

TOWN OF WEST POINT, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

TOWN OF WEST POINT, VIRGINIA

TOWN COUNCIL

James H. Hudson, III, Mayor

Deborah Ball, Vice-Mayor

Tina S. Gulley

Charles D. Gordon

Jack Lawson

O.B. Shreaves, Jr.

Paul T. Kelley

Chris P. Vincent

TOWN SCHOOL BOARD

Dudley P. Olsson, Chairman

John G. Ragsdale, II, Vice-Chairman

Paul Diggs

Elliott Jenkins

Lynn Vogel

INDUSTRIAL DEVELOPMENT AUTHORITY

Michael Matthews, Chairperson

John Koch, Vice-Chairman

Jack Lawson

Carol Cunningham

William B. Lee

Paul Kelley

Lauren Shephard

OTHER OFFICIALS

Town Manager.....Trenton L. Funkhouser
Town AttorneyAndrea G. Erard
Town TreasurerLetrecia Moore
Town Clerk.....Karen M. Barrow
School Superintendent.....Dr. Jeffrey O. Smith, Ed. D.

TOWN OF WEST POINT, VIRGINIA

Financial Report For The Fiscal Year Ended June 30, 2010

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Point, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town of West Point, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Point, Virginia, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2011, on our consideration of the Town of West Point, Virginia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Point, Virginia's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supporting schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Town of West Point, Virginia. The combining and individual nonmajor fund financial statements and supporting schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 13, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of West Point, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,540,969 (net assets). Of this amount \$2,510,148 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's funds reported combined ending fund balances of \$2,855,289, a decrease of \$484,437 in comparison with the prior year. Approximately 95% of this total amount, \$2,701,354, is available for spending at the Town's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,701,354, or 34% percent of total general fund expenditures.
- The Town's total debt decreased \$496,122 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$8,540,969 at the close of the most recent fiscal year.

Town of West Point, Virginia's, Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 3,496,243	\$ 3,959,263	\$ 699,992	\$ 1,689,198	\$ 4,196,235	\$ 5,648,461
Capital assets	<u>4,284,946</u>	<u>3,303,618</u>	<u>4,064,207</u>	<u>3,383,924</u>	<u>8,349,153</u>	<u>6,687,542</u>
Total assets	<u>\$ 7,781,189</u>	<u>\$ 7,262,881</u>	<u>\$ 4,764,199</u>	<u>\$ 5,073,122</u>	<u>\$ 12,545,388</u>	<u>\$ 12,336,003</u>
Long-term liabilities outstanding	\$ 2,239,100	\$ 2,407,718	\$ 1,003,125	\$ 1,066,780	\$ 3,242,225	\$ 3,474,498
Current liabilities	<u>657,600</u>	<u>939,179</u>	<u>104,594</u>	<u>69,926</u>	<u>762,194</u>	<u>1,009,105</u>
Total liabilities	<u>\$ 2,896,700</u>	<u>\$ 3,346,897</u>	<u>\$ 1,107,719</u>	<u>\$ 1,136,706</u>	<u>\$ 4,004,419</u>	<u>\$ 4,483,603</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 1,966,614	\$ 1,323,516	\$ 4,064,207	\$ 3,383,924	\$ 6,030,821	\$ 4,707,440
Unrestricted	<u>2,917,875</u>	<u>2,592,468</u>	<u>(407,727)</u>	<u>552,492</u>	<u>2,510,148</u>	<u>3,144,960</u>
Total net assets	<u>\$ 4,884,489</u>	<u>\$ 3,915,984</u>	<u>\$ 3,656,480</u>	<u>\$ 3,936,416</u>	<u>\$ 8,540,969</u>	<u>\$ 7,852,400</u>

A large part of the Town's net assets \$6,030,821 or (70 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the Town's net assets increased in the governmental funds in the amount of \$968,505. The business type funds experienced a decrease in the amount of \$279,936.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net assets by \$968,505. Key elements of this increase are as follows:

Town of West Point, Virginia's Changes in Net Assets For the Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 73,804	\$ 81,506	\$ 565,032	\$ 546,215	\$ 638,836	\$ 627,721
Operating grants and contributions	276,157	213,388	-	-	276,157	213,388
Capital grants and contributions	261,697	797,060	-	989,943	261,697	1,787,003
General revenues:						
General property taxes	4,785,335	5,035,591	-	-	4,785,335	5,035,591
Other local taxes	765,674	891,262	-	-	765,674	891,262
Use of money and property	263,432	308,632	-	5,930	263,432	314,562
Grants and contributions not restricted to specific programs	461,034	372,150	-	-	461,034	372,150
Other general revenues	138,892	158,229	114,409	75,960	253,301	234,189
Total revenues	\$ 7,026,025	\$ 7,857,818	\$ 679,441	\$ 1,618,048	\$ 7,705,466	\$ 9,475,866
Expenses:						
General government administration	\$ 544,739	\$ 537,141	\$ -	\$ -	\$ 544,739	\$ 537,141
Public safety	1,011,206	988,020	-	-	1,011,206	988,020
Public works	308,137	1,990,757	-	-	308,137	1,990,757
Education	3,607,132	3,276,236	-	-	3,607,132	3,276,236
Parks, recreation, and cultural	57,955	227,297	-	-	57,955	227,297
Community development	923,655	29,198	-	-	923,655	29,198
Interest and other fiscal charges	107,794	92,960	-	-	107,794	92,960
Water	-	-	456,279	498,940	456,279	498,940
Total expenses	\$ 6,560,618	\$ 7,141,609	\$ 456,279	\$ 498,940	\$ 7,016,897	\$ 7,640,549
Increase in net assets before transfers	\$ 465,407	\$ 716,209	\$ 223,162	\$ 1,119,108	\$ 688,569	\$ 1,835,317
Transfers	503,098	146,217	(503,098)	(146,217)	-	-
Increase in net assets	\$ 968,505	\$ 862,426	\$ (279,936)	\$ 972,891	\$ 688,569	\$ 1,835,317
Net assets, July 1, 2009	3,915,984	3,053,558	3,936,416	2,963,525	7,852,400	6,017,083
Net assets, June 30, 2010	\$ 4,884,489	\$ 3,915,984	\$ 3,656,480	\$ 3,936,416	\$ 8,540,969	\$ 7,852,400

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,855,289 a decrease of \$484,437 in comparison with the prior year. A significant portion of this fund balance, \$2,701,354 constitutes unreserved fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed for:

- Capital projects
- Other expenditures

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34% of total general fund expenditures, while total fund balance represents 36% of that same amount.

General Fund Budgetary Highlights

The Town's General Fund expended \$8,031,035 during the year, which was \$2,440,365 less than what was budgeted.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental funds as of June 30, 2010 totals \$4,284,946 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

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

DEBT

Of the total principal balance at the end of the year, \$3,046,126 was for General Obligation Bonds and \$329,973 was for State Literary Loans payable. The Town's total outstanding debt principal decreased by \$496,122.

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

CONTACT THE TOWN'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Assets

June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 3,265,108	\$ 600,421	\$ 3,865,529	\$ 364,886	\$ 1,135,739
Receivables (net of allowance for uncollectibles):					
Property taxes	187,887	-	187,887	-	-
Accounts receivable	-	99,571	99,571	-	-
Inventory	-	-	-	-	548,208
Due from other governments	43,248	-	43,248	48,608	-
Due from primary government	-	-	-	460,542	-
Total Current Assets	\$ 3,496,243	\$ 699,992	\$ 4,196,235	\$ 874,036	\$ 1,683,947
Noncurrent Assets					
Capital assets (net of accumulated depreciation):					
Land	\$ 836,155	\$ 367,305	\$ 1,203,460	\$ 59,350	\$ -
Construction in progress	617,462	697,697	1,315,159	156,150	-
Buildings and equipment	2,831,329	2,999,205	5,830,534	6,036,094	-
Total Capital assets	\$ 4,284,946	\$ 4,064,207	\$ 8,349,153	\$ 6,251,594	\$ -
Total Assets	\$ 7,781,189	\$ 4,764,199	\$ 12,545,388	\$ 7,125,630	\$ 1,683,947
LIABILITIES					
Current Liabilities					
Accounts payable and accrued expenses	\$ 11,778	\$ 39,938	\$ 51,716	\$ 860,190	\$ -
Due to component unit	460,542	-	460,542	-	-
Accrued interest payable	24,812	-	24,812	-	-
Current portion of long-term obligations	160,468	64,656	225,124	6,693	-
Total Current Liabilities	\$ 657,600	\$ 104,594	\$ 762,194	\$ 866,883	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	2,239,100	1,003,125	3,242,225	60,234	-
Total Liabilities	\$ 2,896,700	\$ 1,107,719	\$ 4,004,419	\$ 927,117	\$ -
NET ASSETS					
Invested in capital assets, net of related debt	\$ 1,966,614	\$ 4,064,207	\$ 6,030,821	\$ 6,251,594	\$ -
Unrestricted assets	2,917,875	(407,727)	2,510,148	(53,081)	1,683,947
Total Net Assets	\$ 4,884,489	\$ 3,656,480	\$ 8,540,969	\$ 6,198,513	\$ 1,683,947
Total Liabilities and Net Assets	\$ 7,781,189	\$ 4,764,199	\$ 12,545,388	\$ 7,125,630	\$ 1,683,947

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 544,739	\$ -	\$ -	\$ -
Public safety	1,011,206	73,804	271,157	-
Public works	308,137	-	-	261,697
Education	3,607,132	-	-	-
Parks, recreation, and cultural	57,955	-	5,000	-
Community development	923,655	-	-	-
Interest on long-term debt	107,794	-	-	-
Total governmental activities	\$ 6,560,618	\$ 73,804	\$ 276,157	\$ 261,697
Business-type activities:				
Water	\$ 456,279	\$ 565,032	\$ -	\$ -
Total primary government	\$ 7,016,897	\$ 638,836	\$ 276,157	\$ 261,697
COMPONENT UNIT:				
School Board	\$ 9,017,896	\$ 175,443	\$ 4,958,850	\$ -
Industrial Development Authority	72,868	94,858	-	-
Total component units	\$ 9,090,764	\$ 270,301	\$ 4,958,850	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Contribution from IDA to Town of West Point				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business- Type Activities	Total	School Board	Industrial Development Authority
\$ (544,739)	\$ -	\$ (544,739)	\$ -	\$ -
(666,245)	-	(666,245)	-	-
(46,440)	-	(46,440)	-	-
(3,607,132)	-	(3,607,132)	-	-
(52,955)	-	(52,955)	-	-
(923,655)	-	(923,655)	-	-
(107,794)	-	(107,794)	-	-
<u>\$ (5,948,960)</u>	<u>\$ -</u>	<u>\$ (5,948,960)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 108,753</u>	<u>\$ 108,753</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 108,753</u>	<u>\$ (5,840,207)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (3,883,603)	\$ -
-	-	-	-	21,990
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,883,603)</u>	<u>\$ 21,990</u>
\$ 4,785,335	\$ -	\$ 4,785,335	\$ -	\$ -
188,970	-	188,970	-	-
224,949	-	224,949	-	-
149,355	-	149,355	-	-
66,746	-	66,746	-	-
135,654	-	135,654	-	-
263,432	-	263,432	7,835	22,211
110,100	-	110,100	3,957,222	(110,100)
28,792	114,409	143,201	163,456	-
461,034	-	461,034	-	-
503,098	(503,098)	-	-	-
<u>\$ 6,917,465</u>	<u>\$ (388,689)</u>	<u>\$ 6,528,776</u>	<u>\$ 4,128,513</u>	<u>\$ (87,889)</u>
<u>\$ 968,505</u>	<u>\$ (279,936)</u>	<u>\$ 688,569</u>	<u>\$ 244,910</u>	<u>\$ (65,899)</u>
<u>3,915,984</u>	<u>3,936,416</u>	<u>7,852,400</u>	<u>5,953,603</u>	<u>1,749,846</u>
<u>\$ 4,884,489</u>	<u>\$ 3,656,480</u>	<u>\$ 8,540,969</u>	<u>\$ 6,198,513</u>	<u>\$ 1,683,947</u>

Balance Sheet - Governmental Funds
At June 30, 2010

	<u>Governmental Funds</u>
	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,265,108
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	187,887
Due from other governments	43,248
Total assets	<u>\$ 3,496,243</u>
LIABILITIES	
Accounts payable	\$ 11,778
Due to component unit	460,542
Deferred revenue	168,634
Total liabilities	<u>\$ 640,954</u>
FUND BALANCES	
Reserved for:	
Concessions	\$ 2,572
Economic development	151,363
Unreserved:	
Designated for cemetery operations	76,832
Undesignated	2,624,522
Total fund balances	<u>\$ 2,855,289</u>
Detailed explanation of adjustments from fund statements to government-wide Statement of Net Assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the locality as a whole.	4,284,946
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(24,812)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	168,634
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the Statement of Net Assets.	<u>(2,399,568)</u>
Net assets of General Governmental Activities	<u>\$ 4,884,489</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2010

	<u>Governmental Funds</u>
	<u>General</u>
Revenues:	
General property taxes	\$ 4,760,978
Other local taxes	765,674
Permits, privilege fees and regulatory licenses	47,017
Fines and forfeitures	26,787
Revenue from use of money and property	263,432
Miscellaneous	28,792
Recovered cost	41,832
Intergovernmental:	
Commonwealth	673,201
Federal	<u>325,687</u>
Total revenues	\$ <u>6,933,400</u>
Expenditures:	
Current:	
General government administration	\$ 546,714
Public safety	995,229
Public works	898,071
Education	3,897,037
Parks, recreation, and cultural	54,674
Community development	923,655
Nondepartmental	178,686
Debt service:	
Principal retirement	434,909
Interest and other fiscal charges	<u>102,060</u>
Total expenditures	\$ 8,031,035
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(1,097,635)</u>
Other financing sources (uses):	
IDA contribution to town	\$ 110,100
Transfers (out)	<u>503,098</u>
Total other financing sources (uses)	\$ <u>613,198</u>
Changes in fund balances	\$ (484,437)
Fund balances at beginning of year	<u>3,339,726</u>
Fund balances at end of year	\$ <u><u>2,855,289</u></u>

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

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Fund Financial Statements

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2010

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		\$ (484,437)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:		
Capital outlay	\$ 1,191,823	
Depreciation expense	<u>(150,310)</u>	1,041,513
Transfer of joint tenancy assets from Primary Government to the Component Unit		(60,185)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		24,357
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items and details are as follows:		
Principal retired on general obligation bonds	\$ 357,965	
Principal retired on state literary fund loans	76,944	
Proceeds from debt issued	<u></u>	434,909
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	\$ 18,082	
Change in interest payable	<u>(5,734)</u>	12,348
Change in net assets of governmental activities		\$ <u>968,505</u>

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

Statement of Net Assets - Proprietary Fund
June 30, 2010

	<u>Business- Type Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 600,421
Receivables (net of allowance for uncollectibles):	
Accounts receivable	<u>99,571</u>
Total Current Assets	<u>\$ 699,992</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Construction in progress	697,697
Buildings and improvements	4,915,862
Equipment	335,934
Accumulated depreciation	<u>(2,252,591)</u>
Total Noncurrent Assets	<u>\$ 4,064,207</u>
Total Assets	<u><u>\$ 4,764,199</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 33,483
Customers' deposits payable	6,455
Current portion of long-term obligations	<u>64,656</u>
Total Current Liabilities	<u>\$ 104,594</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>1,003,125</u>
Total Liabilities	<u>\$ 1,107,719</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 3,006,440
Unrestricted assets	<u>650,040</u>
Total Net Assets	<u>\$ 3,656,480</u>
Total Liabilities and Net Assets	<u><u>\$ 4,764,199</u></u>

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

Statement of Revenues, Expenses and Change in Net Assets -
 Proprietary Fund
 Year Ended June 30, 2010

Operating revenues:		
Charges for services	\$	565,032
Miscellaneous		<u>114,409</u>
Total operating revenues	\$	<u>679,441</u>
Operating expenses:		
Personnel services	\$	116,622
Fringe benefits		44,062
Contractual services		66,281
Capital outlay		15,754
Other operating costs		51,201
Depreciation		<u>118,935</u>
Total operating expenses	\$	<u>412,855</u>
Operating Income (loss)	\$	<u>266,586</u>
Nonoperating revenues(expenses):		
Interest expense	\$	<u>(43,424)</u>
Total non-operating revenues(expenses)	\$	<u>(43,424)</u>
Income before transfers	\$	223,162
Transfers:		
Transfers out		<u>(503,098)</u>
Change in net assets	\$	(279,936)
Net assets, beginning of year as restated		<u>3,936,416</u>
Net assets, end of year	\$	<u><u>3,656,480</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, 2010

Cash flows from operating activities:	
Receipts from customers and users	\$ 665,218
Payments to employees (including fringe benefits)	(160,684)
Payments for operating activities	<u>(101,010)</u>
Net cash provided by (used in) operating activities	\$ <u>403,524</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (799,218)
Retirement of long-term debt	(61,213)
Interest paid on debt	<u>(43,424)</u>
Net cash provided by (used in) capital and related financing activities	\$ <u>(903,855)</u>
Cash flows from non-capital financing activities:	
Transfers in	\$ <u>(503,098)</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,003,429)
Cash and cash equivalents at beginning of year	<u>1,603,850</u>
Cash and cash equivalents at end of year	\$ <u><u>600,421</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Cash flows from operations:	
Income (loss) from operations	\$ 266,586
Adjustment to reconcile net income (loss) to net cash provided by (used in) operations:	
Depreciation and amortization	118,935
Changes in operating assets and liabilities:	
(Increase)/Decrease in accounts receivable	(14,223)
Increase/(Decrease) in accounts payable and accrued liabilities	<u>32,226</u>
Net cash provided by (used in) operating activities	\$ <u><u>403,524</u></u>

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements As of June 30, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

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

A. The Financial Reporting Entity:

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

B. Individual Component Unit Disclosures:

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2010.

Discretely Presented Component Units: The West Point School Board members are elected by the citizens of the Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the Town financial statements for the fiscal year ended June 30, 2010.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

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

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

None

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

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

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

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

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

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

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

1. Governmental Funds

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

a. General Fund

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

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

Enterprise Funds

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

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

The Town reports the following major enterprise fund:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

D. Budgets and Budgetary Accounting:

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

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

E. Cash and Cash Equivalents:

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

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

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

F. Investments:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

G. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$115,396 at June 30, 2010 and is composed of the allowance for uncollectible property taxes of \$16,348 and utility accounts of \$99,048.

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

H. Inventory:

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

I. Capital Assets:

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

J. Compensated Absences:

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

K. Long-term Obligations:

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity:

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

M. Retirement Plan:

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

N. Use of Estimates:

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

O. Net Assets:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 2—DEPOSIT AND INVESTMENTS:

Deposits

All cash of the primary government unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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).

NOTE 3—DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 32,092	\$ -
Consumer utility tax	11,156	
State sales tax	-	48,608
	<u> </u>	<u> </u>
Total due from other governmental units	\$ <u>43,248</u>	\$ <u>48,608</u>

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

Component Unit - School Board:

<u>Fund</u>	<u>Due To Component Unit</u>	<u>Due from Primary Government</u>
Primary Government:		
General	\$ <u>460,542</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>460,542</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements As of June 30, 2010 (Continued)

NOTE 5—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 563,744	\$ 272,411	\$ -	\$ 836,155
Construction in progress	278,044	411,969	72,551	617,462
Total capital assets not being depreciated	\$ 841,788	\$ 684,380	\$ 72,551	\$ 1,453,617
Capital assets being depreciated:				
Buildings and improvements	\$ 2,276,523	\$ 87,336	\$ -	\$ 2,363,859
Equipment	1,159,974	125,519	-	1,285,493
Jointly owned assets	406,917	367,139	92,105	681,951
Total capital assets being depreciated	\$ 3,843,414	\$ 579,994	\$ 92,105	\$ 4,331,303
Less accumulated depreciation:				
Buildings and improvements	\$ 369,757	\$ 66,800	\$ -	\$ 436,557
Equipment	889,891	66,461	-	956,352
Jointly owned assets	121,936	17,049	31,920	107,065
Total accumulated depreciation	\$ 1,381,584	\$ 150,310	\$ 31,920	\$ 1,499,974
Total capital assets being depreciated net	\$ 2,461,830	\$ 429,684	\$ 60,185	\$ 2,831,329
Net capital assets governmental activities	\$ 3,303,618	\$ 1,114,064	\$ 132,736	\$ 4,284,946
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 272,305	\$ 95,000	\$ -	\$ 367,305
Construction in progress	-	665,952	-	665,952
Total capital assets not being depreciated	\$ 272,305	\$ 760,952	\$ -	\$ 1,033,257
Capital assets being depreciated:				
Buildings and improvements	\$ 4,915,862	\$ -	\$ -	\$ 4,915,862
Equipment	329,413	6,521	-	335,934
Total capital assets being depreciated	\$ 5,245,275	\$ 6,521	\$ -	\$ 5,251,796
Less accumulated depreciation:				
Buildings and improvements	\$ 1,932,003	\$ 99,865	\$ -	\$ 2,031,868
Equipment	201,653	19,070	-	220,723
Total accumulated depreciation	\$ 2,133,656	\$ 118,935	\$ -	\$ 2,252,591
Total capital assets being depreciated net	\$ 3,111,619	\$ (112,414)	\$ -	\$ 2,999,205
Net capital assets business-type activities	\$ 3,383,924	\$ 648,538	\$ -	\$ 4,032,462
Component Unit School Board:				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Construction in progress	-	156,150	-	156,150
Total capital assets not being depreciated	\$ 59,350	\$ 156,150	\$ -	\$ 215,500
Capital assets being depreciated:				
Buildings and improvements	\$ 7,959,916	\$ 115,892	\$ -	\$ 8,075,808
Equipment	767,557	165,032	-	932,589
Jointly owned assets	505,100	92,105	-	597,205
Total capital assets being depreciated	\$ 9,232,573	\$ 373,029	\$ -	\$ 9,605,602
Less accumulated depreciation:				
Buildings and improvements	\$ 2,783,864	\$ 190,531	\$ -	\$ 2,974,395
Equipment	327,766	71,770	-	399,536
Jointly owned assets	163,657	31,920	-	195,577
Total accumulated depreciation	\$ 3,275,287	\$ 294,221	\$ -	\$ 3,569,508
Total capital assets being depreciated net	\$ 5,957,286	\$ 78,808	\$ -	\$ 6,036,094
Net capital assets School Board	\$ 6,016,636	\$ 234,958	\$ -	\$ 6,251,594

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:

General government	\$	18,252
Public safety		19,672
Public works		91,936
Education		17,049
Parks, recreation and cultural		<u>3,401</u>
Total governmental activities	\$	<u>150,310</u>
Component Unit School Board	\$	<u>262,301</u> *
Water and Sewer Fund	\$	<u>118,935</u>
* Depreciation expense School Board	\$	262,301
Transfer of accumulated depreciation from Primary Government		31,920
Total accumulated depreciation increase - School Board	\$	<u>294,221</u>

NOTE 6—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	<u>329,503,108</u>
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	32,950,311
Less net bonded debt at June 30, 2010		<u>3,376,099</u>
Legal margin for creation of additional debt	\$	<u>29,574,212</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years of service for participating law enforcement officers and firefighters payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and, if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Town and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town's contributions rate for the fiscal year ended June 30, 2010 was 5.81% of annual covered payroll.

The School Board's contributions for professional employees were \$289,357, \$388,687, and \$448,794, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81% for July 2009 - March 2010 and 0% for April - June 2010, 8.81%, and 10.30%, respectively, of current covered payroll.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 7—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost:

For fiscal year 2010, the Town's annual pension cost of \$80,340 was equal to the Town's required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Town:			
June 30, 2010	\$ 80,340	100%	\$ -
June 30, 2009	78,655	100%	-
June 30, 2008	86,857	100%	-

(1) Employer portion only

The required contributions were determined as a part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funding Status and Funding Programs:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 94.41% funded. The actuarial accrued liability for benefits was \$2,119,300 and the actuarial value of assets was \$2,000,890 resulting in an unfunded actuarial accrued liability (UAAL) of \$118,410. The covered payroll (annual payroll of active employees covered by the plan) was \$1,355,549 and ratio of the UAAL to the covered payroll was 8.74%.

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

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

Year Ending June 30,	Governmental Funds			
	General Long-Term Obligations			
	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2011	\$ 113,844	\$ 80,506	\$ 38,500	\$ 9,899
2012	118,089	75,706	38,500	8,744
2013	122,386	70,853	39,462	7,589
2014	126,775	65,904	29,500	6,405
2015	131,381	60,736	29,500	5,520
2016	136,169	55,381	29,500	4,635
2017	141,234	49,744	29,500	3,750
2018	146,590	43,815	29,500	2,865
2019	152,164	37,664	29,500	1,980
2020	157,989	31,257	36,511	1,293
2021	164,073	24,584	-	-
2022	170,410	17,657	-	-
2023	176,962	10,464	-	-
2024	20,100	6,263	-	-
2025	20,717	5,171	-	-
2026	21,368	4,045	-	-
2027	22,026	2,912	-	-
2028	22,691	1,772	-	-
2029	23,391	596	-	-
Total	\$ <u>1,988,359</u>	\$ <u>645,030</u>	\$ <u>329,973</u>	\$ <u>52,680</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Year Ending June 30,	Proprietary Funds	
	General Long-Term Obligations	
	General Obligation Bonds	
	Principal	Interest
2011	\$ 63,655	\$ 40,933
2012	66,195	38,343
2013	68,837	35,649
2014	71,583	32,847
2015	74,439	29,934
2016	77,409	26,905
2017	80,498	23,755
2018	83,710	20,479
2019	87,050	17,072
2020	90,523	13,530
2021	94,135	9,846
2022	97,891	6,015
2023	101,842	2,031
Total	\$ 1,057,767	\$ 297,339

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2010:

	Restated Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Due Within One Year
<u>Governmental Funds</u>					
General Obligation Bonds	\$ 2,346,324	\$ -	\$ 357,965	\$ 1,988,359	\$ 113,844
State literary fund loans	406,917	-	76,944	329,973	38,500
Compensated Absences payable	99,318	6,748	24,830	81,236	8,124
Total	\$ 2,852,559	\$ 6,748	\$ 459,739	\$ 2,399,568	\$ 160,468

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
General Obligation Bonds/Loans:		
\$367,139 issued December 11, 2008 due in varying annual installments, interest payable semi-annually at rates varying from 3.60% to 5.35%, through January 15, 2029	\$ 351,978	\$ 15,361
\$1,822,156 issued October 2, 2007 due in varying annual installments, interest payable semi-annually at 2%, through December 1, 2022	<u>1,636,381</u>	<u>98,483</u>
Total General Obligation Bonds/Loans	<u>\$ 1,988,359</u>	<u>113,844</u>
Compensated Absences	<u>\$ 81,236</u>	<u>\$ 8,124</u>
State Literary Fund Loans		
\$180,962, State Literary Fund loan issued October 1, 1993, due in annual installments of \$9,000 through October 1, 2012; interest payable annually at 3%	\$ 27,962	\$ 9,000
\$597,011, State Literary Fund loan issued September 15, 1998, due in annual installments of \$29,500 through September 15, 2019, interest payable annually at 3%	<u>302,011</u>	<u>29,500</u>
Total State Literary Fund Loans	<u>\$ 329,973</u>	<u>\$ 38,500</u>
Total governmental fund long-term obligations	<u><u>\$ 2,399,568</u></u>	<u><u>\$ 160,468</u></u>
<u>Proprietary Fund</u>		
Water & Sewer Fund:		
General Obligation Bonds/Loans:		
\$1,177,844 issued October 2, 2007 due in varying annual installments, interest payable semi-annually at 2%, through December 1, 2022	\$ 1,057,767	\$ 63,655
Compensated absences	<u>10,014</u>	<u>1,001</u>
Total proprietary fund long-term obligations	<u><u>\$ 1,067,781</u></u>	<u><u>\$ 64,656</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**PRIMARY GOVERNMENT: (CONTINUED)**

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

Proprietary Funds

	Restated Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Due Within One Year
General Obligation Bonds	\$ 1,118,980	\$ -	\$ 61,213	\$ 1,057,767	\$ 63,655
Compensated absences payable	10,014	-	-	10,014	1,001
Total	<u>\$ 1,128,994</u>	<u>\$ -</u>	<u>\$ 61,213</u>	<u>\$ 1,067,781</u>	<u>\$ 64,656</u>

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Due Within One Year
General Long-Term Obligations:					
Compensated absences payable	\$ 75,280	\$ 10,467	\$ 18,820	\$ 66,927	\$ 6,693
Total	<u>\$ 75,280</u>	<u>\$ 10,467</u>	<u>\$ 18,820</u>	<u>\$ 66,927</u>	<u>\$ 6,693</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 9—DEFERRED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$168,634 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$168,634 at June 30, 2010.

NOTE 10—CONTINGENT LIABILITIES:

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

At June 30, 2010, there were no matters of litigation involving the Town which would materially affect the Town financial position should any court decision or pending matter not be favorable to the Town.

NOTE 11—RISK MANAGEMENT:

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

NOTE 12—SURETY BOND INFORMATION:

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 13—INVENTORY:

At June 30, 2010 the Component Unit - Industrial Development Authority has inventory recorded in the various funds as follows:

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

NOTE 14—NET ASSETS:

Net assets were restated as of July 1, 2009 as follows:

	Business- Type Activities
Balance June 30, 2009, as originally reported	\$ 2,946,473
Capital contribution from Town Governmental Activities	<u>989,943</u>
Balance July 1, 2009, as restated	\$ <u><u>3,936,416</u></u>

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Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2010

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 5,019,000	\$ 5,019,000	\$ 4,760,978	\$ (258,022)
Other local taxes	788,000	788,000	765,674	(22,326)
Permits, privilege fees and regulatory licenses	37,500	37,500	47,017	9,517
Fines and forfeitures	55,000	55,000	26,787	(28,213)
Revenue from use of money and property	267,400	267,400	263,432	(3,968)
Miscellaneous	165,000	165,000	28,792	(136,208)
Recovered cost	35,000	35,000	41,832	6,832
Intergovernmental:				
Commonwealth	1,904,050	1,937,050	673,201	(1,263,849)
Federal	727,000	727,000	325,687	(401,313)
Total revenues	\$ 8,997,950	\$ 9,030,950	\$ 6,933,400	\$ (2,097,550)
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 66,500	\$ 72,700	\$ 65,842	\$ 6,858
Total legislative	\$ 66,500	\$ 72,700	\$ 65,842	\$ 6,858
General and financial administration:				
Town treasurer	\$ 276,500	\$ 276,500	\$ 261,145	\$ 15,355
Town manager	224,000	231,500	219,727	11,773
Total general and financial administration	\$ 500,500	\$ 508,000	\$ 480,872	\$ 27,128
Total general government administration	\$ 567,000	\$ 580,700	\$ 546,714	\$ 33,986
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 630,000	\$ 630,000	\$ 585,540	\$ 44,460
D.A.R.E.	-	-	596	(596)
Central dispatching	236,000	236,000	243,895	(7,895)
Total law enforcement and traffic control	\$ 866,000	\$ 866,000	\$ 830,031	\$ 35,969

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total fire and rescue services	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Inspections:				
Building	\$ 82,200	\$ 82,200	\$ 65,198	\$ 17,002
Total fire and rescue services	\$ 82,200	\$ 82,200	\$ 65,198	\$ 17,002
Total public safety	\$ 1,048,200	\$ 1,048,200	\$ 995,229	\$ 52,971
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 186,500	\$ 186,500	\$ 157,580	\$ 28,920
Highways, streets, bridges and sidewalks	353,000	456,000	417,097	38,903
Storm water repairs	300,000	300,000	-	300,000
Total maintenance of highways, streets, bridges and sidewalks	\$ 839,500	\$ 942,500	\$ 574,677	\$ 367,823
Sanitation and waste removal:				
Refuse collection and disposal	\$ 135,700	\$ 135,700	\$ 120,348	\$ 15,352
Total sanitation and waste removal	\$ 135,700	\$ 135,700	\$ 120,348	\$ 15,352
Maintenance of general buildings and grounds:				
General properties	\$ 216,700	\$ 216,700	\$ 203,046	\$ 13,654
Total maintenance of general buildings and grounds	\$ 216,700	\$ 216,700	\$ 203,046	\$ 13,654
Total public works	\$ 1,191,900	\$ 1,294,900	\$ 898,071	\$ 396,829
Education:				
Contribution to school board component unit	\$ 3,566,000	\$ 3,566,000	\$ 3,897,037	\$ (331,037)

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Parks, recreation and cultural:				
Parks and recreation				
Playground	\$ 100,000	\$ 100,000	\$ 15,251	\$ 84,749
Cemetery	30,800	30,800	26,150	4,650
Total parks and recreation	\$ 130,800	\$ 130,800	\$ 41,401	\$ 89,399
Library:				
Library administration	\$ 15,000	\$ 15,000	\$ 13,273	\$ 1,727
Total library	\$ 15,000	\$ 15,000	\$ 13,273	\$ 1,727
Total parks, recreation and cultural	\$ 145,800	\$ 145,800	\$ 54,674	\$ 91,126
Planning and Community Development:				
Community development:				
Community development	\$ 77,700	\$ 77,700	\$ 77,379	\$ 321
Economic development	43,000	91,600	73,980	17,620
MPPDC fees	1,700	1,700	1,667	33
Farmers market	1,000	1,000	730	270
Chesapeake bay transit	26,000	26,000	25,845	155
Virginia River Country	1,000	1,000	1,000	-
Riverwalk	570,000	570,000	69,833	500,167
Kirby street project	1,266,500	1,266,500	246,243	1,020,257
Land acquisition	300,000	300,000	289,493	10,507
Broadband study	-	33,000	26,400	6,600
Relocation expense	-	-	2,258	(2,258)
Port Richmond grant	-	-	3,000	(3,000)
Public works relocation	300,000	300,000	68,677	231,323
Sidewalks	160,000	160,000	975	159,025
Tennis court replacement	225,000	225,000	-	225,000
Property acquisition	-	-	10,600	(10,600)
Bay agency on aging	2,500	2,500	2,500	-
Contingency reserve	35,000	35,000	8,267	26,733
Art council funding	6,000	6,000	11,000	(5,000)
Asset forfeiture	-	-	808	(808)
Chamber of commerce	3,000	3,000	3,000	-
Total community development	\$ 3,018,400	\$ 3,100,000	\$ 923,655	\$ 2,176,345
Non-Departmental:				
Employee compensation	\$ 5,300	\$ 5,300	\$ 4,594	\$ 706
YMCA contribution	25,000	25,000	25,000	-
Marketing	5,000	5,000	6,604	(1,604)
Mid Peninsula Regional Airport	33,000	33,000	32,428	572
Recreational services agreement	50,000	50,000	50,000	-
Liability insurance	75,000	75,000	37,060	37,940
Annual audit service	25,000	25,000	23,000	2,000
Total non-departmental	\$ 218,300	\$ 218,300	\$ 178,686	\$ 39,614

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2010 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Primary Government: (continued)				
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 467,500	\$ 467,500	\$ 434,909	\$ 32,591
Interest and fiscal charges	50,000	50,000	102,060	(52,060)
Total debt service	\$ 517,500	\$ 517,500	\$ 536,969	\$ (19,469)
Total expenditures	\$ 10,273,100	\$ 10,471,400	\$ 8,031,035	\$ 2,440,365
Excess (deficiency) of revenues over expenditures	\$ (1,275,150)	\$ (1,440,450)	\$ (1,097,635)	\$ 342,815
Other financing sources (uses):				
IDA contribution to Town	\$ 4,500	\$ 53,100	\$ 110,100	\$ 57,000
Transfers in	1,270,650	1,270,650	503,098	(767,552)
Total other financing sources (uses)	\$ 1,275,150	\$ 1,323,750	\$ 613,198	\$ (710,552)
Changes in fund balances	\$ -	\$ (116,700)	\$ (484,437)	\$ (367,737)
Fund balances at beginning of year	-	116,700	3,339,726	3,223,026
Fund balances at end of year	\$ -	\$ -	\$ 2,855,289	\$ 2,855,289

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

Town:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 2,000,890	\$ 2,119,300	\$ 118,410	94.41%	\$ 1,355,549	8.74%
6/30/2008	1,764,947	1,911,803	146,856	92.32%	1,321,831	11.11%
6/30/2007	1,466,555	1,624,575	158,020	90.27%	1,154,440	13.69%

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Other Supplementary Information

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
At June 30, 2010

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 351,040	\$ 13,265	\$ 581	\$ 364,886
Due from other governments	48,608	-	-	48,608
Due from primary government	460,542	-	-	460,542
Total assets	<u>\$ 860,190</u>	<u>\$ 13,265</u>	<u>\$ 581</u>	<u>\$ 874,036</u>
LIABILITIES				
Accounts payable	\$ 34,256	\$ -	\$ -	\$ 34,256
Accrued liabilities	825,934	-	-	825,934
Total liabilities	<u>\$ 860,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,190</u>
FUND BALANCES				
Reserved for:				
Capital projects	\$ -	\$ -	\$ 581	\$ 581
Unreserved:				
Designated for subsequent years expenditures	-	13,265	-	13,265
Total fund balance	<u>\$ -</u>	<u>\$ 13,265</u>	<u>\$ 581</u>	<u>\$ 13,846</u>
Total liabilities and fund balances	<u>\$ 860,190</u>	<u>\$ 13,265</u>	<u>\$ 581</u>	<u>\$ 874,036</u>

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

Fund balance from above. \$ 13,846

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

6,251,594

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the Statement of Net Assets. Details of this item consist of accrued leave.

(66,927)

Net assets of General Government Activities

\$ 6,198,513

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit School Board
 Year Ended June 30, 2010

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Construction</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 7,803	\$ 32	\$ -	\$ 7,835
Charges for services	-	175,443	-	175,443
Miscellaneous	146,968	16,488	-	163,456
Recovered costs	291,639	-	-	291,639
Intergovernmental:				
Contribution from Town of West Point	3,897,037	-	-	3,897,037
Commonwealth	4,444,553	3,540	-	4,448,093
Federal	435,347	75,410	-	510,757
Total revenues	<u>\$ 9,223,347</u>	<u>\$ 270,913</u>	<u>\$ -</u>	<u>\$ 9,494,260</u>
Expenditures:				
Current:				
Education	\$ 8,601,391	\$ 269,314	\$ -	\$ 8,870,705
Capital projects	621,956	-	-	621,956
Total expenditures	<u>\$ 9,223,347</u>	<u>\$ 269,314</u>	<u>\$ -</u>	<u>\$ 9,492,661</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 1,599	\$ -	\$ 1,599
Fund balances at beginning of year	-	11,666	581	12,247
Fund balances at end of year	<u>\$ -</u>	<u>\$ 13,265</u>	<u>\$ 581</u>	<u>\$ 13,846</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

	<u>Component Unit School Board</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 1,599
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period computed as follows:	
Capital outlay	437,074
Depreciation expense	(262,301)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave.	8,353
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>60,185</u>
Change in net assets of governmental activities	<u>\$ 244,910</u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual --
Discretely Presented Component Unit - School Board
Year Ended June 30, 2010

	School Operating Fund			
	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 7,803	\$ (2,197)
Charges for services	-	-	-	-
Miscellaneous	31,725	31,725	146,968	115,243
Recovered costs	283,750	283,750	291,639	7,889
Intergovernmental:				
Town contribution to School Board	3,566,000	3,566,000	3,897,037	331,037
Commonwealth	4,630,113	4,630,113	4,444,553	(185,560)
Federal	622,172	622,172	435,347	(186,825)
Total revenues	\$ 9,143,760	\$ 9,143,760	\$ 9,223,347	\$ 79,587
Expenditures:				
Current:				
Education:				
Instruction	\$ 7,589,494	\$ 7,589,494	\$ 7,503,818	\$ 85,676
Administration, attendance and health	164,675	164,675	92,472	72,203
Pupil transportation services	281,303	281,303	223,756	57,547
Operation and maintenance services	810,570	810,570	708,249	102,321
Facilities	84,125	84,125	73,096	11,029
Debt service	137,250	137,250	-	137,250
School food services	76,343	76,343	-	76,343
Total education	\$ 9,143,760	\$ 9,143,760	\$ 8,601,391	\$ 542,369
Capital projects	-	-	621,956	(621,956)
Total expenditures	\$ 9,143,760	\$ 9,143,760	\$ 9,223,347	\$ (79,587)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				School Capital Projects Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ -	\$ 32	\$ 32	\$ -	\$ -	\$ -	\$ -
-	-	175,443	175,443	-	-	-	-
-	-	16,488	16,488	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,540	3,540	-	-	-	-
-	-	75,410	75,410	-	-	-	-
\$ -	\$ -	\$ 270,913	\$ 270,913	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	269,314	(269,314)	-	-	-	-
\$ -	\$ -	\$ 269,314	\$ (269,314)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 269,314	\$ (269,314)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 1,599	\$ 1,599	\$ -	\$ -	\$ -	\$ -
-	-	11,666	11,666	-	-	581	581
\$ -	\$ -	\$ 13,265	\$ 13,265	\$ -	\$ -	\$ 581	\$ 581

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

Discretely Presented Component Unit -- Industrial Development Authority
 Proprietary Fund
 Statement of Net Assets
 June 30, 2010

		<u>Proprietary Funds</u>
		<u>Enterprise</u>
	ASSETS	
Current Assets		
Cash and cash equivalents		\$ 1,135,739
Inventory		<u>548,208</u>
Total Current Assets		\$ <u>1,683,947</u>
Total Assets		\$ <u><u>1,683,947</u></u>
	NET ASSETS	
Unrestricted assets		\$ <u>1,683,947</u>
Total Liabilities and Net Assets		\$ <u><u>1,683,947</u></u>

Discretely Presented Component Unit -- Industrial Development Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended June 30, 2010

Operating revenues:	
Miscellaneous	\$ 27,639
Gain on sale of inventory	<u>67,219</u>
Total operating revenues	\$ <u>94,858</u>
Operating expenses:	
Contractual services	\$ <u>72,868</u>
Total operating expenses	\$ <u>72,868</u>
Operating income	\$ 21,990
Nonoperating revenues(expenses):	
Interest income	\$ 22,211
IDA contribution to Town	<u>(110,100)</u>
Total nonoperating revenues(expenses)	\$ <u>(87,889)</u>
Change in net assets	\$ (65,899)
Net assets at beginning of year	<u>1,749,846</u>
Net assets at end of year	\$ <u><u>1,683,947</u></u>

Discretely Presented Component Unit -- Industrial Development Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2010

Cash flows from operating activities:

Receipts from customers and users	\$ 183,639
Payments for services	<u>(72,868)</u>
Net cash provided by (used in) operating activities	\$ <u>110,771</u>

Cash flows from investing activities:

Interest income	\$ 22,211
Town contribution to IDA	<u>(110,100)</u>
Net cash provided by (used in) investing activities	<u>(87,889)</u>

Increase (decrease) in cash and cash equivalents	\$ 22,882
Cash and cash equivalents at beginning of year	<u>1,112,857</u>
Cash and cash equivalents at end of year	\$ <u><u>1,135,739</u></u>

Reconciliation of operating income (loss) to net cash provided by
 (used in) operating activities:

Operating income (loss)	\$ 21,990
-------------------------	-----------

Adjustments to reconcile net loss to net cash provided by
 (used in) operating activities:

(Increase)/Decrease in inventory	89,781
Increase/(Decrease) in deferred revenue	<u>(1,000)</u>

Net cash provided by (used in) operating activities	\$ <u><u>110,771</u></u>
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Supporting Schedule

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,948,044	\$ (51,956)
Real and personal public service corporation property taxes	74,000	74,000	60,420	(13,580)
Personal property taxes	524,000	524,000	389,480	(134,520)
Machinery and tools taxes	2,376,000	2,376,000	2,318,789	(57,211)
Penalties	45,000	45,000	24,758	(20,242)
Interest	-	-	19,487	19,487
Total general property taxes	\$ 5,019,000	\$ 5,019,000	\$ 4,760,978	\$ (258,022)
Other local taxes:				
Local sales and use taxes	\$ 195,000	\$ 195,000	\$ 188,970	\$ (6,030)
Consumers' utility taxes	61,000	61,000	66,746	5,746
Utility consumption tax	42,000	42,000	44,467	2,467
Business license taxes	200,000	200,000	149,355	(50,645)
Motor vehicle licenses	50,000	50,000	54,266	4,266
Bank franchise tax	40,000	40,000	36,921	(3,079)
Meals taxes	200,000	200,000	224,949	24,949
Total other local taxes	\$ 788,000	\$ 788,000	\$ 765,674	\$ (22,326)
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 37,500	\$ 37,500	\$ 47,017	\$ 9,517
Total permits, privilege fees and regulatory licenses	\$ 37,500	\$ 37,500	\$ 47,017	\$ 9,517
Fines and Forfeitures:				
Court fines and forfeitures	\$ 55,000	\$ 55,000	\$ 26,787	\$ (28,213)
Total fines and forfeitures	\$ 55,000	\$ 55,000	\$ 26,787	\$ (28,213)
Revenue from use of money and property:				
Revenue from use of money	\$ 125,000	\$ 125,000	\$ 114,526	\$ (10,474)
Revenue from use of property	142,400	142,400	148,906	6,506
Total revenue from use of money and property	\$ 267,400	\$ 267,400	\$ 263,432	\$ (3,968)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 165,000	\$ 165,000	\$ 28,792	\$ (136,208)
Total miscellaneous revenue	\$ 165,000	\$ 165,000	\$ 28,792	\$ (136,208)
Recovered costs:				
DMV - license agent fees	\$ 35,000	\$ 35,000	\$ 41,832	\$ 6,832
Total revenue from local sources	\$ 6,366,900	\$ 6,366,900	\$ 5,934,512	\$ (432,388)
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	6,131	6,131
Communications tax	94,000	94,000	88,353	(5,647)
Total noncategorical aid	\$ 460,550	\$ 460,550	\$ 461,034	\$ 484
Categorical aid:				
Fire department grant	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
599 fund grant	78,500	78,500	74,563	(3,937)
VA commission of the arts grant	5,000	5,000	5,000	-
Wireless 911 Board Funding	40,000	40,000	60,263	20,263
VDOT Enhancement - Riverwalk	456,000	456,000	-	(456,000)
VDOT revenue sharing	300,000	300,000	-	(300,000)
VDOT Kirby street	520,000	520,000	-	(520,000)
Hazard mitigation grant	-	-	16,093	16,093
Broadband study grant	15,000	48,000	35,700	(12,300)
Police grants	11,000	11,000	1,548	(9,452)
Public safety services	10,000	10,000	11,000	1,000
Total other categorical aid	\$ 1,443,500	\$ 1,476,500	\$ 212,167	\$ (1,264,333)
Total categorical aid	\$ 1,443,500	\$ 1,476,500	\$ 212,167	\$ (1,264,333)
Total revenue from the Commonwealth	\$ 1,904,050	\$ 1,937,050	\$ 673,201	\$ (1,263,849)
Revenue from the Federal Government:				
Categorical aid:				
CDBG	\$ 600,000	\$ 600,000	\$ 261,697	\$ (338,303)
Hazard mitigation grant	127,000	127,000	60,310	(66,690)
Police grants	-	-	3,680	3,680
Total categorical aid	\$ 727,000	\$ 727,000	\$ 325,687	\$ (401,313)
Total revenue from the federal government	\$ 727,000	\$ 727,000	\$ 325,687	\$ (401,313)
Total General Fund	\$ 8,997,950	\$ 9,030,950	\$ 6,933,400	\$ (2,097,550)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 7,803	\$ (2,197)
Miscellaneous revenue:				
Miscellaneous revenue	31,725	31,725	146,968	115,243
Recovered costs:				
Tuition or other payments from another county or city	283,750	283,750	291,639	7,889
Total revenue from local sources	\$ 325,475	\$ 325,475	\$ 446,410	\$ 120,935
Intergovernmental revenue:				
Town contribution to School Board	\$ 3,566,000	\$ 3,566,000	\$ 3,897,037	\$ 331,037
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 563,141	\$ 563,141	\$ 543,771	\$ (19,370)
Basic school aid	2,768,870	2,768,870	2,696,563	(72,307)
Special education - SOQ	402,286	402,286	422,137	19,851
Share of fringe benefits	364,694	364,694	329,113	(35,581)
Lottery	50,984	50,984	67,972	16,988
Other state funds	480,138	480,138	384,997	(95,141)
Total categorical aid	\$ 4,630,113	\$ 4,630,113	\$ 4,444,553	\$ (185,560)
Total revenue from the Commonwealth	\$ 4,630,113	\$ 4,630,113	\$ 4,444,553	\$ (185,560)
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 34,724	\$ 34,724	\$ 22,526	\$ (12,198)
Title VI-B - special education	135,866	135,866	203,206	67,340
State fiscal stabilization funds	375,531	375,531	176,067	(199,464)
Other federal funds	76,051	76,051	33,548	(42,503)
Total categorical aid	\$ 622,172	\$ 622,172	\$ 435,347	\$ (186,825)
Total revenue from the federal government	\$ 622,172	\$ 622,172	\$ 435,347	\$ (186,825)
Total School Operating Fund	\$ 9,143,760	\$ 9,143,760	\$ 9,223,347	\$ 79,587

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT

Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit -- School Board: (continued)				
Special Revenue Funds: (continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 32	\$ 32
Charges for services:				
Cafeteria sales	-	-	175,443	175,443
Miscellaneous revenue	-	-	16,488	16,488
Total revenue from local sources	\$ -	\$ -	\$ 191,963	\$ 191,963
Revenue from the Commonwealth:				
School Food	\$ -	\$ -	\$ 3,540	\$ 3,540
Total revenue from the Commonwealth	\$ -	\$ -	\$ 3,540	\$ 3,540
Revenue from the federal government:				
School Food	\$ -	\$ -	\$ 75,410	\$ 75,410
Total revenue from the federal government	\$ -	\$ -	\$ 75,410	\$ 75,410
Total School Cafeteria Fund	\$ -	\$ -	\$ 270,913	\$ 270,913
Grand Total Revenues--Component Unit--School Board	\$ 9,143,760	\$ 9,143,760	\$ 9,494,260	\$ 350,500

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Statistical Tables

TOWN OF WEST POINT, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Three Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Education</u>	<u>Recreation and Cultural</u>	<u>Community Development</u>	<u>Interest on Debt</u>	<u>Water & Sewer</u>	<u>Total</u>
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	544,739	1,011,206	308,137	3,607,132	57,955	923,655	107,793	456,279	7,016,896

TOWN OF WEST POINT, VIRGINIA

Table 2

Government-Wide Revenues

Last Three Fiscal Years

Fiscal Year	Program Revenues			General Revenues					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous	Total
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	638,836	276,157	261,697	4,785,335	765,674	461,034	263,432	143,201	7,595,366

TOWN OF WEST POINT, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2000-01	\$ 2,516,278	\$ 858,451	\$ 13,238	\$ 29,511	\$ 286,797	\$ 204,294	\$ 528,795	\$ 441,447	\$ 4,857,289	\$ 9,736,100
2001-02	3,620,993	833,652	19,199	33,513	972,603	212,185	353,775	367,633	4,796,400	11,209,953
2002-03	4,384,439	849,271	3,225	35,248	290,746	207,628	723,663	407,955	4,224,436	11,126,611
2003-04	4,271,874	850,070	7,636	24,928	196,147	206,326	484,802	340,345	5,014,880	11,397,008
2004-05	4,296,314	843,847	31,545	58,844	180,890	209,307	276,297	320,926	4,975,597	11,193,567
2005-06	4,392,529	936,670	37,880	36,842	231,193	204,535	451,772	320,445	5,298,494	11,910,360
2006-07	4,581,238	912,352	39,266	64,497	242,128	172,078	266,691	307,307	5,787,514	12,373,071
2007-08	4,844,194	910,716	45,091	60,363	347,395	158,813	364,795	309,611	6,118,305	13,159,283
2008-09	4,982,836	891,262	52,260	29,246	319,599	154,113	277,679	280,443	6,901,921	13,889,359
2009-10	4,760,978	765,674	47,017	26,787	271,267	175,443	192,248	333,471	5,957,738	12,530,623

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

TOWN OF WEST POINT, VIRGINIA

Table 4

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

Fiscal Year	General Administration	Public Safety	Public Works	Education	Parks Recreation and Cultural	Community Development	Non-Departmental	Debt Service	Total
2000-01	\$ 484,477	\$ 597,914	\$ 570,869	\$ 7,107,460	\$ 224,544	\$ 24,620	\$ 62,449	\$ 431,497	\$ 9,503,830
2001-02	469,525	724,815	483,214	6,993,821	207,872	147,611	58,495	427,155	9,512,508
2002-03	466,142	748,559	593,820	6,945,779	207,064	53,866	86,672	2,513,052	11,614,954
2003-04	482,259	823,319	633,446	6,811,905	148,480	171,969	145,229	370,910	9,587,517
2004-05	448,668	983,868	648,555	8,207,396	175,443	247,005	63,583	365,399	11,139,917
2005-06	510,483	1,110,807	919,435	8,487,566	215,194	343,942	257,894	364,069	12,209,390
2006-07	486,561	970,096	808,823	8,661,071	236,513	384,050	132,646	367,211	12,046,971
2007-08	517,427	982,591	807,728	8,908,318	86,367	2,051,033	173,802	443,971	13,971,237
2008-09	533,128	994,283	834,752	9,333,591	223,146	1,391,436	217,490	493,749	14,021,575
2009-10	546,714	995,229	898,071	9,492,661	54,674	923,655	178,686	536,968	13,626,658

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

(2) Capital projects are not included.

TOWN OF WEST POINT, VIRGINIA

Table 5

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service (2)	Mobile Homes	Total
2000-01	\$ 173,467,400	\$ 19,297,850	\$ 68,975,988	\$ 10,600,540	\$ 11,636	\$ 272,353,414
2001-02	191,941,410	19,108,317	76,026,404	10,778,657	10,536	297,865,324
2002-03	193,911,810	17,695,068	121,120,064	9,036,429	31,036	341,794,407
2003-04	195,937,402	18,652,359	123,837,329	8,798,453	4,427	347,229,970
2004-05	199,393,310	18,756,966	121,575,309	7,740,626	6,328	347,472,539
2005-06	245,027,016	20,899,987	125,171,750	9,915,481	41,466	401,055,700
2006-07	250,017,232	26,976,498	108,337,719	7,795,266	44,780	393,171,495
2007-08	257,481,252	30,335,137	108,919,298	8,194,507	7,359	404,937,553
2008-09	329,616,337	28,841,715	105,577,376	11,353,741	8,731	475,397,900
2009-10	329,503,108	22,935,137	102,977,141	9,978,958	22,851	465,417,195

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

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

TOWN OF WEST POINT, VIRGINIA

Table 6

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Machinery and Tools	Public Service	
						Real Estate	Personal Property
2000-01	\$	0.545	\$	3.30	\$	1.69	\$ 0.545 \$ 3.30
2001-02		0.545		3.30		3.20	0.545 3.30
2002-03		0.545		3.30		2.25	0.545 3.30
2003-04		0.600		3.30		2.25	0.600 3.30
2004-05		0.600		3.30		2.25	0.600 3.30
2005-06		0.600		3.30		2.25	0.600 3.30
2006-07		0.600		3.30		2.25	0.600 3.30
2007-08		0.700		3.30		2.25	0.700 3.30
2008-09		0.600		3.30		2.25	0.600 3.30
2009-10		0.600		3.30		2.25	0.600 3.30

(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
2000-01	\$ 2,704,926	\$ 2,635,830	97.45%	\$ 48,861	\$ 2,684,691	99.25%	\$ 153,335	5.67%
2001-02	4,169,588	3,793,082	90.97%	59,435	3,852,517	92.40%	402,662	9.66%
2002-03	4,925,858	4,533,442	92.03%	50,011	4,583,453	93.05%	372,598	7.56%
2003-04	4,630,562	4,552,690	98.32%	27,813	4,580,503	98.92%	95,573	2.06%
2004-05	4,597,266	4,503,535	97.96%	58,994	4,562,529	99.24%	62,773	1.37%
2005-06	5,035,968	4,952,241	98.34%	79,335	5,031,576	99.91%	57,709	1.15%
2006-07	4,875,394	4,772,165	97.88%	91,142	4,863,307	99.75%	91,936	1.89%
2007-08	5,311,746	5,145,898	96.88%	39,578	5,185,476	97.62%	121,660	2.29%
2008-09	5,373,484	5,231,715	97.36%	61,532	5,293,247	98.51%	164,048	3.05%
2009-10	5,111,549	5,019,617	98.20%	60,351	5,079,968	99.38%	187,887	3.68%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

TOWN OF WEST POINT, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2000-01	2,938	\$ 272,342	\$ 2,959,317	- \$	- \$	2,959,317	1.09%	\$ 1,007
2001-02	2,938	297,865	3,177,317	-	500,000	2,677,317	0.90%	911
2002-03	2,938	341,794	2,906,117	-	410,000	2,496,117	0.73%	850
2003-04	2,938	347,230	2,612,617	-	410,000	2,202,617	0.63%	750
2004-05	2,938	347,473	2,118,828	-	211,911	1,906,917	0.55%	649
2005-06	2,938	401,056	1,712,559	-	107,742	1,604,817	0.40%	546
2006-07	2,938	393,171	1,291,417	-	-	1,291,417	0.33%	440
2007-08	2,938	404,938	3,972,417	-	-	3,972,417	0.98%	1,352
2008-09	2,938	475,398	3,872,221	-	-	3,872,221	0.81%	1,318
2009-10	2,938	465,417	3,376,099	-	-	3,376,099	0.73%	1,149

(1) Tayloe Murphy Institute, University of Virginia.

(2) From Table 5.

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

Excludes revenue bonds, capital leases, and compensated absences.

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

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Compliance

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Point, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Town of West Point, Virginia's basic financial statements and have issued our report thereon dated January 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of West Point, Virginia in a separate letter dated January 13, 2011.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

January 13, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the Town of West Point, Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Town of West Point, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of West Point, Virginia's management. Our responsibility is to express an opinion on the Town of West Point, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of West Point, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of West Point, Virginia's compliance with those requirements.

In our opinion, the Town of West Point, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Town of West Point, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of West Point, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Internal Control Over Compliance: (Continued)

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

January 13, 2011

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TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Unit
Year Ended June 30, 2010

<u>Federal Granting Agency / Recipient State Agency/ Grant Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles			
Alcohol Open Container Requirements	20.607	60507-154AL	\$ 3,680
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development			
Community Development Block Grant	14.228	53505-49380	\$ 261,697
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	77501-52749	\$ 60,310
Total Primary Government			\$ 325,687
COMPONENT UNIT: SCHOOL BOARD			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Food Distribution	10.555	N/A	\$ 18,260
Department of Education:			
National School Lunch Program	10.555	17901-40623	75,410
Total Department of Agriculture			\$ 93,670
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass Through Payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 22,526
Improving Teacher Quality State Grants	84.367	17901-61480	18,250
Special Education - Grants to States	84.027	17901-43071	141,141
ARRA - Special Education - Grants to States	84.391	17901-61245	62,065
Career and Technical Education - Basic Grants to States	84.048	17901-61095	5,182
Special education - preschool grants	84.173	17901-62521	3,904
ARRA - Special Education - Preschool Grants	84.392	17901-61247	4,511
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	176,067
Educational Technology State Grants	84.318	17901-61600	401
Safe and Drug-Free Schools and Communities - State Grants	84.186	17901-60511	1,300
Total Department of Education			\$ 435,347
Total Component Unit School Board			\$ 529,017
Total Expenditures of Federal Awards			\$ 854,704

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF WEST POINT, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2010 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of operations of the Town of West Point, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of West Point, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ <u>325,687</u>
Total primary government	\$ <u>325,687</u>
Component Unit Public Schools:	
School Operating Fund	\$ 435,347
School Cafeteria Fund	75,410
Total component unit public schools	\$ <u>510,757</u>
Total federal expenditures per basic financial statements	\$ <u>836,444</u>
Non-cash expenditures - value of donated commodities	\$ <u>18,260</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>854,704</u></u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Federal Award Findings and Questioned Costs

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