

TOWN OF WEST POINT, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Charles D. Gordon

Jack Lawson

O.B. Shreaves, Jr.

Paul T. Kelley

Chris P. Vincent

TOWN SCHOOL BOARD

Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

INDUSTRIAL DEVELOPMENT AUTHORITY

Michael Matthews, Chairperson

John Koch, Vice-Chairman

Jack Lawson

Carol Cunningham

William B. Lee

Paul Kelley

Lauren Shephard

OTHER OFFICIALS

Interim Town ManagerWilliam Porter, Jr.
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, 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Exhibit 1 Statement of Net Assets	9
Exhibit 2 Statement of Activities	10-11
Fund Financial Statements:	
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, 2011

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 for the 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
<u>Supporting Schedule:</u>	
Schedule 1 Governmental Funds and Discretely Presented Component Unit—Schedule of Revenues—Budget and Actual	54-57

TOWN OF WEST POINT, VIRGINIA

Financial Report
For The Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>STATISTICAL TABLES:</u>	
Table 1	Government-wide Expenses by Function 58
Table 2	Government-wide Revenues 59
Table 3	General Government Revenues by Source 60
Table 4	General Government Expenditures by Function 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

Independent Auditors' Report

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 aggregate 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, 2011, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Point, Virginia, as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the Town of West Point, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2012, 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 combining and individual fund financial statements 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 combining and individual fund financial statements 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 19, 2012

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,835,775 (net assets). Of this amount \$3,043,925 (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 \$2,151,410, a decrease of \$703,879 in comparison with the prior year. Approximately 53% of this total amount, \$1,131,267, 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 \$1,131,267, or 15% percent of total general fund expenditures.
- The Town's total debt decreased \$215,999 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 \$8,835,775 at the close of the most recent fiscal year.

Town of West Point, Virginia's, Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 2,998,533	\$ 3,496,243	\$ 871,497	\$ 699,992	\$ 3,870,030	\$ 4,196,23
Capital assets	4,759,183	4,284,946	4,192,767	4,064,207	8,951,950	8,349,15
Total assets	\$ 7,757,716	\$ 7,781,189	\$ 5,064,264	\$ 4,764,199	\$ 12,821,980	\$ 12,545,38
Long-term liabilities outstanding	\$ 2,086,426	\$ 2,239,100	\$ 938,902	\$ 1,003,125	\$ 3,025,328	\$ 3,242,22
Current liabilities	882,551	657,600	78,326	104,594	960,877	762,19
Total liabilities	\$ 2,968,977	\$ 2,896,700	\$ 1,017,228	\$ 1,107,719	\$ 3,986,205	\$ 4,004,41
Net assets:						
Invested in capital assets, net of related debt	\$ 2,593,195	\$ 1,966,614	\$ 3,198,655	\$ 4,064,207	\$ 5,791,850	\$ 6,030,82
Unrestricted	2,195,544	2,917,875	848,381	(407,727)	3,043,925	2,510,14
Total net assets	\$ 4,788,739	\$ 4,884,489	\$ 4,047,036	\$ 3,656,480	\$ 8,835,775	\$ 8,540,96

A large part of the Town's net assets \$5,791,850 or (66 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 funds in the amount of \$95,750. The business type funds increased in the amount of \$390,556.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities decreased the Town's net assets by \$95,750. Key elements of this increase are as follows:

**Town of West Point, Virginia's Changes in Net Assets
For the Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 44,812	\$ 73,804	\$ 631,335	\$ 565,032	\$ 676,147	\$ 638,836
Operating grants and contributions	179,698	276,157	-	-	179,698	276,157
Capital grants and contributions	142,359	261,697	155,876	-	298,235	261,697
General revenues:						
General property taxes	4,720,965	4,785,335	-	-	4,720,965	4,785,335
Other local taxes	765,474	765,674	-	-	765,474	765,674
Use of money and property	546,402	263,432	-	-	546,402	263,432
Grants and contributions not restricted to specific programs	464,463	461,034	-	-	464,463	461,034
Other general revenues	177,242	138,892	59,522	114,409	236,764	253,301
Total revenues	\$ 7,041,415	\$ 7,026,025	\$ 846,733	\$ 679,441	\$ 7,888,148	\$ 7,705,466
Expenses:						
General government administration	\$ 537,809	\$ 544,739	-	-	\$ 537,809	\$ 544,739
Public safety	1,051,801	1,011,206	-	-	1,051,801	1,011,206
Public works	1,107,762	308,137	-	-	1,107,762	308,137
Education	3,944,820	3,607,132	-	-	3,944,820	3,607,132
Parks, recreation, and cultural	40,182	57,955	-	-	40,182	57,955
Community development	291,900	923,655	-	-	291,900	923,655
Interest and other fiscal charges	90,143	107,794	-	-	90,143	107,794
Water	-	-	528,925	456,279	528,925	456,279
Total expenses	\$ 7,064,417	\$ 6,560,618	\$ 528,925	\$ 456,279	\$ 7,593,342	\$ 7,016,897
Increase in net assets before transfers	\$ (23,002)	\$ 465,407	\$ 317,808	\$ 223,162	\$ 294,806	\$ 688,569
Transfers	(72,748)	503,098	72,748	(503,098)	-	-
Increase in net assets	\$ (95,750)	\$ 968,505	\$ 390,556	\$ (279,936)	\$ 294,806	\$ 688,569
Net assets, July 1, 2010	4,884,489	3,915,984	3,656,480	3,936,416	8,540,969	7,852,400
Net assets, June 30, 2011	\$ 4,788,739	\$ 4,884,489	\$ 4,047,036	\$ 3,656,480	\$ 8,835,775	\$ 8,540,969

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 \$2,151,410 a decrease of \$703,879 in comparison with the prior year. A significant portion of this fund balance, \$1,131,267 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 committed for:

- Capital projects - Riverwalk
- Capital projects - CDBG community development
- Capital projects - Ball field phase I
- Capital projects - Ball field phase II

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 15% of total general fund expenditures, while total fund balance represents 28% of that same amount.

General Fund Budgetary Highlights

The Town's General Fund expended \$7,733,742 during the year, which was \$1,468,458 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, 2011 totals \$4,759,183 (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, \$2,868,627 was for General Obligation Bonds and \$291,473 was for State Literary Loans payable. The Town's total outstanding debt principal decreased by \$215,999.

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, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 2,652,080	\$ 773,458	\$ 3,425,538	\$ 136,176	\$ 1,036,202
Receivables (net of allowance for uncollectibles):					
Property taxes	175,406	-	175,406	-	-
Accounts receivable	11,757	98,039	109,796	-	-
Prepays	-	-	-	27,761	-
Inventory	-	-	-	-	548,208
Due from other governments	159,290	-	159,290	52,016	-
Due from primary government	-	-	-	664,194	-
Total Current Assets	<u>\$ 2,998,533</u>	<u>\$ 871,497</u>	<u>\$ 3,870,030</u>	<u>\$ 880,147</u>	<u>\$ 1,584,410</u>
Noncurrent Assets					
Capital assets (net of accumulated depreciation):					
Land	\$ 869,546	\$ 367,305	\$ 1,236,851	\$ 59,350	\$ -
Construction in progress	973,965	16,350	990,315	342,191	-
Buildings and equipment	2,915,672	3,809,112	6,724,784	5,924,460	-
Total Capital assets	<u>\$ 4,759,183</u>	<u>\$ 4,192,767</u>	<u>\$ 8,951,950</u>	<u>\$ 6,326,001</u>	<u>\$ -</u>
Total Assets	<u>\$ 7,757,716</u>	<u>\$ 5,064,264</u>	<u>\$ 12,821,980</u>	<u>\$ 7,206,148</u>	<u>\$ 1,584,410</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued expenses	\$ 29,499	\$ 10,910	\$ 40,409	\$ 879,566	\$ -
Reconciled overdraft	-	-	-	3,065	-
Due to component unit	664,194	-	664,194	-	-
Accrued interest payable	23,710	-	23,710	-	-
Current portion of long-term obligations	165,148	67,416	232,564	8,564	-
Total Current Liabilities	<u>\$ 882,551</u>	<u>\$ 78,326</u>	<u>\$ 960,877</u>	<u>\$ 891,195</u>	<u>\$ -</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	<u>2,086,426</u>	<u>938,902</u>	<u>3,025,328</u>	<u>77,074</u>	<u>-</u>
Total Liabilities	<u>\$ 2,968,977</u>	<u>\$ 1,017,228</u>	<u>\$ 3,986,205</u>	<u>\$ 968,269</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 2,593,195	\$ 3,198,655	\$ 5,791,850	\$ 6,326,001	\$ -
Unrestricted assets (deficit)	<u>2,195,544</u>	<u>848,381</u>	<u>3,043,925</u>	<u>(88,122)</u>	<u>1,584,410</u>
Total Net Assets	<u>\$ 4,788,739</u>	<u>\$ 4,047,036</u>	<u>\$ 8,835,775</u>	<u>\$ 6,237,879</u>	<u>\$ 1,584,410</u>
Total Liabilities and Net Assets	<u>\$ 7,757,716</u>	<u>\$ 5,064,264</u>	<u>\$ 12,821,980</u>	<u>\$ 7,206,148</u>	<u>\$ 1,584,410</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 537,809	\$ -	\$ -	\$ -
Public safety	1,051,801	44,812	152,698	-
Public works	1,107,762	-	22,000	142,359
Education	3,944,820	-	-	-
Parks, recreation, and cultural	40,182	-	5,000	-
Community development	291,900	-	-	-
Interest on long-term debt	90,143	-	-	-
Total governmental activities	<u>\$ 7,064,417</u>	<u>\$ 44,812</u>	<u>\$ 179,698</u>	<u>\$ 142,359</u>
Business-type activities:				
Water and Sewer	\$ 528,925	\$ 631,335	\$ -	\$ 155,876
Total primary government	<u>\$ 7,593,342</u>	<u>\$ 676,147</u>	<u>\$ 179,698</u>	<u>\$ 298,235</u>
COMPONENT UNIT:				
School Board	\$ 8,730,502	\$ 132,227	\$ 4,556,342	\$ -
Industrial Development Authority	20,184	-	-	-
Total component units	<u>\$ 8,750,686</u>	<u>\$ 132,227</u>	<u>\$ 4,556,342</u>	<u>\$ -</u>

General revenues:
 General property taxes
 Local sales and use taxes
 Meals taxes
 Business license taxes
 Consumer utility taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Contribution from IDA to Town of West Point
 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	
\$ (537,809)	\$ -	\$ (537,809)	\$ -	\$ -	
(854,291)	-	(854,291)	-	-	
(943,403)	-	(943,403)	-	-	
(3,944,820)	-	(3,944,820)	-	-	
(35,182)	-	(35,182)	-	-	
(291,900)	-	(291,900)	-	-	
(90,143)	-	(90,143)	-	-	
<u>\$ (6,697,548)</u>	<u>\$ -</u>	<u>\$ (6,697,548)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 258,286</u>	<u>\$ 258,286</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 258,286</u>	<u>\$ (6,439,262)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (4,041,933)	\$ -	
-	-	-	-	(20,184)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,041,933)</u>	<u>\$ (20,184)</u>	
\$ 4,720,965	\$ -	\$ 4,720,965	\$ -	\$ -	
195,113	-	195,113	-	-	
226,038	-	226,038	-	-	
155,594	-	155,594	-	-	
66,202	-	66,202	-	-	
122,527	-	122,527	-	-	
546,402	-	546,402	5,396	13,493	
108,100	-	108,100	3,929,118	(108,100)	
69,142	59,522	128,664	146,785	15,254	
464,463	-	464,463	-	-	
(72,748)	72,748	-	-	-	
<u>\$ 6,601,798</u>	<u>\$ 132,270</u>	<u>\$ 6,734,068</u>	<u>\$ 4,081,299</u>	<u>\$ (79,353)</u>	
<u>\$ (95,750)</u>	<u>\$ 390,556</u>	<u>\$ 294,806</u>	<u>\$ 39,366</u>	<u>\$ (99,537)</u>	
<u>4,884,489</u>	<u>3,656,480</u>	<u>8,540,969</u>	<u>6,198,513</u>	<u>1,683,947</u>	
<u>\$ 4,788,739</u>	<u>\$ 4,047,036</u>	<u>\$ 8,835,775</u>	<u>\$ 6,237,879</u>	<u>\$ 1,584,410</u>	

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2011

	Governmental Funds
	General
ASSETS	
Cash and cash equivalents	\$ 2,652,080
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	175,406
Accounts receivable	11,757
Due from other governments	159,290
Total assets	<u>\$ 2,998,533</u>
LIABILITIES	
Accounts payable	\$ 29,499
Due to component unit	664,194
Deferred revenue	153,430
Total liabilities	<u>\$ 847,123</u>
FUND BALANCES	
Restricted for:	
Economic development	\$ 151,284
Cemetery operations	127,927
Total Restricted Fund Balance	<u>\$ 279,211</u>
Committed to:	
Capital projects - Riverwalk	\$ 548,760
Capital projects - CDBG community improvement	138,837
Capital projects - Ball fields phase I	16,400
Capital projects - Ball fields phase II	36,935
Total Committed Fund Balance	<u>\$ 740,932</u>
Unassigned:	
General	<u>\$ 1,131,267</u>
Total fund balances	<u>\$ 2,151,410</u>
Detailed explanation of adjustments from fund statements to government-wide Statement of Net Assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the locality as a whole.	4,759,183
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(23,710)
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.	153,430
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.	<u>(2,251,574)</u>
Net assets of General Governmental Activities	<u>\$ 4,788,739</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2011

	<u>Governmental Funds</u>
	<u>General</u>
Revenues:	
General property taxes	\$ 4,736,169
Other local taxes	765,474
Permits, privilege fees and regulatory licenses	18,997
Fines and forfeitures	25,815
Revenue from use of money and property	546,402
Miscellaneous	69,142
Recovered cost	45,992
Intergovernmental:	
Commonwealth	759,193
Federal	<u>27,327</u>
Total revenues	<u>\$ 6,994,511</u>
Expenditures:	
Current:	
General government administration	\$ 567,331
Public safety	1,077,003
Public works	1,035,404
Education	3,888,716
Parks, recreation, and cultural	31,652
Community development	648,403
Nondepartmental	241,644
Debt service:	
Principal retirement	152,344
Interest and other fiscal charges	<u>91,245</u>
Total expenditures	<u>\$ 7,733,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (739,231)</u>
Other financing sources (uses):	
IDA contribution to town	\$ 108,100
Transfers (out)	<u>(72,748)</u>
Total other financing sources (uses)	<u>\$ 35,352</u>
Changes in fund balances	<u>\$ (703,879)</u>
Fund balances at beginning of year	<u>2,855,289</u>
Fund balances at end of year	<u><u>\$ 2,151,410</u></u>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2011

	<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	\$ (703,879)
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	\$ 669,415
Retirement of capital assets	(2,000)
Depreciation expense	<u>(152,776)</u>
	514,639
Transfer of joint tenancy assets from Primary Government to the Component Unit	(40,402)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(15,204)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt 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 debt and related items and details are as follows:	
Principal retired on general obligation bonds	\$ 113,844
Principal retired on state literary fund loans	<u>38,500</u>
	152,344
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 accrued leave	\$ (4,350)
Change in interest payable	<u>1,102</u>
	<u>(3,248)</u>
Change in net assets of governmental activities	\$ <u>(95,750)</u>

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

Statement of Net Assets - Proprietary Fund
June 30, 2011

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 773,458
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>98,039</u>
Total Current Assets	<u>\$ 871,497</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Construction in progress	16,350
Buildings and improvements	5,813,492
Equipment	367,419
Accumulated depreciation	<u>(2,371,799)</u>
Total Noncurrent Assets	<u>\$ 4,192,767</u>
Total Assets	<u><u>\$ 5,064,264</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 4,105
Customers' deposits payable	6,805
Current portion of long-term obligations	<u>67,416</u>
Total Current Liabilities	<u>\$ 78,326</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>938,902</u>
Total Liabilities	<u>\$ 1,017,228</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 3,198,655
Unrestricted assets	<u>848,381</u>
Total Net Assets	<u>\$ 4,047,036</u>
Total Liabilities and Net Assets	<u><u>\$ 5,064,264</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, 2011

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 631,335
Miscellaneous	<u>59,522</u>
Total operating revenues	<u>\$ 690,857</u>
Operating expenses:	
Personnel services	\$ 138,325
Fringe benefits	50,729
Contractual services	98,075
Capital outlay	21,087
Other operating costs	61,407
Depreciation	<u>119,209</u>
Total operating expenses	<u>\$ 488,832</u>
Operating Income (loss)	<u>\$ 202,025</u>
Nonoperating revenues(expenses):	
Interest expense	\$ <u>(40,093)</u>
Total non-operating revenues(expenses)	<u>\$ (40,093)</u>
Income before transfers and capital contributions	\$ 161,932
Capital contributions - Commonwealth of Virginia	155,876
Transfers in	<u>72,748</u>
Change in net assets	\$ 390,556
Net assets, beginning of year	<u>3,656,480</u>
Net assets, end of year	<u><u>\$ 4,047,036</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, 2011

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 848,265
Payments to employees (including fringe benefits)	(186,863)
Payments for operating activities	<u>(209,597)</u>
Net cash provided by (used in) operating activities	<u>\$ 451,805</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (247,768)
Retirement of long-term debt	(63,655)
Interest paid on debt	<u>(40,093)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (351,516)</u>
Cash flows from non-capital financing activities:	
Transfers in	<u>\$ 72,748</u>
Net increase (decrease) in cash and cash equivalents	\$ 173,037
Cash and cash equivalents at beginning of year	<u>600,421</u>
Cash and cash equivalents at end of year	<u><u>\$ 773,458</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 357,901
Adjustment to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation	119,209
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	1,531
Increase/(Decrease) in accounts payable and accrued liabilities	<u>(26,836)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 451,805</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, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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

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

A. The Financial Reporting Entity:

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general-purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present the Town of West Point (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, 2011.

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, 2011.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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 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 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 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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.

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.

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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 \$107,112 at June 30, 2011 and is composed of the allowance for uncollectible property taxes of \$22,167 and utility accounts of \$84,945.

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

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.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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 debt and other 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:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2011 (Continued)

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

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, 2011 (Continued)

NOTE 2—DEPOSIT AND INVESTMENTS:

Deposits

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

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, 2011 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, 2011 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>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>8,235</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, 2011 (Continued)

NOTE 3—DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 16,931	\$ -
VDOT Historic Riverwalk	142,359	-
State sales tax	-	52,016
	<u> </u>	<u> </u>
Total due from other governmental units	\$ <u>159,290</u>	\$ <u>52,016</u>

NOTE 4—DUE TO/FROM OTHER FUNDS AND 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>664,194</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>664,194</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 5—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 836,155	\$ 35,391	\$ 2,000	\$ 869,546
Construction in progress	617,462	356,503	-	973,965
Total capital assets not being depreciated	<u>\$ 1,453,617</u>	<u>\$ 391,894</u>	<u>\$ 2,000</u>	<u>\$ 1,843,511</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 2,363,859	\$ 2,500	\$ -	\$ 2,366,359
Equipment	1,285,493	275,021	-	1,560,514
Jointly owned assets	681,951	-	53,861	628,090
Total capital assets being depreciated	<u>\$ 4,331,303</u>	<u>\$ 277,521</u>	<u>\$ 53,861</u>	<u>\$ 4,554,963</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 436,557	\$ 71,906	\$ -	\$ 508,463
Equipment	956,352	65,168	-	1,021,520
Jointly owned assets	107,065	15,702	13,459	109,308
Total accumulated depreciation	<u>\$ 1,499,974</u>	<u>\$ 152,776</u>	<u>\$ 13,459</u>	<u>\$ 1,639,291</u>
Total capital assets being depreciated net	<u>\$ 2,831,329</u>	<u>\$ 124,745</u>	<u>\$ 40,402</u>	<u>\$ 2,915,672</u>
Net capital assets governmental activities	<u>\$ 4,284,946</u>	<u>\$ 516,639</u>	<u>\$ 42,402</u>	<u>\$ 4,759,183</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Construction in progress	697,697	216,283	897,630	16,350
Total capital assets not being depreciated	<u>\$ 1,065,002</u>	<u>\$ 216,283</u>	<u>\$ 897,630</u>	<u>\$ 383,655</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,915,862	\$ 897,630	\$ -	\$ 5,813,492
Equipment	335,934	31,485	-	367,419
Total capital assets being depreciated	<u>\$ 5,251,796</u>	<u>\$ 929,115</u>	<u>\$ -</u>	<u>\$ 6,180,911</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 2,031,868	\$ 99,865	\$ -	\$ 2,131,733
Equipment	220,723	19,343	-	240,066
Total accumulated depreciation	<u>\$ 2,252,591</u>	<u>\$ 119,208</u>	<u>\$ -</u>	<u>\$ 2,371,799</u>
Total capital assets being depreciated net	<u>\$ 2,999,205</u>	<u>\$ 809,907</u>	<u>\$ -</u>	<u>\$ 3,809,112</u>
Net capital assets business-type activities	<u>\$ 4,064,207</u>	<u>\$ 1,026,190</u>	<u>\$ 897,630</u>	<u>\$ 4,192,767</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	156,150	186,041	-	342,191
Total capital assets not being depreciated	<u>\$ 215,500</u>	<u>\$ 186,041</u>	<u>\$ -</u>	<u>\$ 401,541</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,075,808	\$ 19,753	\$ -	\$ 8,095,561
Equipment	932,589	122,355	-	1,054,944
Jointly owned assets	597,205	53,861	-	651,066
Total capital assets being depreciated	<u>\$ 9,605,602</u>	<u>\$ 195,969</u>	<u>\$ -</u>	<u>\$ 9,801,571</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 2,974,395	\$ 204,274	\$ -	\$ 3,178,669
Equipment	399,536	89,870	-	489,406
Jointly owned assets	195,577	13,459	-	209,036
Total accumulated depreciation	<u>\$ 3,569,508</u>	<u>\$ 307,603</u>	<u>\$ -</u>	<u>\$ 3,877,111</u>
Total capital assets being depreciated net	<u>\$ 6,036,094</u>	<u>\$ (111,634)</u>	<u>\$ -</u>	<u>\$ 5,924,460</u>
Net capital assets School Board	<u>\$ 6,251,594</u>	<u>\$ 74,407</u>	<u>\$ -</u>	<u>\$ 6,326,001</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:

General government	\$	13,841
Public safety		14,977
Public works		104,855
Education		15,702
Parks, recreation and cultural		<u>3,401</u>
Total governmental activities	\$	<u><u>152,776</u></u>
Component Unit School Board	\$	<u><u>294,144</u></u> *
Water and Sewer Fund	\$	<u><u>119,208</u></u>
* Depreciation expense School Board	\$	294,144
Transfer of accumulated depreciation from Primary Government		13,459
Total accumulated depreciation increase - School Board	\$	<u><u>307,603</u></u>

NOTE 6—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u><u>334,681,768</u></u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	33,468,177
Less net bonded debt at June 30, 2011		<u>3,160,100</u>
Legal margin for creation of additional debt	\$	<u><u>30,308,077</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

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

All full-time, salaried permanent employees of participating employers and (professional) employees of public school divisions 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 10 years of service credit or age 50 with at least five 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, 2011 (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 report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2010-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. This 5.00% member contribution may be assumed by the employer. In addition, the Town and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town's contributions rate for the fiscal year ended June 30, 2011 was 5.5% of annual covered payroll.

The School Board's contributions for professional employees were \$386,038, \$289,357, and \$388,687, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 8.93%, 8.81% for July 2009 - March 2010 and 0% for April - June 2010, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost:

For fiscal year 2011, the Town's annual pension cost of \$77,586 was equal to the Town's required and actual contributions.

Three Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Town:			
June 30, 2011	\$ 77,586	100%	\$ -
June 30, 2010	80,340	100%	-
June 30, 2009	78,655	100%	-

(1) Employer portion only

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 7—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Funding Status and Funding Programs: (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 assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll 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, 2010, the most recent actuarial valuation date, the plan was 84.58% funded. The actuarial accrued liability for benefits was \$2,562,713 and the actuarial value of assets was \$2,167,654 resulting in an unfunded actuarial accrued liability (UAAL) of \$395,059. The covered payroll (annual payroll of active employees covered by the plan) was \$1,414,345 and ratio of the UAAL to the covered payroll was 27.93%.

The schedule of funding progress, presented as Required Supplementary Information 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, 2011 (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, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Due Within One Year</u>
<u>Governmental Funds:</u>					
General Obligation Bonds	\$ 1,988,359	\$ -	\$ 113,844	\$ 1,874,515	\$ 118,089
State literary fund loans	329,973	-	38,500	291,473	38,500
Compensated Absences payable	81,236	27,858	23,508	85,586	8,559
Total	<u>\$ 2,399,568</u>	<u>\$ 27,858</u>	<u>\$ 175,852</u>	<u>\$ 2,251,574</u>	<u>\$ 165,148</u>
<u>Proprietary Funds:</u>					
General Obligation Bonds	\$ 1,057,767	\$ -	\$ 63,655	\$ 994,112	\$ 66,195
Compensated absences payable	10,014	4,111	1,919	12,206	1,221
Total	<u>\$ 1,067,781</u>	<u>\$ 4,111</u>	<u>\$ 65,574</u>	<u>\$ 1,006,318</u>	<u>\$ 67,416</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Annual requirements to amortize long-term debt 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 Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest		
2012	\$ 118,089	\$ 75,706	\$ 38,500	\$ 8,744	\$ 66,195	\$ 38,343		
2013	122,386	70,853	39,462	7,589	68,837	35,649		
2014	126,775	65,904	29,500	6,405	71,583	32,847		
2015	131,381	60,736	29,500	5,520	74,439	29,934		
2016	136,169	55,381	29,500	4,635	77,409	26,905		
2017	141,234	49,744	29,500	3,750	80,498	23,755		
2018	146,590	43,815	29,500	2,865	83,710	20,479		
2019	152,164	37,664	29,500	1,980	87,050	17,072		
2020	157,989	31,257	36,511	1,293	90,523	13,530		
2021	164,073	24,584	-	-	94,135	9,846		
2022	170,410	17,657	-	-	97,891	6,015		
2023	176,962	10,464	-	-	101,842	2,031		
2024	20,100	6,263	-	-	-	-		
2025	20,717	5,171	-	-	-	-		
2026	21,368	4,045	-	-	-	-		
2027	22,026	2,912	-	-	-	-		
2028	22,691	1,772	-	-	-	-		
2029	23,391	596	-	-	-	-		
Total	\$ 1,874,515	\$ 564,524	\$ 291,473	\$ 42,781	\$ 994,112	\$ 256,406		

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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>
General Obligation Bonds/Loans:		
\$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	\$ 336,617	\$ 15,677
\$1,822,156 issued October 2, 2007 due in varying annual installments, interest payable semi-annually at 3.99%, through December 1, 2022	<u>1,537,898</u>	<u>102,412</u>
Total General Obligation Bonds/Loans	<u>\$ 1,874,515</u>	<u>118,089</u>
Compensated Absences	<u>\$ 85,586</u>	<u>\$ 8,559</u>
State 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%	\$ 18,962	\$ 9,000
\$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>272,511</u>	<u>29,500</u>
Total State Literary Fund Loans	<u>\$ 291,473</u>	<u>\$ 38,500</u>
Total governmental fund long-term obligations	<u>\$ 2,251,574</u>	<u>\$ 165,148</u>
<u>Proprietary Fund</u>		
Water & Sewer Fund:		
General Obligation Bonds/Loans:		
\$1,177,844 issued October 2, 2007 due in varying annual installments, interest payable semi-annually at 3.99%, through December 1, 2022	\$ 994,112	\$ 66,195
Compensated absences	<u>12,206</u>	<u>1,221</u>
Total proprietary fund long-term obligations	<u>\$ 1,006,318</u>	<u>\$ 67,416</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Due Within One Year</u>
General Long-Term Obligations:					
Compensated absences payable	\$ 66,927	\$ 26,163	\$ 7,452	\$ 85,638	\$ 8,564
Total	<u>\$ 66,927</u>	<u>\$ 26,163</u>	<u>\$ 7,452</u>	<u>\$ 85,638</u>	<u>\$ 8,564</u>

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 \$153,430 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$153,430 at June 30, 2011.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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, 2011, 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.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 13—INVENTORY:

At June 30, 2011 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>\$ 548,208</u>

NOTE 14—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 72,748
Water and Sewer Fund	<u>72,748</u>	<u>-</u>
Total	<u>\$ 72,748</u>	<u>\$ 72,748</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.

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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, 2011

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 4,831,000	\$ 4,831,000	\$ 4,736,169	\$ (94,831)
Other local taxes	763,000	763,000	765,474	2,474
Permits, privilege fees and regulatory licenses	37,500	37,500	18,997	(18,503)
Fines and forfeitures	30,000	30,000	25,815	(4,185)
Revenue from use of money and property	270,300	270,300	546,402	276,102
Miscellaneous	415,000	415,000	69,142	(345,858)
Recovered cost	35,000	35,000	45,992	10,992
Intergovernmental:				
Commonwealth	1,343,200	1,343,200	759,193	(584,007)
Federal	600,000	600,000	27,327	(572,673)
Total revenues	\$ 8,325,000	\$ 8,325,000	\$ 6,994,511	\$ (1,330,489)
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 64,500	\$ 64,500	\$ 61,932	\$ 2,568
Total legislative	\$ 64,500	\$ 64,500	\$ 61,932	\$ 2,568
General and financial administration:				
Town treasurer	\$ 276,500	\$ 276,500	\$ 280,977	\$ (4,477)
Town manager	222,900	222,900	224,422	(1,522)
Total general and financial administration	\$ 499,400	\$ 499,400	\$ 505,399	\$ (5,999)
Total general government administration	\$ 563,900	\$ 563,900	\$ 567,331	\$ (3,431)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 628,000	\$ 628,000	\$ 647,591	\$ (19,591)
D.A.R.E.	-	-	1,105	(1,105)
Central dispatching	230,200	230,200	257,381	(27,181)
Total law enforcement and traffic control	\$ 858,200	\$ 858,200	\$ 906,077	\$ (47,877)

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2011 (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	\$ 100,000	\$ 100,000	\$ -
Total fire and rescue services	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Inspections:				
Building	\$ 82,200	\$ 82,200	\$ 70,926	\$ 11,274
Total inspections	\$ 82,200	\$ 82,200	\$ 70,926	\$ 11,274
Total public safety	\$ 1,040,400	\$ 1,040,400	\$ 1,077,003	\$ (36,603)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 213,700	\$ 213,700	\$ 200,706	\$ 12,994
Highways, streets, bridges and sidewalks	323,800	323,800	291,464	32,336
Storm water repairs	300,000	300,000	1,650	298,350
Total maintenance of highways, streets, bridges and sidewalks	\$ 837,500	\$ 837,500	\$ 493,820	\$ 343,680
Sanitation and waste removal:				
Refuse collection and disposal	\$ 130,800	\$ 130,800	\$ 298,231	\$ (167,431)
Total sanitation and waste removal	\$ 130,800	\$ 130,800	\$ 298,231	\$ (167,431)
Maintenance of general buildings and grounds:				
General properties	\$ 247,300	\$ 247,300	\$ 243,353	\$ 3,947
Total maintenance of general buildings and grounds	\$ 247,300	\$ 247,300	\$ 243,353	\$ 3,947
Total public works	\$ 1,215,600	\$ 1,215,600	\$ 1,035,404	\$ 180,196
Education:				
Contribution to school board component unit	\$ 3,766,000	\$ 3,766,000	\$ 3,888,716	\$ (122,716)

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2011 (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	\$ 50,000	\$ 50,000	\$ 2,879	\$ 47,121
Cemetery	32,700	32,700	16,490	16,210
Total parks and recreation	\$ 82,700	\$ 82,700	\$ 19,369	\$ 63,331
Library:				
Library administration	\$ 15,000	\$ 15,000	\$ 12,283	\$ 2,717
Total library	\$ 15,000	\$ 15,000	\$ 12,283	\$ 2,717
Total parks, recreation and cultural	\$ 97,700	\$ 97,700	\$ 31,652	\$ 66,048
Planning and Community Development:				
Community development:				
Community development	\$ 82,300	\$ 82,300	\$ 73,835	\$ 8,465
Economic development	95,000	95,000	93,652	1,348
MPPDC fees	1,700	1,700	1,667	33
Farmers market	2,000	2,000	660	1,340
Chesapeake bay transit	26,000	26,000	25,845	155
Virginia River Country	1,000	1,000	-	1,000
Riverwalk	570,000	570,000	141,583	428,417
Kirby street project	600,000	600,000	190,144	409,856
Land acquisition	-	-	35,391	(35,391)
Relocation expense	1,100	1,100	962	138
Port Richmond grant	-	-	32,233	(32,233)
Public works relocation	100,000	100,000	4,345	95,655
Public works rehab - Phase I	-	-	6,950	(6,950)
Sidewalks	420,000	420,000	17,827	402,173
Bay agency on aging	2,500	2,500	2,500	-
Contingency reserve	50,000	50,000	6,809	43,191
Art council funding	6,000	6,000	11,000	(5,000)
Chamber of commerce	3,000	3,000	3,000	-
Total community development	\$ 1,960,600	\$ 1,960,600	\$ 648,403	\$ 1,312,197
Non-Departmental:				
Employee compensation	\$ 35,500	\$ 35,500	\$ 6,459	\$ 29,041
YMCA contribution	25,000	25,000	25,000	-
Insurance expenditure reimbursement	-	-	4,062	(4,062)
Historical Society	-	-	5,240	(5,240)
Computer services	-	-	14,476	(14,476)
Surge suppression	-	-	15,615	(15,615)
Puller 10k	-	-	6,265	(6,265)
Planning commission	-	-	1,232	(1,232)
Board of zoning appeals	-	-	184	(184)
Wetlands Board	-	-	468	(468)
Marketing	5,000	5,000	5,330	(330)
Mid Peninsula Regional Airport	32,500	32,500	20,707	11,793
Recreational services agreement	50,000	50,000	50,000	-
Liability insurance	80,000	80,000	63,606	16,394
Annual audit service	30,000	30,000	23,000	7,000
Total non-departmental	\$ 258,000	\$ 258,000	\$ 241,644	\$ 16,356

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2011 (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	\$ 300,000	\$ 300,000	\$ 152,344	\$ 147,656
Interest and fiscal charges	-	-	91,245	(91,245)
Total debt service	\$ 300,000	\$ 300,000	\$ 243,589	\$ 56,411
Total expenditures	\$ 9,202,200	\$ 9,202,200	\$ 7,733,742	\$ 1,468,458
Excess (deficiency) of revenues over expenditures	\$ (877,200)	\$ (877,200)	\$ (739,231)	\$ 137,969
Other financing sources (uses):				
IDA contribution to Town	\$ 108,100	\$ 108,100	\$ 108,100	\$ -
Transfers (out)	769,100	769,100	(72,748)	(841,848)
Total other financing sources (uses)	\$ 877,200	\$ 877,200	\$ 35,352	\$ (841,848)
Changes in fund balances	\$ -	\$ -	\$ (703,879)	\$ (703,879)
Fund balances at beginning of year	-	-	2,855,289	2,855,289
Fund balances at end of year	\$ -	\$ -	\$ 2,151,410	\$ 2,151,410

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

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)
6/30/2010	\$ 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%
6/30/2008	1,764,947	1,911,803	146,856	92.32%	1,321,831	11.11%

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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, 2011

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 135,595	\$ -	\$ 581	\$ 136,176
Prepays	27,761	-	-	27,761
Due from other governments	52,016	-	-	52,016
Due from primary government	664,194	-	-	664,194
Total assets	<u>\$ 879,566</u>	<u>\$ -</u>	<u>\$ 581</u>	<u>\$ 880,147</u>
LIABILITIES				
Accounts payable	\$ 69,224	\$ -	\$ -	\$ 69,224
Accrued liabilities	810,342	-	-	810,342
Reconciled overdraft	-	3,065	-	3,065
Total liabilities	<u>\$ 879,566</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ 882,631</u>
FUND BALANCES				
Assigned:				
Special revenue	\$ -	\$ (3,065)	\$ -	\$ (3,065)
Capital projects	-	-	581	581
Total fund balance	<u>\$ -</u>	<u>\$ (3,065)</u>	<u>\$ 581</u>	<u>\$ (2,484)</u>
Total liabilities and fund balances	<u>\$ 879,566</u>	<u>\$ -</u>	<u>\$ 581</u>	<u>\$ 880,147</u>

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

Fund balance from above. \$ (2,484)

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the locality as a whole. Details of this item consist of net capital assets. 6,326,001

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 accrued leave. (85,638)

Net assets of General Government Activities \$ 6,237,879

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit School Board
 Year Ended June 30, 2011

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 5,373	\$ 23	\$ -	\$ 5,396
Charges for services	-	132,227	-	132,227
Miscellaneous	114,325	32,460	-	146,785
Recovered costs	305,365	-	-	305,365
Intergovernmental:				
Contribution from Town of West Point	3,888,716	-	-	3,888,716
Commonwealth	3,988,647	3,789	-	3,992,436
Federal	445,969	117,937	-	563,906
Total revenues	<u>\$ 8,748,395</u>	<u>\$ 286,436</u>	<u>\$ -</u>	<u>\$ 9,034,831</u>
Expenditures:				
Current:				
Education	\$ 8,589,160	\$ 302,766	\$ -	\$ 8,891,926
Capital projects	159,235	-	-	159,235
Total expenditures	<u>\$ 8,748,395</u>	<u>\$ 302,766</u>	<u>\$ -</u>	<u>\$ 9,051,161</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (16,330)	\$ -	\$ (16,330)
Fund balances at beginning of year	-	13,265	581	13,846
Fund balances at end of year	<u>\$ -</u>	<u>\$ (3,065)</u>	<u>\$ 581</u>	<u>\$ (2,484)</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	<u>Component Unit School Board</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (16,330)
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	328,149
Depreciation expense	(294,144)
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 accrued leave.	(18,711)
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>40,402</u>
Change in net assets of governmental activities	<u><u>\$ 39,366</u></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, 2011

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 5,373	\$ (4,627)
Charges for services	-	-	-	-
Miscellaneous	47,174	47,174	114,325	67,151
Recovered costs	302,000	302,000	305,365	3,365
Intergovernmental:				
Town contribution to School Board	3,766,000	3,766,000	3,888,716	122,716
Commonwealth	4,107,543	4,107,543	3,988,647	(118,896)
Federal	514,369	514,369	445,969	(68,400)
Total revenues	\$ 8,747,086	\$ 8,747,086	\$ 8,748,395	\$ 1,309
Expenditures:				
Current:				
Education:				
Instruction	\$ 7,443,161	\$ 7,443,161	\$ 7,398,333	\$ 44,828
Administration, attendance and health	92,117	92,117	94,593	(2,476)
Pupil transportation services	218,716	218,716	224,192	(5,476)
Operation and maintenance services	736,149	736,149	757,900	(21,751)
Facilities	100,832	100,832	114,142	(13,310)
Debt service	94,247	94,247	-	94,247
School food services	61,864	61,864	-	61,864
Total education	\$ 8,747,086	\$ 8,747,086	\$ 8,589,160	\$ 157,926
Capital projects	-	-	159,235	(159,235)
Total expenditures	\$ 8,747,086	\$ 8,747,086	\$ 8,748,395	\$ (1,309)
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)
\$ -	\$ -	\$ 23	\$ 23	\$ -	\$ -	\$ -	\$ -
-	-	132,227	132,227	-	-	-	-
-	-	32,460	32,460	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,789	3,789	-	-	-	-
-	-	117,937	117,937	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,436</u>	<u>\$ 286,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	302,766	(302,766)	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,766</u>	<u>\$ (302,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,766</u>	<u>\$ (302,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ (16,330)	\$ (16,330)	\$ -	\$ -	\$ -	\$ -
-	-	13,265	13,265	-	-	581	581
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,065)</u>	<u>\$ (3,065)</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, 2011

	<u>Proprietary Funds</u>
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,036,202
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 1,584,410</u>
Total Assets	<u>\$ 1,584,410</u>
NET ASSETS	
Unrestricted assets	<u>\$ 1,584,410</u>
Total Liabilities and Net Assets	<u>\$ 1,584,410</u>

Discretely Presented Component Unit -- Industrial Development Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended June 30, 2011

Operating revenues:	
Miscellaneous	\$ <u>15,254</u>
Total operating revenues	\$ <u>15,254</u>
Operating expenses:	
Contractual services	\$ <u>20,184</u>
Total operating expenses	\$ <u>20,184</u>
Operating income	\$ (4,930)
Nonoperating revenues(expenses):	
Interest income	\$ 13,493
IDA contribution to Town	<u>(108,100)</u>
Total nonoperating revenues(expenses)	\$ <u>(94,607)</u>
Change in net assets	\$ (99,537)
Net assets at beginning of year	<u>1,683,947</u>
Net assets at end of year	\$ <u><u>1,584,410</u></u>

Discretely Presented Component Unit -- Industrial Development Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2011

Cash flows from operating activities:	
Receipts from customers and users	\$ 15,254
Payments for services	<u>(20,184)</u>
Net cash provided by (used in) operating activities	\$ <u>(4,930)</u>
Cash flows from investing activities:	
Interest income	\$ 13,493
IDA contribution to Town	<u>(108,100)</u>
Net cash provided by (used in) investing activities	<u>(94,607)</u>
Increase (decrease) in cash and cash equivalents	\$ (99,537)
Cash and cash equivalents at beginning of year	<u>1,135,739</u>
Cash and cash equivalents at end of year	\$ <u><u>1,036,202</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ <u>(4,930)</u>
Net cash provided by (used in) operating activities	\$ <u><u>(4,930)</u></u>

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Supporting Schedule

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011

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	\$ 2,000,000	\$ 2,000,000	\$ 1,968,592	\$ (31,408)
Real and personal public service corporation property taxes	60,000	60,000	67,808	7,808
Personal property taxes	350,000	350,000	329,204	(20,796)
Machinery and tools taxes	2,376,000	2,376,000	2,318,789	(57,211)
Penalties	45,000	45,000	25,488	(19,512)
Interest	-	-	26,288	26,288
Total general property taxes	\$ 4,831,000	\$ 4,831,000	\$ 4,736,169	\$ (94,831)
Other local taxes:				
Local sales and use taxes	\$ 195,000	\$ 195,000	\$ 195,113	\$ 113
Consumers' utility taxes	63,000	63,000	66,202	3,202
Utility consumption tax	45,000	45,000	40,290	(4,710)
Business license taxes	175,000	175,000	155,594	(19,406)
Motor vehicle licenses	50,000	50,000	56,755	6,755
Bank franchise tax	30,000	30,000	25,482	(4,518)
Meals taxes	205,000	205,000	226,038	21,038
Total other local taxes	\$ 763,000	\$ 763,000	\$ 765,474	\$ 2,474
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 37,500	\$ 37,500	\$ 18,997	\$ (18,503)
Total permits, privilege fees and regulatory licenses	\$ 37,500	\$ 37,500	\$ 18,997	\$ (18,503)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 25,815	\$ (4,185)
Total fines and forfeitures	\$ 30,000	\$ 30,000	\$ 25,815	\$ (4,185)
Revenue from use of money and property:				
Revenue from use of money	\$ 130,000	\$ 130,000	\$ 63,822	\$ (66,178)
Revenue from use of property	140,300	140,300	482,580	342,280
Total revenue from use of money and property	\$ 270,300	\$ 270,300	\$ 546,402	\$ 276,102

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011 (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	\$ 415,000	\$ 415,000	\$ 69,142	\$ (345,858)
Total miscellaneous revenue	<u>\$ 415,000</u>	<u>\$ 415,000</u>	<u>\$ 69,142</u>	<u>\$ (345,858)</u>
Recovered costs:				
DMV - license agent fees	\$ 35,000	\$ 35,000	\$ 45,992	\$ 10,992
Total revenue from local sources	<u>\$ 6,381,800</u>	<u>\$ 6,381,800</u>	<u>\$ 6,207,991</u>	<u>\$ (173,809)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,500	\$ 366,500	\$ 366,550	\$ 50
Rolling stock tax	-	-	6,249	6,249
Communications tax	94,000	94,000	91,664	(2,336)
Total noncategorical aid	<u>\$ 460,500</u>	<u>\$ 460,500</u>	<u>\$ 464,463</u>	<u>\$ 3,963</u>
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 8,275	\$ 275
599 fund grant	73,700	73,700	73,688	(12)
VA commission of the arts grant	5,000	5,000	5,000	-
Wireless 911 Board Funding	30,000	30,000	37,756	7,756
VDOT Enhancement - Riverwalk	456,000	456,000	142,359	(313,641)
VDOT revenue sharing	300,000	300,000	-	(300,000)
Broadband study grant	-	-	16,050	16,050
Police grants	-	-	1,602	1,602
Public safety services	10,000	10,000	10,000	-
Total other categorical aid	<u>\$ 882,700</u>	<u>\$ 882,700</u>	<u>\$ 294,730</u>	<u>\$ (587,970)</u>
Total categorical aid	<u>\$ 882,700</u>	<u>\$ 882,700</u>	<u>\$ 294,730</u>	<u>\$ (587,970)</u>
Total revenue from the Commonwealth	<u>\$ 1,343,200</u>	<u>\$ 1,343,200</u>	<u>\$ 759,193</u>	<u>\$ (584,007)</u>
Revenue from the Federal Government:				
Categorical aid:				
CDBG	\$ 600,000	\$ 600,000	-	\$ (600,000)
Port Richmond grant	-	-	22,000	22,000
Police grants	-	-	5,327	5,327
Total categorical aid	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 27,327</u>	<u>\$ (572,673)</u>
Total revenue from the federal government	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 27,327</u>	<u>\$ (572,673)</u>
Total General Fund	<u><u>\$ 8,325,000</u></u>	<u><u>\$ 8,325,000</u></u>	<u><u>\$ 6,994,511</u></u>	<u><u>\$ (1,330,489)</u></u>

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 5,373	\$ (4,627)
Miscellaneous revenue:				
Miscellaneous revenue	47,174	47,174	114,325	67,151
Recovered costs:				
Tuition or other payments from another county or city	302,000	302,000	305,365	3,365
Total revenue from local sources	<u>\$ 359,174</u>	<u>\$ 359,174</u>	<u>\$ 425,063</u>	<u>\$ 65,889</u>
Intergovernmental revenue:				
Town contribution to School Board	\$ 3,766,000	\$ 3,766,000	\$ 3,888,716	\$ 122,716
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 536,405	\$ 536,405	\$ 553,441	\$ 17,036
Basic school aid	2,481,713	2,481,713	2,340,601	(141,112)
Special education - SOQ	282,911	282,911	282,056	(855)
Share of fringe benefits	234,191	234,191	233,483	(708)
Composite index hold harmless	124,690	124,690	111,733	(12,957)
State technology grant	128,000	128,000	128,000	-
Other state funds	319,633	319,633	339,333	19,700
Total categorical aid	<u>\$ 4,107,543</u>	<u>\$ 4,107,543</u>	<u>\$ 3,988,647</u>	<u>\$ (118,896)</u>
Total revenue from the Commonwealth	<u>\$ 4,107,543</u>	<u>\$ 4,107,543</u>	<u>\$ 3,988,647</u>	<u>\$ (118,896)</u>
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 34,197	\$ 34,197	\$ 29,700	\$ (4,497)
Title VI-B - special education	141,141	141,141	211,695	70,554
State fiscal stabilization funds	255,000	255,000	180,289	(74,711)
Other federal funds	84,031	84,031	24,285	(59,746)
Total categorical aid	<u>\$ 514,369</u>	<u>\$ 514,369</u>	<u>\$ 445,969</u>	<u>\$ (68,400)</u>
Total revenue from the federal government	<u>\$ 514,369</u>	<u>\$ 514,369</u>	<u>\$ 445,969</u>	<u>\$ (68,400)</u>
Total School Operating Fund	<u><u>\$ 8,747,086</u></u>	<u><u>\$ 8,747,086</u></u>	<u><u>\$ 8,748,395</u></u>	<u><u>\$ 1,309</u></u>

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011 (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: (continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 23	\$ 23
Charges for services:				
Cafeteria sales	-	-	132,227	132,227
Miscellaneous revenue	-	-	32,460	32,460
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,710</u>	<u>\$ 164,710</u>
Revenue from the Commonwealth:				
School Food	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,789</u>	<u>\$ 3,789</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,789</u>	<u>\$ 3,789</u>
Revenue from the federal government:				
School Food	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,937</u>	<u>\$ 117,937</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,937</u>	<u>\$ 117,937</u>
Total School Cafeteria Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 286,436</u></u>	<u><u>\$ 286,436</u></u>
Grand Total Revenues--Component Unit--School Board	<u><u>\$ 8,747,086</u></u>	<u><u>\$ 8,747,086</u></u>	<u><u>\$ 9,034,831</u></u>	<u><u>\$ 287,745</u></u>

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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 Government			Public Safety	Public Works	Education	Recreation and Cultural	Community Development	Interest on Debt	Water & Sewer	Total
	Administration	Government	Administration								
2008-09	\$ 537,141	\$ 988,020	\$ 1,990,757	\$ 3,276,236	\$ 227,297	\$ 29,198	\$ 92,960	\$ 498,940	\$ 7,640,549		
2009-10	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		

TOWN OF WEST POINT, VIRGINIA

Table 2

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	
2008-09	\$ 627,721	\$ 213,388	\$ 797,060	\$ 5,035,591	\$ 891,262	\$ 372,150	\$ 314,562	\$ 234,189	\$ 8,485,923
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

TOWN OF WEST POINT, VIRGINIA

Table 3

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

Fiscal Year	General Property Taxes		Other Local Taxes		Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
	General Property Taxes	Other Local Taxes	Use of Money & Property	Charges for Services									
2001-02	\$ 3,620,993	\$ 833,652	\$ 19,199	\$ 33,513	\$ 972,603	\$ 212,185	\$ 353,775	\$ 367,633	\$ 4,796,400	\$ 11,209,953			
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			

(1) Includes General and Special Revenue Funds of the primary government and its discretely presented component units.

TOWN OF WEST POINT, VIRGINIA

Table 4

General Government Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Administration	Public Safety	Public Works	Education	Parks			Community Development	Non-Departmental	Debt Service	Total
					Recreation and Cultural						
2001-02	\$ 469,525	\$ 724,815	\$ 483,214	\$ 6,993,821	\$ 207,872	\$ 147,611	\$ 58,495	\$ 427,155	\$ 9,512,508		
2002-03	466,142	748,559	593,820	6,945,779	207,064	53,866	86,672	2,513,052	11,614,954		
2003-04	482,259	823,319	633,446	6,811,905	148,480	171,969	145,229	370,910	9,587,517		
2004-05	448,668	983,868	648,555	8,207,396	175,443	247,005	63,583	365,399	11,139,917		
2005-06	510,483	1,110,807	919,435	8,487,566	215,194	343,942	257,894	364,069	12,209,390		
2006-07	486,561	970,096	808,823	8,661,071	236,513	384,050	132,646	367,211	12,046,971		
2007-08	517,427	982,591	807,728	8,908,318	86,367	2,051,033	173,802	443,971	13,971,237		
2008-09	533,128	994,283	834,752	9,333,591	223,146	1,391,436	217,490	493,749	14,021,575		
2009-10	546,714	995,229	898,071	9,492,661	54,674	923,655	178,686	536,969	13,626,659		
2009-10	567,331	1,077,003	1,035,404	9,051,161	31,652	648,403	241,644	243,589	12,896,187		

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

(2) Capital projects are not included.

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
2001-02	\$ 191,941,410	\$ 19,108,317	\$ 76,026,404	\$ 10,778,657	\$ 10,536	\$ 297,865,324		
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		

(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	Real Estate	Personal Property		Real Estate	Personal Property
2001-02	\$ 0.545	\$ 3.30	\$ 0.545	\$ 3.30	3.20	\$ 0.545	\$ 3.30
2002-03	0.545	3.30	0.545	3.30	2.25	0.545	3.30
2003-04	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2004-05	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2005-06	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2006-07	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2007-08	0.700	3.30	0.700	3.30	2.25	0.700	3.30
2008-09	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2009-10	0.600	3.30	0.600	3.30	2.25	0.600	3.30
2010-11	0.600	3.30	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) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
	Tax Levy	Collections			Delinquent (1) Tax (2) Collections	Total Tax Collections		Total Tax Collections	to Tax Levy		
2001-02	\$ 4,169,588	\$ 3,793,082	90.97%	\$ 59,435	\$ 3,852,517	92.40%	\$ 402,662	9.66%			
2002-03	4,925,858	4,533,442	92.03%	50,011	4,583,453	93.05%	372,598	7.56%			
2003-04	4,630,562	4,552,690	98.32%	27,813	4,580,503	98.92%	95,573	2.06%			
2004-05	4,597,266	4,503,535	97.96%	58,994	4,562,529	99.24%	62,773	1.37%			
2005-06	5,035,968	4,952,241	98.34%	79,335	5,031,576	99.91%	57,709	1.15%			
2006-07	4,875,394	4,772,165	97.88%	91,142	5,031,576	103.20%	91,936	1.89%			
2007-08	5,311,746	5,145,898	96.88%	39,578	5,185,476	97.62%	121,660	2.29%			
2008-09	5,373,484	5,231,715	97.36%	61,532	5,293,247	98.51%	164,048	3.05%			
2009-10	5,111,549	5,019,617	98.20%	60,351	5,079,968	99.38%	187,887	3.68%			
2010-11	5,219,494	4,961,497	95.06%	77,887	5,039,384	96.55%	175,406	3.36%			

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

TOWN OF WEST POINT, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:			Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)	Net Bonded Debt			
2001-02	2,938	\$ 297,865	\$ 3,177,317	-	\$ 500,000	\$ 2,677,317	0.90%	\$ 911	
2002-03	2,938	341,794	2,906,117	-	410,000	2,496,117	0.73%	850	
2003-04	2,938	347,230	2,612,617	-	410,000	2,202,617	0.63%	750	
2004-05	2,938	347,473	2,118,828	-	211,911	1,906,917	0.55%	649	
2005-06	2,938	401,056	1,712,559	-	107,742	1,604,817	0.40%	546	
2006-07	2,938	393,171	1,291,417	-	-	1,291,417	0.33%	440	
2007-08	2,938	404,938	3,972,417	-	-	3,972,417	0.98%	1,352	
2008-09	2,938	475,398	3,872,221	-	-	3,872,221	0.81%	1,318	
2009-10	2,938	465,417	3,376,099	-	-	3,376,099	0.73%	1,149	
2010-11	2,938	474,010	3,160,100	-	-	3,160,100	0.67%	1,076	

(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 aggregate 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, 2011, which collectively comprise the Town of West Point, Virginia's basic financial statements and have issued our report thereon dated January 19, 2012. 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

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 19, 2012.

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 19, 2012

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, 2011. 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, 2011.

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 19, 2012

TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2011

Federal Grantor / State Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles State and Community Highway Safety	20.600	60507-50212 60507-50292 60507-59101 60507-50102	\$ 2,730
Alcohol Open Container Requirements	20.607	60507-154AL	2,597
Total Department of Transportation			\$ 5,327
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development Community Development Block Grant	14.228	53505-49380	\$ 22,000
Total Primary Government			\$ 27,327
COMPONENT UNIT: SCHOOL BOARD			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture and Consumer Services: Food Distribution	10.555	N/A	\$ 24,648
Department of Education: National School Lunch Program	10.555	17901-40623	81,120
School Breakfast Program	10.553	17901-40591	12,169
Total Department of Agriculture			\$ 117,937
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass Through Payments:</u>			
Department of Education: Title I, Part A Cluster: Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 29,700
Special Education Cluster: Special Education - Grants to States	84.027	17901-43071	144,670
ARRA - Special Education - Grants to States	84.391	17901-61245	63,048
Special education - preschool grants	84.173	17901-62521	3,977
Improving Teacher Quality State Grants	84.367	17901-61480	18,144
Career and Technical Education - Basic Grants to States	84.048	17901-61095	5,763
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	180,289
Educational Technology State Grants	84.318	17901-61600	278
Safe and Drug-Free Schools and Communities - State Grants	84.186	17901-60511	100
Total Department of Education			\$ 445,969
Total Component Unit School Board			\$ 563,906
Total Expenditures of Federal Awards			\$ 591,233

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, 2011

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, 2011 . 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 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ <u>27,327</u>
Total primary government	\$ <u>27,327</u>
Component Unit Public Schools:	
School Operating Fund	\$ 445,969
School Cafeteria Fund	117,937
Total component unit public schools	\$ <u>563,906</u>
Total federal expenditures per basic financial statements	\$ <u>591,233</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>591,233</u></u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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>
84.394 84.027/84.173/84.391	ARRA - State Fiscal Stabilization Fund - Education State Grants Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

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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