,000	\$ 764,000	\$ 836,331	\$ 72,331
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 19,200	\$ 19,200	\$ 29,804	\$ 10,604
Total permits, privilege fees and regulatory licenses	\$ 19,200	\$ 19,200	\$ 29,804	\$ 10,604
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 36,404	\$ 11,404
Total fines and forfeitures	\$ 25,000	\$ 25,000	\$ 36,404	\$ 11,404
Revenue from use of money and property:				
Revenue from use of money	\$ 65,000	\$ 65,000	\$ 61,739	\$ (3,261)
Revenue from use of property	149,800	149,800	167,240	17,440
Total revenue from use of money and property	\$ 214,800	\$ 214,800	\$ 228,979	\$ 14,179
Charges for services:				
Charges for solid waste collection	\$ 179,200	\$ 179,200	\$ 184,069	\$ 4,869
Total charges for services	\$ 179,200	\$ 179,200	\$ 184,069	\$ 4,869

Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2013 (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	\$ 220,450	\$ 299,450	\$ 54,124	\$ (245,326)
IDA contribution to Town	108,000	108,000	108,100	100
Total miscellaneous revenue	\$ 328,450	\$ 407,450	\$ 162,224	\$ (245,226)
Recovered costs:				
DMV - license agent fees	\$ 40,000	\$ 40,000	\$ 44,775	\$ 4,775
Total recovered costs	\$ 40,000	\$ 40,000	\$ 44,775	\$ 4,775
Total revenue from local sources	\$ 6,606,723	\$ 6,685,723	\$ 6,593,871	\$ (91,852)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	6,946	6,946
Communications tax	90,000	90,000	89,584	(416)
Total noncategorical aid	\$ 456,550	\$ 456,550	\$ 463,080	\$ 6,530
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 9,429	\$ 1,429
599 fund grant	73,700	73,700	71,100	(2,600)
VA commission of the arts grant	5,000	5,000	5,000	-
Wireless 911 Board Funding	-	37,700	36,158	(1,542)
Hazard mitigation grant	-	-	1,200	1,200
Police grants	3,500	3,500	3,164	(336)
Auto rental tax	-	-	284	284
Public safety services	10,000	10,000	10,000	-
Total categorical aid	\$ 100,200	\$ 137,900	\$ 136,335	\$ (1,565)
Total revenue from the Commonwealth	\$ 556,750	\$ 594,450	\$ 599,415	\$ 4,965
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant	\$ 25,000	\$ 235,000	\$ 368,811	\$ 133,811
VDOT Enhancement - Riverwalk	88,000	88,000	-	(88,000)
Safe routes to schools	84,978	84,978	9,319	(75,659)
Hazard mitigation grant	-	-	4,500	4,500
Police grants	-	-	2,270	2,270
Total categorical aid	\$ 197,978	\$ 407,978	\$ 384,900	\$ (23,078)
Total revenue from the federal government	\$ 197,978	\$ 407,978	\$ 384,900	\$ (23,078)
Total General Fund	\$ 7,361,451	\$ 7,688,151	\$ 7,578,186	\$ (109,965)

Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2013 (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	\$ 2,456	\$ (7,544)
Revenue from use of property	-	-	3,380	3,380
Total from use of money and property	\$ 10,000	\$ 10,000	\$ 5,836	\$ (4,164)
Miscellaneous revenue:				
Miscellaneous revenue	\$ 182,678	\$ 182,678	\$ 110,612	\$ (72,066)
Donations	246,000	246,000	123,000	(123,000)
Total miscellaneous revenue	\$ 428,678	\$ 428,678	\$ 233,612	\$ (195,066)
Recovered costs:				
Tuition or other payments from another county or city	\$ 302,000	\$ 302,000	\$ 334,764	\$ 32,764
Total recovered costs	\$ 302,000	\$ 302,000	\$ 334,764	\$ 32,764
Total revenue from local sources	\$ 740,678	\$ 740,678	\$ 574,212	\$ (166,466)
Intergovernmental revenue:				
Town contribution to School Board	\$ 3,820,000	\$ 3,820,000	\$ 3,750,841	\$ (69,159)
Total intergovernmental revenue	\$ 3,820,000	\$ 3,820,000	\$ 3,750,841	\$ (69,159)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 564,790	\$ 564,790	\$ 592,348	\$ 27,558
Basic school aid	2,404,907	2,404,907	2,487,503	82,596
Special education - SOQ	134,535	134,535	138,637	4,102
Share of fringe benefits	366,650	366,650	392,585	25,935
State technology grant	128,000	128,000	128,000	-
Other state funds	395,109	395,109	313,619	(81,490)
Total categorical aid	\$ 3,993,991	\$ 3,993,991	\$ 4,052,692	\$ 58,701
Total revenue from the Commonwealth	\$ 3,993,991	\$ 3,993,991	\$ 4,052,692	\$ 58,701
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 34,197	\$ 34,197	\$ 36,035	\$ 1,838
Title VI-B - special education	145,043	145,043	142,555	(2,488)
Education jobs fund	150,000	150,000	153,380	3,380
Other federal funds	78,249	78,249	22,227	(56,022)
Total categorical aid	\$ 407,489	\$ 407,489	\$ 354,197	\$ (53,292)
Total revenue from the federal government	\$ 407,489	\$ 407,489	\$ 354,197	\$ (53,292)
Total School Operating Fund	\$ 8,962,158	\$ 8,962,158	\$ 8,731,942	\$ (230,216)

Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2013 (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	\$ -	\$ -	\$ 1,141	\$ 1,141
Charges for services:				
Cafeteria sales	-	-	141,784	141,784
Miscellaneous revenue:				
Miscellaneous revenue	-	-	1,655	1,655
Total revenue from local sources	\$ -	\$ -	\$ 144,580	\$ 144,580
Intergovernmental revenue:				
Revenue from the Commonwealth:				
School Food	\$ -	\$ -	\$ 9,125	\$ 9,125
Total revenue from the Commonwealth	\$ -	\$ -	\$ 9,125	\$ 9,125
Revenue from the federal government:				
School Food	\$ -	\$ -	\$ 128,615	\$ 128,615
Total revenue from the federal government	\$ -	\$ -	\$ 128,615	\$ 128,615
Total School Cafeteria Fund	\$ -	\$ -	\$ 282,320	\$ 282,320
Total Revenues-Component Unit-School Board	\$ 8,962,158	\$ 8,962,158	\$ 9,014,262	\$ 52,104

Statistical Tables

TOWN OF WEST POINT, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Three Fiscal Years

Fiscal Year	General				Recreation and Cultural		Community Development	Interest on Debt	Water & Sewer	Total
	Government Administration	Public Safety	Public Works	Education						
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

Table 2

Total	888,148
	347,739
	125,422

TOWN OF WEST POINT, VIRGINIA

Table 3

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General			Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Revenues from the					Recovered Costs	Inter- governmental	Total
	Property Taxes	Property Taxes	Charges for Services			Fines & Forfeitures	Use of Money & Property	Miscellaneous					
2003-04	\$ 4,271,874	\$ 850,070	\$ 7,636	\$ 24,928	\$ 196,147	\$ 206,326	\$ 484,802	\$ 340,345	\$ 5,014,880	\$ 11,397,008			
2004-05	4,296,314	843,847	31,545	58,844	180,890	209,307	276,297	320,926	4,975,597	11,193,567			
2005-06	4,392,529	936,670	37,880	36,842	231,193	204,535	451,772	320,445	5,298,494	11,910,360			
2006-07	4,581,238	912,352	39,266	64,497	242,128	172,078	266,691	307,307	5,787,514	12,373,071			
2007-08	4,844,194	910,716	45,091	60,363	347,395	158,813	364,795	309,611	6,118,305	13,159,283			
2008-09	4,982,836	891,262	52,260	29,246	319,599	154,113	277,679	280,443	6,901,921	13,889,359			
2009-10	4,760,978	765,674	47,017	26,787	271,267	175,443	192,248	333,471	5,957,738	12,530,623			
2010-11	4,736,169	765,474	18,997	25,815	551,798	132,227	215,927	351,357	5,342,862	12,140,626			
2011-12	4,686,251	847,663	18,726	27,533	201,199	232,205	178,801	366,951	6,572,043	13,131,372			
2012-13	5,071,285	836,331	29,804	36,404	235,956	325,853	397,491	379,539	5,528,944	12,841,607			

(1) Includes General and Special Revenue Funds of the primary government and 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 Admini- stration	Parks							
		Public Safety	Public Works	Education	Recreation and Cultural	Community Develop- ment	Non- Departmental	Debt Service	Total
2003-04	\$ 482,259	\$ 823,319	\$ 633,446	\$ 6,811,905	\$ 148,480	\$ 171,969	\$ 145,229	\$ 370,910	\$ 9,587,517
2004-05	448,668	983,868	648,555	8,207,396	175,443	247,005	63,583	365,399	11,139,917
2005-06	510,483	1,110,807	919,435	8,487,566	215,194	343,942	257,894	364,069	12,209,390
2006-07	486,561	970,096	808,823	8,661,071	236,513	384,050	132,646	367,211	12,046,971
2007-08	517,427	982,591	807,728	8,908,318	86,367	2,051,033	173,802	443,971	13,971,237
2008-09	533,128	994,283	834,752	9,333,591	223,146	1,391,436	217,490	493,749	14,021,575
2009-10	546,714	995,229	898,071	9,492,661	54,674	923,655	178,686	536,969	13,626,659
2010-11	567,331	1,077,003	1,035,404	9,051,161	31,652	648,403	241,644	243,589	12,896,187
2011-12	578,122	1,065,555	868,227	9,106,253	34,165	1,282,740	236,481	1,684,796	14,856,339
2012-13	608,551	1,073,442	861,443	12,271,266	111,128	360,715	134,845	188,758	15,610,148

(1) Includes General and Special Revenue Funds' Current Expenditures and Debt Service of the primary government and 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
2003-04	\$ 195,937,402	\$ 18,652,359	\$ 123,837,329	\$	8,798,453	4,427	\$ 347,229,970
2004-05	199,393,310	18,756,966	121,575,309		7,740,626	6,328	347,472,539
2005-06	245,027,016	20,899,987	125,171,750		9,915,481	41,466	401,055,700
2006-07	250,017,232	26,976,498	108,337,719		7,795,266	44,780	393,171,495
2007-08	257,481,252	30,335,137	108,919,298		8,194,507	7,359	404,937,553
2008-09	329,616,337	28,841,715	105,577,376		11,353,741	8,731	475,397,900
2009-10	329,503,108	22,935,137	102,977,141		9,978,958	22,851	465,417,195
2010-11	334,681,768	24,905,732	103,180,535		11,219,169	22,851	474,010,055
2011-12	334,351,450	22,071,030	99,511,747		12,393,142	675	468,328,044
2012-13	337,460,418	22,704,838	101,227,503		12,796,501	675	474,189,935

(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	Public Service	
				Real Estate	Personal Property
2003-04	\$	0.600	\$	0.600	\$
2004-05		0.600	2.25	0.600	3.30
2005-06		0.600	2.25	0.600	3.30
2006-07		0.600	2.25	0.600	3.30
2007-08		0.700	2.25	0.700	3.30
2008-09		0.600	2.25	0.600	3.30
2009-10		0.600	2.25	0.600	3.30
2010-11		0.600	2.25	0.600	3.30
2011-12		0.600	2.25	0.600	3.30
2012-13		0.640	2.40	0.640	3.52

(1) Per \$100 of assessed value.

TOWN OF WEST POINT , VIRGINIA

Table 7

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding		Percent of Delinquent Taxes to Tax Levy
				Tax (2)	Collections			Delinquent Taxes		
2003-04	\$ 4,630,562	\$ 4,552,690	98.32%	\$	27,813	\$ 4,580,503	98.92%	\$	95,573	2.06%
2004-05	4,597,266	4,503,535	97.96%		58,994	4,562,529	99.24%		62,773	1.37%
2005-06	5,035,968	4,952,241	98.34%		79,335	5,031,576	99.91%		57,709	1.15%
2006-07	4,875,394	4,772,165	97.88%		91,142	4,863,307	99.75%		116,875	2.40%
2007-08	5,311,746	5,145,898	96.88%		39,578	5,185,476	97.62%		143,567	2.70%
2008-09	5,373,484	5,231,715	97.36%		61,532	5,031,576	93.64%		189,566	3.53%
2009-10	5,111,549	5,019,617	98.20%		60,351	5,079,968	99.38%		204,235	4.00%
2010-11	5,219,494	4,961,497	95.06%		77,887	5,039,384	96.55%		197,573	3.79%
2011-12	5,048,755	4,933,290	97.71%		93,071	5,026,361	99.56%		175,702	3.48%
2012-13	5,470,825	5,323,156	97.30%		67,642	5,390,798	98.54%		229,029	4.19%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

TOWN OF WEST POINT, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)		
2003-04	2,934	\$ 347,230	\$ 2,612,617	-	\$ 410,000	0.63%	\$ 751
2004-05	2,945	347,473	2,118,828	-	211,911	0.55%	648
2005-06	2,963	401,056	1,712,559	-	107,742	0.40%	542
2006-07	3,049	393,171	1,291,417	-	-	0.33%	424
2007-08	3,100	404,938	3,972,417	-	-	0.98%	1,281
2008-09	3,134	475,398	3,872,221	-	-	0.81%	1,236
2009-10	3,156	465,417	3,376,099	-	-	0.73%	1,070
2010-11	3,306	474,010	3,160,100	-	-	0.67%	956
2011-12	3,315	468,328	3,044,913	-	-	0.65%	919
2012-13	3,312	474,190	8,688,563	-	-	1.83%	2,623

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

(2) From Table 5.

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans.
Excludes revenue bonds, capital leases, and compensated absences.

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

Compliance

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 unit, each major fund, and the aggregate remaining fund information of Town of West Point, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated January 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of West Point, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of West Point, Virginia's internal control.

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 the Town of West Point, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 16, 2014

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Town of West Point, Virginia's compliance with the types of compliance requirements described *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of West Point, Virginia's major federal programs for the year ended June 30, 2013. Town of West Point, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Town of West Point, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 16, 2014

TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor / State Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway Planning and Construction	20.205	N/A	\$ 9,319
<u>Pass through payments:</u>			
Department of Motor Vehicles			
State and Community Highway Safety	20.600	60507-51304 60507-52173	2,270
Total Department of Transportation			\$ 11,589
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development			
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	53505-49380	\$ 368,811
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	77501-52749	\$ 4,500
Total Primary Government			\$ 384,900
COMPONENT UNIT: SCHOOL BOARD			
<u>UNITED STATES DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture:			
National School Lunch Program - Food Distribution	10.555	N/A	\$ 18,883
Department of Education:			
National School Lunch Program	10.555	17901-40623	82,073
School Breakfast Program	10.553	17901-40591	100,956
			27,659
Total Department of Agriculture			\$ 128,615
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass Through Payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901 17901-42999	\$ 36,035
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	139,055
Special Education - Preschool Grants	84.173	17901-62521	3,500
Improving Teacher Quality State Grants	84.367	17901-61480	16,092
Career and Technical Education - Basic Grants to States	84.048	17901-61095	6,135
Education Jobs Fund	84.410	17901-62700	153,380
Total Department of Education			\$ 354,197
Total Component Unit School Board			\$ 482,812
Total Expenditures of Federal Awards			\$ 867,712

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF WEST POINT, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the Town of West Point, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of West Point, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ <u>384,900</u>
Total primary government	\$ <u>384,900</u>
Component Unit School Board:	
School Operating Fund	\$ 354,197
School Cafeteria Fund	128,615
Total component unit School Board	\$ <u>482,812</u>
Total federal expenditures per basic financial statements	\$ <u>867,712</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>867,712</u></u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Federal Award Findings and Questioned Costs

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