

TOWN OF WEST POINT, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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## TOWN OF WEST POINT, VIRGINIA

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### *TOWN COUNCIL*

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James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Charles D. Gordon

Jack Lawson

Paul T. Kelley

O.B. Shreaves, Jr.

Chris P. Vincent

### *TOWN SCHOOL BOARD*

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Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

### *INDUSTRIAL DEVELOPMENT AUTHORITY*

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Carol Cunningham, Chairperson

John Koch, Vice-Chairman

Jack Lawson

Paul Kelley

Lauren Shephard

### *OTHER OFFICIALS*

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



TOWN OF WEST POINT, VIRGINIA  
Financial Report  
For The Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<b><u>Basic Financial Statements:</u></b>	
<b>Government-Wide Financial Statements:</b>	
Exhibit 1      Statement of Net Assets	9
Exhibit 2      Statement of Activities	10-11
<b>Fund Financial Statements:</b>	
Exhibit 3      Balance Sheet—Governmental Funds	12
Exhibit 4      Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	13
Exhibit 5      Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Exhibit 6      Statement of Net Assets—Proprietary Fund	15
Exhibit 7      Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Fund	16
Exhibit 8      Statement of Cash Flows—Proprietary Fund	17
Notes to Financial Statements	18-40

TOWN OF WEST POINT, VIRGINIA  
Financial Report  
For The Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 9      Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—General Fund	41-44
Exhibit 10     Schedule of Pension Funding Progress—Virginia Retirement System	45
<u>Other Supplementary Information:</u>	
Discretely Presented Component Unit-School Board:	
Exhibit 11     Combining Balance Sheet—Governmental Funds	46
Exhibit 12     Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	47
Exhibit 13     Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	48
Exhibit 14     Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	49-50
Discretely Presented Component Unit-Industrial Development Authority:	
Exhibit 15     Statement of Net Assets—Proprietary Funds	51
Exhibit 16     Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Fund	52
Exhibit 17     Statement of Cash Flows—Proprietary Funds	53
Supporting Schedule:	
Schedule 1     Governmental Funds and Discretely Presented Component Unit School Board— Schedule of Revenues—Budget and Actual	54-57

TOWN OF WEST POINT, VIRGINIA  
Financial Report  
For The Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>
<u>Statistical Information:</u>	
Table 1 Government-wide Expenses by Function—Last Three Fiscal Years	58
Table 2 Government-wide Revenues—Last Three Fiscal Years	59
Table 3 General Government Revenues by Source—Last Ten Fiscal Years	60
Table 4 General Government Expenditures by Function—Last Ten Fiscal Years	61
Table 5 Assessed Value of Taxable Property—Last Ten Fiscal Years	62
Table 6 Property Tax Rates—Last Ten Fiscal Years	63
Table 7 Property Tax Levies and Collections—Last Ten Fiscal Years	64
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	65
 <u>Compliance:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66-67
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	68-69
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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

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, 2012, which collectively comprise the Town of West Point, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of West Point, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Town of West Point, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2013, 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* and should be considered in assessing the results of our audit.

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 management's discussion and analysis and schedule of funding progress 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 management's discussion and analysis and schedule of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Point, Virginia's financial statements as a whole. The other supplementary information and schedules and statistical information, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 financial statements. The other supplementary information and schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
January 16, 2013

## 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, 2012.

### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,797,430 (net assets). Of this amount \$2,923,541 (unrestricted net assets) 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 \$2,137,646, a decrease of \$13,764 in comparison with the prior year. Approximately 87% of this total amount, \$1,855,746, 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 \$1,855,746, or 20% percent of total general fund expenditures.
- The Town's total debt decreased \$115,187 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 assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 Industrial 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 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 presentation of combining financial statements for the discretely presented component units.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$8,797,430 at the close of the most recent fiscal year.

### Town of West Point, Virginia's, Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,940,150	\$ 2,998,533	\$ 728,062	\$ 871,497	\$ 3,668,212	\$ 3,870,0
Capital assets	4,686,902	4,759,183	4,231,900	4,192,767	8,918,802	8,951,9
Total assets	\$ 7,627,052	\$ 7,757,716	\$ 4,959,962	\$ 5,064,264	\$ 12,587,014	\$ 12,821,9
Long-term liabilities outstanding	\$ 2,000,193	\$ 2,086,426	\$ 919,242	\$ 938,902	\$ 2,919,435	\$ 3,025,3
Current liabilities	814,308	882,551	55,841	78,326	870,149	960,8
Total liabilities	\$ 2,814,501	\$ 2,968,977	\$ 975,083	\$ 1,017,228	\$ 3,789,584	\$ 3,986,2
Net assets:						
Invested in capital assets, net of related debt	\$ 2,612,103	\$ 2,593,195	\$ 3,261,786	\$ 3,198,655	\$ 5,873,889	\$ 5,791,8
Unrestricted	2,200,448	2,195,544	723,093	848,381	2,923,541	3,043,9
Total net assets	\$ 4,812,551	\$ 4,788,739	\$ 3,984,879	\$ 4,047,036	\$ 8,797,430	\$ 8,835,7

A large part of the Town's net assets (\$5,791,850 or 67 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 assets experienced a decrease in the governmental fund balances in the amount of \$13,764. The business type funds decreased in the amount of \$62,157.

## Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net assets by \$23,812. Key elements of this increase are as follows:

### Town of West Point, Virginia's Changes in Net Assets For the Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 133,308	\$ 44,812	\$ 584,911	\$ 631,335	\$ 718,219	\$ 676,147
Operating grants and contributions	762,693	179,698	-	-	762,693	179,698
Capital grants and contributions	522,188	142,359	-	155,876	522,188	298,235
General revenues:						
General property taxes	4,674,205	4,720,965	-	-	4,674,205	4,720,965
Other local taxes	847,663	765,474	-	-	847,663	765,474
Use of money and property	197,390	546,402	-	-	197,390	546,402
Grants and contributions not restricted to specific programs	459,509	464,463	-	-	459,509	464,463
Other general revenues	127,112	177,242	38,760	59,522	165,872	236,764
Total revenues	\$ 7,724,068	\$ 7,041,415	\$ 623,671	\$ 846,733	\$ 8,347,739	\$ 7,888,148
Expenses:						
General government administration	\$ 578,255	\$ 537,809	\$ -	\$ -	\$ 578,255	\$ 537,809
Public safety	1,041,749	1,051,801	-	-	1,041,749	1,051,801
Public works	1,184,433	1,107,762	-	-	1,184,433	1,107,762
Education	3,708,942	3,944,820	-	-	3,708,942	3,944,820
Parks, recreation, and cultural	33,875	40,182	-	-	33,875	40,182
Community development	1,187,254	291,900	-	-	1,187,254	291,900
Interest and other fiscal charges	88,721	90,143	-	-	88,721	90,143
Water	-	-	562,855	528,925	562,855	528,925
Total expenses	\$ 7,823,229	\$ 7,064,417	\$ 562,855	\$ 528,925	\$ 8,386,084	\$ 7,593,342
Increase in net assets before transfers	\$ (99,161)	\$ (23,002)	\$ 60,816	\$ 317,808	\$ (38,345)	\$ 294,806
Transfers	122,973	(72,748)	(122,973)	72,748	-	-
Increase in net assets	\$ 23,812	\$ (95,750)	\$ (62,157)	\$ 390,556	\$ (38,345)	\$ 294,806
Net assets, July 1, 2011	4,788,739	4,884,489	4,047,036	3,656,480	8,835,775	8,540,969
Net assets, June 30, 2012	\$ 4,812,551	\$ 4,788,739	\$ 3,984,879	\$ 4,047,036	\$ 8,797,430	\$ 8,835,775

## 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, unreserved 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 \$2,137,646, a decrease of \$13,764 in comparison with the prior year. A significant portion of this fund balance, \$1,855,746 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been restricted for:

- Economic development
- Cemetery operations

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 unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20% of total general fund expenditures, while total fund balance represents 23% of that same amount.

## General Fund Budgetary Highlights

The Town's General Fund expended \$9,389,992 during the year, which was \$237,200 less than what was budgeted.

## Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2012 totals \$4,686,902 (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.

## Debt

Of the total principal balance at the end of the year, \$2,791,940 was for General Obligation Bonds and \$252,973 was for State Literary Loans payable. The Town's total outstanding debt principal decreased by \$115,187.

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.



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## Basic Financial Statements

### *Government-Wide Financial Statements*

## Statement of Net Assets

June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 2,500,904	\$ 628,042	\$ 3,128,946	\$ 246,790	\$ 934,309
Receivables (net of allowance for uncollectibles):					
Property taxes	149,948	-	149,948	-	-
Accounts receivable	5,691	100,020	105,711	-	-
Inventory	-	-	-	-	548,208
Due from other governments	283,607	-	283,607	71,640	-
Due from primary government	-	-	-	632,906	-
Total Current Assets	<u>\$ 2,940,150</u>	<u>\$ 728,062</u>	<u>\$ 3,668,212</u>	<u>\$ 951,336</u>	<u>\$ 1,482,517</u>
Noncurrent Assets					
Capital assets (net of accumulated depreciation):					
Land	\$ 869,546	\$ 367,305	\$ 1,236,851	\$ 59,350	\$ -
Construction in progress	99,747	-	99,747	337,146	-
Buildings and improvements	3,220,815	3,751,384	6,972,199	5,225,198	-
Equipment	496,794	113,211	610,005	581,518	-
Total Capital assets	<u>\$ 4,686,902</u>	<u>\$ 4,231,900</u>	<u>\$ 8,918,802</u>	<u>\$ 6,203,212</u>	<u>\$ -</u>
Total Assets	<u>\$ 7,627,052</u>	<u>\$ 4,959,962</u>	<u>\$ 12,587,014</u>	<u>\$ 7,154,548</u>	<u>\$ 1,482,517</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 28,214	\$ 2,360	\$ 30,574	\$ 74,980	\$ -
Accrued expenses	-	-	-	871,109	-
Customers' deposits	-	7,255	7,255	-	-
Due to component unit	632,906	-	632,906	-	-
Accrued interest payable	19,710	-	19,710	-	-
Current portion of long-term obligations	133,478	46,226	179,704	8,686	-
Total Current Liabilities	<u>\$ 814,308</u>	<u>\$ 55,841</u>	<u>\$ 870,149</u>	<u>\$ 954,775</u>	<u>\$ -</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	2,000,193	919,242	2,919,435	78,173	-
Total Liabilities	<u>\$ 2,814,501</u>	<u>\$ 975,083</u>	<u>\$ 3,789,584</u>	<u>\$ 1,032,948</u>	<u>\$ -</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 2,612,103	\$ 3,261,786	\$ 5,873,889	\$ 6,203,212	\$ -
Unrestricted assets (deficit)	2,200,448	723,093	2,923,541	(81,612)	1,482,517
Total Net Assets	<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>
Total Liabilities and Net Assets	<u>\$ 7,627,052</u>	<u>\$ 4,959,962</u>	<u>\$ 12,587,014</u>	<u>\$ 7,154,548</u>	<u>\$ 1,482,517</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 578,255	\$ -	\$ -	\$ -
Public safety	1,041,749	46,259	214,117	-
Public works	1,184,433	87,049	543,576	522,188
Education	3,708,942	-	-	-
Parks, recreation, and cultural	33,875	-	5,000	-
Community development	1,187,254	-	-	-
Interest on long-term debt	88,721	-	-	-
Total governmental activities	\$ 7,823,229	\$ 133,308	\$ 762,693	\$ 522,188
Business-type activities:				
Water and Sewer	\$ 562,855	\$ 584,911	\$ -	\$ -
Total primary government	\$ 8,386,084	\$ 718,219	\$ 762,693	\$ 522,188
COMPONENT UNIT:				
School Board	\$ 8,947,280	\$ 145,156	\$ 4,827,653	\$ -
Industrial Development Authority	126,226	-	-	-
Total component units	\$ 9,073,506	\$ 145,156	\$ 4,827,653	\$ -
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				
Contribution from IDA to Town of West Point				
Town contribution to school board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business- Type Activities	Total	School Board	Industrial Development Authority
\$ (578,255)	\$ -	\$ (578,255)	\$ -	\$ -
(781,373)	-	(781,373)	-	-
(31,620)	-	(31,620)	-	-
(3,708,942)	-	(3,708,942)	-	-
(28,875)	-	(28,875)	-	-
(1,187,254)	-	(1,187,254)	-	-
(88,721)	-	(88,721)	-	-
<u>\$ (6,405,040)</u>	<u>\$ -</u>	<u>\$ (6,405,040)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 22,056</u>	<u>\$ 22,056</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 22,056</u>	<u>\$ (6,382,984)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (3,974,471)	\$ -
-	-	-	-	(126,226)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,974,471)</u>	<u>\$ (126,226)</u>
\$ 4,674,205	\$ -	\$ 4,674,205	\$ -	\$ -
255,267	-	255,267	-	-
246,254	-	246,254	-	-
165,012	-	165,012	-	-
66,494	-	66,494	-	-
114,636	-	114,636	-	-
197,390	-	197,390	3,809	10,707
108,100	-	108,100	-	-
-	-	-	3,694,594	-
19,012	38,760	57,772	159,789	13,626
459,509	-	459,509	-	-
122,973	(122,973)	-	-	-
<u>\$ 6,428,852</u>	<u>\$ (84,213)</u>	<u>\$ 6,344,639</u>	<u>\$ 3,858,192</u>	<u>\$ 24,333</u>
<u>\$ 23,812</u>	<u>\$ (62,157)</u>	<u>\$ (38,345)</u>	<u>\$ (116,279)</u>	<u>\$ (101,893)</u>
4,788,739	4,047,036	8,835,775	6,237,879	1,584,410
<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>

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## *Fund Financial Statements*

Balance Sheet - Governmental Funds  
At June 30, 2012

	Governmental Funds
	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,500,904
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	149,948
Accounts receivable	5,691
Due from other governments	283,607
Total assets	<u>\$ 2,940,150</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 28,214
Due to component unit	632,906
Deferred revenue	141,384
Total liabilities	<u>\$ 802,504</u>
<b>FUND BALANCES</b>	
Restricted:	
Economic development	\$ 152,741
Cemetery operations	129,159
Total Restricted Fund Balance	<u>\$ 281,900</u>
Unassigned:	
General	<u>\$ 1,855,746</u>
Total fund balances	<u>\$ 2,137,646</u>

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

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

Land	\$ 869,546	
Buildings and improvements	3,220,815	
Equipment	496,794	
Construction in progress	<u>99,747</u>	4,686,902

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 deferred revenues in the governmental funds and thus are not included in the fund balance.

141,384

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	\$ (1,821,826)	
Less: Deferred amount on refunding	28,525	
Literary fund loans	(252,973)	
Compensated absences	(87,397)	
Accrued interest payable	<u>(19,710)</u>	<u>(2,153,381)</u>

Net assets of General Governmental Activities	<u>\$ 4,812,551</u>
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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, 2012

	Governmental Funds
	General
Revenues:	
General property taxes	\$ 4,686,251
Other local taxes	847,663
Permits, privilege fees and regulatory licenses	18,726
Fines and forfeitures	27,533
Revenue from use of money and property	197,390
Charges for services	87,049
Miscellaneous	19,012
Recovered cost	44,780
Intergovernmental:	
Commonwealth	803,960
Federal	940,430
Total revenues	\$ 7,672,794
Expenditures:	
Current:	
General government administration	\$ 578,122
Public safety	1,065,555
Public works	852,727
Education	3,655,406
Parks, recreation, and cultural	34,165
Community development	1,282,740
Nondepartmental	236,481
Debt service:	
Principal retirement	1,592,075
Interest and other fiscal charges	92,721
Total expenditures	\$ 9,389,992
Excess (deficiency) of revenues over (under) expenditures	\$ (1,717,198)
Other financing sources (uses):	
Issuance of debt	\$ 1,472,361
IDA contribution to town	108,100
Transfers (out)	122,973
Total other financing sources (uses)	\$ 1,703,434
Changes in fund balances	\$ (13,764)
Fund balances at beginning of year	2,151,410
Fund balances at end of year	\$ 2,137,646

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, 2012

		<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	\$	(13,764)
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	\$ 134,148	
Depreciation expense	<u>(167,241)</u>	(33,093)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(39,188)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(12,046)
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 assets. Also, governmental funds report the effect of issuance costs, 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	\$ 1,553,575	
Principal retired on literary fund loans	38,500	
Proceeds from debt issued	<u>(1,472,361)</u>	119,714
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	\$ (1,811)	
Change in accrued interest payable	<u>4,000</u>	<u>2,189</u>
Change in net assets of governmental activities	\$	<u><u>23,812</u></u>

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

Statement of Net Assets - Proprietary Fund  
June 30, 2012

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 628,042
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>100,020</u>
Total Current Assets	<u>\$ 728,062</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	373,538
Accumulated depreciation	<u>(2,509,877)</u>
Total Noncurrent Assets	<u>\$ 4,231,900</u>
Total Assets	<u><u>\$ 4,959,962</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 2,360
Customers' deposits	7,255
Current portion of long-term obligations	<u>46,226</u>
Total Current Liabilities	<u>\$ 55,841</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>919,242</u>
Total Liabilities	<u>\$ 975,083</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 3,261,786
Unrestricted assets	<u>723,093</u>
Total Net Assets	<u>\$ 3,984,879</u>
Total Liabilities and Net Assets	<u><u>\$ 4,959,962</u></u>

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

Statement of Revenues, Expenses and Change in Net Assets -  
 Proprietary Fund  
 Year Ended June 30, 2012

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 584,911
Miscellaneous	<u>38,760</u>
Total operating revenues	\$ <u>623,671</u>
Operating expenses:	
Personnel services	\$ 153,897
Fringe benefits	60,741
Contractual services	80,577
Capital outlay	24,396
Other operating costs	61,500
Depreciation	<u>138,078</u>
Total operating expenses	\$ <u>519,189</u>
Operating Income (loss)	\$ <u>104,482</u>
Nonoperating revenues(expenses):	
Interest expense	\$ <u>(43,666)</u>
Total non-operating revenues(expenses)	\$ <u>(43,666)</u>
Income before transfers	\$ 60,816
Transfers in	<u>(122,973)</u>
Change in net assets	\$ (62,157)
Net assets, beginning of year	<u>4,047,036</u>
Net assets, end of year	\$ <u><u>3,984,879</u></u>

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

Statement of Cash Flows - Proprietary Fund  
Year Ended June 30, 2012

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 621,690
Payments to employees (including fringe benefits)	(213,127)
Payments for operating activities	<u>(167,768)</u>
Net cash provided by (used for) operating activities	<u>\$ 240,795</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (177,211)
Issuance of general obligation bonds	970,114
Retirement of long-term debt	(1,012,475)
Interest paid on debt	<u>(43,666)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (263,238)</u>
Cash flows from non-capital financing activities:	
Transfers in	<u>\$ (122,973)</u>
Net increase (decrease) in cash and cash equivalents	\$ (145,416)
Cash and cash equivalents at beginning of year	<u>773,458</u>
Cash and cash equivalents at end of year	<u><u>\$ 628,042</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 104,482
Adjustment to reconcile net income (loss) to net cash provided by (used for) operations:	
Depreciation	138,078
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	(1,981)
Increase/(Decrease) in accounts payable and accrued liabilities	<u>216</u>
Net cash provided by (used for) operating activities	<u><u>\$ 240,795</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, 2012

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

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

Statement of Net Assets - The Statement of Net Assets 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 Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

A. The Financial Reporting Entity:

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general-purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present the Town of West Point (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, 2012.

*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, 2012.

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

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B. Individual Component Unit Disclosures: (Continued)

*Industrial Development Authority:* The Industrial 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 IDA does not issue a separate financial report.

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

None

C. 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 Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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.



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

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

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.

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 - 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.

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

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

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:

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 City. The Schools are fiscally dependent upon the City because the City Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money.

- 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.

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

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D. 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.

E. Cash and Cash Equivalents:

The government'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 government, as well as for its component units, are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Investments:

Investments are stated 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.

# TOWN OF WEST POINT, VIRGINIA

## Notes to Financial Statements As of June 30, 2012 (Continued)

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

#### G. 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 \$110,620 at June 30, 2012 and is composed of the allowance for uncollectible property taxes of \$25,755 and utility accounts of \$84,865.

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

#### H. Inventory:

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

#### I. 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.

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, 2012 was immaterial.

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

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

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

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J. 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 Assets. 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.

K. 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 Assets. 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.

L. Fund Equity:

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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;

## TOWN OF WEST POINT, VIRGINIA

### Notes to Financial Statements As of June 30, 2012 (Continued)

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

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##### L. Fund Equity: (Continued)

- 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).

##### M. 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.

##### N. 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.

##### O. Net Assets:

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

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### NOTE 2—DEPOSIT AND INVESTMENTS:

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#### Deposits

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

#### 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).

#### Custodial Credit Risk (Investments)

The Town’s investments at June 30, 2012 were held by the Town or in the Town’s name by the Town’s custodial banks.

#### Credit Risk of Debt Securities

The Town’s rated debt investments as of June 30, 2012 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

<u>Town's Rate Debt Investments' Values</u>	
	Fair Quality Ratings
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>8,256</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. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 25,271	\$ -
Fire programs	8,838	-
Hazard mitigation grant	11,518	-
State sales tax	-	71,640
Federal Government:		
Hazard mitigation grant	50,815	-
Port Richmond grant	181,352	-
Safe routes to schools	5,813	-
Total due from other governmental units	\$ <u>283,607</u>	\$ <u>71,640</u>

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>632,906</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>632,906</u>



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

NOTE 5—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 869,546	\$ -	\$ -	\$ 869,546
Construction in progress	973,965	659,874	1,534,092	99,747
Total capital assets not being depreciated	<u>\$ 1,843,511</u>	<u>\$ 659,874</u>	<u>\$ 1,534,092</u>	<u>\$ 969,293</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 2,366,359	\$ 969,704	\$ -	\$ 3,336,063
Equipment	1,560,514	38,662	-	1,599,176
Jointly owned assets	628,090	-	54,177	573,913
Total capital assets being depreciated	<u>\$ 4,554,963</u>	<u>\$ 1,008,366</u>	<u>\$ 54,177</u>	<u>\$ 5,509,152</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 508,463	\$ 72,031	\$ -	\$ 580,494
Equipment	1,021,520	80,862	-	1,102,382
Jointly owned assets	109,308	14,348	14,989	108,667
Total accumulated depreciation	<u>\$ 1,639,291</u>	<u>\$ 167,241</u>	<u>\$ 14,989</u>	<u>\$ 1,791,543</u>
Total capital assets being depreciated net	<u>\$ 2,915,672</u>	<u>\$ 841,125</u>	<u>\$ 39,188</u>	<u>\$ 3,717,609</u>
Net capital assets governmental activities	<u>\$ 4,759,183</u>	<u>\$ 1,500,999</u>	<u>\$ 1,573,280</u>	<u>\$ 4,686,902</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Construction in progress	16,350	171,092	187,442	-
Total capital assets not being depreciated	<u>\$ 383,655</u>	<u>\$ 171,092</u>	<u>\$ 187,442</u>	<u>\$ 367,305</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 5,813,492	\$ 187,442	\$ -	\$ 6,000,934
Equipment	367,419	6,119	-	373,538
Total capital assets being depreciated	<u>\$ 6,180,911</u>	<u>\$ 193,561</u>	<u>\$ -</u>	<u>\$ 6,374,472</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 2,131,733	\$ 117,817	\$ -	\$ 2,249,550
Equipment	240,066	20,261	-	260,327
Total accumulated depreciation	<u>\$ 2,371,799</u>	<u>\$ 138,078</u>	<u>\$ -</u>	<u>\$ 2,509,877</u>
Total capital assets being depreciated net	<u>\$ 3,809,112</u>	<u>\$ 55,483</u>	<u>\$ -</u>	<u>\$ 3,864,595</u>
Net capital assets business-type activities	<u>\$ 4,192,767</u>	<u>\$ 226,575</u>	<u>\$ 187,442</u>	<u>\$ 4,231,900</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	342,191	5,500	10,545	337,146
Total capital assets not being depreciated	\$ 401,541	\$ 5,500	\$ 10,545	\$ 396,496
Capital assets being depreciated:				
Buildings and improvements	\$ 8,095,561	\$ 10,545	\$ -	\$ 8,106,106
Equipment	1,054,944	113,752	-	1,168,696
Jointly owned assets	651,066	54,177	-	705,243
Total capital assets being depreciated	\$ 9,801,571	\$ 178,474	\$ -	\$ 9,980,045
Less accumulated depreciation:				
Buildings and improvements	\$ 3,178,669	\$ 183,457	\$ -	\$ 3,362,126
Equipment	489,406	97,772	-	587,178
Jointly owned assets	209,036	14,989	-	224,025
Total accumulated depreciation	\$ 3,877,111	\$ 296,218	\$ -	\$ 4,173,329
Total capital assets being depreciated net	\$ 5,924,460	\$ (117,744)	\$ -	\$ 5,806,716
Net capital assets School Board	\$ 6,326,001	\$ (112,244)	\$ 10,545	\$ 6,203,212

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

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NOTE 5—CAPITAL ASSETS: (CONTINUED)

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Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$ 17,242
Public safety	14,208
Public works	118,042
Education	14,348
Parks, recreation and cultural	<u>3,401</u>
Total governmental activities	\$ <u>167,241</u>
Component Unit School Board	\$ <u>281,229</u> *
Water and Sewer Fund	\$ <u>138,078</u>
* Depreciation expense School Board	\$ 281,229
Transfer of accumulated depreciation from Primary Government	14,989
Total accumulated depreciation increase - School Board	\$ <u>296,218</u>

NOTE 6—COMPUTATION OF LEGAL DEBT MARGIN:

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Total assessed value of all taxable real estate	\$ <u>334,351,450</u>
Legal Debt Limit:	
10% of assessed value of all taxable real estate	\$ 33,435,145
Less net bonded debt at June 30, 2012	<u>3,044,913</u>
Legal margin for creation of additional debt	\$ <u>30,390,232</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

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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 have service credits before July 1, 2010 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 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 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. 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, 2012 (Continued)

## NOTE 7—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/2011-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Town is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town's contributions rate for the fiscal year ended June 30, 2012 was 5.5% 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, 2012, 2011 and 2010, respectively and these contributions represented 6.33%, 8.93%, and 8.81% for July 2009 - March 2010 and 0% for April - June 2010, respectively, of current covered payroll.

### C. Annual Pension Cost:

For fiscal year 2012, the Town's annual pension cost of \$79,213 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, 2012	\$ 79,213	100%	\$ -
June 30, 2011	77,586	100%	-
June 30, 2010	80,340	100%	-

(1) Employer portion only

NOTE 7—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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C. Annual Pension Cost: (Continued)

The required contributions were determined as a part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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. 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, 2009 was 20 years.

D. Funding Status and Funding Programs:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 85.18% funded. The actuarial accrued liability for benefits was \$2,781,397 and the actuarial value of assets was \$2,369,258 resulting in an unfunded actuarial accrued liability (UAAL) of \$412,139. The covered payroll (annual payroll of active employees covered by the plan) was \$1,340,947 and ratio of the UAAL to the covered payroll was 30.73%.

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, 2012 (Continued)

NOTE 8—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, 2012:

	Balance at July 1, 2011	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2012	Due Within One Year
<u>Governmental Funds:</u>					
General Obligation Bonds	\$ 1,874,515	\$ 1,500,886	\$ 1,553,575	\$ 1,821,826	\$ 86,954
Deferred amount on refunding	-	(28,525)	-	(28,525)	(1,678)
Literary fund loans	291,473	-	38,500	252,973	39,462
Compensated absences	85,586	25,676	23,865	87,397	8,740
Total	<u>\$ 2,251,574</u>	<u>\$ 1,498,037</u>	<u>\$ 1,615,940</u>	<u>\$ 2,133,671</u>	<u>\$ 133,478</u>
<u>Proprietary Funds:</u>					
General Obligation Bond	\$ 994,112	\$ 970,114	\$ 994,112	\$ 970,114	\$ 45,934
Deferred amount on refunding	-	(18,363)	-	(18,363)	(1,080)
Compensated absences	12,206	3,662	2,151	13,717	1,372
Total	<u>\$ 1,006,318</u>	<u>\$ 955,413</u>	<u>\$ 996,263</u>	<u>\$ 965,468</u>	<u>\$ 46,226</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

NOTE 8—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		Literary Fund Loans		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 86,954	\$ 53,467	\$ 39,462	\$ 7,589	\$ 45,934	\$ 24,411
2014	88,915	50,894	29,500	6,405	47,112	23,146
2015	91,532	48,330	29,500	5,520	48,682	21,915
2016	93,547	45,702	29,500	4,635	49,860	20,649
2017	95,656	42,934	29,500	3,750	51,038	19,352
2018	97,865	40,020	29,500	2,865	52,216	18,025
2019	100,701	37,031	29,500	1,980	53,786	16,664
2020	103,581	33,936	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	\$ 1,821,826	\$ 503,247	\$ 252,973	\$ 34,037	\$ 970,114	\$ 227,389



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

NOTE 8—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	\$ 320,940	\$ 15,888
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	<u>1,500,886</u>	<u>71,066</u>
Total General Obligation Bonds	\$ <u>1,821,826</u>	\$ <u>86,954</u>
Compensated Absences	\$ <u>87,397</u>	\$ <u>8,740</u>
Literary Fund Loans		
\$180,962 State Literary Fund loan issued October 1, 1993, due in annual installments of \$9,000 through October 1, 2012; interest payable annually at 3%	\$ 9,962	\$ 9,962
\$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>243,011</u>	<u>29,500</u>
Total Literary Fund Loans	\$ <u>252,973</u>	\$ <u>39,462</u>
Less deferred amount on refunding bonds	\$ <u>(28,525)</u>	\$ <u>(1,678)</u>
Total governmental fund long-term obligations	<u><u>\$ 2,133,671</u></u>	<u><u>\$ 133,478</u></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>970,114</u>	\$ <u>45,934</u>
Compensated absences	\$ <u>13,717</u>	\$ <u>1,372</u>
Less deferred amount on refunding bonds	\$ <u>(18,363)</u>	\$ <u>(1,080)</u>
Total proprietary fund long-term obligations	<u><u>\$ 965,468</u></u>	<u><u>\$ 46,226</u></u>

## TOWN OF WEST POINT, VIRGINIA

### Notes to Financial Statements As of June 30, 2012 (Continued)

#### NOTE 8—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, 2012:

	Balance at			Balance at	Due
	July 1, 2011	Increases	Decreases	June 30, 2012	Within
					One Year
General Long-Term Obligations:					
Compensated absences	\$ 85,638	\$ 17,128	\$ 15,907	\$ 86,859	\$ 8,686
Total	\$ 85,638	\$ 17,128	\$ 15,907	\$ 86,859	\$ 8,686

#### NOTE 9—DEFERRED REVENUE:

Deferred revenue represents 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. Deferred revenue totaling \$141,384 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$141,384 at June 30, 2012.

#### NOTE 10—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.

At June 30, 2012, there were no matters of litigation involving the Town which would materially affect the Town financial position should any court decision or pending matter not be favorable to the Town.

#### NOTE 11—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, 2012 (Continued)

NOTE 12—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 13—INVENTORY:

At June 30, 2012 the Component Unit - Industrial 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>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
As of June 30, 2012 (Continued)

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NOTE 14—INTERFUND TRANSFERS:

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Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 122,973
Water and Sewer Fund	<u>122,973</u>	<u>-</u>
Total	\$ <u>122,973</u>	\$ <u>122,973</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.

NOTE 15—DEBT DEFEASANCE:

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At June 30, 2012, \$2,363,403 of outstanding General Obligation Bonds is considered defeased.

On May 30, 2012, the Town issued \$2,471,000 of General Obligation Refunding Bonds to currently refund \$2,363,403 of outstanding General Obligation Bonds, Series 2007. As a result, 2007 General Obligation Bonds which mature December 1, 2022 are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Assets. The Town currently refunded this portion of the 2007 bonds to reduce its total debt service payments by \$84,203 and to obtain an economic gain (net present value savings) of \$118,786. The reacquisition price exceeded the carrying value of the old debt by \$46,888. The amount is amortized over the life of the bonds.

NOTE 16—LITIGATION:

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At June 30, 2012, 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.

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## Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended June 30, 2012

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 4,773,000	\$ 4,773,000	\$ 4,686,251	\$ (86,749)
Other local taxes	762,000	762,000	847,663	85,663
Permits, privilege fees and regulatory licenses	18,700	18,700	18,726	26
Fines and forfeitures	30,000	30,000	27,533	(2,467)
Revenue from use of money and property	276,300	276,300	197,390	(78,910)
Charges for services	-	-	87,049	87,049
Miscellaneous	243,000	243,000	19,012	(223,988)
Recovered cost	37,000	37,000	44,780	7,780
Intergovernmental revenue:				
Commonwealth	888,200	888,200	803,960	(84,240)
Federal	400,000	1,022,996	940,430	(82,566)
Total revenues	\$ 7,428,200	\$ 8,051,196	\$ 7,672,794	\$ (378,402)
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 73,500	\$ 63,500	\$ 61,497	\$ 2,003
Total legislative	\$ 73,500	\$ 63,500	\$ 61,497	\$ 2,003
General and financial administration:				
Town treasurer	\$ 294,500	\$ 294,500	\$ 294,488	\$ 12
Town manager	225,400	225,400	222,137	3,263
Total general and financial administration	\$ 519,900	\$ 519,900	\$ 516,625	\$ 3,275
Total general government administration	\$ 593,400	\$ 583,400	\$ 578,122	\$ 5,278
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 651,900	\$ 651,900	\$ 640,858	\$ 11,042
D.A.R.E.	-	-	679	(679)
Central dispatching	240,400	240,400	238,752	1,648
Total law enforcement and traffic control	\$ 892,300	\$ 892,300	\$ 880,289	\$ 12,011

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2012 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 100,000	\$ 112,500	\$ 112,500	\$ -
Total fire and rescue services	\$ 100,000	\$ 112,500	\$ 112,500	\$ -
Inspections:				
Building	\$ 81,200	\$ 81,200	\$ 72,766	\$ 8,434
Total inspections	\$ 81,200	\$ 81,200	\$ 72,766	\$ 8,434
Total public safety	\$ 1,073,500	\$ 1,086,000	\$ 1,065,555	\$ 20,445
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 182,700	\$ 182,700	\$ 153,641	\$ 29,059
Highways, streets, bridges and sidewalks	340,800	340,800	293,141	47,659
Storm water repairs	200,000	200,000	37,185	162,815
Total maintenance of highways, streets, bridges and sidewalks	\$ 723,500	\$ 723,500	\$ 483,967	\$ 239,533
Sanitation and waste removal:				
Refuse collection and disposal	\$ 143,700	\$ 143,700	\$ 133,615	\$ 10,085
Total sanitation and waste removal	\$ 143,700	\$ 143,700	\$ 133,615	\$ 10,085
Maintenance of general buildings and grounds:				
General properties	\$ 259,000	\$ 259,000	\$ 235,145	\$ 23,855
Total maintenance of general buildings and grounds	\$ 259,000	\$ 259,000	\$ 235,145	\$ 23,855
Total public works	\$ 1,126,200	\$ 1,126,200	\$ 852,727	\$ 273,473
Education:				
Contribution to school board component unit	\$ 3,766,000	\$ 3,766,000	\$ 3,655,406	\$ 110,594



Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2012 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Parks, recreation and cultural:				
Parks and recreation				
Playground	\$ -	\$ -	\$ 5,700	\$ (5,700)
Cemetery	31,500	31,500	17,955	13,545
Total parks and recreation	\$ 31,500	\$ 31,500	\$ 23,655	\$ 7,845
Library:				
Library administration	\$ 15,000	\$ 15,000	\$ 10,510	\$ 4,490
Total library	\$ 15,000	\$ 15,000	\$ 10,510	\$ 4,490
Total parks, recreation and cultural	\$ 46,500	\$ 46,500	\$ 34,165	\$ 12,335
Planning and Community Development:				
Community development:				
Community development	\$ 80,800	\$ 80,800	\$ 74,736	\$ 6,064
Economic development	96,800	94,300	70,452	23,848
MPPDC fees	3,400	3,400	3,333	67
Farmers market	2,000	2,000	817	1,183
Chesapeake bay transit	26,000	26,000	26,000	-
Riverwalk	-	1,135,992	567,077	568,915
Kirby street project	512,100	567,100	377,904	189,196
Vehicle replacement	25,000	25,000	15,500	9,500
Relocation expense	1,000	1,000	1,095	(95)
Port Richmond grant	-	-	3,387	(3,387)
Public works rehab - Phase I	100,000	100,000	92,797	7,203
Sidewalks	220,000	220,000	33,142	186,858
Bay agency on aging	2,500	2,500	2,500	-
Art council funding	11,000	11,000	11,000	-
Chamber of commerce	3,000	3,000	3,000	-
Total community development	\$ 1,083,600	\$ 2,272,092	\$ 1,282,740	\$ 989,352
Non-Departmental:				
Employee compensation	\$ 72,100	\$ 72,100	\$ 9,422	\$ 62,678
YMCA contribution	10,000	10,000	10,000	-
Historical Society	-	-	4,949	(4,949)
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	5,000	5,000	2,280	2,720
Computer repair blanket	-	-	7,920	(7,920)
Hurricane expenses	-	200,000	27,615	172,385
Puller 10k	6,800	6,800	6,761	39
Planning commission	4,400	4,400	1,759	2,641
Board of zoning appeals	2,700	2,700	17	2,683
Wetlands Board	2,700	2,700	370	2,330
Marketing	5,000	5,000	2,343	2,657
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
Recreational services agreement	50,000	50,000	49,998	2
Liability insurance	60,000	60,000	58,047	1,953
Annual audit service	30,000	30,000	23,000	7,000
Total non-departmental	\$ 280,700	\$ 480,700	\$ 236,481	\$ 244,219

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2012 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 266,300	\$ 266,300	\$ 1,592,075	\$ (1,325,775)
Interest and fiscal charges	-	-	92,721	(92,721)
Total debt service	\$ 266,300	\$ 266,300	\$ 1,684,796	\$ (1,418,496)
Total expenditures	\$ 8,236,200	\$ 9,627,192	\$ 9,389,992	\$ 237,200
Excess (deficiency) of revenues over expenditures	\$ (808,000)	\$ (1,575,996)	\$ (1,717,198)	\$ (141,202)
Other financing sources (uses):				
Issuance of debt	\$ -	\$ -	\$ 1,472,361	\$ 1,472,361
IDA contribution to Town	108,000	108,000	108,100	100
Transfers (out)	209,000	209,000	122,973	(86,027)
Total other financing sources (uses)	\$ 317,000	\$ 317,000	\$ 1,703,434	\$ 1,386,434
Changes in fund balances	\$ (491,000)	\$ (1,258,996)	\$ (13,764)	\$ 1,245,232
Fund balances at beginning of year	491,000	1,258,996	2,151,410	892,414
Fund balances at end of year	\$ -	\$ -	\$ 2,137,646	\$ 2,137,646

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

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Town:

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)
6/30/2011	\$ 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%
6/30/2009	2,000,890	2,119,300	118,410	94.41%	1,355,549	8.74%

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## Other Supplementary Information

*Discretely Presented Component Unit-School Board*

Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
At June 30, 2012

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 241,543	\$ 4,666	\$ 581	\$ 246,790
Due from other governments	71,640	-	-	71,640
Due from primary government	632,906	-	-	632,906
Total assets	<u>\$ 946,089</u>	<u>\$ 4,666</u>	<u>\$ 581</u>	<u>\$ 951,336</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 74,980	\$ -	\$ -	\$ 74,980
Accrued expenses	871,109	-	-	871,109
Total liabilities	<u>\$ 946,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,089</u>
<b>FUND BALANCES</b>				
Assigned:				
Special revenue	\$ -	\$ 4,666	\$ -	\$ 4,666
Capital projects	-	-	581	581
Total fund balance	<u>\$ -</u>	<u>\$ 4,666</u>	<u>\$ 581</u>	<u>\$ 5,247</u>
Total liabilities and fund balances	<u>\$ 946,089</u>	<u>\$ 4,666</u>	<u>\$ 581</u>	<u>\$ 951,336</u>

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

Fund balance from above. \$ 5,247

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

Land	\$ 59,350	
Buildings and improvements	5,225,198	
Equipment	581,518	
Construction in progress	<u>337,146</u>	6,203,212

Long-term liabilities applicable to the locality'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 Assets. Details of this  
item consist of compensated absences.

(86,859)

Net assets of General Government Activities \$ 6,121,600

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds - Discretely Presented Component Unit School Board  
 Year Ended June 30, 2012

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 3,103	\$ 706	\$ -	\$ 3,809
Charges for services	-	145,156	-	145,156
Miscellaneous	131,881	27,908	-	159,789
Recovered costs	322,171	-	-	322,171
Intergovernmental revenue:				
Contribution from Town of West Point	3,655,406	-	-	3,655,406
Commonwealth	4,101,629	6,371	-	4,108,000
Federal	615,246	104,407	-	719,653
Total revenues	<u>\$ 8,829,436</u>	<u>\$ 284,548</u>	<u>\$ -</u>	<u>\$ 9,113,984</u>
Expenditures:				
Current:				
Education	\$ 8,798,145	\$ 276,817	\$ -	\$ 9,074,962
Capital projects	31,291	-	-	31,291
Total expenditures	<u>\$ 8,829,436</u>	<u>\$ 276,817</u>	<u>\$ -</u>	<u>\$ 9,106,253</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 7,731	\$ -	\$ 7,731
Fund balances at beginning of year	-	(3,065)	581	(2,484)
Fund balances at end of year	<u>\$ -</u>	<u>\$ 4,666</u>	<u>\$ 581</u>	<u>\$ 5,247</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

	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	\$ 7,731
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 computed as follows:	
Capital outlay	119,252
Depreciation expense	(281,229)
Transfer of joint tenancy assets from Primary Government to the Component Unit	39,188
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>(1,221)</u>
Change in net assets of governmental activities	<u>\$ (116,279)</u>



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## 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, 2012

	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	\$ 3,103	\$ (6,897)
Charges for services	-	-	-	-
Miscellaneous	31,724	31,724	131,881	100,157
Recovered costs	302,000	302,000	322,171	20,171
Intergovernmental:				
Town contribution to School Board	3,766,000	3,766,000	3,655,406	(110,594)
Commonwealth	4,073,089	4,073,089	4,101,629	28,540
Federal	794,704	794,704	615,246	(179,458)
Total revenues	\$ 8,977,517	\$ 8,977,517	\$ 8,829,436	\$ (148,081)
Expenditures:				
Current:				
Education:				
Instruction	\$ 7,256,983	\$ 7,256,983	\$ 7,658,133	\$ (401,150)
Administration, attendance and health	90,367	90,367	71,844	18,523
Pupil transportation services	205,686	205,686	131,150	74,536
Operation and maintenance services	1,003,134	1,003,134	839,582	163,552
Facilities	101,475	101,475	97,436	4,039
Debt service	92,617	92,617	-	92,617
School food services	152,255	152,255	-	152,255
Total education	\$ 8,902,517	\$ 8,902,517	\$ 8,798,145	\$ 104,372
Capital projects	75,000	75,000	31,291	43,709
Total expenditures	\$ 8,977,517	\$ 8,977,517	\$ 8,829,436	\$ 148,081
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)
\$ -	\$ -	\$ 706	\$ 706	\$ -	\$ -	\$ -	\$ -
-	-	145,156	145,156	-	-	-	-
-	-	27,908	27,908	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,371	6,371	-	-	-	-
-	-	104,407	104,407	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,548</u>	<u>\$ 284,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	276,817	(276,817)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,817</u>	<u>\$ (276,817)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,817</u>	<u>\$ (276,817)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 7,731	\$ 7,731	\$ -	\$ -	\$ -	\$ -
-	-	(3,065)	(3,065)	-	-	581	581
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,666</u>	<u>\$ 4,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581</u>	<u>\$ 581</u>

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

Discretely Presented Component Unit -- Industrial Development Authority  
Proprietary Fund  
Statement of Net Assets  
June 30, 2012

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	<u>Proprietary Funds</u>
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 934,309
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 1,482,517</u>
 Total Assets	 <u><u>\$ 1,482,517</u></u>
 NET ASSETS	
Unrestricted assets	<u>\$ 1,482,517</u>
Total Liabilities and Net Assets	<u><u>\$ 1,482,517</u></u>

Discretely Presented Component Unit -- Industrial Development Authority  
 Proprietary Fund  
 Statement of Revenues, Expenses and Changes in Net Assets  
 Year Ended June 30, 2012

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Operating revenues:	
Miscellaneous	\$ <u>13,626</u>
Total operating revenues	\$ <u>13,626</u>
Operating expenses:	
Contractual services	\$ <u>18,126</u>
Total operating expenses	\$ <u>18,126</u>
Operating income (loss)	\$ <u>(4,500)</u>
Nonoperating revenues(expenses):	
Interest income	\$ 10,707
IDA contribution to Town	<u>(108,100)</u>
Total nonoperating revenues(expenses)	\$ <u>(97,393)</u>
Change in net assets	\$ (101,893)
Net assets at beginning of year	<u>1,584,410</u>
Net assets at end of year	\$ <u><u>1,482,517</u></u>

Discretely Presented Component Unit -- Industrial Development Authority  
 Proprietary Fund  
 Statement of Cash Flows  
 Year Ended June 30, 2012

---

Cash flows from operating activities:	
Receipts from customers and users	\$ 13,626
Payments for services	<u>(18,126)</u>
Net cash provided by (used for) operating activities	\$ <u>(4,500)</u>
Cash flows from investing activities:	
Interest income	\$ 10,707
IDA contribution to Town	<u>(108,100)</u>
Net cash provided by (used for) investing activities	<u>(97,393)</u>
Increase (decrease) in cash and cash equivalents	\$ (101,893)
Cash and cash equivalents at beginning of year	<u>1,036,202</u>
Cash and cash equivalents at end of year	\$ <u><u>934,309</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(4,500)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(4,500)</u></u>



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## Supporting Schedule

## Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2012

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	\$ 2,013,000	\$ 2,013,000	\$ 1,950,110	\$ (62,890)
Real and personal public service corporation property taxes	64,000	64,000	75,277	11,277
Personal property taxes	350,000	350,000	369,147	19,147
Machinery and tools taxes	2,300,000	2,300,000	2,239,014	(60,986)
Penalties	46,000	46,000	25,054	(20,946)
Interest	-	-	27,649	27,649
Total general property taxes	\$ 4,773,000	\$ 4,773,000	\$ 4,686,251	\$ (86,749)
Other local taxes:				
Local sales and use taxes	\$ 195,000	\$ 195,000	\$ 255,267	\$ 60,267
Consumers' utility taxes	65,000	65,000	66,494	1,494
Utility consumption tax	45,000	45,000	52,136	7,136
Business license taxes	162,000	162,000	165,012	3,012
Motor vehicle licenses	51,000	51,000	52,275	1,275
Bank franchise tax	34,000	34,000	10,225	(23,775)
Meals taxes	210,000	210,000	246,254	36,254
Total other local taxes	\$ 762,000	\$ 762,000	\$ 847,663	\$ 85,663
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 18,700	\$ 18,700	\$ 18,726	\$ 26
Total permits, privilege fees and regulatory licenses	\$ 18,700	\$ 18,700	\$ 18,726	\$ 26
Fines and Forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 27,533	\$ (2,467)
Total fines and forfeitures	\$ 30,000	\$ 30,000	\$ 27,533	\$ (2,467)
Revenue from use of money and property:				
Revenue from use of money	\$ 130,000	\$ 130,000	\$ 49,008	\$ (80,992)
Revenue from use of property	146,300	146,300	148,382	2,082
Total revenue from use of money and property	\$ 276,300	\$ 276,300	\$ 197,390	\$ (78,910)
Charges for services:				
Charges for solid waste collection	\$ -	\$ -	\$ 87,049	\$ 87,049

## Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2012 (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)				
Miscellaneous revenue:				
Miscellaneous	\$ 243,000	\$ 243,000	\$ 19,012	\$ (223,988)
Total miscellaneous revenue	\$ 243,000	\$ 243,000	\$ 19,012	\$ (223,988)
Recovered costs:				
DMV - license agent fees	\$ 37,000	\$ 37,000	\$ 44,780	\$ 7,780
Total revenue from local sources	\$ 6,140,000	\$ 6,140,000	\$ 5,928,404	\$ (211,596)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits and wine tax	\$ -	\$ -	\$ -	\$ -
PPTRA	\$ 366,500	\$ 366,500	\$ 366,550	\$ 50
Rolling stock tax	5,000	5,000	6,046	1,046
Communications tax	90,000	90,000	86,913	(3,087)
Total noncategorical aid	\$ 461,500	\$ 461,500	\$ 459,509	\$ (1,991)
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 17,676	\$ 9,676
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	30,000	30,000	44,207	14,207
VDOT revenue sharing	300,000	300,000	183,950	(116,050)
Hazard mitigation grant	-	-	11,518	11,518
Public safety services	10,000	10,000	11,000	1,000
Total other categorical aid	\$ 426,700	\$ 426,700	\$ 344,451	\$ (82,249)
Total categorical aid	\$ 426,700	\$ 426,700	\$ 344,451	\$ (82,249)
Total revenue from the Commonwealth	\$ 888,200	\$ 888,200	\$ 803,960	\$ (84,240)
Revenue from the Federal Government:				
Categorical aid:				
CDBG	\$ 400,000	\$ 455,000	\$ -	\$ (455,000)
VDOT Enhancement - Riverwalk	-	567,996	522,188	(45,808)
Safe routes to schools	-	-	47,263	47,263
Port Richmond grant	-	-	312,363	312,363
Hazard mitigation grant	-	-	50,815	50,815
Police grants	-	-	7,801	7,801
Total categorical aid	\$ 400,000	\$ 1,022,996	\$ 940,430	\$ (82,566)
Total revenue from the federal government	\$ 400,000	\$ 1,022,996	\$ 940,430	\$ (82,566)
Total General Fund	\$ 7,428,200	\$ 8,051,196	\$ 7,672,794	\$ (378,402)

## Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 3,103	\$ (6,897)
Miscellaneous revenue:				
Miscellaneous revenue	31,724	31,724	131,881	100,157
Recovered costs:				
Tuition or other payments from another county or city	302,000	302,000	322,171	20,171
Total revenue from local sources	\$ 343,724	\$ 343,724	\$ 457,155	\$ 113,431
Intergovernmental revenue:				
Town contribution to School Board	\$ 3,766,000	\$ 3,766,000	\$ 3,655,406	\$ (110,594)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 577,924	\$ 577,924	\$ 687,854	\$ 109,930
Basic school aid	2,390,035	2,390,035	2,397,007	6,972
Special education - SOQ	276,305	276,305	277,429	1,124
Share of fringe benefits	279,276	279,276	275,257	(4,019)
State technology grant	128,000	128,000	128,000	-
Other state funds	421,549	421,549	336,082	(85,467)
Total categorical aid	\$ 4,073,089	\$ 4,073,089	\$ 4,101,629	\$ 28,540
Total revenue from the Commonwealth	\$ 4,073,089	\$ 4,073,089	\$ 4,101,629	\$ 28,540
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 34,197	\$ 34,197	\$ 50,025	\$ 15,828
Title VI-B - special education	143,170	143,170	155,114	11,944
State fiscal stabilization funds	535,146	535,146	340,514	(194,632)
Education jobs fund	-	-	47,000	47,000
Other federal funds	82,191	82,191	22,593	(59,598)
Total categorical aid	\$ 794,704	\$ 794,704	\$ 615,246	\$ (179,458)
Total revenue from the federal government	\$ 794,704	\$ 794,704	\$ 615,246	\$ (179,458)
Total School Operating Fund	\$ 8,977,517	\$ 8,977,517	\$ 8,829,436	\$ (148,081)

## Governmental Funds and Discretely Presented Component Unit School Board

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2012 (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	\$ -	\$ -	\$ 706	\$ 706
Charges for services:				
Cafeteria sales	-	-	145,156	145,156
Miscellaneous revenue	-	-	27,908	27,908
Total revenue from local sources	\$ -	\$ -	\$ 173,770	\$ 173,770
Intergovernmental revenue:				
Revenue from the Commonwealth:				
School Food	\$ -	\$ -	\$ 6,371	\$ 6,371
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,371	\$ 6,371
Revenue from the federal government:				
School Food	\$ -	\$ -	\$ 104,407	\$ 104,407
Total revenue from the federal government	\$ -	\$ -	\$ 104,407	\$ 104,407
Total School Cafeteria Fund	\$ -	\$ -	\$ 284,548	\$ 284,548
Total Revenues--Component Unit--School Board	\$ 8,977,517	\$ 8,977,517	\$ 9,113,984	\$ 136,467

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## 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														
2009-10	\$	544,739	\$	1,011,206	\$	308,137	\$	3,607,132	\$	57,955	\$	923,655	\$	107,794	\$	456,279	\$	7,016,897
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		1,184,433		3,708,942		33,875		1,187,254		88,721		562,855		8,386,084

## TOWN OF WEST POINT , VIRGINIA

Government-Wide Revenues  
Last Three Fiscal Years

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous	
2009-10	\$ 638,836	\$ 276,157	\$ 261,697	\$ 4,785,335	\$ 765,674	\$ 461,034	\$ 263,432	\$ 143,201	\$ 7,595,366
2010-11	676,147	179,698	298,235	4,720,965	765,474	464,463	546,402	236,764	7,888,148
2011-12	718,219	762,693	522,188	4,674,205	847,663	459,509	197,390	165,872	8,347,739

## TOWN OF WEST POINT, VIRGINIA

Table 3

## General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General			Permit Privilege Fees & Regulatory Licenses		Revenues from the			Recovered Costs	Inter-governmental	Total
	Property Taxes	Other Local Taxes	Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous					
2002-03	\$ 4,384,439	\$ 849,271	\$ 3,225	\$ 35,248	\$ 290,746	\$ 207,628	\$ 723,663	\$ 407,955	\$ 4,224,436	\$ 11,126,611	
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	

(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 Administration	Parks			Community Development	Non-Departmental	Debt Service	Total
		Public Safety	Public Works	Education	Recreation and Cultural			
2002-03	\$ 466,142	\$ 748,559	\$ 593,820	\$ 6,945,779	\$ 207,064	\$ 86,672	\$ 2,513,052	\$ 11,614,954
2003-04	482,259	823,319	633,446	6,811,905	148,480	145,229	370,910	9,587,517
2004-05	448,668	983,868	648,555	8,207,396	175,443	63,583	365,399	11,139,917
2005-06	510,483	1,110,807	919,435	8,487,566	215,194	257,894	364,069	12,209,390
2006-07	486,561	970,096	808,823	8,661,071	236,513	132,646	367,211	12,046,971
2007-08	517,427	982,591	807,728	8,908,318	86,367	173,802	443,971	13,971,237
2008-09	533,128	994,283	834,752	9,333,591	223,146	217,490	493,749	14,021,575
2009-10	546,714	995,229	898,071	9,492,661	54,674	178,686	536,969	13,626,659
2010-11	567,331	1,077,003	1,035,404	9,051,161	31,652	241,644	243,589	12,896,187
2011-12	578,122	1,065,555	852,727	9,106,253	34,165	236,481	1,684,796	14,840,839

(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
2002-03	\$ 193,911,810	\$ 17,695,068	\$ 121,120,064	\$	9,036,429	\$ 31,036	\$	341,794,407
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

(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
2002-03	\$ 0.545	\$ 3.30	\$ 2.25	\$ 0.545	\$ 3.30
2003-04	0.600	3.30	2.25	0.600	3.30
2004-05	0.600	3.30	2.25	0.600	3.30
2005-06	0.600	3.30	2.25	0.600	3.30
2006-07	0.600	3.30	2.25	0.600	3.30
2007-08	0.700	3.30	2.25	0.700	3.30
2008-09	0.600	3.30	2.25	0.600	3.30
2009-10	0.600	3.30	2.25	0.600	3.30
2010-11	0.600	3.30	2.25	0.600	3.30
2011-12	0.600	3.30	2.25	0.600	3.30

(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)		Current Tax (1)		Percent of Levy Collected	Delinquent (1)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding (1)		Percent of Delinquent Taxes to Tax Levy
	Tax Levy		Tax (1)	Collections		Tax (2)	Collections				Delinquent Taxes		
2002-03	\$ 4,925,858	\$	4,533,442	4,533,442	92.03%	\$ 50,011	\$	4,583,453	93.05%	\$	372,598		7.56%
2003-04	4,630,562		4,552,690	4,552,690	98.32%	27,813		4,580,503	98.92%		95,573		2.06%
2004-05	4,597,266		4,503,535	4,503,535	97.96%	58,994		4,562,529	99.24%		62,773		1.37%
2005-06	5,035,968		4,952,241	4,952,241	98.34%	79,335		5,031,576	99.91%		57,709		1.15%
2006-07	4,875,394		4,772,165	4,772,165	97.88%	91,142		4,863,307	99.75%		91,936		1.89%
2007-08	5,311,746		5,145,898	5,145,898	96.88%	39,578		5,031,576	94.73%		121,660		2.29%
2008-09	5,373,484		5,231,715	5,231,715	97.36%	61,532		5,293,247	98.51%		164,048		3.05%
2009-10	5,111,549		5,019,617	5,019,617	98.20%	60,351		5,079,968	99.38%		187,887		3.68%
2010-11	5,219,494		4,961,497	4,961,497	95.06%	77,887		5,039,384	96.55%		175,406		3.36%
2011-12	5,048,755		4,933,290	4,933,290	97.71%	93,071		5,026,361	99.56%		149,948		2.97%

(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)		
2002-03	2,938	\$ 341,794	\$ 2,906,117	-	\$ 410,000	0.73%	\$ 850
2003-04	2,938	347,230	2,612,617	-	410,000	0.63%	750
2004-05	2,938	347,473	2,118,828	-	211,911	0.55%	649
2005-06	2,938	401,056	1,712,559	-	107,742	0.40%	546
2006-07	2,938	393,171	1,291,417	-	-	0.33%	440
2007-08	2,938	404,938	3,972,417	-	-	0.98%	1,352
2008-09	2,938	475,398	3,872,221	-	-	0.81%	1,318
2009-10	2,938	465,417	3,376,099	-	-	0.73%	1,149
2010-11	2,938	474,010	3,160,100	-	-	0.67%	1,076
2011-12	2,938	468,328	3,044,913	-	-	0.65%	1,036

(1) Tayloe Murphy Institute, 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.



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## Compliance

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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  
West Point, Virginia

We have audited the 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 the Town of West Point, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town of West Point, Virginia's basic financial statements and have issued our report thereon dated January 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Town of West Point, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of West Point, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of West Point, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of West Point, Virginia's internal control over financial reporting.

A *deficiency in 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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*.

We noted certain matters that we reported to management of the Town of West Point, Virginia in a separate letter dated January 16, 2013.

This report is intended solely for the information and use of the Town Council, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
January 16, 2013

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

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

### Compliance

We have audited the Town of West Point, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Town of West Point, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of West Point, Virginia's management. Our responsibility is to express an opinion on the Town of West Point, Virginia's compliance based on our audit.

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 the 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. Our audit does not provide a legal determination of Town of West Point, Virginia's compliance with those requirements.

In our opinion, the Town of West Point, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### 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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of West Point, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 the Town's internal control over compliance.

### Internal Control Over Compliance: (Continued)

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.

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 deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town Council, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
January 16, 2013

## TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor / State Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway Planning and Construction	20.205	N/A	\$ 47,263
<u>Pass through payments:</u>			
Department of Motor Vehicles			
State and Community Highway Safety	20.600	60507-51304 60507-52173	5,350
Highway Research and Development Program	20.200	60302-0	522,188
Total Department of Transportation			\$ 574,801
<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	\$ 312,363
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	77501-52749	\$ 50,815
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
ARRA - Eward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	39001-62200	\$ 2,451
Total Primary Government			\$ 940,430
<b>COMPONENT UNIT: SCHOOL BOARD</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	N/A	\$ 17,604
Department of Education:			
National School Lunch Program	10.555	17901-40623	73,432
School Breakfast Program	10.553	17901-40591	13,371
Total Department of Agriculture			\$ 104,407
<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	\$ 50,025
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	142,300
ARRA - Special Education - Grants to States	84.391	17901-61245	8,880
Special education - preschool grants	84.173	17901-62521	3,934
Improving Teacher Quality State Grants	84.367	17901-61480	16,233
Career and Technical Education - Basic Grants to States	84.048	17901-61095	6,104
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	340,514
Educational Technology State Grants	84.318	17901-61600	256
ARRA - Education Jobs Fund	84.410	17901-62700	47,000
Total Department of Education			\$ 615,246
Total Component Unit School Board			\$ 719,653
Total Expenditures of Federal Awards			\$ 1,660,083

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, 2012

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2012. 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 assets 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 City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 940,430
Total primary government	\$ 940,430
Component Unit School Board:	
School Operating Fund	\$ 615,246
School Cafeteria Fund	104,407
Total component unit School Board	\$ 719,653
Total federal expenditures per basic financial statements	\$ 1,660,083
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 1,660,083



TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
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:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.200	Highway Research and Development Program
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Federal Award Findings and Questioned Costs

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

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