



Financial Report

Year Ended June 30, 2015

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Wayne Healy

Jack Lawson

Paul T. Kelley

O.B. Shreaves, Jr.

Chris P. Vincent

TOWN SCHOOL BOARD

Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

ECONOMIC DEVELOPMENT AUTHORITY

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Carol Cunningham
O.B. Shreaves, Jr.

William B. Lee

Debbie Brockwell
Lisa Graham

OTHER OFFICIALS

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

TOWN OF WEST POINT, VIRGINIA

Financial Report
Year Ended June 30, 2015

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8, budgetary comparison information on pages 60 to 63, and schedules related to pension funding on pages 64 to 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of Town of West Point, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of West Point, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,157,502 (net position). Of this amount, \$4,763,768 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's funds reported ending fund balance of \$4,416,663, a decrease of \$298,616 in comparison with the prior year. Approximately 69% of this total amount, \$3,046,094 is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,046,094, or 23% percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,157,702 at the close of the most recent fiscal year.

Town of West Point, Virginia
Statement of Net Position
Governmental and Business-type Activities
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,606,226	\$ 5,596,129	\$ 634,907	\$ 605,844	\$ 6,241,133	\$ 6,201,973
Capital assets	9,313,464	9,452,398	3,824,592	3,968,605	13,138,056	13,421,003
Total assets	\$ 14,919,690	\$ 15,048,527	\$ 4,459,499	\$ 4,574,449	\$ 19,379,189	\$ 19,622,976
Deferred outflows of resources	\$ 99,211	\$ -	\$ 11,957	\$ -	\$ 111,168	\$ -
Total assets, deferred outflows	\$ 15,018,901	\$ 15,048,527	\$ 4,471,456	\$ 4,574,449	\$ 19,490,357	\$ 19,622,976
Long-term liabilities outstanding	\$ 6,801,664	\$ 7,564,215	\$ 799,756	\$ 839,099	\$ 7,601,420	\$ 8,403,314
Current liabilities	1,444,018	951,670	70,108	64,648	1,514,126	1,016,318
Total liabilities	\$ 8,245,682	\$ 8,515,885	\$ 869,864	\$ 903,747	\$ 9,115,546	\$ 9,419,632
Deferred inflows of resources	\$ 195,088	\$ 5,136	\$ 22,221	\$ -	\$ 217,309	\$ 5,136
Net position:						
Net investment in capital assets	\$ 2,397,528	\$ 2,409,654	\$ 2,996,206	\$ 3,091,537	\$ 5,393,734	\$ 5,501,191
Unrestricted	4,180,603	4,117,852	583,165	579,165	4,763,768	4,697,017
Total net position	\$ 6,578,131	\$ 6,527,506	\$ 3,579,371	\$ 3,670,702	\$ 10,157,502	\$ 10,198,208
Total liabilities, deferred inflows and net position	\$ 15,018,901	\$ 15,048,527	\$ 4,471,456	\$ 4,574,449	\$ 19,490,357	\$ 19,622,976

A large part of the Town's net position (\$5,393,734, or 53 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the Town's net position experienced an increase in the governmental activities in the amount of \$50,625. The business-type activities net position decreased in the amount of \$91,331.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$268,549. Key elements of this increase are as follows:

Town of West Point, Virginia
Statement of Activities
Governmental and Business-type Activities
Years Ended June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 262,664	\$ 270,445	\$ 660,824	\$ 591,358	\$ 923,488	\$ 861,803
Operating grants and contributions	171,844	303,408	-	-	171,844	303,408
Capital grants and contributions	27,199	174,750	-	-	27,199	174,750
General revenues:						
General property taxes	5,231,004	2,332,979	-	-	5,231,004	2,332,979
Other local taxes	973,010	871,190	-	-	973,010	871,190
Use of money and property	190,021	212,756	1,427	829	191,448	213,585
Commonwealth of Virginia non- categorical aid	635,173	3,716,547	-	-	635,173	3,716,547
Other general revenues	118,244	148,548	40,590	18,482	158,834	167,030
Total revenues	\$ 7,609,159	\$ 8,030,623	\$ 702,841	\$ 610,669	\$ 8,312,000	\$ 8,641,292
Expenses:						
General government administration	\$ 634,930	\$ 680,711	\$ -	\$ -	\$ 634,930	\$ 680,711
Public safety	968,017	1,116,392	-	-	968,017	1,116,392
Public works	1,177,439	1,079,004	-	-	1,177,439	1,079,004
Education	4,373,293	3,671,221	-	-	4,373,293	3,671,221
Parks, recreation, and cultural	73,849	73,417	-	-	73,849	73,417
Community development	199,661	438,667	-	-	199,661	438,667
Interest	180,621	125,649	-	-	180,621	125,649
Water and sewer	-	-	500,710	494,403	500,710	494,403
Total expenses	\$ 7,607,810	\$ 7,185,061	\$ 500,710	\$ 494,403	\$ 8,108,520	\$ 7,679,464
Increase (decrease) in net position before transfers	\$ 1,349	\$ 845,562	\$ 202,131	\$ 116,266	\$ 203,480	\$ 961,828
Transfers	267,200	267,200	(267,200)	(267,200)	-	-
Increase (decrease) in net position	\$ 268,549	\$ 1,112,762	\$ (65,069)	\$ (150,934)	\$ 203,480	\$ 961,828
Net position, beginning of year, as restated	6,309,582	5,414,744	3,644,440	3,821,636	9,954,022	9,236,380
Net position, end of year	\$ 6,578,131	\$ 6,527,506	\$ 3,579,371	\$ 3,670,702	\$ 10,157,502	\$ 10,198,208

Financial Analysis of the Town's Funds

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

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

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

As of the end of the current fiscal year, the Town's governmental fund reported ending fund balance of \$4,403,033 a decrease of \$310,246 in comparison with the prior year. A significant portion of this fund balance, \$3,075,636 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for new spending because it is either restricted, committed or assigned.

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23% of total general fund expenditures, while total fund balance represents 33% of that same amount.

General Fund Budgetary Highlights

The Town's General Fund expended \$13,334,245 during the year, which was \$5,816,788 more than what was budgeted. The biggest reason for this disparity is the Town refunded \$5,628,000 in debt during the current year. This refunding was considered a current refunding.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2015 totals \$9,313,464 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and machinery and equipment.

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

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

Debt - Of the total principal balance at the end of the year, \$7,589,811 was for General Obligation Bonds, and \$154,511 was for State Literary Loans payable. The Town's total outstanding debt principal decreased by \$753,714. The Town issued refunding bonds in the amount of \$5,070,000 and along with other sources refunded general obligation notes in the amount of \$5,628,000.

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

Contact the Town's Financial Management

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

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 5,469,008	\$ 509,371	\$ 5,978,379	\$ 123,199	\$ 898,842
Receivables (net of allowance for uncollectibles):					
Property taxes	108,120	-	108,120	-	-
Accounts receivable	6,062	125,536	131,598	-	-
Inventory	-	-	-	-	548,208
Due from other governments	23,036	-	23,036	90,638	-
Due from primary government	-	-	-	1,033,950	-
Total Current Assets	\$ 5,606,226	\$ 634,907	\$ 6,241,133	\$ 1,247,787	\$ 1,447,050
Noncurrent Assets					
Capital Assets (net of accumulated depreciation):					
Land	\$ 869,546	\$ 367,305	\$ 1,236,851	\$ 59,350	\$ -
Buildings and improvements	7,928,798	3,386,686	11,315,484	5,911,321	-
Equipment	515,120	70,601	585,721	383,317	-
Total Capital Assets	\$ 9,313,464	\$ 3,824,592	\$ 13,138,056	\$ 6,353,988	\$ -
Total Assets	\$ 14,919,690	\$ 4,459,499	\$ 19,379,189	\$ 7,601,775	\$ 1,447,050
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	\$ 99,211	\$ 11,957	\$ 111,168	\$ 647,883	\$ -
Total Assets and Deferred Outflows of Resources	\$ 15,018,901	\$ 4,471,456	\$ 19,490,357	\$ 8,249,658	\$ 1,447,050
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 23,664	\$ 6,437	\$ 30,101	\$ 54,584	\$ -
Accrued expenses	10,012	5,997	16,009	1,115,994	-
Customers' deposits	-	6,479	6,479	-	-
Unearned revenue	10,715	-	10,715	-	-
Due to component unit	1,033,950	-	1,033,950	-	-
Accrued interest payable	71,268	-	71,268	-	-
Current portion of long-term obligations	294,409	51,195	345,604	11,322	-
Total Current Liabilities	\$ 1,444,018	\$ 70,108	\$ 1,514,126	\$ 1,181,900	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 6,801,664	\$ 799,756	\$ 7,601,420	\$ 7,713,896	\$ -
Total Liabilities	\$ 8,245,682	\$ 869,864	\$ 9,115,546	\$ 8,895,796	\$ -
DEFERRED INFLOWS OF RESOURCES					
Items related to measurement of net pension liability	\$ 184,394	\$ 22,221	\$ 206,615	\$ 1,174,000	\$ -
Deferred revenue-property taxes	10,694	-	10,694	-	-
Total Deferred Inflows of Resources	\$ 195,088	\$ 22,221	\$ 217,309	\$ 1,174,000	\$ -
NET POSITION					
Net investment in capital assets	\$ 2,397,528	\$ 2,996,206	\$ 5,393,734	\$ 6,353,988	\$ -
Unrestricted	4,180,603	583,165	4,763,768	(8,174,126)	1,447,050
Total Net Position	\$ 6,578,131	\$ 3,579,371	\$ 10,157,502	\$ (1,820,138)	\$ 1,447,050
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,018,901	\$ 4,471,456	\$ 19,490,357	\$ 8,249,658	\$ 1,447,050

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 634,930	\$ -	\$ -	\$ -
Public safety	968,017	82,667	164,002	-
Public works	1,177,439	179,997	-	-
Education	4,373,293	-	-	-
Parks, recreation, and cultural	73,849	-	-	-
Community development	199,661	-	7,842	27,199
Interest on long-term debt	180,621	-	-	-
Total governmental activities	\$ 7,607,810	\$ 262,664	\$ 171,844	\$ 27,199
Business-type activities:				
Water and Sewer	\$ 500,710	\$ 660,824	\$ -	\$ -
Total primary government	\$ 8,108,520	\$ 923,488	\$ 171,844	\$ 27,199
COMPONENT UNITS:				
School Board	\$ 9,500,356	\$ 145,794	\$ 4,839,698	\$ -
Economic Development Authority	83,160	-	-	-
Total component units	\$ 9,583,516	\$ 145,794	\$ 4,839,698	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Town contribution to school board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
\$ (634,930)	\$ -	\$ (634,930)	\$ -	\$ -
(721,348)	-	(721,348)	-	-
(997,442)	-	(997,442)	-	-
(4,373,293)	-	(4,373,293)	-	-
(73,849)	-	(73,849)	-	-
(164,620)	-	(164,620)	-	-
(180,621)	-	(180,621)	-	-
<u>\$ (7,146,103)</u>	<u>\$ -</u>	<u>\$ (7,146,103)</u>	<u>\$ -</u>	<u>\$ -</u>
 \$ -	 \$ 160,114	 \$ 160,114	 \$ -	 \$ -
<u>\$ (7,146,103)</u>	<u>\$ 160,114</u>	<u>\$ (6,985,989)</u>	<u>\$ -</u>	<u>\$ -</u>
 \$ -	 \$ -	 \$ -	 \$ (4,514,864)	 \$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,160)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,514,864)</u>	<u>\$ (83,160)</u>
 \$ 5,231,004	 \$ -	 \$ 5,231,004	 \$ -	 \$ -
263,110	-	263,110	-	-
268,396	-	268,396	-	-
184,451	-	184,451	-	-
69,276	-	69,276	-	-
187,777	-	187,777	-	-
190,021	1,427	191,448	7,573	5,116
-	-	-	4,389,946	-
118,244	40,590	158,834	451,794	262,911
635,173	-	635,173	-	-
267,200	(267,200)	-	-	-
<u>\$ 7,414,652</u>	<u>\$ (225,183)</u>	<u>\$ 7,189,469</u>	<u>\$ 4,849,313</u>	<u>\$ 268,027</u>
<u>\$ 268,549</u>	<u>\$ (65,069)</u>	<u>\$ 203,480</u>	<u>\$ 334,448</u>	<u>\$ 184,867</u>
6,309,582	3,644,440	9,954,022	(2,154,586)	1,262,183
<u>\$ 6,578,131</u>	<u>\$ 3,579,371</u>	<u>\$ 10,157,502</u>	<u>\$ (1,820,138)</u>	<u>\$ 1,447,050</u>

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Fund Financial Statements

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Balance Sheet - Governmental Fund
June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 5,469,008
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	108,120
Accounts receivable	6,062
Due from other governments	23,036
Total assets	<u>\$ 5,606,226</u>
LIABILITIES	
Accounts payable	\$ 23,664
Accrued expenses	10,012
Unearned revenue	10,715
Due to component unit	1,033,950
Total liabilities	<u>\$ 1,078,341</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	<u>\$ 111,222</u>
FUND BALANCE	
Restricted:	
Economic development	\$ 137,384
Cemetery operations	152,618
Assigned:	
Dare projects	1,991
Public works rehabilitation	10,000
Solid waste fleet replacement	40,088
Vehicle replacement	57,287
Solid waste	134,742
Capital improvements	82,550
Long-term debt	753,909
Unassigned	3,046,094
Total fund balance	<u>\$ 4,416,663</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 5,606,226</u>

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

Fund balance from above	\$ 4,416,663
-------------------------	--------------

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

Land	\$ 869,546	
Buildings and improvements	7,928,798	
Equipment	515,120	9,313,464

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

100,528

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Items related to the measurement of net pension liability	(184,394)
---	-----------

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

99,211

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

General obligation bonds	\$ (6,761,425)	
Literary fund loans	(154,511)	
Compensated absences	(103,629)	
Net pension liability	(76,508)	
Accrued interest payable	(71,268)	(7,167,341)

Net position of General Governmental Activities	<u>\$ 6,578,131</u>
---	---------------------

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

Statement of Revenues, Expenditures, and Change in Fund Balance -
 Governmental Fund
 Year Ended June 30, 2015

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 5,258,570
Other local taxes	973,010
Permits, privilege fees and regulatory licenses	39,734
Fines and forfeitures	42,933
Revenue from use of money and property	190,021
Charges for services	179,997
Miscellaneous	118,244
Recovered costs	50,074
Intergovernmental:	
King William County	174,771
Commonwealth	600,126
Federal	59,319
Total revenues	<u>\$ 7,686,799</u>
Expenditures:	
Current:	
General government administration	\$ 648,104
Public safety	970,160
Public works	996,493
Education	4,366,306
Parks, recreation, and cultural	71,714
Community development	201,192
Nondepartmental	137,274
Debt service:	
Principal retirement	5,775,032
Interest and other fiscal charges	156,340
Total expenditures	<u>\$ 13,322,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,635,816)</u>
Other financing sources (uses):	
Issuance of debt	\$ 5,070,000
Transfers in	267,200
Total other financing sources (uses)	<u>\$ 5,337,200</u>
Change in fund balance	\$ (298,616)
Fund balance at beginning of year	<u>4,715,279</u>
Fund balance at end of year	<u><u>\$ 4,416,663</u></u>

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

Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - total governmental fund	\$	(298,616)
--	----	-----------

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 depreciation exceeded capital outlays in the current period. Details supporting this adjustment are as follows:

Capital outlay	\$	125,423	
Depreciation expense		<u>(217,643)</u>	(92,220)

Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(46,714)
--	--	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(27,566)
--	----------

Increase (decrease) in deferred inflows related to the measurement of the net pension liability	(184,394)
---	-----------

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:

Principal retired on general obligation bonds	\$	5,745,532	
Principal retired on literary fund loans		29,500	
Issuance of debt		<u>(5,070,000)</u>	705,032

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	(5,062)
--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$	(3,319)	
Change in net pension liability		245,689	
Change in accrued interest payable		<u>(24,281)</u>	218,089

Change in net position of governmental activities	\$	<u><u>268,549</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position - Proprietary Fund
June 30, 2015

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 509,371
Receivables (net of allowance for uncollectibles):	
Accounts receivable	125,536
Total Current Assets	<u>\$ 634,907</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	394,144
Accumulated depreciation	(2,937,791)
Total Noncurrent Assets	<u>\$ 3,824,592</u>
Total Assets	<u>\$ 4,459,499</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension contributions subsequent to measurement date	<u>\$ 11,957</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,471,456</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 6,437
Accrued expenses	5,997
Customer deposits	6,479
Current portion of long-term obligations	51,195
Total Current Liabilities	<u>\$ 70,108</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>\$ 799,756</u>
Total Liabilities	<u>\$ 869,864</u>
DEFERRED INFLOWS OF RESOURCES	
Items related to measurement of net pension liability	<u>\$ 22,221</u>
NET POSITION	
Net investment in capital assets	\$ 2,996,206
Unrestricted	583,165
Total Net Position	<u>\$ 3,579,371</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 4,471,456</u></u>

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

Statement of Revenues, Expenses, and Change in Net Position -
 Proprietary Fund
 Year Ended June 30, 2015

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 660,824
Miscellaneous	<u>40,590</u>
Total operating revenues	\$ <u>701,414</u>
Operating expenses:	
Personnel services	\$ 152,125
Fringe benefits	51,238
Contractual services	46,383
Capital outlay	19,804
Other operating costs	65,232
Depreciation and amortization	<u>144,013</u>
Total operating expenses	\$ <u>478,795</u>
Operating Income (loss)	\$ <u>222,619</u>
Nonoperating revenues (expenses):	
Interest income	\$ 1,427
Interest expense	<u>(21,915)</u>
Total nonoperating revenues (expenses)	\$ <u>(20,488)</u>
Income before transfers	\$ 202,131
Transfers out	<u>(267,200)</u>
Change in net position	\$ (65,069)
Net position, beginning of year, as restated	<u>3,644,440</u>
Net position, end of year	<u><u>\$ 3,579,371</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, 2015

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 696,556
Payments to employees (including fringe benefits)	(206,547)
Payments to suppliers and service providers	(129,434)
	<u>360,575</u>
Net cash provided by (used for) operating activities	\$ 360,575
Cash flows from capital and related financing activities:	
Retirement of long-term debt	\$ (48,682)
Interest paid on debt	(21,915)
	<u>(70,597)</u>
Net cash provided by (used for) capital and related financing activities	\$ (70,597)
Cash flows from noncapital financing activities:	
Transfers out	\$ (267,200)
Cash flows from investing activities:	
Interest income	\$ 1,427
Net increase (decrease) in cash and cash equivalents	\$ 24,205
Cash and cash equivalents at beginning of year	<u>485,166</u>
Cash and cash equivalents at end of year	<u><u>\$ 509,371</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 222,619
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operations:	
Depreciation and amortization	144,013
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	(4,858)
Increase/(Decrease) in accounts payable	1,386
Increase/(Decrease) in accrued expenses	2,152
Increase/(Decrease) in customer deposits	599
Increase/(Decrease) in deferred outflows of resources	609
(Increase)/Decrease in deferred inflows of resources	22,221
(Increase)/Decrease in net pension liability	(29,610)
Increase/(Decrease) in compensated absences	1,444
	<u>1,444</u>
Net cash provided by (used for) operating activities	<u><u>\$ 360,575</u></u>

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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 Town of West Point, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2015.

Discretely Presented Component Units:

School Board: The West Point School Board members are elected by the citizens of Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are a discretely presented component unit of the Town financial statements for the fiscal year ended June 30, 2015.

Economic Development Authority: The Economic Development Authority of the Town was established to promote industry and commercial enterprises to locate in the Town. The Authority draws its corporate powers from the Virginia Code section 15.1-1376, which defines it as a corporate body. The Authority consists of 8 members, all of which are appointed by the Primary Government for limited terms. The Primary Government can impose its will on the Authority as exemplified by approving its debt issues. These factors warrant its inclusion in the Town's reporting entity as a discretely presented component unit. The Authority does not issue a separate financial report.

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

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

None

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

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

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

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

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

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

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

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

1. Governmental Funds

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

General Fund

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

2. Proprietary Funds

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

Enterprise Funds

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

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

The Town reports the following major enterprise fund:

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

3. Discretely Presented Component Units

Town of West Point Public Schools

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

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

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

3. Discretely Presented Component Units: (Continued)

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

E. Budgets and Budgetary Accounting

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

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

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

F. Cash and Cash Equivalents

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

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

G. Investments

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

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$186,891 at June 30, 2015 and is composed of the allowance for uncollectible property taxes of \$66,772 and utility accounts of \$120,119.

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

I. Inventory

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

J. Capital Assets

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

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

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

J. Capital Assets: (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2015 was immaterial.

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

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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

L. Pensions

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

M. Compensated Absences

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

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities and business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

O. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

P. Use of Estimates

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

Q. Net Position

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

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

R. Net Position Flow Assumption

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

S. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The Town and School Board implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	<u>Town</u>	<u>School Board</u>
Net position as reported at June 30, 2014	\$ 10,198,208	\$ 6,039,414
Implementation of GASB 68	<u>(244,186)</u>	<u>(8,194,000)</u>
Net position as restated at June 30, 2014	\$ <u>9,954,022</u>	\$ <u>(2,154,586)</u>

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (Continued)

Investments

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

Credit Risk of Debt securities

The Town’s rated debt investments as of June 30, 2015 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Town's Rate Debt Investments' Values	
	Fair Quality Ratings
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>8,301</u>

External Investment Pool

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

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 23,036	\$ -
State sales tax	-	51,038
Other state grants	-	39,600
Total due from other governmental units	\$ <u>23,036</u>	\$ <u>90,638</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

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

<u>Fund</u>	<u>Due To Component Unit</u>	<u>Due From Primary Government</u>
Primary Government:		
General	\$ <u>1,033,950</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>1,033,950</u>

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 267,200	\$ -
Water and Sewer Fund	<u>-</u>	<u>267,200</u>
Total	\$ <u>267,200</u>	\$ <u>267,200</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 146,686
School Cafeteria Fund	<u>146,686</u>	<u>-</u>
Total	\$ <u>146,686</u>	\$ <u>146,686</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgeting authorization.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 869,546	\$ -	\$ -	\$ 869,546
Construction in progress	5,054,526	22,987	5,077,513	-
Total capital assets not being depreciated	<u>\$ 5,924,072</u>	<u>\$ 22,987</u>	<u>\$ 5,077,513</u>	<u>\$ 869,546</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,447,668	\$ -	\$ -	\$ 3,447,668
Equipment	1,780,555	108,949	-	1,889,504
Jointly owned assets	472,036	5,071,000	46,714	5,496,322
Total capital assets being depreciated	<u>\$ 5,700,259</u>	<u>\$ 5,179,949</u>	<u>\$ 46,714</u>	<u>\$ 10,833,494</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 793,162	\$ 108,313	\$ -	\$ 901,475
Equipment	1,275,020	99,364	-	1,374,384
Jointly owned assets	103,751	9,966	-	113,717
Total accumulated depreciation	<u>\$ 2,171,933</u>	<u>\$ 217,643</u>	<u>\$ -</u>	<u>\$ 2,389,576</u>
Total capital assets being depreciated, net	<u>\$ 3,528,326</u>	<u>\$ 4,962,306</u>	<u>\$ 46,714</u>	<u>\$ 8,443,918</u>
Net capital assets governmental activities	<u><u>\$ 9,452,398</u></u>	<u><u>\$ 4,985,293</u></u>	<u><u>\$ 5,124,227</u></u>	<u><u>\$ 9,313,464</u></u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 6,000,934
Equipment	394,145	-	-	394,145
Total capital assets being depreciated	<u>\$ 6,395,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,395,079</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 2,492,681	\$ 121,567	\$ -	\$ 2,614,248
Equipment	301,098	22,446	-	323,544
Total accumulated depreciation	<u>\$ 2,793,779</u>	<u>\$ 144,013</u>	<u>\$ -</u>	<u>\$ 2,937,792</u>
Total capital assets being depreciated, net	<u>\$ 3,601,300</u>	<u>\$ (144,013)</u>	<u>\$ -</u>	<u>\$ 3,457,287</u>
Net capital assets business-type activities	<u><u>\$ 3,968,605</u></u>	<u><u>\$ (144,013)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,824,592</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	705,943	391,149	1,097,092	-
Total capital assets not being depreciated	<u>\$ 765,293</u>	<u>\$ 391,149</u>	<u>\$ 1,097,092</u>	<u>\$ 59,350</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,913,226	\$ 1,173,664	\$ -	\$ 10,086,890
Equipment	1,244,284	32,600	-	1,276,884
Total capital assets being depreciated	<u>\$ 10,157,510</u>	<u>\$ 1,206,264</u>	<u>\$ -</u>	<u>\$ 11,363,774</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 3,987,379	\$ 188,190	\$ -	\$ 4,175,569
Equipment	818,187	75,380	-	893,567
Total accumulated depreciation	<u>\$ 4,805,566</u>	<u>\$ 263,570</u>	<u>\$ -</u>	<u>\$ 5,069,136</u>
Total capital assets being depreciated, net	<u>\$ 5,351,944</u>	<u>\$ 942,694</u>	<u>\$ -</u>	<u>\$ 6,294,638</u>
Net capital assets School Board	<u>\$ 6,117,237</u>	<u>\$ 1,333,843</u>	<u>\$ 1,097,092</u>	<u>\$ 6,353,988</u>

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

Governmental activities:	
General government administration	\$ 18,996
Public safety	23,797
Public works	161,385
Education	9,966
Parks, recreation and cultural	3,499
Total governmental activities	<u>\$ 217,643</u>
Water and Sewer Fund	<u>\$ 144,013</u>
Component Unit School Board	<u>\$ 263,570</u>

NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$ <u>352,003,997</u>
Legal Debt Limit:	
10% of assessed value of all taxable real estate	\$ 35,200,400
Less net bonded debt at June 30, 2015	<u>7,589,811</u>
Legal margin for creation of additional debt	<u>\$ 27,610,589</u>

NOTE 8—PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit (Cont.)	Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	9
Non-vested inactive members	24
Inactive members active elsewhere in VRS	25
Total inactive members	58
Active members	34
Total covered employees	100

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 8.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$111,168 and \$116,594 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Liability

The Town's and net pension liability was measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

NOTE 8—PENSION PLAN: (CONTINUED)

Long-term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 3,199,211	\$ 2,838,186	\$ 361,025
Changes for the year:			
Service cost	\$ 143,110	\$ -	\$ 143,110
Interest	221,845	-	221,845
Contributions - employer	-	116,839	(116,839)
Contributions - employee	-	64,635	(64,635)
Net investment income	-	461,112	(461,112)
Benefit payments, including refunds of employee contributions	(60,007)	(60,007)	-
Administrative expenses	-	(2,356)	2,356
Other changes	-	24	(24)
Net changes	\$ 304,948	\$ 580,247	\$ (275,299)
Balances at June 30, 2014	\$ 3,504,159	\$ 3,418,433	\$ 85,726

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Town			
Net Pension Liability (Asset)	\$ 684,809	\$ 85,726	\$ (398,780)

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

For the year ended June 30, 2015, the Town recognized pension expense of \$48,155. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 206,615
Employer contributions subsequent to the measurement date	111,168	-
Total	\$ 111,168	\$ 206,615

\$111,168 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government
2016	\$ (51,654)
2017	(51,654)
2018	(51,654)
2019	(51,653)
Thereafter	-

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$647,883 and \$537,150 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$7,612,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.063% as compared to 0.063% at June 30, 2013.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$592,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,130,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	44,000
Employer contributions subsequent to the measurement date	<u>647,883</u>	<u>-</u>
Total	<u>\$ 647,883</u>	<u>\$ 1,174,000</u>

\$647,883 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (292,000)
2017	(292,000)
2018	(292,000)
2019	(292,000)
Thereafter	(6,000)

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NOTE 8—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 11,178,000	\$ 7,612,000	\$ 4,677,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2015:

	Balance at July 1, 2014	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2015	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,808,957	\$ 5,070,000	\$ 117,532	\$ 6,761,425	\$ 254,547
General obligation note	5,628,000	-	5,628,000	-	-
Literary fund loans	184,011	-	29,500	154,511	29,500
Net pension liability	322,197	327,808	573,497	76,508	-
Compensated absences	100,310	24,084	20,765	103,629	10,362
Total	<u>\$ 8,043,475</u>	<u>\$ 5,421,892</u>	<u>\$ 6,369,294</u>	<u>\$ 7,096,073</u>	<u>\$ 294,409</u>
<u>Business-type Activities:</u>					
General obligation bond	\$ 877,068	\$ -	\$ 48,682	\$ 828,386	\$ 49,860
Net pension liability	38,828	39,503	69,113	9,218	-
Compensated absences	11,903	2,484	1,040	13,347	1,335
Total	<u>\$ 927,799</u>	<u>\$ 41,987</u>	<u>\$ 118,835</u>	<u>\$ 850,951</u>	<u>\$ 51,195</u>

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

Year Ending June 30,	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Literary Fund Loans		General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 254,547	\$ 169,957	\$ 29,500	\$ 4,635	\$ 49,860	\$ 20,649
2017	262,656	163,461	29,500	3,750	51,038	19,352
2018	269,865	156,679	29,500	2,865	52,216	18,025
2019	273,701	149,702	29,500	1,980	53,786	16,664
2020	282,581	142,601	36,511	1,293	55,357	15,261
2021	285,901	135,258	-	-	56,534	13,823
2022	293,856	127,659	-	-	58,105	12,350
2023	301,840	119,847	-	-	59,675	10,836
2024	309,854	111,824	-	-	61,246	9,283
2025	317,901	103,586	-	-	62,816	7,689
2026	325,982	95,131	-	-	64,386	6,054
2027	334,069	86,486	-	-	65,957	4,379
2028	342,771	77,645	-	-	67,920	2,659
2029	350,901	68,577	-	-	69,490	893
2030	400,000	61,320	-	-	-	-
2031	410,000	51,720	-	-	-	-
2032	420,000	41,880	-	-	-	-
2033	430,000	31,800	-	-	-	-
2034	440,000	21,480	-	-	-	-
2035	455,000	10,920	-	-	-	-
Total	<u>\$ 6,761,425</u>	<u>\$ 1,927,533</u>	<u>\$ 154,511</u>	<u>\$ 14,523</u>	<u>\$ 828,386</u>	<u>\$ 157,917</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>		
General Obligation Bonds:		
\$367,139 issued December 11, 2008 due in varying annual installments, interest payable semi-annually at rates varying from 3.60% to 5.35%, through January 15, 2029	\$ 272,811	\$ 16,407
\$5,070,000 General Obligation Refunding Bond, Series 2014, issued August 8, 2014 due in varying annual installments, interest payable semi-annually at 2.40, through January 15, 2035	5,070,000	135,000
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	1,281,614	77,140
\$188,000 issued December 11, 2012 due in varying annual installments, interest payable annually at 1.88%, through January 15, 2020	<u>137,000</u>	<u>26,000</u>
Total General Obligation Bonds	\$ 6,761,425	\$ 254,547
Net pension liability	\$ 76,508	\$ -
Compensated Absences	\$ 103,629	\$ 10,362
Literary Fund Loans		
\$597,011 State Literary Fund loan issued September 15, 1998, due in annual installments of \$29,500 through September 15, 2019, interest payable annually at 3%	\$ 154,511	\$ 29,500
Total governmental fund long-term obligations	<u>\$ 7,096,073</u>	<u>\$ 294,409</u>
<u>Business-type Activities</u>		
Water & Sewer Fund:		
General Obligation Bonds:		
\$970,114 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	\$ 828,386	\$ 49,860
Net pension liability	\$ 9,218	\$ -
Compensated absences	\$ 13,347	\$ 1,335
Total proprietary fund long-term obligations	<u>\$ 850,951</u>	<u>\$ 51,195</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2015 (Continued)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2015:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Due Within One Year
General Long-term Obligations:					
Compensated absences	\$ 100,479	\$ 32,738	\$ 19,999	\$ 113,218	\$ 11,322
Net pension liability	8,150,000	-	538,000	7,612,000	-
Total	<u>\$ 8,250,479</u>	<u>\$ 32,738</u>	<u>\$ 557,999</u>	<u>\$ 7,725,218</u>	<u>\$ 11,322</u>

NOTE 10—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

Unearned, deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. As of June 30, 2015, unearned, deferred and unavailable revenue consisted of the following:

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$100,528 at June 30, 2015.

Prepaid property taxes: Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$10,694 at June 30, 2015.

Other unearned items: Other amounts consist of unearned grant funds totaling \$10,715 at June 30, 2015.

NOTE 11—CONTINGENT LIABILITIES:

The Town participates in a number of federally assisted grant programs. These programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be significant.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements June 30, 2015 (Continued)

NOTE 12—RISK MANAGEMENT:

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

NOTE 13—SURETY BOND INFORMATION:

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

NOTE 14—INVENTORY:

At June 30, 2015 the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

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

NOTE 15—LITIGATION:

At June 30, 2015, there were no matters of litigation involving the Town or which would materially effect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

NOTE 16—UPCOMING PRONOUNCEMENTS:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Required Supplementary Information

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Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2015

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,280,078	\$ 5,280,078	\$ 5,258,570	\$ (21,508)
Other local taxes	857,000	857,000	973,010	116,010
Permits, privilege fees and regulatory licenses	29,200	29,200	39,734	10,534
Fines and forfeitures	35,000	35,000	42,933	7,933
Revenue from use of money and property	195,260	195,260	190,021	(5,239)
Charges for services	173,000	173,000	179,997	6,997
Miscellaneous	108,615	108,615	118,244	9,629
Recovered costs	44,000	44,000	50,074	6,074
Intergovernmental revenue:				
King William County	150,000	150,000	174,771	24,771
Commonwealth	596,650	596,350	600,126	3,776
Federal	33,600	124,192	59,319	(64,873)
Total revenues	\$ 7,502,403	\$ 7,592,695	\$ 7,686,799	\$ 94,104
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 63,000	\$ 63,000	\$ 50,352	\$ 12,648
Human resources	82,313	82,313	84,120	(1,807)
Total legislative	\$ 145,313	\$ 145,313	\$ 134,472	\$ 10,841
General and financial administration:				
Town treasurer	\$ 244,700	\$ 244,700	\$ 253,076	\$ (8,376)
Town manager	251,466	257,016	260,556	(3,540)
Total general and financial administration	\$ 496,166	\$ 501,716	\$ 513,632	\$ (11,916)
Total general government administration	\$ 641,479	\$ 647,029	\$ 648,104	\$ (1,075)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 707,142	\$ 739,475	\$ 700,310	\$ 39,165
Town radio equipment	-	-	13,450	(13,450)
Police vehicles	25,000	25,000	21,235	3,765
Central dispatching	59,700	59,700	62,011	(2,311)
Total law enforcement and traffic control	\$ 791,842	\$ 824,175	\$ 797,006	\$ 27,169

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total fire and rescue services	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Inspections:				
Building	\$ 87,832	\$ 87,832	\$ 73,154	\$ 14,678
Total inspections	\$ 87,832	\$ 87,832	\$ 73,154	\$ 14,678
Total public safety	\$ 979,674	\$ 1,012,007	\$ 970,160	\$ 41,847
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 205,162	\$ 205,162	\$ 300,632	\$ (95,470)
Highways, streets, bridges and sidewalks	350,523	350,523	311,995	38,528
Total maintenance of highways, streets, bridges and sidewalks	\$ 555,685	\$ 555,685	\$ 612,627	\$ (56,942)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 147,378	\$ 147,378	\$ 143,146	\$ 4,232
Total sanitation and waste removal	\$ 147,378	\$ 147,378	\$ 143,146	\$ 4,232
Maintenance of general buildings and grounds:				
General properties	\$ 244,417	\$ 244,417	\$ 240,720	\$ 3,697
Total maintenance of general buildings and grounds	\$ 244,417	\$ 244,417	\$ 240,720	\$ 3,697
Total public works	\$ 947,480	\$ 947,480	\$ 996,493	\$ (49,013)
Education:				
Contribution to school board component unit	\$ 4,005,000	\$ 4,005,000	\$ 4,343,232	\$ (338,232)
HVAC replacement	-	-	23,074	(23,074)
Total education	\$ 4,005,000	\$ 4,005,000	\$ 4,366,306	\$ (361,306)

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation				
Cemetery	\$ 27,300	\$ 27,300	\$ 14,960	\$ 12,340
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 67,300	\$ 67,300	\$ 54,960	\$ 12,340
Library:				
Library administration	\$ 14,300	\$ 14,300	\$ 16,754	\$ (2,454)
Total library	\$ 14,300	\$ 14,300	\$ 16,754	\$ (2,454)
Total parks, recreation and cultural	\$ 81,600	\$ 81,600	\$ 71,714	\$ 9,886
Planning and community development:				
Community development:				
Community development	\$ 101,794	\$ 101,794	\$ 87,095	\$ 14,699
Economic development	28,000	28,000	24,962	3,038
MPPDC fees	4,033	4,033	4,033	-
Farmers market	2,000	2,000	2,926	(926)
Chesapeake bay transit	20,675	20,675	20,675	-
Holiday decorations	8,400	8,400	7,614	786
Safe routes to schools	83,600	110,932	29,880	81,052
Sidewalks	-	-	6,725	(6,725)
Bay agency on aging	2,500	2,500	2,500	-
Lead program	7,000	7,000	3,282	3,718
Art council funding	10,000	10,000	10,000	-
Chamber of commerce	1,500	1,500	1,500	-
Total community development	\$ 269,502	\$ 296,834	\$ 201,192	\$ 95,642
Total planning and community development	\$ 269,502	\$ 296,834	\$ 201,192	\$ 95,642
Nondepartmental:				
Employee compensation	\$ 95,000	\$ 95,000	\$ 3,512	\$ 91,488
Historical Society	10,000	10,000	10,000	-
Indian Rivers Humane Society	2,000	2,000	2,000	-
Line of Duty program	3,000	3,000	3,087	(87)
Computer repair blanket	8,000	8,000	10,149	(2,149)
Puller 10k	8,800	8,800	(181)	8,981
Planning commission	2,000	2,000	1,270	730
Portable electronic agendas	7,500	7,500	7,224	276
Board of zoning appeals	1,200	1,200	231	969
Dare	-	-	288	(288)
Wetlands Board	1,200	1,200	222	978
Marketing	1,000	1,000	1,308	(308)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
Tri Rivers Youth Association	7,500	7,500	7,500	-
Liability insurance	37,246	37,246	37,414	(168)
Annual audit service	25,000	25,000	23,250	1,750
Total nondepartmental	\$ 239,446	\$ 239,446	\$ 137,274	\$ 102,172

Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Debt service:				
Principal retirement	\$ 266,200	\$ 288,061	\$ 5,775,032	\$ (5,486,971)
Interest and fiscal charges	-	-	156,340	(156,340)
Total debt service	\$ 266,200	\$ 288,061	\$ 5,931,372	\$ (5,643,311)
Total expenditures	\$ 7,430,381	\$ 7,517,457	\$ 13,322,615	\$ (5,805,158)
Excess (deficiency) of revenues over expenditures	\$ 72,022	\$ 75,238	\$ (5,635,816)	\$ (5,711,054)
Other financing sources (uses):				
Issuance of debt	\$ -	\$ -	\$ 5,070,000	\$ 5,070,000
Transfers in	267,200	267,200	267,200	-
Total other financing sources (uses)	\$ 267,200	\$ 267,200	\$ 5,337,200	\$ 5,070,000
Change in fund balance	\$ 339,222	\$ 342,438	\$ (298,616)	\$ (641,054)
Fund balance at beginning of year	(339,222)	(342,438)	4,715,279	5,057,717
Fund balance at end of year	\$ -	\$ -	\$ 4,416,663	\$ 4,416,663

Schedule of Components of and Changes in Net Pension Liability and Related Ratios

Primary Government

Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 143,110
Interest	221,845
Benefit payments, including refunds of employee contributions	<u>(60,007)</u>
Net change in total pension liability	\$ 304,948
Total pension liability - beginning	<u>3,199,211</u>
Total pension liability - ending (a)	<u><u>\$ 3,504,159</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 116,839
Contributions - employee	64,635
Net investment income	461,112
Benefit payments, including refunds of employee contributions	(60,007)
Administrative expense	(2,356)
Other	<u>24</u>
Net change in plan fiduciary net position	\$ 580,247
Plan fiduciary net position - beginning	<u>2,838,186</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,418,433</u></u>
Town's net pension liability - ending (a) - (b)	\$ 85,726
Plan fiduciary net position as a percentage of the total pension liability	97.55%
Covered-employee payroll	\$ 1,291,185
Town's net pension liability as a percentage of covered-employee payroll	6.64%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.063%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,612,000
Employer's Covered-Employee Payroll	4,604,901
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	161.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 111,168	\$ 111,168	\$ -	\$ 1,375,847	8.08%
Component Unit School Board (professional)					
2015	\$ 647,883	\$ 647,883	\$ -	\$ 4,719,320	13.73%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Other Supplementary Information

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Discretely Presented Component Unit-School Board

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Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating	School Cafeteria	School Construction	Total
ASSETS				
Cash and cash equivalents	\$ 45,990	\$ 76,628	\$ 581	\$ 123,199
Due from other governments	90,638	-	-	90,638
Due from primary government	1,033,950	-	-	1,033,950
Total assets	<u>\$ 1,170,578</u>	<u>\$ 76,628</u>	<u>\$ 581</u>	<u>\$ 1,247,787</u>
LIABILITIES				
Accounts payable	\$ 54,584	\$ -	\$ -	\$ 54,584
Accrued expenses	1,115,994	-	-	1,115,994
Total liabilities	<u>\$ 1,170,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170,578</u>
FUND BALANCES				
Assigned:				
Special revenue	\$ -	\$ 76,628	\$ -	\$ 76,628
Capital projects	-	-	581	581
Total fund balances	<u>\$ -</u>	<u>\$ 76,628</u>	<u>\$ 581</u>	<u>\$ 77,209</u>
Total liabilities and fund balances	<u>\$ 1,170,578</u>	<u>\$ 76,628</u>	<u>\$ 581</u>	<u>\$ 1,247,787</u>

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

Fund balance from above	\$ 77,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 59,350
Buildings and improvements	5,911,321
Equipment	<u>383,317</u>
	6,353,988
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	(1,174,000)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	647,883
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the Statement of Net Position. Details of this item consist of compensated absences and net pension liability.	(7,725,218)
Net position of governmental activities	<u>\$ (1,820,138)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	School Operating	School Cafeteria	School Construction	Total
Revenues:				
Revenue from use of money and property	\$ 7,560	\$ 13	\$ -	\$ 7,573
Charges for services	-	145,794	-	145,794
Miscellaneous	451,794	-	-	451,794
Recovered costs	291,845	-	-	291,845
Intergovernmental revenue:				
Contribution from Town of West Point	4,343,232	-	-	4,343,232
Commonwealth	4,459,314	-	-	4,459,314
Federal	380,384	-	-	380,384
Total revenues	\$ 9,934,128	\$ 145,807	\$ -	\$ 10,079,935
Expenditures:				
Current:				
Education	\$ 9,787,442	\$ 237,940	\$ -	\$ 10,025,382
Total expenditures	\$ 9,787,442	\$ 237,940	\$ -	\$ 10,025,382
Excess (deficiency) of revenues over (under) expenditures	\$ 146,686	\$ (92,133)	\$ -	\$ 54,553
Other financing sources (uses):				
Transfers in (out)	(146,686)	146,686	-	-
Changes in fund balances	\$ -	\$ 54,553	\$ -	\$ 54,553
Fund balances at beginning of year	-	22,075	581	22,656
Fund balances at end of year	\$ -	\$ 76,628	\$ 581	\$ 77,209

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

		Component Unit School Board
<hr/>		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	54,553
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded (did not exceed) depreciation in the current period.		
Capital outlay	\$ 444,187	
Depreciation expense	<u>(263,570)</u>	180,617
Transfer of joint tenancy assets from Primary Government to the Component Unit - School Board		46,714
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase (decrease) in deferred inflows related to the measurement of the net pension liability		(1,174,000)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		647,883
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences and net pension liability.		
Change in compensated absences		(3,319)
Change in net pension liability		<u>582,000</u>
Change in net position of governmental activities	\$	<u><u>334,448</u></u>

Schedule of Revenues, Expenditures, and Change in Fund Balances
 Budget and Actual - School Operating Fund
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 7,560	\$ 7,560
Miscellaneous	333,000	394,556	451,794	57,238
Recovered costs	371,900	371,900	291,845	(80,055)
Intergovernmental:				
Town contribution to School Board	4,005,000	4,005,000	4,343,232	338,232
Commonwealth	4,444,412	4,444,412	4,459,314	14,902
Federal	330,672	330,672	380,384	49,712
Total revenues	\$ 9,484,984	\$ 9,546,540	\$ 9,934,128	\$ 387,588
Expenditures:				
Current:				
Education:				
Instruction	\$ 7,372,487	\$ 7,372,487	\$ 7,564,918	\$ (192,431)
Administration, attendance and health	450,641	450,641	454,102	(3,461)
Pupil transportation services	204,209	204,209	205,743	(1,534)
Operation and maintenance services	951,872	951,872	925,001	26,871
Facilities	88,081	88,081	81,006	7,075
Debt service	96,627	96,627	13,818	82,809
School food services	184,702	184,702	52,235	132,467
Capital projects	507,014	507,014	490,619	16,395
Total expenditures	\$ 9,855,633	\$ 9,855,633	\$ 9,787,442	\$ 68,191
Excess (deficiency) of revenues over (under) expenditures	\$ (370,649)	\$ (309,093)	\$ 146,686	\$ 455,779
Other financing sources (uses):				
Transfers in (out)	-	-	(146,686)	(146,686)
Change in fund balance	\$ (370,649)	\$ (309,093)	\$ -	\$ 309,093
Fund balance at beginning of year	370,649	309,093	-	(309,093)
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Discretely Presented Component Unit-Economic Development Authority

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Statement of Net Position - Proprietary Fund

Discretely Presented Component Unit - Economic Development Authority

Year Ended June 30, 2015

	Proprietary Fund
	<u>Enterprise</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 898,842
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 1,447,050</u>
 Total Assets	 <u><u>\$ 1,447,050</u></u>
 NET POSITION	
Unrestricted	<u>\$ 1,447,050</u>
Total Net Position	<u><u>\$ 1,447,050</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2015

	Proprietary Fund
	Enterprise
Operating revenues:	
Miscellaneous	\$ 262,911
Total operating revenues	\$ 262,911
Operating expenses:	
Contractual services	\$ 4,160
Total operating expenses	\$ 4,160
Operating income (loss)	\$ 258,751
Nonoperating revenues (expenses):	
Interest income	\$ 5,116
EDA contribution to Town	(79,000)
Total nonoperating revenues (expenses)	\$ (73,884)
Change in net position	\$ 184,867
Net position at beginning of year	1,262,183
Net position at end of year	\$ 1,447,050

Statement of Cash Flows - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2015

	Proprietary Fund
	<u>Enterprise</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 262,911
Payments for services	<u>(4,160)</u>
Net cash provided by (used for) operating activities	\$ <u>258,751</u>
Cash flows from noncapital financing activities:	
EDA contribution to Town	\$ <u>(79,000)</u>
Cash flows from investing activities:	
Interest income	\$ <u>5,116</u>
Increase (decrease) in cash and cash equivalents	\$ 184,867
Cash and cash equivalents at beginning of year	<u>713,975</u>
Cash and cash equivalents at end of year	<u><u>\$ 898,842</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>258,751</u>
Net cash provided by (used for) operating activities	<u><u>\$ 258,751</u></u>

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Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2015

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	\$ 2,159,690	\$ 2,159,690	\$ 2,153,295	\$ (6,395)
Real and personal public service corporation property taxes	83,606	83,606	88,066	4,460
Personal property taxes	453,144	453,144	364,796	(88,348)
Machinery and tools taxes	2,531,638	2,531,638	2,602,219	70,581
Penalties	52,000	52,000	24,205	(27,795)
Interest	-	-	25,989	25,989
Total general property taxes	\$ 5,280,078	\$ 5,280,078	\$ 5,258,570	\$ (21,508)
Other local taxes:				
Local sales and use taxes	\$ 220,000	\$ 220,000	\$ 263,110	\$ 43,110
Consumers' utility taxes	67,500	67,500	69,276	1,776
Utility consumption tax	47,500	47,500	47,014	(486)
Business license taxes	165,000	165,000	184,451	19,451
Motor vehicle licenses	50,000	50,000	54,117	4,117
Natural gas tax	42,000	42,000	42,736	736
Bank franchise tax	15,000	15,000	43,910	28,910
Meals taxes	250,000	250,000	268,396	18,396
Total other local taxes	\$ 857,000	\$ 857,000	\$ 973,010	\$ 116,010
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 29,200	\$ 29,200	\$ 39,734	\$ 10,534
Total permits, privilege fees and regulatory licenses	\$ 29,200	\$ 29,200	\$ 39,734	\$ 10,534
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 42,933	\$ 7,933
Total fines and forfeitures	\$ 35,000	\$ 35,000	\$ 42,933	\$ 7,933
Revenue from use of money and property:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 46,289	\$ 6,289
Revenue from use of property	155,260	155,260	143,732	(11,528)
Total revenue from use of money and property	\$ 195,260	\$ 195,260	\$ 190,021	\$ (5,239)
Charges for services:				
Charges for solid waste collection	\$ 173,000	\$ 173,000	\$ 179,997	\$ 6,997
Total charges for services	\$ 173,000	\$ 173,000	\$ 179,997	\$ 6,997

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous revenue	\$ 29,615	\$ 29,615	\$ 39,244	\$ 9,629
EDA contribution to Town	79,000	79,000	79,000	-
Total miscellaneous revenue	<u>\$ 108,615</u>	<u>\$ 108,615</u>	<u>\$ 118,244</u>	<u>\$ 9,629</u>
Recovered costs:				
DMV - license agent fees	\$ 44,000	\$ 44,000	\$ 50,074	\$ 6,074
Total recovered costs	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 50,074</u>	<u>\$ 6,074</u>
Total revenue from local sources	<u>\$ 6,722,153</u>	<u>\$ 6,722,153</u>	<u>\$ 6,852,583</u>	<u>\$ 130,430</u>
Intergovernmental revenue:				
Local government:				
King William County	\$ 150,000	\$ 150,000	\$ 174,771	\$ 24,771
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	7,001	7,001
Auto rental tax	-	-	110	110
Communications tax	90,000	90,000	86,741	(3,259)
Total noncategorical aid	<u>\$ 456,550</u>	<u>\$ 456,550</u>	<u>\$ 460,402</u>	<u>\$ 3,852</u>
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 10,474	\$ 2,474
599 fund grant	71,100	71,100	71,100	-
VA commission of the arts grant	5,000	5,000	5,000	-
Wireless 911 Board Funding	38,000	37,700	40,558	2,858
Hazard mitigation grant	-	-	-	-
Police grants	8,000	8,000	2,592	(5,408)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	<u>\$ 140,100</u>	<u>\$ 139,800</u>	<u>\$ 139,724</u>	<u>\$ (76)</u>
Total revenue from the Commonwealth	<u>\$ 596,650</u>	<u>\$ 596,350</u>	<u>\$ 600,126</u>	<u>\$ 3,776</u>
Revenue from the Federal Government:				
Categorical aid:				
Safe routes to schools	\$ 33,600	\$ 91,859	\$ 27,199	\$ (64,660)
Hazard mitigation grant	-	-	2,842	2,842
Asset forfeiture	-	32,333	21,784	(10,549)
Police grants	-	-	7,494	7,494
Total categorical aid	<u>\$ 33,600</u>	<u>\$ 124,192</u>	<u>\$ 59,319</u>	<u>\$ (64,873)</u>
Total revenue from the federal government	<u>\$ 33,600</u>	<u>\$ 124,192</u>	<u>\$ 59,319</u>	<u>\$ (64,873)</u>
Total General Fund	<u>\$ 7,502,403</u>	<u>\$ 7,592,695</u>	<u>\$ 7,686,799</u>	<u>\$ 94,104</u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 2,860	\$ 2,860
Revenue from use of property	-	-	4,700	4,700
Total from use of money and property	\$ -	\$ -	\$ 7,560	\$ 7,560
Miscellaneous revenue:				
Miscellaneous revenue	\$ 333,000	\$ 394,556	\$ 451,794	\$ 57,238
Total miscellaneous revenue	\$ 333,000	\$ 394,556	\$ 451,794	\$ 57,238
Recovered costs:				
Tuition or other payments from another county or city	\$ 371,900	\$ 371,900	\$ 291,845	\$ (80,055)
Total recovered costs	\$ 371,900	\$ 371,900	\$ 291,845	\$ (80,055)
Total revenue from local sources	\$ 704,900	\$ 766,456	\$ 751,199	\$ (15,257)
Intergovernmental revenue:				
Town contribution to School Board	\$ 4,005,000	\$ 4,005,000	\$ 4,343,232	\$ 338,232
Total intergovernmental revenue	\$ 4,005,000	\$ 4,005,000	\$ 4,343,232	\$ 338,232
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ -	\$ -	\$ 593,222	\$ 593,222
Basic school aid	-	-	2,717,054	2,717,054
Special education - SOQ	-	-	134,909	134,909
Share of fringe benefits	-	-	465,581	465,581
State technology grant	-	-	128,000	128,000
Other state funds	4,444,412	4,444,412	420,548	(4,023,864)
Total categorical aid	\$ 4,444,412	\$ 4,444,412	\$ 4,459,314	\$ 14,902
Total revenue from the Commonwealth	\$ 4,444,412	\$ 4,444,412	\$ 4,459,314	\$ 14,902
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 61,154	\$ 61,154
Title VI-B - special education	-	-	142,643	142,643
Other federal funds	330,672	330,672	176,587	(154,085)
Total categorical aid	\$ 330,672	\$ 330,672	\$ 380,384	\$ 49,712
Total revenue from the federal government	\$ 330,672	\$ 330,672	\$ 380,384	\$ 49,712
Total School Operating Fund	\$ 9,484,984	\$ 9,546,540	\$ 9,934,128	\$ 387,588

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13	\$ 13
Charges for services:				
Cafeteria sales	-	-	145,794	145,794
Total revenue from local sources	\$ -	\$ -	\$ 145,807	\$ 145,807
Total School Cafeteria Fund	\$ -	\$ -	\$ 145,807	\$ 145,807
Total Revenues-Component Unit-School Board	\$ 9,484,984	\$ 9,546,540	\$ 10,079,935	\$ 533,395

Statistical Information

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TOWN OF WEST POINT , VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General			Parks, Recreation and Cultural				Interest on		Water and		Total
	Government Administration	Public Safety	Public Works	Education	Cultural	Community Development	Debt	Debt	Sewer			
2005-06	\$ 497,350	\$ 1,014,134	\$ 925,106	\$ 3,393,894	\$ 186,217	\$ 343,075	\$ 60,017	\$ 332,176	\$ 6,751,969			
2006-07	492,784	951,767	960,968	3,045,363	236,259	384,050	51,837	397,379	6,520,407			
2007-08	527,844	999,477	961,325	3,215,162	87,274	509,946	122,784	380,719	6,804,531			
2008-09	537,141	988,020	1,990,757	3,276,236	227,297	29,198	92,960	498,940	7,640,549			
2009-10	632,474	1,019,141	244,392	3,411,167	34,689	334,247	97,474	514,681	6,288,265			
2010-11	537,809	1,051,801	1,107,762	3,944,820	40,182	291,900	90,143	528,925	7,593,342			
2011-12	578,255	1,041,749	1,199,933	3,708,942	33,875	1,187,254	88,721	562,855	8,401,584			
2012-13	611,633	973,530	1,094,055	3,872,596	115,923	360,715	123,548	534,472	7,686,472			
2013-14	680,711	1,116,392	1,079,004	3,671,221	73,417	438,667	125,649	494,403	7,679,464			
2014-15	685,004	968,017	1,177,439	4,373,293	73,849	199,661	180,621	500,710	8,158,594			

Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Grants and Contributions		Revenues from the Use of Money and Property	
						Not Restricted to Specific Programs	Miscellaneous		
2005-06	\$ 536,209	\$ 266,448	\$ 127,818	\$ 4,407,679	\$ 936,670	\$ 347,140	\$ 223,704	\$ 319,880	\$ 7,165,548
2006-07	540,031	372,804	8,643	4,584,226	912,352	374,822	228,437	78,980	7,100,295
2007-08	806,241	147,828	565,000	4,899,425	910,716	369,991	337,094	88,523	8,124,818
2008-09	627,721	213,388	797,060	5,035,591	891,262	372,150	314,562	234,189	8,485,923
2009-10	679,209	158,622	-	1,177,303	842,898	460,225	212,756	49,415	3,580,428
2010-11	676,147	179,698	298,235	4,720,965	765,474	464,463	546,402	236,764	7,888,148
2011-12	718,219	762,693	522,188	4,674,205	847,663	459,509	197,390	165,872	8,347,739
2012-13	822,609	152,424	368,811	5,083,067	836,331	463,080	229,031	170,069	8,125,422
2013-14	861,803	303,408	174,750	2,332,979	871,190	3,716,547	213,585	167,030	8,641,292
2014-15	923,488	171,844	27,199	5,231,004	973,010	635,173	191,448	158,834	8,312,000

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General		Other		Permit Privilege		Revenues from the		Charges		Recovered		Inter-		Total
	Property Taxes	Taxes	Local Taxes	Regulatory Licenses	Fees & Regulatory Licenses	Fines & Forfeitures	Money & Property	Use of	for Services	Miscellaneous	Costs	governmental (2)			
2005-06	\$ 4,392,529	\$ 936,670	\$ 37,880	\$ 36,842	\$ 231,193	\$ 204,535	\$ 451,772	\$ 320,445	\$ 5,298,494	\$ 11,910,360					
2006-07	4,581,238	912,352	39,266	64,497	242,128	172,078	266,691	307,307	5,787,514	12,373,071					
2007-08	4,844,194	910,716	45,091	60,363	347,395	158,813	364,795	309,611	6,118,305	13,159,283					
2008-09	4,982,836	891,262	52,260	29,246	319,599	154,113	277,679	280,443	6,901,921	13,889,359					
2009-10	4,760,978	765,674	47,017	26,787	271,267	175,443	192,248	333,471	5,957,738	12,530,623					
2010-11	4,736,169	765,474	18,997	25,815	551,798	132,227	215,927	351,357	5,342,862	12,140,626					
2011-12	4,686,251	847,663	18,726	27,533	201,199	232,205	178,801	366,951	6,572,043	13,131,372					
2012-13	5,071,285	836,331	29,804	36,404	235,956	325,853	397,491	379,539	5,528,944	12,841,607					
2013-14	2,358,051	871,190	30,524	57,327	218,736	324,312	584,289	375,496	8,893,716	13,713,641					
2014-15	5,258,570	973,010	39,734	42,933	197,594	325,791	570,038	341,919	5,673,914	13,423,502					

(1) Includes General and Special Revenue Funds of the primary government and its discretely presented component unit - School Board.

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board.

General Government Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Admini- stration	Parks							Total
		Public Safety	Public Works	Education (2)	Recreation and Cultural	Community Develop- ment	Non- Departmental	Debt Service	
2005-06	\$ 510,483	\$ 1,110,807	\$ 919,435	\$ 8,487,566	\$ 215,194	\$ 343,942	\$ 257,894	\$ 364,069	\$ 12,209,390
2006-07	486,561	970,096	808,823	8,661,071	236,513	384,050	132,646	367,211	12,046,971
2007-08	517,427	982,591	807,728	8,908,318	86,367	2,051,033	173,802	443,971	13,971,237
2008-09	533,128	994,283	834,752	9,333,591	223,146	1,391,436	217,490	493,749	14,021,575
2009-10	546,714	995,229	898,071	9,492,661	54,674	923,655	178,686	536,969	13,626,659
2010-11	567,331	1,077,003	1,035,404	9,051,161	31,652	648,403	241,644	243,589	12,896,187
2011-12	578,122	1,065,555	868,227	9,106,253	34,165	1,282,740	236,481	1,684,796	14,856,339
2012-13	608,551	1,073,442	861,443	12,271,266	111,128	360,715	134,845	188,758	15,610,148
2013-14	688,257	1,089,546	860,358	11,081,854	71,408	438,667	137,700	274,468	14,642,258
2014-15	648,104	970,160	996,493	10,048,456	71,714	201,192	137,274	5,931,372	19,004,765

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

(2) Excludes contribution from Primary Government to its discretely presented component unit - School Board.

TOWN OF WEST POINT, VIRGINIA

Table 5

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools		Public Service (2)	Mobile Homes	Total
2005-06	\$ 245,027,016	\$ 20,899,987	\$ 125,171,750	\$ 41,466	\$ 9,915,481	\$ 41,466	401,055,700
2006-07	250,017,232	26,976,498	108,337,719	44,780	7,795,266	44,780	393,171,495
2007-08	257,481,252	30,335,137	108,919,298	7,359	8,194,507	7,359	404,937,553
2008-09	329,616,337	28,841,715	105,577,376	8,731	11,353,741	8,731	475,397,900
2009-10	329,503,108	22,935,137	102,977,141	22,851	9,978,958	22,851	465,417,195
2010-11	334,681,768	24,905,732	103,180,535	22,851	11,219,169	22,851	474,010,055
2011-12	334,351,450	22,071,030	99,511,747	675	12,393,142	675	468,328,044
2012-13	337,460,418	22,704,838	101,227,503	675	12,796,501	675	474,189,935
2013-14	337,451,530	23,277,613	102,484,916	9,157	13,007,230	9,157	476,230,446
2014-15	338,312,268	20,992,879	109,069,737	2,627	13,691,729	2,627	482,069,240

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

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

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2005-06	\$ 0.600	\$ 3.30	2.25
2006-07	0.600	3.30	2.25
2007-08	0.700	3.30	2.25
2008-09	0.600	3.30	2.25
2009-10	0.600	3.30	2.25
2010-11	0.600	3.30	2.25
2011-12	0.600	3.30	2.25
2012-13	0.640	3.52	2.40
2013-14	0.270	2.25	1.21
2014-15	0.640	3.52	2.40

(1) Per \$100 of assessed value.

TOWN OF WEST POINT, VIRGINIA

Table 7

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2005-06	\$ 5,035,968	\$ 4,952,241	98.34%	\$ 79,335	\$ 5,031,576	99.91%	\$ 57,709	1.15%
2006-07	4,875,394	4,772,165	97.88%	91,142	4,863,307	99.75%	116,875	2.40%
2007-08	5,311,746	5,145,898	96.88%	39,578	5,185,476	97.62%	143,567	2.70%
2008-09	5,373,484	5,231,715	97.36%	61,532	5,031,576	93.64%	189,566	3.53%
2009-10	5,111,549	5,019,617	98.20%	60,351	5,079,968	99.38%	204,235	4.00%
2010-11	5,219,494	4,961,497	95.06%	77,887	5,039,384	96.55%	197,573	3.79%
2011-12	5,048,755	4,933,290	97.71%	93,071	5,026,361	99.56%	175,702	3.48%
2012-13	5,470,825	5,323,156	97.30%	67,642	5,390,798	98.54%	229,029	4.19%
2013-14	2,710,048	2,656,322	98.02%	56,819	2,713,141	100.11%	178,297	6.58%
2014-15	5,609,466	5,521,704	98.44%	52,909	5,574,613	99.38%	174,892	3.12%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

TOWN OF WEST POINT, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)		
2005-06	2,963	\$ 401,056	\$ 1,712,559	-	\$ 107,742	\$ 1,604,817	0.40% \$ 542
2006-07	3,049	393,171	1,291,417	-	-	1,291,417	0.33% 424
2007-08	3,100	404,938	3,972,417	-	-	3,972,417	0.98% 1,281
2008-09	3,134	475,398	3,872,221	-	-	3,872,221	0.81% 1,236
2009-10	3,156	465,417	3,376,099	-	-	3,376,099	0.73% 1,070
2010-11	3,306	474,010	3,160,100	-	-	3,160,100	0.67% 956
2011-12	3,315	468,328	3,044,913	-	-	3,044,913	0.65% 919
2012-13	3,312	474,190	8,688,563	-	-	8,688,563	1.83% 2,623
2013-14	3,339	476,230	8,498,036	-	-	8,498,036	1.78% 2,545
2014-15	3,333	482,069	7,744,322	-	-	7,744,322	1.61% 2,324

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

(2) From Table 5.

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans.

Excludes revenue bonds, capital leases, compensated absences, and net pension liability.

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

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2015