



## Financial Report

Year Ended June 30, 2020

---



**TOWN OF WEST POINT, VIRGINIA**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2020**

---



**TOWN OF WEST POINT, VIRGINIA**

---

***TOWN COUNCIL***

---

James H. Hudson, III, Mayor

Deborah T. Ball, Vice-Mayor

Tina S. Gulley

Robert J. Lawrence

Jack T. Lawson

Gail C. Nichols

James Pruett

John G. Ragsdale, II

***TOWN SCHOOL BOARD***

---

Paul Diggs, Chairman

Elliott Jenkins, Vice-Chairman

Phyllis Dorsey

Kay Lawson

Dudley Olsson

***ECONOMIC DEVELOPMENT AUTHORITY***

---

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Debbie Brockwell

Robert Lawrence

William B. Lee

O. B. Shreaves

***OTHER OFFICIALS***

---

Town Manager..... John B. Edwards, Jr.  
Town Attorney ..... Andrea G. Erard  
Town Treasurer ..... Susan M. Harlow  
Town Clerk..... Karen M. Barrow  
School Superintendent ..... Laura K. Abel



# TOWN OF WEST POINT, VIRGINIA

Financial Report  
Year Ended June 30, 2020

## TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-8
<b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Position	9
Exhibit 2 Statement of Activities	10-11
<b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Fund	12
Exhibit 4 Statement of Revenues, Expenditures, and Change in Fund Balance—Governmental Fund	13
Exhibit 5 Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities	14
Exhibit 6 Statement of Net Position—Proprietary Fund	15
Exhibit 7 Statement of Revenues, Expenses, and Change in Net Position—Proprietary Fund	16
Exhibit 8 Statement of Cash Flows—Proprietary Fund	17
Notes to Financial Statements	18-65
<b><u>Required Supplementary Information:</u></b>	
Exhibit 9 Schedule of Revenues, Expenditures, and Change in Fund Balance—Budget and Actual—General Fund	66-69
Exhibit 10 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—Primary Government—Pension Plans	70
Exhibit 11 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan—Pension Plans	71
Exhibit 12 Schedule of Employer Contributions—Pension Plans	72
Exhibit 13 Notes to Required Supplementary Information—Pension Plans	73

TOWN OF WEST POINT, VIRGINIA

Financial Report  
Year Ended June 30, 2020

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>	
<b><u>Required Supplementary Information: (Continued)</u></b>		
Exhibit 14	Schedule of Town and School Board's Share of Net OPEB Liability- Group Life Insurance-(GLI) Plan	74
Exhibit 15	Schedule of Employer Contributions-Group Life Insurance-(GLI) Plan	75
Exhibit 16	Notes to Required Supplementary Information-Group Life Insurance-(GLI) Plan	76
Exhibit 17	Schedule of School Board's Share of Net OPEB Liability-Teacher Employee Health Insurance Credit Plan (HIC)	77
Exhibit 18	Schedule of Employer Contributions-Teacher Employee Health Insurance Credit Plan (HIC)	78
Exhibit 19	Notes to Required Supplementary Information-Teacher Employee Health Insurance Credit Plan (HIC)	79
<b><u>Other Supplementary Information:</u></b>		
<b>Discretely Presented Component Unit-School Board:</b>		
Exhibit 20	Combining Balance Sheet-Governmental Funds	80
Exhibit 21	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	81
Exhibit 22	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	82
Exhibit 23	Schedule of Revenues, Expenditures, and Change in Fund Balances-Budget and Actual-School Operating Fund	83
<b>Discretely Presented Component Unit-Economic Development Authority:</b>		
Exhibit 24	Statement of Net Position-Proprietary Fund	84
Exhibit 25	Statement of Revenues, Expenses, and Change in Net Position- Proprietary Fund	85
Exhibit 26	Statement of Cash Flows-Proprietary Fund	86
<b>Supporting Schedule:</b>		
Schedule 1	Governmental Funds and Discretely Presented Component Unit-School Board-Schedule of Revenues-Budget and Actual	87-90



TOWN OF WEST POINT, VIRGINIA

Financial Report  
Year Ended June 30, 2020

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>	
<b><u>Statistical Information:</u></b>		
Table 1	Government-wide Expenses by Function—Last Ten Fiscal Years	91
Table 2	Government-wide Revenues—Last Ten Fiscal Years	92
Table 3	General Government Revenues by Source—Last Ten Fiscal Years	93
Table 4	General Government Expenditures by Function—Last Ten Fiscal Years	94
Table 5	Assessed Value of Taxable Property—Last Ten Fiscal Years	95
Table 6	Property Tax Rates—Last Ten Fiscal Years	96
Table 7	Property Tax Levies and Collections—Last Ten Fiscal Years	97
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	98
<b><u>Compliance:</u></b>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		99-100





---

**Independent Auditors' Report**

---

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-8, 66-69, and 70-79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

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

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of Town of West Point, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of West Point, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of West Point, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 8, 2021

This page intentionally left blank

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of West Point, Virginia (the Town) 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, 2020.

### Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,002,536 (net position). Of this amount, \$6,393,537 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's general fund reported ending fund balance of \$5,659,500, a decrease of \$128,727 in comparison with the prior year. Approximately 71% of this total amount, \$4,021,497, is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,021,497, or approximately 43% of total general fund expenditures.

### Overview of the Financial Statements

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

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

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

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

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

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

## Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,002,536 at the close of the most recent fiscal year.

**Town of West Point, Virginia**  
**Statement of Net Position**  
**Governmental and Business-type Activities**  
**June 30, 2020 and 2019**

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 7,277,601	\$ 6,953,045	\$ 1,225,487	\$ 1,199,895	\$ 8,503,088	\$ 8,152,940
Capital assets	7,630,300	8,694,550	3,244,537	3,331,890	10,874,837	12,026,440
Note receivable	76,923	89,389	-	-	76,923	89,389
Net pension asset	-	193,193	-	19,762	-	212,955
<b>Total assets</b>	<b>\$ 14,984,824</b>	<b>\$ 15,930,177</b>	<b>\$ 4,470,024</b>	<b>\$ 4,551,547</b>	<b>\$ 19,454,848</b>	<b>\$ 20,481,724</b>
Deferred outflows of resources	\$ 345,003	\$ 134,043	\$ 37,778	\$ 17,547	\$ 382,781	\$ 151,590
<b>Total assets and deferred outflows</b>	<b>\$ 15,329,827</b>	<b>\$ 16,064,220</b>	<b>\$ 4,507,802</b>	<b>\$ 4,569,094</b>	<b>\$ 19,837,629</b>	<b>\$ 20,633,314</b>
Long-term liabilities outstanding	\$ 4,435,298	\$ 5,519,642	\$ 471,642	\$ 506,906	\$ 4,906,940	\$ 6,026,548
Current liabilities	1,745,981	1,356,096	102,552	70,388	1,848,533	1,426,484
<b>Total liabilities</b>	<b>\$ 6,181,279</b>	<b>\$ 6,875,738</b>	<b>\$ 574,194</b>	<b>\$ 577,294</b>	<b>\$ 6,755,473</b>	<b>\$ 7,453,032</b>
Deferred inflows of resources	\$ 72,045	\$ 120,315	\$ 7,575	\$ 12,733	\$ 79,620	\$ 133,048
Net position:						
Net investment in capital assets	\$ 3,318,072	\$ 3,144,374	\$ 2,756,928	\$ 2,788,924	\$ 6,075,000	\$ 5,933,298
Restricted	533,999	478,994	-	-	533,999	478,994
Unrestricted	5,224,432	5,444,799	1,169,105	1,190,143	6,393,537	6,634,942
<b>Total net position</b>	<b>\$ 9,076,503</b>	<b>\$ 9,068,167</b>	<b>\$ 3,926,033</b>	<b>\$ 3,979,067</b>	<b>\$ 13,002,536</b>	<b>\$ 13,047,234</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 15,329,827</b>	<b>\$ 16,064,220</b>	<b>\$ 4,507,802</b>	<b>\$ 4,569,094</b>	<b>\$ 19,837,629</b>	<b>\$ 20,633,314</b>

A large part of the Town's net position (\$6,075,000, or 47%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the Town's net position experienced an increase in the governmental activities in the amount of \$8,336. The business-type activities net position decreased in the amount of \$53,034.

**Government-wide Financial Analysis: (Continued)**

Governmental Activities - Governmental activities increased the Town's net position by \$8,336. Key elements of this increase are as follows:

Town of West Point, Virginia  
Statement of Activities  
Governmental and Business-type Activities  
Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 237,939	\$ 248,176	\$ 745,451	\$ 738,488	\$ 983,390	\$ 986,664
Operating grants and contributions	143,682	110,804	-	-	143,682	110,804
Capital grants and contributions	-	194,958	-	-	-	194,958
General revenues:						
General property taxes	6,402,469	5,916,458	-	-	6,402,469	5,916,458
Other local taxes	1,125,260	1,162,159	-	-	1,125,260	1,162,159
Use of money and property	389,573	327,743	8,893	9,547	398,466	337,290
Commonwealth of Virginia non-categorical aid	602,611	602,523	-	-	602,611	602,523
Other general revenues	62,689	71,420	14,005	18,761	76,694	90,181
Total revenues	\$ 8,964,223	\$ 8,634,241	\$ 768,349	\$ 766,796	\$ 9,732,572	\$ 9,401,037
Expenses:						
General government administration	\$ 579,200	\$ 597,753	\$ -	\$ -	\$ 579,200	\$ 597,753
Public safety	1,113,455	989,199	-	-	1,113,455	989,199
Public works	1,484,585	803,279	-	-	1,484,585	803,279
Education	5,509,750	4,842,622	-	-	5,509,750	4,842,622
Parks, recreation, and cultural	100,698	116,589	-	-	100,698	116,589
Community development	274,640	633,889	-	-	274,640	633,889
Interest	99,902	146,160	-	-	99,902	146,160
Water and sewer	-	-	615,040	499,600	615,040	499,600
Total expenses	\$ 9,162,230	\$ 8,129,491	\$ 615,040	\$ 499,600	\$ 9,777,270	\$ 8,629,091
Increase (decrease) in net position before transfers	\$ (198,007)	\$ 504,750	\$ 153,309	\$ 267,196	\$ -44,698	\$ 771,946
Transfers	206,343	122,400	(206,343)	(122,400)	-	-
Increase (decrease) in net position	\$ 8,336	\$ 627,150	\$ (53,034)	\$ 144,796	\$ -44,698	\$ 771,946
Net position - beginning	9,068,167	8,441,017	3,979,067	3,834,271	13,047,234	12,275,288
Net position - ending	\$ 9,076,503	\$ 9,068,167	\$ 3,926,033	\$ 3,979,067	\$ 13,002,536	\$ 13,047,234

Business-type activities decreased the Town's net position by \$53,034. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

## **Financial Analysis of the Town's Funds**

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

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

As of the end of the current fiscal year, the Town's general fund reported ending fund balance of \$5,659,500 a decrease of \$128,727 in comparison with the prior year. A significant portion of this fund balance, \$4,021,497 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for new spending because it is either restricted, committed or assigned.

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total general fund expenditures.

## **General Fund Budgetary Highlights**

The Town's General Fund expended \$9,281,923 during the year, which was \$1,029,063 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, 2020 totals \$10,874,837 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and machinery and equipment.

- \* School Board capital assets are jointly owned by the Town (primary government) and the component unit school board. The Town's 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, \$4,782,404 was for General Obligation Bonds. The Town's total outstanding debt principal decreased by \$1,077,247.

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

## **Contact the Town's Financial Management**

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

This page intentionally left blank

## **Basic Financial Statements**

This page intentionally left blank

## **Government-wide Financial Statements**

This page intentionally left blank



Statement of Net Position  
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 7,002,310	\$ 1,077,028	\$ 8,079,338	\$ 209,480	\$ 396,064
Receivables (net of allowance for uncollectibles):					
Property taxes	223,678	-	223,678	-	-
Accounts receivable	6,699	148,459	155,158	-	-
Current portion of note receivable	11,966	-	11,966	-	-
Inventory	-	-	-	-	548,208
Due from other governments	32,948	-	32,948	60,553	-
Due from primary government	-	-	-	897,652	-
Prepaid expenses	-	-	-	157,038	-
Total Current Assets	\$ 7,277,601	\$ 1,225,487	\$ 8,503,088	\$ 1,324,723	\$ 944,272
Noncurrent Assets					
Noncurrent portion of note receivable	\$ 76,923	\$ -	\$ 76,923	\$ -	\$ -
Capital Assets (net of accumulated depreciation):					
Land	1,211,739	367,305	1,579,044	59,350	-
Construction in progress	269,971	-	269,971	-	-
Buildings and improvements	5,676,404	2,857,280	8,533,684	6,459,470	-
Equipment	472,186	19,952	492,138	676,124	-
Total Noncurrent Assets	\$ 7,707,223	\$ 3,244,537	\$ 10,951,760	\$ 7,194,944	\$ -
Total Assets	\$ 14,984,824	\$ 4,470,024	\$ 19,454,848	\$ 8,519,667	\$ 944,272
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	\$ 320,787	\$ 35,236	\$ 356,023	\$ 2,206,079	\$ -
OPEB related items	24,216	2,542	26,758	238,492	-
Total Deferred Outflows of Resources	\$ 345,003	\$ 37,778	\$ 382,781	\$ 2,444,571	\$ -
Total Assets and Deferred Outflows of Resources	\$ 15,329,827	\$ 4,507,802	\$ 19,837,629	\$ 10,964,238	\$ 944,272
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 227,107	\$ 39,671	\$ 266,778	\$ 67,512	\$ -
Accrued expenses	-	1,918	1,918	1,047,731	-
Customers' deposits	-	4,429	4,429	-	-
Retainage payable	10,080	-	10,080	-	-
Unearned revenue	248,412	-	248,412	-	-
Due to component unit	897,652	-	897,652	-	-
Accrued interest payable	54,483	-	54,483	-	-
Current portion of long-term obligations	308,247	57,412	365,659	33,678	-
Total Current Liabilities	\$ 1,745,981	\$ 103,430	\$ 1,849,411	\$ 1,148,921	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 4,435,298	\$ 470,764	\$ 4,906,062	\$ 10,587,498	\$ 361,566
Total Liabilities	\$ 6,181,279	\$ 574,194	\$ 6,755,473	\$ 11,736,419	\$ 361,566
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	\$ 40,753	\$ 6,791	\$ 47,544	\$ 850,700	\$ -
OPEB related items	7,535	784	8,319	53,055	-
Deferred revenue - property taxes	23,757	-	23,757	-	-
Total Deferred Inflows of Resources	\$ 72,045	\$ 7,575	\$ 79,620	\$ 903,755	\$ -
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	\$ 3,318,072	\$ 2,756,928	\$ 6,075,000	\$ 7,106,055	\$ -
Restricted for:					
Economic development	327,155	-	327,155	-	-
Cemetery operations	206,844	-	206,844	-	-
Unrestricted	5,224,432	1,169,105	6,393,537	(8,781,991)	582,706
Total Net Position (Deficit)	\$ 9,076,503	\$ 3,926,033	\$ 13,002,536	\$ (1,675,936)	\$ 582,706
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	\$ 15,329,827	\$ 4,507,802	\$ 19,837,629	\$ 10,964,238	\$ 944,272

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 579,200	\$ -	\$ 4,650	\$ -
Public safety	1,113,455	52,025	115,407	-
Public works	1,484,585	185,914	1,564	-
Education	5,509,750	-	-	-
Parks, recreation, and cultural	100,698	-	-	-
Community development	274,640	-	22,061	-
Interest on long-term debt	99,902	-	-	-
Total governmental activities	<u>\$ 9,162,230</u>	<u>\$ 237,939</u>	<u>\$ 143,682</u>	<u>\$ -</u>
Business-type activities:				
Water and Sewer	\$ 615,040	\$ 745,451	\$ -	\$ -
Total primary government	<u>\$ 9,777,270</u>	<u>\$ 983,390</u>	<u>\$ 143,682</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 11,281,060	\$ 138,412	\$ 6,018,120	\$ -
Economic Development Authority	-	-	-	-
Total component units	<u>\$ 11,281,060</u>	<u>\$ 138,412</u>	<u>\$ 6,018,120</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Meals taxes				
Business license taxes				
Consumer utility taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Town contribution to school board				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning				
Net position (deficit) - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
\$ (574,550)	\$ -	\$ (574,550)	\$ -	\$ -
(946,023)	-	(946,023)	-	-
(1,297,107)	-	(1,297,107)	-	-
(5,509,750)	-	(5,509,750)	-	-
(100,698)	-	(100,698)	-	-
(252,579)	-	(252,579)	-	-
(99,902)	-	(99,902)	-	-
<u>\$ (8,780,609)</u>	<u>\$ -</u>	<u>\$ (8,780,609)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 130,411</u>	<u>\$ 130,411</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (8,780,609)</u>	<u>\$ 130,411</u>	<u>\$ (8,650,198)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (5,124,528)	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,124,528)</u>	<u>\$ -</u>
\$ 6,402,469	\$ -	\$ 6,402,469	\$ -	\$ -
341,245	-	341,245	-	-
293,737	-	293,737	-	-
209,565	-	209,565	-	-
70,831	-	70,831	-	-
209,882	-	209,882	-	-
389,573	8,893	398,466	10,263	7,672
-	-	-	5,268,958	-
62,689	14,005	76,694	344,951	-
602,611	-	602,611	-	-
206,343	(206,343)	-	-	-
<u>\$ 8,788,945</u>	<u>\$ (183,445)</u>	<u>\$ 8,605,500</u>	<u>\$ 5,624,172</u>	<u>\$ 7,672</u>
<u>\$ 8,336</u>	<u>\$ (53,034)</u>	<u>\$ (44,698)</u>	<u>\$ 499,644</u>	<u>\$ 7,672</u>
<u>9,068,167</u>	<u>3,979,067</u>	<u>13,047,234</u>	<u>(2,175,580)</u>	<u>575,034</u>
<u>\$ 9,076,503</u>	<u>\$ 3,926,033</u>	<u>\$ 13,002,536</u>	<u>\$ (1,675,936)</u>	<u>\$ 582,706</u>

This page intentionally left blank

**Fund Financial Statements**

This page intentionally left blank

Balance Sheet - Governmental Fund  
June 30, 2020

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,002,310
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	223,678
Accounts receivable	6,699
Due from other governments	<u>32,948</u>
Total assets	<u>\$ 7,265,635</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 227,107
Retainage payable	10,080
Unearned revenue	248,412
Due to component unit	<u>897,652</u>
Total liabilities	<u>\$ 1,383,251</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	<u>\$ 222,884</u>
<b>FUND BALANCE</b>	
Restricted:	
Economic development	\$ 327,155
Cemetery operations	206,844
Assigned:	
Dare projects	10,105
Solid waste fleet replacement	145,215
Vehicle replacement	136,138
Solid waste	141,536
School capital improvements	100,497
Long-term debt	570,513
Unassigned	<u>4,021,497</u>
Total fund balance	<u>\$ 5,659,500</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,265,635</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance from above	\$ 5,659,500
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 1,211,739
Construction in progress	269,971
Buildings and improvements	5,676,404
Equipment	<u>472,186</u>
	7,630,300
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Note receivable	\$ 88,889
Unavailable revenue - property taxes	<u>199,127</u>
	288,016
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 320,787
OPEB related items	<u>24,216</u>
	345,003
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	\$ (4,294,795)
Capital lease	(17,433)
Compensated absences	(136,292)
Net pension liability	(176,665)
Net OPEB liability	(118,360)
Accrued interest payable	<u>(54,483)</u>
	(4,798,028)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (40,753)
OPEB related items	<u>(7,535)</u>
	(48,288)
Net position of General Governmental Activities	<u>\$ 9,076,503</u>

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

Statement of Revenues, Expenditures, and Change in Fund Balance -  
 Governmental Fund  
 Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 6,303,564
Other local taxes	1,125,260
Permits, privilege fees and regulatory licenses	33,668
Fines and forfeitures	18,357
Revenue from use of money and property	401,686
Charges for services	185,914
Miscellaneous	62,689
Recovered costs	43,272
Intergovernmental:	
King William County	158,106
Commonwealth	550,844
Federal	37,343
Total revenues	<u>\$ 8,920,703</u>
Expenditures:	
Current:	
General government administration	\$ 711,129
Public safety	1,036,687
Public works	1,192,944
Education	4,161,903
Parks, recreation, and cultural	338,055
Community development	260,838
Nondepartmental	214,075
Debt service:	
Principal retirement	1,264,098
Interest and other fiscal charges	102,194
Total expenditures	<u>\$ 9,281,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (361,220)</u>
Other financing sources (uses):	
Capital lease proceeds	\$ 26,150
Transfers in	206,343
Total other financing sources (uses)	<u>\$ 232,493</u>
Change in fund balance	\$ (128,727)
Fund balance at beginning of year	<u>5,788,227</u>
Fund balance at end of year	<u><u>\$ 5,659,500</u></u>

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



Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance  
of Governmental Fund to the Statement of Activities  
Year Ended June 30, 2020

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balance - total governmental fund	\$ (128,727)
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 capital outlays exceeded in the current period.	
Capital outlay	\$ 536,833
Depreciation expense	<u>(431,345)</u> 105,488
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	(1,169,738)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	98,905
Repayment of the principal of long-term note receivable provides current financial resources to governmental funds. These transactions, however, have no effect on net position.	
Payment received for principal of note receivable	(12,113)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:	
Issuance of capital lease	\$ (26,150)
Principal repayments	<u>1,264,098</u> 1,237,948
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.	
Change in compensated absences	\$ (7,971)
Change in accrued interest	2,292
Pension expense	(120,652)
OPEB expense	<u>2,904</u> (123,427)
Change in net position of governmental activities	\$ <u>8,336</u>

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

Statement of Net Position - Proprietary Fund  
June 30, 2020

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,077,028
Receivables (net of allowance for uncollectibles):	
Accounts receivable	148,459
Total Current Assets	<u>\$ 1,225,487</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	350,123
Accumulated depreciation	<u>(3,473,825)</u>
Total Noncurrent Assets	<u>\$ 3,244,537</u>
Total Assets	<u>\$ 4,470,024</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 35,236
OPEB related items	2,542
Total deferred outflows of resources	<u>\$ 37,778</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,507,802</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 39,671
Accrued expenses	1,918
Customer deposits	4,429
Current portion of long-term obligations	57,412
Total Current Liabilities	<u>\$ 103,430</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>\$ 470,764</u>
Total Liabilities	<u>\$ 574,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 6,791
OPEB related items	784
Total deferred inflows of resources	<u>\$ 7,575</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,756,928
Unrestricted	<u>1,169,105</u>
Total Net Position	<u>\$ 3,926,033</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 4,507,802</u></u>

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

Statement of Revenues, Expenses, and Change in Net Position -  
 Proprietary Fund  
 Year Ended June 30, 2020

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 745,451
Miscellaneous	14,005
	<u>759,456</u>
Total operating revenues	\$ 759,456
Operating expenses:	
Personnel services	\$ 166,377
Fringe benefits	87,711
Contractual services	168,419
Capital outlay	15,795
Other operating costs	74,798
Depreciation	87,353
	<u>600,453</u>
Total operating expenses	\$ 600,453
Operating income (loss)	\$ 159,003
Nonoperating revenues (expenses):	
Interest income	\$ 8,893
Interest expense	(14,587)
	<u>(5,694)</u>
Total nonoperating revenues (expenses)	\$ (5,694)
Income before transfers	\$ 153,309
Transfers out	<u>(206,343)</u>
Change in net position	\$ (53,034)
Net position, beginning of year	<u>3,979,067</u>
Net position, end of year	<u><u>\$ 3,926,033</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, 2020

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 738,674
Payments to employees (including fringe benefits)	(239,095)
Payments to suppliers and service providers	(227,175)
Net cash provided by (used for) operating activities	<u>\$ 272,404</u>
Cash flows from capital and related financing activities:	
Retirement of general obligation bonds	\$ (55,357)
Interest expense	(14,587)
Net cash provided by (used for) capital and related financing activities	<u>\$ (69,944)</u>
Cash flows from noncapital financing activities:	
Transfers out	\$ (206,343)
Net cash provided by (used in) non-capital financing activities	<u>\$ (206,343)</u>
Cash flows from investing activities:	
Interest income	\$ 8,893
Net cash provided by (used for) investing activities	<u>\$ 8,893</u>
Net increase (decrease) in cash and cash equivalents	\$ 5,010
Cash and cash equivalents at beginning of year	<u>1,072,018</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,077,028</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Operating income (loss)	\$ 159,003
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	87,353
Changes in operating assets, deferred outflows, liabilities and deferred inflows:	
(Increase)/Decrease in accounts receivable	(20,582)
(Increase)/Decrease in net pension asset	19,762
(Increase)/Decrease in deferred outflows of resources - pension related	(19,127)
(Increase)/Decrease in deferred outflows of resources - OPEB related	(1,104)
Increase/(Decrease) in accounts payable	31,308
Increase/(Decrease) in accrued expenses	529
Increase/(Decrease) in customer deposits	(200)
Increase/(Decrease) in deferred inflows of resources - pension related	(4,720)
Increase/(Decrease) in deferred inflows of resources - OPEB related	(438)
Increase/(Decrease) in net pension liability	19,477
Increase/(Decrease) in net OPEB liability	(1,134)
Increase/(Decrease) in compensated absences	2,277
Net cash provided by (used for) operating activities	<u><u>\$ 272,404</u></u>

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

# TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020

---

## NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

---

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

### A. Financial Statement Presentation

Management's Discussion and Analysis - GASB requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

### B. Government-wide and Fund Financial Statements

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

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

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

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

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### B. Government-wide and Fund Financial Statements: (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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

#### C. The Financial Reporting Entity

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

#### D. Individual Component Unit Disclosures

*Blended Component Units:* The Town has no blended component units to be included for the fiscal year ended June 30, 2020.

*Discretely Presented Component Units:*

*School Board:* The West Point School Board members are elected by the citizens of Town of West Point. The School Board is responsible for the operations of the Town's School System and is fiscally dependent upon the Town. The Town has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the Town. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component unit of the Town financial statements for the fiscal year ended June 30, 2020.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### D. Individual Component Unit Disclosures: (Continued)

##### *Discretely Presented Component Units: (Continued)*

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

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

The Town has no related organizations.

#### F. 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 (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

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

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

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

---

**F. 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:

**General Fund**

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

**2. Proprietary Funds**

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

**Enterprise Funds**

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

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  
June 30, 2020 (Continued)

---

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

---

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

##### 3. Discretely Presented Component Units

###### Town of West Point Public Schools

Town of West Point Public Schools (School Board) is responsible for elementary and secondary education within the Town. The Schools are fiscally dependent upon the Town because the Town Council approves the annual budget of the Schools, levies the necessary taxes to finance the Schools' operations and approves the borrowing of money. Separate financial statements for the School Board are not issued.

a. School Operating Fund - accounts for and reports revenues and expenditures relating to the operation of Town of West Point Public Schools. Revenues are derived from the General Fund and from state and federal funds. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

b. School Cafeteria Fund - accounts for and reports revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and federal funds. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

Economic Development Authority - accounts for and reports revenues and expenditures relating to operation of Economic Development Authority. Revenues are derived from the earning of interest.

#### G. Budgets and Budgetary Accounting

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

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

G. Budgets and Budgetary Accounting: (Continued)

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.

H. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

I. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

J. 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 "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 \$151,466 at June 30, 2020 and is composed of the allowance for uncollectible property taxes of \$34,372 and utility accounts of \$117,094.

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

K. Inventory

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

L. 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 acquisition value at the date of donation.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

L. Capital Assets: (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2020 was immaterial.

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

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

M. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### N. Pensions

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

#### O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### P. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. 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.

#### Q. Long-term Obligations

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

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

#### R. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### R. Fund Balance: (Continued)

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

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

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

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

#### S. 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.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### T. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

#### U. Upcoming Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

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

---

#### U. Upcoming Pronouncements

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

### NOTE 2—DEPOSITS AND INVESTMENTS:

---

#### Deposits

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 3—DUE FROM OTHER GOVERNMENTS:**

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 32,948	\$ -
Other state grants	-	60,553
Total due from other governmental units	<u>\$ 32,948</u>	<u>\$ 60,553</u>

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

<u>Fund</u>	<u>Due To Component Unit</u>	<u>Due From Primary Government</u>
Primary Government:		
General	\$ 897,652	\$ -
Component Unit:		
School Operating	\$ -	\$ 897,652

**NOTE 5—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 206,343	\$ -
Water and Sewer Fund	-	206,343
Total	<u>\$ 206,343</u>	<u>\$ 206,343</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 210,957
School Cafeteria Fund	210,957	-
Total	<u>\$ 210,957</u>	<u>\$ 210,957</u>

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



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 6—CAPITAL ASSETS:**

A summary of capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,015,245	\$ 196,494	\$ -	\$ 1,211,739
Construction in progress	52,389	217,582	-	269,971
Total capital assets not being depreciated	<u>\$ 1,067,634</u>	<u>\$ 414,076</u>	<u>\$ -</u>	<u>\$ 1,481,710</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,048,792	\$ 19,775	\$ -	\$ 4,068,567
Equipment	2,266,166	102,982	242,500	2,126,648
Jointly owned assets	4,710,142	-	1,169,738	3,540,404
Total capital assets being depreciated	<u>\$ 11,025,100</u>	<u>\$ 122,757</u>	<u>\$ 1,412,238</u>	<u>\$ 9,735,619</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 1,350,241	\$ 129,969	\$ -	\$ 1,480,210
Equipment	1,773,695	123,267	242,500	1,654,462
Jointly owned assets	274,248	178,109	-	452,357
Total accumulated depreciation	<u>\$ 3,398,184</u>	<u>\$ 431,345</u>	<u>\$ 242,500</u>	<u>\$ 3,587,029</u>
Total capital assets being depreciated, net	<u>\$ 7,626,916</u>	<u>\$ (308,588)</u>	<u>\$ 1,169,738</u>	<u>\$ 6,148,590</u>
Net capital assets governmental activities	<u><u>\$ 8,694,550</u></u>	<u><u>\$ 105,488</u></u>	<u><u>\$ 1,169,738</u></u>	<u><u>\$ 7,630,300</u></u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 6,000,934
Equipment	397,657	-	47,534	350,123
Total capital assets being depreciated	<u>\$ 6,398,591</u>	<u>\$ -</u>	<u>\$ 47,534</u>	<u>\$ 6,351,057</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 3,058,753	\$ 84,901	\$ -	\$ 3,143,654
Equipment	375,253	2,452	47,534	330,171
Total accumulated depreciation	<u>\$ 3,434,006</u>	<u>\$ 87,353</u>	<u>\$ 47,534</u>	<u>\$ 3,473,825</u>
Total capital assets being depreciated, net	<u>\$ 2,964,585</u>	<u>\$ (87,353)</u>	<u>\$ -</u>	<u>\$ 2,877,232</u>
Net capital assets business-type activities	<u><u>\$ 3,331,890</u></u>	<u><u>\$ (87,353)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,244,537</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Component Unit School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 59,350	\$ -	\$ -	\$ 59,350
Total capital assets not being depreciated	<u>\$ 59,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,350</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 11,705,038	\$ 1,183,135	\$ -	\$ 12,888,173
Equipment	1,760,864	49,813	56,259	1,754,418
Total capital assets being depreciated	<u>\$ 13,465,902</u>	<u>\$ 1,232,948</u>	<u>\$ 56,259</u>	<u>\$ 14,642,591</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 6,067,735	\$ 360,968	\$ -	\$ 6,428,703
Equipment	990,916	143,637	56,259	1,078,294
Total accumulated depreciation	<u>\$ 7,058,651</u>	<u>\$ 504,605</u>	<u>\$ 56,259</u>	<u>\$ 7,506,997</u>
Total capital assets being depreciated, net	<u>\$ 6,407,251</u>	<u>\$ 728,343</u>	<u>\$ -</u>	<u>\$ 7,135,594</u>
Net capital assets School Board	<u><u>\$ 6,466,601</u></u>	<u><u>\$ 728,343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,194,944</u></u>

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

Governmental activities:	
General government administration	\$ 26,609
Public safety	30,718
Public works	192,113
Education	178,109
Parks, recreation and cultural	3,796
Total governmental activities	<u>\$ 431,345</u>
Water and Sewer Fund	<u>\$ 87,353</u>
Component Unit School Board	<u><u>\$ 504,605</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:**

---

Total assessed value of all taxable real estate	\$	330,615,362
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	33,061,536
Less net bonded debt at June 30, 2020		4,782,404
Legal margin for creation of additional debt	\$	28,279,132

**NOTE 8—PENSION PLANS:**

---

*Plan Description*

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

*Benefit Structures*

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

**NOTE 8—PENSION PLANS: (CONTINUED)**

---

***Benefit Structures: (Continued)***

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

### NOTE 8—PENSION PLANS: (CONTINUED)

---

#### *Employees Covered by Benefit Terms*

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	9
Non-vested inactive members	23
Inactive members active elsewhere in VRS	<u>25</u>
Total inactive members	57
Active members	<u>37</u>
Total covered employees	<u><u>107</u></u>

#### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2020 was 5.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$79,654 and \$81,941 for the years ended June 30, 2020 and June 30, 2019, respectively.

#### *Net Pension Liability (Asset)*

The net pension liability (asset) (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability (asset) was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 8—PENSION PLANS: (CONTINUED)**

---

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

***Actuarial Assumptions - General Employees***

Mortality rates:

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 8—PENSION PLANS: (CONTINUED)**

***Actuarial Assumptions - General Employees: (Continued)***

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 8—PENSION PLANS: (CONTINUED)**

---

*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)*

Mortality rates:

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 8—PENSION PLANS: (CONTINUED)**

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

*Discount Rate: (Continued)*

30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability (Asset)*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 4,499,190	\$ 4,712,144	\$ (212,954)
Changes for the year:			
Service cost	\$ 166,461	\$ -	\$ 166,461
Interest	310,690	-	310,690
Differences between expected and actual experience	224,430	-	224,430
Assumption changes	184,138	-	184,138
Contributions - employer	-	81,516	(81,516)
Contributions - employee	-	78,354	(78,354)
Net investment income	-	319,995	(319,995)
Benefit payments, including refunds	(121,518)	(121,518)	-
Administrative expenses	-	(3,040)	3,040
Other changes	-	(202)	202
Net changes	\$ 764,201	\$ 355,105	\$ 409,096
Balances at June 30, 2019	\$ 5,263,391	\$ 5,067,249	\$ 196,142

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the Town using the discount rate of 6.75%, as well as what the Town’s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Town			
Net Pension Liability (Asset)	\$ 1,021,730	\$ 196,142	\$ (455,858)

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

For the year ended June 30, 2020, the Town recognized pension expense of \$215,273. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 155,130	\$ -
Changes of assumptions	120,201	1,040
Net difference between projected and actual earnings on pension plan investments	-	45,466
Change in proportionate share	1,038	1,038
Employer contributions subsequent to the measurement date	79,654	-
Total	<u>\$ 356,023</u>	<u>\$ 47,544</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 8—PENSION PLANS: (CONTINUED)**

---

\$79,654 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>		<u>Primary Government</u>
2021	\$	145,510
2022		82,648
2023		(1,549)
2024		2,216
2025		-
Thereafter		-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$885,254 and \$873,296 for the years ended June 30, 2020 and June 30, 2019, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 8—PENSION PLANS: (CONTINUED)**

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

At June 30, 2020, the school division reported a liability of \$8,967,611 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division’s proportion was 0.068% as compared to 0.068% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,072,810. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 574,235
Changes of assumptions	888,004	-
Net difference between projected and actual earnings on pension plan investments	-	196,907
Changes in proportion and differences between employer contributions and proportionate share of contributions	432,821	79,558
Employer contributions subsequent to the measurement date	885,254	-
Total	<u>\$ 2,206,079</u>	<u>\$ 850,700</u>

\$885,254 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 153,295
2022	(30,316)
2023	141,825
2024	137,331
2025	67,990

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 8—PENSION PLANS: (CONTINUED)**

---

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

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

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 8—PENSION PLANS: (CONTINUED)**

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

***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 8—PENSION PLANS: (CONTINUED)**

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

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

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division’s proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 13,500,151	\$ 8,967,611	\$ 5,220,041

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.



## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

### NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

---

#### *Plan Description: (Continued)*

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

#### *Eligible Employees*

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

#### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

#### *Contributions*

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$8,483 and \$8,190 for the years ended June 30, 2020 and June 30, 2019, respectively, for the Town; and \$29,812 and \$29,310 for the years ended June 30, 2020 and June 30, 2019, respectively, for the component unit school board (professional).

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

At June 30, 2020, liabilities of \$130,669 and \$467,839 were reported for the Town and component unit school board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employers’ proportion was 0.0080% and 0.0288% as compared to 0.0079% and 0.0288% at June 30, 2018, for the Town and component unit school board (professional), respectively.

For the year ended June 30, 2020, the participating employers recognized GLI OPEB expense of \$3,275 and \$16,170 for the Town and component unit school board (professional), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,690	\$ 1,695	\$ 31,114	\$ 6,069
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,684	-	9,610
Change in assumptions	8,250	3,940	29,537	14,107
Changes in proportion	1,335	-	21,708	4,205
Employer contributions subsequent to the measurement date	8,483	-	29,812	-
Total	\$ 26,758	\$ 8,319	\$ 112,171	\$ 33,991

\$8,483 and \$29,812, for the Town and component unit school board (professional), respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employers’ contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)
2021	\$ 718	\$ 7,014
2022	718	7,014
2023	1,855	11,084
2024	2,893	11,339
2025	2,939	9,246
Thereafter	833	2,671

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

---

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

---

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

---

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
		<hr/>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 171,663	\$ 130,669	\$ 97,424
Component unit school board (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 614,610	\$ 467,839	\$ 348,811

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.



## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

### NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

---

#### *Plan Description: (Continued)*

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

#### *Eligible Employees*

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

#### *Benefit Amounts*

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

#### *HIC Plan Notes*

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

#### *Contributions*

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$68,797 and \$67,639 for the years ended June 30, 2020 and June 30, 2019, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2020, the school division reported a liability of \$879,714 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.0672% as compared to 0.0676% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$79,079. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,983
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	56	-
Change in assumptions	20,475	6,113
Change in proportion	36,993	7,968
Employer contributions subsequent to the measurement date	68,797	-
Total	<u>\$ 126,321</u>	<u>\$ 19,064</u>

\$68,797 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 7,511
2022	7,510
2023	7,895
2024	7,766
2025	5,117
Thereafter	2,661

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

---

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

**Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,438,114
Plan Fiduciary Net Position	129,016
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.97%

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**

***Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 984,549	\$ 879,714	\$ 790,656

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Aggregate OPEB Information***

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan (Note 9):								
Town	\$ 26,758	\$ 8,319	\$ 130,669	\$ 3,275	\$ -	\$ -	\$ -	\$ -
School Board Professional	-	-	-	-	112,171	33,991	467,839	16,170
Teacher Health Insurance Credit Plan (Note 10)	-	-	-	-	126,321	19,064	879,714	79,079
Totals	<u>\$ 26,758</u>	<u>\$ 8,319</u>	<u>\$ 130,669</u>	<u>\$ 3,275</u>	<u>\$ 238,492</u>	<u>\$ 53,055</u>	<u>\$ 1,347,553</u>	<u>\$ 95,249</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 11—LONG-TERM OBLIGATIONS:**

**PRIMARY GOVERNMENT:**

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2020:

	<u>Balance at June 30, 2019</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Direct borrowings and placements:					
General obligation bonds	\$ 5,550,176	\$ -	\$ 1,255,381	\$ 4,294,795	\$ 285,901
Capital lease	-	26,150	8,717	17,433	8,717
Net pension liability	-	608,879	432,214	176,665	-
Net OPEB liability	107,557	31,529	20,726	118,360	-
Compensated absences	128,322	32,080	24,110	136,292	13,629
Total	<u>\$ 5,786,055</u>	<u>\$ 698,638</u>	<u>\$ 1,741,148</u>	<u>\$ 4,743,545</u>	<u>\$ 308,247</u>
<u>Business-type Activities:</u>					
Direct borrowings and placements:					
General obligation bond	\$ 542,966	\$ -	\$ 55,357	\$ 487,609	\$ 56,534
Net pension liability	-	68,512	49,035	19,477	-
Net OPEB liability	13,443	3,066	4,200	12,309	-
Compensated absences	6,504	3,251	974	8,781	878
Total	<u>\$ 562,913</u>	<u>\$ 74,829</u>	<u>\$ 109,566</u>	<u>\$ 528,176</u>	<u>\$ 57,412</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)**

**PRIMARY GOVERNMENT: (CONTINUED)**

Changes in Long-term Obligations: (Continued)

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

Year Ending June 30,	Governmental Activities				Business-type Activities	
	Director Borrowings and Direct Placements		Capital Lease		Director Borrowings and Direct Placements	
	General Obligation Bonds				General Obligation Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 285,901	\$ 135,258	\$ 8,717	\$ -	\$ 56,534	\$ 13,823
2022	293,856	127,659	8,716	-	58,105	12,350
2023	301,840	119,847	-	-	59,675	10,836
2024	309,854	111,824	-	-	61,246	9,283
2025	317,901	103,586	-	-	62,816	7,689
2026	325,982	95,131	-	-	64,386	6,054
2027	334,069	86,486	-	-	65,957	4,379
2028	342,771	77,645	-	-	58,890	2,659
2029	350,901	68,577	-	-	-	-
2030	400,000	61,320	-	-	-	-
2031	410,000	51,720	-	-	-	-
2032	420,000	41,880	-	-	-	-
2033	201,720	31,800	-	-	-	-
Total	\$ 4,294,795	\$ 1,112,733	\$ 17,433	\$ -	\$ 487,609	\$ 67,073



TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT: (CONTINUED)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>		
Direct Borrowings and Placements:		
General Obligation Bonds:		
\$367,139 issued December 11, 2008 due in varying annual installments, interest payable semi-annually at rates varying from 3.60% to 5.35%, through January 15, 2029	\$ 187,204	\$ 18,435
\$5,070,000 General Obligation Refunding Bond, Series 2014, issued August 8, 2014 due in varying annual installments, interest payable semi-annually at 2.40%, through January 15, 2035	3,353,200	180,000
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	754,391	87,466
Total Direct Borrowings and Placements	<u>\$ 4,294,795</u>	<u>\$ 285,901</u>
\$26,150 capital lease for the purchase of office equipment, payable in annual installments of \$8,717 through December 2021.	\$ 17,433	\$ 8,717
Net pension liability	\$ 176,665	\$ -
Net OPEB Liability	\$ 118,360	\$ -
Compensated Absences	\$ 136,292	\$ 13,629
Total governmental activities long-term obligations	<u>\$ 4,743,545</u>	<u>\$ 308,247</u>
<u>Business-type Activities</u>		
Direct Borrowings and Placements:		
General Obligation Bonds:		
\$970,114 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	\$ 487,609	\$ 56,534
Net pension liability	\$ 19,477	\$ -
Net OPEB Liability	\$ 12,309	\$ -
Compensated Absences	\$ 8,781	\$ 878
Total business-type long-term obligations	<u>\$ 528,176</u>	<u>\$ 57,412</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

COMPONENT UNIT—SCHOOL BOARD:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2020:

	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020	Due Within One Year
Note payable	\$ 101,002	\$ -	\$ 12,113	\$ 88,889	\$ 11,966
Net pension liability	8,053,000	3,360,635	2,446,024	8,967,611	-
Net OPEB liabilities	1,295,000	296,132	243,579	1,347,553	-
Compensated absences	182,058	45,515	10,450	217,123	21,712
Total	<u>\$ 9,631,060</u>	<u>\$ 3,702,282</u>	<u>\$ 2,712,166</u>	<u>\$ 10,621,176</u>	<u>\$ 33,678</u>

Year Ending June 30,	Note Payable	
	Principal	Interest
2021	\$ 11,966	\$ 2,519
2022	12,330	2,154
2023	12,704	1,780
2024	13,091	1,393
2025	13,540	944
2026	13,899	585
2027	11,359	165
Total	<u>\$ 88,889</u>	<u>\$ 9,540</u>

	Amount Outstanding	Due Within One Year
Note payable:		
\$125,000 issued May 9, 2016 payable to the Town in monthly installments of \$1,207, interest payable each month at .25% rate, through April 2027	\$ 88,889	\$ 11,966
Net pension liability	\$ 8,967,611	\$ -
Net OPEB liabilities	\$ 1,347,553	\$ -
Compensated absences	\$ 217,123	\$ 21,712
Total school long-term obligations	<u>\$ 10,621,176</u>	<u>\$ 33,678</u>

## TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

---

### NOTE 12—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

---

Unearned, deferred and unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. As of June 30, 2020, unearned, deferred, and unavailable revenue consisted of the following:

Unearned revenue: Unearned revenue representing the portion of Coronavirus Relief Fund unspent as of June 30, 2020, which totaled \$248,412.

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$222,884 at June 30, 2020.

Prepaid property taxes: Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$23,757 at June 30, 2020.

### NOTE 13—CONTINGENT LIABILITIES:

---

The Town participates in a number of federally assisted grant programs. These programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant.

On October 31, 2006, the Economic Development Authority of the Town of West Point issued a Letter of Credit in the amount of \$450,000 in favor of the Virginia Department of Transportation, to secure payment of any drafts under the Letter of Credit issued by the Citizens and Farmers Bank. Should the Letter of Credit be drawn upon by the holder pursuant to the terms, then the amount shall become due and payable and shall bear interest at the rate of the Wall Street Journal Prime plus one and one-half percentage points. During the year ended June 30, 2017, \$88,434 was paid to the Commonwealth of Virginia Department of Transportation pursuant to the assignment of deposit account agreement. On March 16, 2017, the General Assembly of Virginia approved legislation which acted to impose a 48-month moratorium on the repayment of funds allocated for a bonded project pursuant to the Economic Development Access Program.

### NOTE 14—RISK MANAGEMENT:

---

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

**TOWN OF WEST POINT, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (Continued)

---

**NOTE 15—SURETY BOND INFORMATION:**

---

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

**NOTE 16—INVENTORY:**

---

At June 30, 2020, the Component Unit - Economic Development Authority had inventory recorded in the various funds as follows:

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

**NOTE 17—LITIGATION:**

---

At June 30, 2020, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

**NOTE 18—COVID-19 PANDEMIC SUBSEQUENT EVENT:**

---

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the "COVID-19 outbreak"). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. Town of West Point, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021 and beyond.

**Required Supplementary Information**

This page intentionally left blank

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2020

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 6,037,261	\$ 6,037,261	\$ 6,303,564	\$ 266,303
Other local taxes	1,006,000	1,006,000	1,125,260	119,260
Permits, privilege fees and regulatory licenses	49,700	49,700	33,668	(16,032)
Fines and forfeitures	30,000	30,000	18,357	(11,643)
Revenue from use of money and property	94,484	94,484	401,686	307,202
Charges for services	182,000	182,000	185,914	3,914
Miscellaneous	27,400	27,400	62,689	35,289
Recovered costs	45,000	45,000	43,272	(1,728)
Intergovernmental:				
King William County	150,000	150,000	158,106	8,106
Commonwealth	554,374	554,374	550,844	(3,530)
Federal	-	-	37,343	37,343
Total revenues	\$ 8,176,219	\$ 8,176,219	\$ 8,920,703	\$ 744,484
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 59,800	\$ 59,800	\$ 47,337	\$ 12,463
Human resources	98,444	98,444	99,770	(1,326)
Total legislative	\$ 158,244	\$ 158,244	\$ 147,107	\$ 11,137
General and financial administration:				
Town treasurer	\$ 292,395	\$ 292,395	\$ 309,980	\$ (17,585)
Town manager	255,613	255,613	254,042	1,571
Total general and financial administration	\$ 548,008	\$ 548,008	\$ 564,022	\$ (16,014)
Total general government administration	\$ 706,252	\$ 706,252	\$ 711,129	\$ (4,877)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 809,776	\$ 809,776	\$ 762,320	\$ 47,456
Central dispatching	41,200	41,200	41,183	17
Total law enforcement and traffic control	\$ 850,976	\$ 850,976	\$ 803,503	\$ 47,473

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Fire department	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total fire and rescue services	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Inspections:				
Building	\$ 74,501	\$ 74,501	\$ 83,184	\$ (8,683)
Total inspections	\$ 74,501	\$ 74,501	\$ 83,184	\$ (8,683)
Total public safety	\$ 1,075,477	\$ 1,075,477	\$ 1,036,687	\$ 38,790
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 307,135	\$ 307,135	\$ 263,831	\$ 43,304
Highways, streets, bridges and sidewalks	\$ 332,628	\$ 332,628	\$ 293,821	\$ 38,807
Total maintenance of highways, streets, bridges and sidewalks	\$ 639,763	\$ 639,763	\$ 557,652	\$ 82,111
Sanitation and waste removal:				
Refuse collection and disposal	\$ 236,973	\$ 236,973	\$ 193,685	\$ 43,288
Total sanitation and waste removal	\$ 236,973	\$ 236,973	\$ 193,685	\$ 43,288
Maintenance of general buildings and grounds:				
General properties	\$ 491,316	\$ 491,316	\$ 441,607	\$ 49,709
Total maintenance of general buildings and grounds	\$ 491,316	\$ 491,316	\$ 441,607	\$ 49,709
Total public works	\$ 1,368,052	\$ 1,368,052	\$ 1,192,944	\$ 175,108
Education:				
Contribution to school board component unit	\$ 4,323,976	\$ 4,323,976	\$ 4,099,220	\$ 224,756
School facilities	\$ 105,000	\$ 105,000	\$ 62,683	\$ 42,317
Total education	\$ 4,428,976	\$ 4,428,976	\$ 4,161,903	\$ 267,073



Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Youth recreation programs	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Cemetery	40,300	40,300	40,265	35
Puller 10K	22,850	22,850	115	22,735
Riverwalk park/puller pavilion	500,000	500,000	220,953	279,047
150th anniversary	40,000	40,000	6,192	33,808
Recreational services agreement	40,000	40,000	40,000	-
Total parks and recreation	\$ 648,150	\$ 648,150	\$ 307,525	\$ 340,625
Library:				
Library administration	\$ 36,000	\$ 36,000	\$ 30,530	\$ 5,470
Total library	\$ 36,000	\$ 36,000	\$ 30,530	\$ 5,470
Total parks, recreation and cultural	\$ 684,150	\$ 684,150	\$ 338,055	\$ 346,095
Planning and community development:				
Community development:				
Community development	\$ 149,842	\$ 149,842	\$ 143,786	\$ 6,056
Economic development	119,700	119,700	68,000	51,700
MPPDC fees	7,585	7,585	7,823	(238)
Farmers market	1,000	1,000	1,062	(62)
Chesapeake bay transit	26,667	26,667	26,667	-
Bay agency on aging	2,500	2,500	2,500	-
Art council funding	9,500	9,500	9,500	-
Chamber of commerce	1,500	1,500	1,500	-
Total community development	\$ 318,294	\$ 318,294	\$ 260,838	\$ 57,456
Total planning and community development	\$ 318,294	\$ 318,294	\$ 260,838	\$ 57,456

Schedule of Revenues, Expenditures, and Change in Fund Balance -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2020 (Continued)

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (continued)				
Nondepartmental:				
Employee compensation	\$ 72,302	\$ 72,302	\$ 3,337	\$ 68,965
Indian Rivers Humane Society	2,000	2,000	2,000	-
Computer repair blanket	12,000	12,000	13,661	(1,661)
Planning commission	4,600	4,600	970	3,630
Portable electronic agendas	7,500	7,500	6,724	776
Board of zoning appeals	1,350	1,350	255	1,095
Dare	-	-	488	(488)
Wetlands Board	1,400	1,400	1,710	(310)
Marketing	2,000	2,000	590	1,410
Server upgrade	12,000	12,000	34,942	(22,942)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
YMCA new beginnings	1,500	1,500	1,500	-
Liability insurance	36,000	36,000	37,569	(1,569)
Erroneous assessment	55,879	55,879	55,879	-
Annual audit service	25,000	25,000	24,450	550
Total nondepartmental	\$ 263,531	\$ 263,531	\$ 214,075	\$ 49,456
Debt service:				
Principal retirement	\$ 1,264,098	\$ 1,264,098	\$ 1,264,098	\$ -
Interest and fiscal charges	202,156	202,156	102,194	99,962
Total debt service	\$ 1,466,254	\$ 1,466,254	\$ 1,366,292	\$ 99,962
Total expenditures	\$ 10,310,986	\$ 10,310,986	\$ 9,281,923	\$ 1,029,063
Excess (deficiency) of revenues over expenditures	\$ (2,134,767)	\$ (2,134,767)	\$ (361,220)	\$ 1,773,547
Other financing sources (uses):				
Capital lease proceeds	\$ -	\$ -	\$ 26,150	\$ 26,150
Transfers in (out)	(138,250)	(138,250)	206,343	344,593
Total other financing sources (uses)	\$ (138,250)	\$ (138,250)	\$ 232,493	\$ 370,743
Change in fund balance	\$ (2,273,017)	\$ (2,273,017)	\$ (128,727)	\$ 2,144,290
Fund balance at beginning of year	2,273,017	2,273,017	5,788,227	3,515,210
Fund balance at end of year	\$ -	\$ -	\$ 5,659,500	\$ 5,659,500

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Primary Government  
 Pension Plans  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 166,461	\$ 158,875	\$ 159,706	\$ 153,503	\$ 139,219	\$ 143,110
Interest	310,690	285,573	257,580	257,485	241,502	221,845
Changes of assumptions	184,138	-	(52,964)	-	-	-
Differences between expected and actual experience	224,430	19,553	114,277	(330,501)	(53,409)	-
Benefit payments	(121,518)	(88,845)	(68,566)	(89,690)	(108,267)	(60,007)
<b>Net change in total pension liability</b>	<b>\$ 764,201</b>	<b>\$ 375,156</b>	<b>\$ 410,033</b>	<b>\$ (9,203)</b>	<b>\$ 219,045</b>	<b>\$ 304,948</b>
<b>Total pension liability - beginning</b>	<b>4,499,190</b>	<b>4,124,034</b>	<b>3,714,001</b>	<b>3,723,204</b>	<b>3,504,159</b>	<b>3,199,211</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,263,391</b>	<b>\$ 4,499,190</b>	<b>\$ 4,124,034</b>	<b>\$ 3,714,001</b>	<b>\$ 3,723,204</b>	<b>\$ 3,504,159</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 81,516	\$ 70,331	\$ 68,585	\$ 108,608	\$ 109,477	\$ 116,839
Contributions - employee	78,354	73,959	70,957	66,741	67,115	64,635
Net investment income	319,995	324,146	471,341	66,888	161,326	461,112
Benefit payments	(121,518)	(88,845)	(68,566)	(89,690)	(108,267)	(60,007)
Administrator charges	(3,040)	(2,702)	(2,604)	(2,196)	(2,115)	(2,356)
Other	(202)	(291)	(424)	(28)	(35)	24
<b>Net change in plan fiduciary net position</b>	<b>\$ 355,105</b>	<b>\$ 376,598</b>	<b>\$ 539,289</b>	<b>\$ 150,323</b>	<b>\$ 227,501</b>	<b>\$ 580,247</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,712,144</b>	<b>4,335,546</b>	<b>3,796,257</b>	<b>3,645,934</b>	<b>3,418,433</b>	<b>2,838,186</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,067,249</b>	<b>\$ 4,712,144</b>	<b>\$ 4,335,546</b>	<b>\$ 3,796,257</b>	<b>\$ 3,645,934</b>	<b>\$ 3,418,433</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 196,142</b>	<b>\$ (212,954)</b>	<b>\$ (211,512)</b>	<b>\$ (82,256)</b>	<b>\$ 77,270</b>	<b>\$ 85,726</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>96.27%</b>	<b>104.73%</b>	<b>105.13%</b>	<b>102.21%</b>	<b>97.92%</b>	<b>97.55%</b>
<b>Covered payroll</b>	<b>\$ 1,574,948</b>	<b>\$ 1,508,394</b>	<b>\$ 1,445,442</b>	<b>\$ 1,374,894</b>	<b>\$ 1,375,847</b>	<b>\$ 1,291,185</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>12.45%</b>	<b>-14.12%</b>	<b>-14.63%</b>	<b>-5.98%</b>	<b>5.62%</b>	<b>6.64%</b>

Schedule is intended to show information for 10 years. Information prior to the 2014 is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2019

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
<b>Component Unit School Board (professional)</b>					
2019	0.068%	\$ 8,967,611	\$ 5,636,545	159.10%	73.51%
2018	0.068%	8,053,000	5,468,141	147.27%	74.81%
2017	0.069%	8,447,000	5,365,434	157.43%	72.92%
2016	0.063%	8,857,000	4,818,688	183.81%	70.68%
2015	0.061%	7,655,000	4,522,187	169.28%	70.88%
2014	0.063%	7,612,000	4,606,771	165.24%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

## Schedule of Employer Contributions

## Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 79,654	\$ 79,654	\$ -	\$ 1,625,395	4.90%
2019	81,941	81,941	-	1,574,948	5.20%
2018	70,585	70,585	-	1,508,394	4.68%
2017	72,850	72,850	-	1,445,442	5.04%
2016	111,092	111,092	-	1,374,894	8.08%
2015	111,168	111,168	-	1,375,847	8.08%
2014	116,594	116,594	-	1,291,185	9.03%
2013	84,854	84,854	-	1,247,849	6.80%
2012	79,213	79,213	-	1,440,242	5.50%
2011	77,480	77,480	-	1,408,724	5.50%
<b>Component Unit School Board (professional)</b>					
2020	\$ 885,254	\$ 885,254	\$ -	\$ 5,733,055	15.44%
2019	873,296	873,296	-	5,636,545	15.49%
2018	795,496	795,496	-	5,468,141	14.55%
2017	771,779	771,779	-	5,365,434	14.38%
2016	670,955	670,955	-	4,818,688	13.92%
2015	647,883	647,883	-	4,522,187	14.33%
2014	537,150	537,150	-	4,606,771	11.66%
2013	530,524	530,524	-	4,549,945	11.66%
2012	280,334	280,334	-	4,440,040	6.33%
2011	386,038	386,038	-	4,322,932	8.93%

Notes to Required Supplementary Information  
Pension Plans  
Year Ended June 30, 2020

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Town and School Board's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

---

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
<b>Primary Government:</b>					
2019	0.0080%	\$ 130,669	\$ 1,574,948	8.30%	52.00%
2018	0.0079%	121,000	1,508,394	8.02%	51.22%
2017	0.0078%	118,000	1,445,442	8.16%	48.86%
<b>Component Unit School Board (professional):</b>					
2019	0.0288%	\$ 467,839	\$ 5,636,545	8.30%	52.00%
2018	0.0288%	436,000	5,468,141	7.97%	51.22%
2017	0.0291%	438,000	5,365,434	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>Primary Government</b>					
2020	\$ 8,483	\$ 8,483	\$ -	\$ 1,631,309	0.52%
2019	8,190	8,190	-	1,574,948	0.52%
2018	7,844	7,844	-	1,508,394	0.52%
2017	7,516	7,516	-	1,445,442	0.52%
2016	7,287	7,287	-	1,374,894	0.53%
2015	7,292	7,292	-	1,375,847	0.53%
2014	6,843	6,843	-	1,291,185	0.53%
2013	6,614	6,614	-	1,247,849	0.53%
2012	6,337	6,337	-	1,440,242	0.44%
2011	6,198	6,198	-	1,408,724	0.44%
<b>Component Unit School Board (professional)</b>					
2020	\$ 29,812	\$ 29,812	\$ -	\$ 5,733,055	0.52%
2019	29,310	29,310	-	5,636,545	0.52%
2018	28,434	28,434	-	5,468,141	0.52%
2017	27,900	27,900	-	5,365,434	0.52%
2016	25,539	25,539	-	4,818,688	0.53%
2015	23,968	23,968	-	4,522,187	0.53%
2014	24,416	24,416	-	4,606,771	0.53%
2013	24,115	24,115	-	4,549,945	0.53%
2012	19,536	19,536	-	4,440,040	0.44%
2011	19,021	19,021	-	4,322,932	0.44%



Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 Year Ended June 30, 2020

---

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

<u>Date</u>	<u>Employer's Proportion of the Net HIC OPEB Liability</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability</u>
2019	0.0672%	\$ 879,714	\$ 5,636,545	15.61%	8.97%
2018	0.0676%	859,000	5,468,141	15.71%	8.08%
2017	0.0679%	863,000	5,365,434	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 68,797	\$ 68,797	\$ -	\$ 5,733,055	1.20%
2019	67,639	67,639	-	5,636,545	1.20%
2018	67,258	67,258	-	5,468,141	1.23%
2017	65,995	65,995	-	5,365,434	1.23%
2016	56,861	56,861	-	4,818,688	1.18%
2015	53,362	53,362	-	4,522,187	1.18%
2014	53,899	53,899	-	4,606,771	1.17%
2013	52,601	52,601	-	4,495,842	1.17%
2012	47,829	47,829	-	4,428,654	1.08%
2011	46,688	46,688	-	4,322,932	1.08%

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 Year Ended June 30, 2020

---

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Other Supplementary Information**

This page intentionally left blank

**Discretely Presented Component Unit-School Board**

This page intentionally left blank



Combining Balance Sheet - Governmental Funds  
 Discretely Presented Component Unit - School Board  
 June 30, 2020

	School Operating	School Cafeteria	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 209,480	\$ 209,480
Due from other governments	60,553	-	60,553
Due from primary government	897,652	-	897,652
Prepaid expenses	157,038	-	157,038
Total assets	<u>\$ 1,115,243</u>	<u>\$ 209,480</u>	<u>\$ 1,324,723</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 67,512	\$ -	\$ 67,512
Accrued expenses	1,047,731	-	1,047,731
Total liabilities	<u>\$ 1,115,243</u>	<u>\$ -</u>	<u>\$ 1,115,243</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Prepaid expenses	\$ 157,038	\$ -	\$ 157,038
Assigned:			
Special revenue	-	209,480	209,480
Unassigned	(157,038)	-	(157,038)
Total fund balances	<u>\$ -</u>	<u>\$ 209,480</u>	<u>\$ 209,480</u>
Total liabilities and fund balances	<u>\$ 1,115,243</u>	<u>\$ 209,480</u>	<u>\$ 1,324,723</u>

Amounts reported for the school board in the statement of net position are different because:

Fund balance from above \$ 209,480

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

Land	\$ 59,350	
Building and improvements	6,459,470	
Equipment	676,124	7,194,944

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 2,206,079	
OPEB related items	238,492	2,444,571

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

Note payable	\$ (88,889)	
Net pension liability	(8,967,611)	
Net OPEB liabilities	(1,347,553)	
Compensated absences	(217,123)	(10,621,176)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (850,700)	
OPEB related items	(53,055)	(903,755)

Net position of governmental activities \$ (1,675,936)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2020

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>Total</u>
Revenues:			
Revenue from use of money and property	\$ 6,978	\$ 3,285	\$ 10,263
Charges for services	-	138,412	138,412
Miscellaneous	344,951	-	344,951
Recovered costs	352,486	-	352,486
Intergovernmental revenue:			
Contribution from Town of West Point	4,099,220	-	4,099,220
Commonwealth	5,597,668	-	5,597,668
Federal	420,452	-	420,452
Total revenues	<u>\$ 10,821,755</u>	<u>\$ 141,697</u>	<u>\$ 10,963,452</u>
Expenditures:			
Current:			
Education	<u>\$ 10,610,798</u>	<u>\$ 372,808</u>	<u>\$ 10,983,606</u>
Total expenditures	<u>\$ 10,610,798</u>	<u>\$ 372,808</u>	<u>\$ 10,983,606</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 210,957	\$ (231,111)	\$ (20,154)
Other financing sources (uses):			
Transfers in (out)	<u>\$ (210,957)</u>	<u>\$ 210,957</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (210,957)</u>	<u>\$ 210,957</u>	<u>\$ -</u>
Changes in fund balances	\$ -	\$ (20,154)	\$ (20,154)
Fund balances at beginning of year	<u>-</u>	<u>229,634</u>	<u>229,634</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 209,480</u></u>	<u><u>\$ 209,480</u></u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2020

		<u>Component-Unit School Board</u>
Amounts reported for the school board in the statement of activities are different because:		
Net change in fund balances - total school board funds	\$	(20,154)
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 depreciation exceeded capital outlays in the current period.		
Capital outlays	\$ 63,210	
Depreciation expense	<u>(504,605)</u>	(441,395)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		1,169,738
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments		12,113
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.		
Pension expense	\$ (188,528)	
OPEB expense	2,935	
Change in compensated absences	<u>(35,065)</u>	<u>(220,658)</u>
Change in net position of governmental activities	\$	<u><u>499,644</u></u>

Schedule of Revenues, Expenditures, and Change in Fund Balances  
 Budget and Actual - School Operating Fund  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2020

	School Operating Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 6,978	\$ (3,022)
Miscellaneous	548,657	548,657	344,951	(203,706)
Recovered costs	351,950	351,950	352,486	536
Intergovernmental:				
Town contribution to School Board	4,323,976	4,323,976	4,099,220	(224,756)
Commonwealth	5,714,926	5,714,926	5,597,668	(117,258)
Federal	384,543	384,543	420,452	35,909
Total revenues	<u>\$ 11,334,052</u>	<u>\$ 11,334,052</u>	<u>\$ 10,821,755</u>	<u>\$ (512,297)</u>
Expenditures:				
Current:				
Education:				
Instruction	\$ 8,763,186	\$ 8,763,186	\$ 8,501,699	\$ 261,487
Administration, attendance and health	633,177	633,177	615,023	18,154
Pupil transportation services	227,632	227,632	197,129	30,503
Operation and maintenance services	1,342,833	1,342,833	1,154,359	188,474
Facilities	67,982	67,982	54,431	13,551
Debt service	43,315	43,315	43,264	51
School food services	50,536	50,536	44,893	5,643
Total expenditures	<u>\$ 11,128,661</u>	<u>\$ 11,128,661</u>	<u>\$ 10,610,798</u>	<u>\$ 517,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 205,391</u>	<u>\$ 205,391</u>	<u>\$ 210,957</u>	<u>\$ 5,566</u>
Other financing sources (uses):				
Transfers out	<u>\$ (205,391)</u>	<u>\$ (205,391)</u>	<u>\$ (210,957)</u>	<u>\$ (5,566)</u>
Total other financing sources (uses)	<u>\$ (205,391)</u>	<u>\$ (205,391)</u>	<u>\$ (210,957)</u>	<u>\$ (5,566)</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Statement of Net Position - Proprietary Fund  
 Discretely Presented Component Unit - Economic Development Authority  
 Year Ended June 30, 2020

---

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 396,064
Inventory	548,208
	<u>944,272</u>
Total Current Assets	\$ 944,272
	<u>944,272</u>
Total Assets	\$ <u><u>944,272</u></u>
<b>LIABILITIES</b>	
Contingent liability	\$ <u>361,566</u>
<b>NET POSITION</b>	
Unrestricted	\$ <u>582,706</u>
Total Liabilities and Net Position	\$ <u><u>944,272</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund  
 Discretely Presented Component Unit - Economic Development Authority  
 Year Ended June 30, 2020

---

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
Nonoperating revenues (expenses):	
Interest income	\$ <u>7,672</u>
Total nonoperating revenues (expenses)	\$ <u>7,672</u>
Change in net position	\$ 7,672
Net position at beginning of year	<u>575,034</u>
Net position at end of year	<u><u>\$ 582,706</u></u>

Statement of Cash Flows - Proprietary Fund  
 Discretely Presented Component Unit - Economic Development Authority  
 Year Ended June 30, 2020

---

	<b>Proprietary Fund</b>
	<u>Enterprise</u>
<b>Cash flows from investing activities:</b>	
Interest income	\$ <u>7,672</u>
Increase (decrease) in cash and cash equivalents	\$ 7,672
Cash and cash equivalents at beginning of year	<u>388,392</u>
Cash and cash equivalents at end of year	<u><u>\$ 396,064</u></u>



## **Supporting Schedule**

This page intentionally left blank

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,257,710	\$ 2,257,710	\$ 2,294,458	\$ 36,748
Real and personal public service corporation property taxes	120,000	120,000	113,187	(6,813)
Personal property taxes	3,619,551	3,619,551	3,829,865	210,314
Penalties	40,000	40,000	28,842	(11,158)
Interest	-	-	37,212	37,212
Total general property taxes	<u>\$ 6,037,261</u>	<u>\$ 6,037,261</u>	<u>\$ 6,303,564</u>	<u>\$ 266,303</u>
Other local taxes:				
Local sales and use taxes	\$ 275,000	\$ 275,000	\$ 341,245	\$ 66,245
Consumers' utility taxes	70,000	70,000	70,831	831
Utility consumption tax	45,000	45,000	44,865	(135)
Business license taxes	180,000	180,000	209,565	29,565
Motor vehicle licenses	56,000	56,000	49,455	(6,545)
Natural gas tax	40,000	40,000	37,050	(2,950)
Bank franchise tax	55,000	55,000	78,512	23,512
Meals taxes	285,000	285,000	293,737	8,737
Total other local taxes	<u>\$ 1,006,000</u>	<u>\$ 1,006,000</u>	<u>\$ 1,125,260</u>	<u>\$ 119,260</u>
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 49,700	\$ 49,700	\$ 33,668	\$ (16,032)
Total permits, privilege fees and regulatory licenses	<u>\$ 49,700</u>	<u>\$ 49,700</u>	<u>\$ 33,668</u>	<u>\$ (16,032)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 18,357	\$ (11,643)
Total fines and forfeitures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 18,357</u>	<u>\$ (11,643)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 95,570	\$ 20,570
Revenue from use of property	19,484	19,484	306,116	286,632
Total revenue from use of money and property	<u>\$ 94,484</u>	<u>\$ 94,484</u>	<u>\$ 401,686</u>	<u>\$ 307,202</u>
Charges for services:				
Charges for solid waste collection	\$ 182,000	\$ 182,000	\$ 185,914	\$ 3,914
Total charges for services	<u>\$ 182,000</u>	<u>\$ 182,000</u>	<u>\$ 185,914</u>	<u>\$ 3,914</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government: (continued)</b>				
<b>General Fund: (continued)</b>				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 27,400	\$ 27,400	\$ 62,689	\$ 35,289
Total miscellaneous	\$ 27,400	\$ 27,400	\$ 62,689	\$ 35,289
Recovered costs:				
DMV - license agent fees	\$ 45,000	\$ 45,000	\$ 43,272	\$ (1,728)
Total recovered costs	\$ 45,000	\$ 45,000	\$ 43,272	\$ (1,728)
Total revenue from local sources	\$ 7,471,845	\$ 7,471,845	\$ 8,174,410	\$ 702,565
Intergovernmental:				
Local government:				
King William County	\$ 150,000	\$ 150,000	\$ 158,106	\$ 8,106
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	\$ -
Rolling stock tax	-	-	6,323	6,323
Communications tax	80,000	80,000	71,632	(8,368)
Total noncategorical aid	\$ 446,550	\$ 446,550	\$ 444,505	\$ (2,045)
Categorical aid:				
Fire department grant	\$ 11,443	\$ 11,443	\$ 12,041	\$ 598
599 fund grant	73,388	73,388	79,072	5,684
VA commission of the arts grant	4,500	4,500	4,500	-
Asset forfeiture	-	-	726	726
Police grants	8,493	8,493	-	(8,493)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	\$ 107,824	\$ 107,824	\$ 106,339	\$ (1,485)
Total revenue from the Commonwealth	\$ 554,374	\$ 554,374	\$ 550,844	\$ (3,530)
Revenue from the Federal Government:				
Categorical aid:				
Coronavirus relief fund	\$ -	\$ -	\$ 37,343	\$ 37,343
Total categorical aid	\$ -	\$ -	\$ 37,343	\$ 37,343
Total revenue from the federal government	\$ -	\$ -	\$ 37,343	\$ 37,343
<b>Total General Fund</b>	<b>\$ 8,176,219</b>	<b>\$ 8,176,219</b>	<b>\$ 8,920,703</b>	<b>\$ 744,484</b>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 6,378	\$ (3,622)
Revenue from use of property	-	-	600	600
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,978</u>	<u>\$ (3,022)</u>
Miscellaneous:				
Miscellaneous	\$ 548,657	\$ 548,657	\$ 344,951	\$ (203,706)
Total miscellaneous	<u>\$ 548,657</u>	<u>\$ 548,657</u>	<u>\$ 344,951</u>	<u>\$ (203,706)</u>
Recovered costs:				
Tuition or other payments from another county or city	\$ 351,950	\$ 351,950	\$ 352,486	\$ 536
Total recovered costs	<u>\$ 351,950</u>	<u>\$ 351,950</u>	<u>\$ 352,486</u>	<u>\$ 536</u>
Total revenue from local sources	<u>\$ 910,607</u>	<u>\$ 910,607</u>	<u>\$ 704,415</u>	<u>\$ (206,192)</u>
Intergovernmental:				
Town contribution to School Board	\$ 4,323,976	\$ 4,323,976	\$ 4,099,220	\$ (224,756)
Total intergovernmental	<u>\$ 4,323,976</u>	<u>\$ 4,323,976</u>	<u>\$ 4,099,220</u>	<u>\$ (224,756)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 772,119	\$ 772,119	\$ 695,447	\$ (76,672)
Basic school aid	3,012,184	3,012,184	2,978,143	(34,041)
Special education - SOQ	270,759	270,759	275,738	4,979
Share of fringe benefits	560,733	560,733	571,044	10,311
State technology grant	128,000	128,000	102,000	(26,000)
Other state funds	971,131	971,131	975,296	4,165
Total categorical aid	<u>\$ 5,714,926</u>	<u>\$ 5,714,926</u>	<u>\$ 5,597,668</u>	<u>\$ (117,258)</u>
Total revenue from the Commonwealth	<u>\$ 5,714,926</u>	<u>\$ 5,714,926</u>	<u>\$ 5,597,668</u>	<u>\$ (117,258)</u>
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 65,601	\$ 65,601	\$ 49,890	\$ (15,711)
Title VI-B - special education	135,055	135,055	157,930	22,875
CARES Act Funds	42,321	42,321	-	(42,321)
Other federal funds	141,566	141,566	212,632	71,066
Total categorical aid	<u>\$ 384,543</u>	<u>\$ 384,543</u>	<u>\$ 420,452</u>	<u>\$ 35,909</u>
Total revenue from the federal government	<u>\$ 384,543</u>	<u>\$ 384,543</u>	<u>\$ 420,452</u>	<u>\$ 35,909</u>
<b>Total School Operating Fund</b>	<u><u>\$ 11,334,052</u></u>	<u><u>\$ 11,334,052</u></u>	<u><u>\$ 10,821,755</u></u>	<u><u>\$ (512,297)</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
<b>Component Unit - School Board: (continued)</b>				
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,285	\$ 3,285
Charges for services:				
Cafeteria sales	-	-	138,412	138,412
Total revenue from local sources	\$ -	\$ -	\$ 141,697	\$ 141,697
<b>Total School Cafeteria Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,697</u>	<u>\$ 141,697</u>
<b>Total Revenues-Component Unit-School Board</b>	<u>\$ 11,334,052</u>	<u>\$ 11,334,052</u>	<u>\$ 10,963,452</u>	<u>\$ (370,600)</u>

## **Statistical Information**

This page intentionally left blank



TOWN OF WEST POINT, VIRGINIA

Government-wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General			Parks, Recreation and Cultural				Interest on Debt	Water and Sewer		Total
	Government Administration	Public Safety	Public Works	Education	Community Development	Water and Sewer	Total				
2010-11	\$ 537,809	\$ 1,051,801	\$ 1,107,762	\$ 3,944,820	\$ 40,182	\$ 291,900	\$ 90,143	\$ 528,925	\$ 7,593,342		
2011-12	578,255	1,041,749	1,199,933	3,708,942	33,875	1,187,254	88,721	562,855	8,401,584		
2012-13	611,633	973,530	1,094,055	3,872,596	115,923	360,715	123,548	534,472	7,686,472		
2013-14	680,711	1,116,392	1,079,004	3,671,221	73,417	438,667	125,649	494,403	7,679,464		
2014-15	685,004	968,017	1,177,439	4,373,293	73,849	199,661	180,621	500,710	8,158,594		
2015-16	674,846	965,293	1,219,024	4,151,528	30,793	353,606	170,104	518,365	8,083,559		
2016-17	565,170	936,254	998,086	4,482,732	94,201	704,346	150,301	551,546	8,482,636		
2017-18	632,350	973,116	1,120,322	4,201,196	114,103	388,524	156,589	553,804	8,140,004		
2018-19	597,754	989,220	803,279	4,842,622	116,589	633,889	146,160	499,600	8,629,113		
2019-20	579,200	1,113,455	1,484,585	5,509,750	100,698	274,640	99,902	615,040	9,777,270		

TOWN OF WEST POINT, VIRGINIA

Table 2

Government-wide Revenues  
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	
2010-11	\$ 676,147	\$ 179,698	\$ 298,235	\$ 4,720,965	\$ 765,474	\$ 464,463	\$ 546,402	\$ 236,764	\$ 7,888,148
2011-12	718,219	762,693	522,188	4,674,205	847,663	459,509	197,390	165,872	8,347,739
2012-13	822,609	152,424	368,811	5,083,067	836,331	463,080	229,031	170,069	8,125,422
2013-14	861,803	303,408	174,750	2,332,979	871,190	3,716,547	213,585	167,030	8,641,292
2014-15	923,488	171,844	27,199	5,231,004	973,010	635,173	191,448	158,834	8,312,000
2015-16	1,006,562	141,413	12,525	5,461,795	1,008,983	604,546	208,841	148,979	8,593,644
2016-17	1,000,483	151,764	7,694	5,691,267	1,036,154	611,471	221,070	79,550	8,799,453
2017-18	987,443	154,034	118,416	5,919,213	1,057,967	746,069	261,516	190,021	9,434,679
2018-19	986,664	110,804	109,457	5,916,458	1,162,159	602,523	337,290	175,683	9,401,038
2019-20	983,390	143,682	-	6,402,469	1,125,260	602,611	398,466	76,694	9,732,572

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 (2)	Total
2010-11	\$ 4,736,169	\$ 765,474	\$ 18,997	\$ 25,815	\$ 551,798	\$ 132,227	\$ 215,927	\$ 351,357	\$ 5,342,862	\$ 12,140,626		
2011-12	4,686,251	847,663	18,726	27,533	201,199	232,205	178,801	366,951	6,572,043	13,131,372		
2012-13	5,071,285	836,331	29,804	36,404	235,956	325,853	397,491	379,539	5,528,944	12,841,607		
2013-14	2,358,051	871,190	30,524	57,327	218,736	324,312	584,289	375,496	8,893,716	13,713,641		
2014-15	5,258,570	973,010	39,734	42,933	197,594	325,791	570,038	341,919	5,673,914	13,423,503		
2015-16	5,456,035	1,008,983	48,378	22,859	212,419	345,468	218,464	365,992	5,488,112	13,166,710		
2016-17	5,670,824	1,036,154	50,166	31,865	224,466	361,429	287,294	424,258	6,207,149	14,293,605		
2017-18	5,874,081	1,057,967	38,750	43,362	275,736	356,032	367,199	397,487	6,711,921	15,122,535		
2018-19	5,988,099	1,162,159	39,703	24,082	353,606	364,766	219,494	419,216	6,679,756	15,250,881		
2019-20	6,303,564	1,125,260	33,668	18,357	411,949	324,326	407,640	395,758	6,764,413	15,784,935		

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

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

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

Fiscal Year	General Administration	Public Safety	Public Works	Education (2)	Parks			Community Development	Non-Departmental	Debt Service	Total
					Recreation and Cultural						
2010-11	\$ 567,331	\$ 1,077,003	\$ 1,035,404	\$ 9,051,161	\$ 31,652	\$ 648,403	\$ 241,644	\$ 243,589	\$ 12,896,187		
2011-12	578,122	1,065,555	868,227	9,106,253	34,165	1,282,740	236,481	1,684,796	14,856,339		
2012-13	608,551	1,073,442	861,443	12,271,266	111,128	360,715	134,845	188,758	15,610,148		
2013-14	688,257	1,089,546	860,358	11,081,854	71,408	438,667	137,700	274,468	14,642,258		
2014-15	648,104	970,160	996,493	10,048,456	71,714	201,192	137,274	5,931,372	19,004,765		
2015-16	697,306	957,812	926,841	9,231,126	67,823	359,323	198,227	458,479	12,896,937		
2016-17	652,149	929,783	857,245	10,306,910	98,896	718,580	133,245	627,992	14,324,800		
2017-18	667,453	1,036,909	1,005,890	10,581,656	122,323	432,050	126,597	399,800	14,372,678		
2018-19	686,804	1,099,423	1,001,372	11,169,734	166,042	632,819	130,576	517,136	15,403,906		
2019-20	711,129	1,036,687	1,192,944	11,046,289	338,055	260,838	214,075	1,366,292	16,166,309		

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

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

TOWN OF WEST POINT, VIRGINIA

Table 5

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools			Public Service (2)	Mobile Homes	Total
2010-11	\$ 334,681,768	\$ 24,905,732	\$ 103,180,535	\$ 11,219,169	\$ 22,851	\$ 474,010,055		
2011-12	334,351,450	22,071,030	99,511,747	12,393,142	675	468,328,044		
2012-13	337,460,418	22,704,838	101,227,503	12,796,501	675	474,189,935		
2013-14	337,451,530	23,277,613	102,484,916	13,007,230	9,157	476,230,446		
2014-15	338,312,268	20,992,879	109,069,737	13,691,729	2,627	482,069,240		
2015-16	310,901,142	22,368,692	109,437,086	15,400,962	10,017	458,117,899		
2016-17	311,096,090	27,830,795	117,573,376	16,599,624	4,531	473,104,416		
2017-18	311,517,001	25,667,916	122,264,085	16,798,854	3,472	476,251,328		
2018-19	313,570,859	27,982,178	125,094,621	15,948,581	-	482,596,239		
2019-20	314,894,995	27,898,510	133,564,553	15,720,367	-	492,078,425		

(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
2010-11	\$ 0.600	\$ 3.30	2.25
2011-12	0.600	3.30	2.25
2012-13	0.640	3.52	2.40
2013-14	0.270	2.25	1.21
2014-15	0.640	3.52	2.40
2015-16	0.720	3.52	2.40
2016-17	0.720	3.52	2.40
2017-18	0.720	3.52	2.40
2018-19	0.720	3.52	2.40
2019-20	0.720	3.52	2.40

(1) Per \$100 of assessed value.

TOWN OF WEST POINT, VIRGINIA

Table 7

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of		Outstanding		Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Delinquent Taxes	Delinquent Taxes	Delinquent Tax Levy	
2010-11	\$ 5,219,494	\$ 4,961,497	95.06%	\$ 77,887	\$ 5,039,384	96.55%	\$ 197,573	3.79%		
2011-12	5,048,755	4,933,290	97.71%	93,071	5,026,361	99.56%	175,702	3.48%		
2012-13	5,470,825	5,323,156	97.30%	67,642	5,390,798	98.54%	229,029	4.19%		
2013-14	2,710,048	2,656,322	98.02%	56,819	2,713,141	100.11%	178,297	6.58%		
2014-15	5,609,466	5,521,704	98.44%	52,909	5,574,613	99.38%	174,892	3.12%		
2015-16	5,764,136	5,652,037	98.06%	103,253	5,755,290	99.85%	153,032	2.65%		
2016-17	6,161,478	5,931,129	96.26%	67,782	5,998,911	97.36%	170,487	2.77%		
2017-18	6,201,948	6,078,951	98.02%	96,926	6,175,877	99.58%	208,308	3.36%		
2018-19	6,359,969	6,259,996	98.43%	47,640	6,307,636	99.18%	125,972	1.98%		
2019-20	6,568,007	6,496,850	98.92%	107,210	6,604,060	100.55%	258,050	3.93%		

(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)		Obligation Debt to Assessed Value	Bonded Debt per Capita	
2010-11	3,306	\$ 474,010	\$ 3,160,100	-	\$ 994,112	\$ 2,165,988	0.46%	655	
2011-12	3,315	468,328	3,044,913	-	970,114	2,074,799	0.44%	626	
2012-13	3,312	474,190	8,688,563	-	924,180	7,764,383	1.64%	2,344	
2013-14	3,339	476,230	8,498,036	-	877,068	7,620,968	1.60%	2,282	
2014-15	3,333	482,069	7,744,322	-	828,386	6,915,936	1.43%	2,075	
2015-16	3,339	458,118	7,410,415	-	778,526	6,631,889	1.45%	1,986	
2016-17	3,314	473,104	6,887,710	-	727,488	6,160,222	1.30%	1,859	
2017-18	3,312	476,251	6,592,629	-	675,272	5,917,357	1.24%	1,787	
2018-19	3,312	482,596	6,093,142	-	542,966	5,550,176	1.15%	1,676	
2019-20	3,261	492,078	4,782,404	-	487,609	4,294,795	0.87%	1,317	

- (1) Weldon Cooper Center for Public Service at the University of Virginia.
- (2) From Table 5.
- (3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans. Excludes revenue bonds, capital leases, compensated absences, and net pension liability.
- (4) Includes General Obligation Debt payable from enterprise revenues.



## Compliance

This page intentionally left blank



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

---

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of West Point, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of West Point, Virginia's basic financial statements, and have issued our report thereon dated January 8, 2021.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 8, 2021