



Financial Report

Year Ended June 30, 2021

TOWN OF WEST POINT, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

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

James Pruett

John G. Ragsdale, II

Chris P. Vincent

TOWN SCHOOL BOARD

Paul Diggs, Chairman

Elliott Jenkins, Vice-Chairman

Cherwana Braxton

Kay Lawson

Laura Shreaves

ECONOMIC DEVELOPMENT AUTHORITY

Jack Lawson, Chairperson

Paul Kelley, Vice-Chairman

Debbie Brockwell

Robert Lawrence

William B. Lee

William Otto

James Pruett

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, 2021

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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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the Town adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 21 to the financial statements, in 2021, the Town restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-8, 76-79, and 80-94 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information: (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, 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, Farmer, Cox Associates

Charlottesville, Virginia
February 16, 2022

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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, 2021.

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 \$14,272,053 (net position). Of this amount, \$6,121,521 (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 \$5,869,282, an increase of \$209,782 in comparison with the prior year. Approximately 70% of this total amount, \$4,089,923, 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 \$4,089,923, 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 \$14,272,053 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, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,764,145	\$ 7,277,601	\$ 959,585	\$ 1,225,487	\$ 9,723,730	\$ 8,503,088
Capital assets	8,866,749	7,630,300	3,172,994	3,244,537	12,039,743	10,874,837
Note receivable	64,592	76,923	-	-	64,592	76,923
Total assets	\$ 17,695,486	\$ 14,984,824	\$ 4,132,579	\$ 4,470,024	\$ 21,828,065	\$ 19,454,848
Deferred outflows of resources	\$ 401,020	\$ 345,003	\$ 45,696	\$ 37,778	\$ 446,716	\$ 382,781
Total assets and deferred outflows	\$ 18,096,506	\$ 15,329,827	\$ 4,178,275	\$ 4,507,802	\$ 22,274,781	\$ 19,837,629
Long-term liabilities outstanding	\$ 4,406,891	\$ 4,435,298	444,335	\$ 471,642	\$ 4,851,226	\$ 4,906,940
Current liabilities	3,020,943	1,745,981	84,968	102,552	3,105,911	1,848,533
Total liabilities	\$ 7,427,834	\$ 6,181,279	\$ 529,303	\$ 574,194	\$ 7,957,137	\$ 6,755,473
Deferred inflows of resources	\$ 43,345	\$ 72,045	\$ 2,246	\$ 7,575	\$ 45,591	\$ 79,620
Net position:						
Net investment in capital assets	\$ 4,849,139	\$ 3,318,072	\$ 2,741,919	\$ 2,756,928	\$ 7,591,058	\$ 6,075,000
Restricted	559,474	533,999	-	-	559,474	533,999
Unrestricted	5,216,714	5,224,432	904,807	1,169,105	6,121,521	6,393,537
Total net position	\$ 10,625,327	\$ 9,076,503	\$ 3,646,726	\$ 3,926,033	\$ 14,272,053	\$ 13,002,536
Total liabilities, deferred inflows and net position	\$ 18,096,506	\$ 15,329,827	\$ 4,178,275	\$ 4,507,802	\$ 22,274,781	\$ 19,837,629

A large part of the Town's net position (\$7,591,058, or 53%) 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 \$1,548,824. The business-type activities net position decreased in the amount of \$279,307.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$1,548,824. 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, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 267,457	\$ 237,939	\$ 528,503	\$ 745,451	\$ 795,960	\$ 983,390
Operating grants and contributions	648,883	143,682	-	-	648,883	143,682
General revenues:						
General property taxes	6,281,725	6,402,469	-	-	6,281,725	6,402,469
Other local taxes	1,263,488	1,125,260	-	-	1,263,488	1,125,260
Use of money and property	93,110	389,573	3,852	8,893	96,962	398,466
Commonwealth of Virginia non- categorical aid	748,454	602,611	-	-	748,454	602,611
Other general revenues	1,309,414	62,689	15,075	14,005	1,324,489	76,694
Total revenues	\$ 10,612,531	\$ 8,964,223	\$ 547,430	\$ 768,349	\$ 11,159,961	\$ 9,732,572
Expenses:						
General government administration	\$ 912,268	\$ 579,200	\$ -	\$ -	\$ 912,268	\$ 579,200
Public safety	1,354,928	1,113,455	-	-	1,354,928	1,113,455
Public works	1,258,264	1,484,585	-	-	1,258,264	1,484,585
Education	5,142,230	5,509,750	-	-	5,142,230	5,509,750
Parks, recreation, and cultural	128,710	100,698	-	-	128,710	100,698
Community development	399,434	274,640	-	-	399,434	274,640
Interest	98,924	99,902	-	-	98,924	99,902
Water and sewer	-	-	595,686	615,040	595,686	615,040
Total expenses	\$ 9,294,758	\$ 9,162,230	\$ 595,686	\$ 615,040	\$ 9,890,444	\$ 9,777,270
Increase (decrease) in net position before transfers	\$ 1,317,773	\$ (198,007)	\$ (48,256)	\$ 153,309	\$ 1,269,517	\$ (44,698)
Transfers	231,051	206,343	(231,051)	(206,343)	-	-
Increase (decrease) in net position	\$ 1,548,824	\$ 8,336	\$ (279,307)	\$ (53,034)	\$ 1,269,517	\$ (44,698)
Net position - beginning	9,076,503	9,068,167	3,926,033	3,979,067	13,002,536	13,047,234
Net position - ending	\$ 10,625,327	\$ 9,076,503	\$ 3,646,726	\$ 3,926,033	\$ 14,272,053	\$ 13,002,536

Business-type activities decreased the Town's net position by \$279,307. 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 \$5,869,282 an increase of \$209,782 in comparison with the prior year. A significant portion of this fund balance, \$4,089,923 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 \$9,500,253 during the year, which was \$572,893 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, 2021 totals \$12,039,743 (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, \$4,439,969 was for General Obligation Bonds. The Town's total outstanding debt principal decreased by \$351,152.

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

Contact the Town's Financial Management

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

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Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 8,364,937	\$ 817,228	\$ 9,182,165	\$ 891,075	\$ 391,159
Receivables (net of allowance for uncollectibles):					
Property taxes	229,197	-	229,197	-	-
Accounts receivable	16,381	142,357	158,738	-	-
Current portion of note receivable	12,330	-	12,330	-	-
Inventory	-	-	-	-	548,208
Due from other governments	141,300	-	141,300	83,882	-
Due from primary government	-	-	-	910,504	-
Prepaid expenses	-	-	-	15,350	-
Total Current Assets	<u>\$ 8,764,145</u>	<u>\$ 959,585</u>	<u>\$ 9,723,730</u>	<u>\$ 1,900,811</u>	<u>\$ 939,367</u>
Noncurrent Assets					
Noncurrent portion of note receivable	\$ 64,592	\$ -	\$ 64,592	\$ -	\$ -
Capital Assets (net of accumulated depreciation):					
Land	1,823,123	367,305	2,190,428	59,350	-
Construction in progress	740,693	-	740,693	-	-
Buildings and improvements	5,888,573	2,772,379	8,660,952	6,300,498	-
Equipment	414,360	33,310	447,670	616,115	-
Total Noncurrent Assets	<u>\$ 8,931,341</u>	<u>\$ 3,172,994</u>	<u>\$ 12,104,335</u>	<u>\$ 6,975,963</u>	<u>\$ -</u>
Total Assets	<u>\$ 17,695,486</u>	<u>\$ 4,132,579</u>	<u>\$ 21,828,065</u>	<u>\$ 8,876,774</u>	<u>\$ 939,367</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 375,073	\$ 42,478	\$ 417,551	\$ 2,548,977	\$ -
OPEB related items	25,947	3,218	29,165	233,837	-
Total Deferred Outflows of Resources	<u>\$ 401,020</u>	<u>\$ 45,696</u>	<u>\$ 446,716</u>	<u>\$ 2,782,814</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,096,506</u>	<u>\$ 4,178,275</u>	<u>\$ 22,274,781</u>	<u>\$ 11,659,588</u>	<u>\$ 939,367</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 50,331	\$ 20,315	\$ 70,646	\$ 116,748	\$ -
Accrued expenses	-	1,930	1,930	1,321,466	-
Customers' deposits	-	3,529	3,529	-	-
Unearned revenue	1,689,596	-	1,689,596	-	-
Due to component unit	910,504	-	910,504	-	-
Accrued interest payable	51,845	-	51,845	-	-
Current portion of long-term obligations	318,667	59,194	377,861	41,215	-
Total Current Liabilities	<u>\$ 3,020,943</u>	<u>\$ 84,968</u>	<u>\$ 3,105,911</u>	<u>\$ 1,479,429</u>	<u>\$ -</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	\$ 4,406,891	\$ 444,335	\$ 4,851,226	\$ 11,345,825	\$ 361,566
Total Liabilities	<u>\$ 7,427,834</u>	<u>\$ 529,303</u>	<u>\$ 7,957,137</u>	<u>\$ 12,825,254</u>	<u>\$ 361,566</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 15,714	\$ 1,741	\$ 17,455	\$ 768,432	\$ -
Other items related to measurement of net pension (asset) liability	-	-	-	-	-
OPEB related items	4,721	505	5,226	73,283	-
Deferred revenue - property taxes	22,910	-	22,910	-	-
Total Deferred Inflows of Resources	<u>\$ 43,345</u>	<u>\$ 2,246</u>	<u>\$ 45,591</u>	<u>\$ 841,715</u>	<u>\$ -</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	\$ 4,849,139	\$ 2,741,919	\$ 7,591,058	\$ 6,899,041	\$ -
Restricted for:					
Economic development	354,018	-	354,018	-	-
Cemetery operations	205,456	-	205,456	-	-
Unrestricted	5,216,714	904,807	6,121,521	(8,906,422)	577,801
Total Net Position (Deficit)	<u>\$ 10,625,327</u>	<u>\$ 3,646,726</u>	<u>\$ 14,272,053</u>	<u>\$ (2,007,381)</u>	<u>\$ 577,801</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	<u>\$ 18,096,506</u>	<u>\$ 4,178,275</u>	<u>\$ 22,274,781</u>	<u>\$ 11,659,588</u>	<u>\$ 939,367</u>

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

TOWN OF WEST POINT, VIRGINIA

Statement of Activities
 Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 912,268	\$ -	\$ 201,992	\$ -
Public safety	1,354,928	81,827	328,470	-
Public works	1,258,264	185,630	-	-
Education	5,142,230	-	-	-
Parks, recreation, and cultural	128,710	-	-	-
Community development	399,434	-	118,421	-
Interest on long-term debt	98,924	-	-	-
Total governmental activities	<u>\$ 9,294,758</u>	<u>\$ 267,457</u>	<u>\$ 648,883</u>	<u>\$ -</u>
Business-type activities:				
Water and Sewer	\$ 595,686	\$ 528,503	\$ -	\$ -
Total primary government	<u>\$ 9,890,444</u>	<u>\$ 795,960</u>	<u>\$ 648,883</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 12,632,420	\$ 37,596	\$ 6,874,845	\$ -
Economic Development Authority	10,269	-	-	-
Total component units	<u>\$ 12,642,689</u>	<u>\$ 37,596</u>	<u>\$ 6,874,845</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, as restated				
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
\$ (710,276)	\$ -	\$ (710,276)	\$ -	\$ -
(944,631)	-	(944,631)	-	-
(1,072,634)	-	(1,072,634)	-	-
(5,142,230)	-	(5,142,230)	-	-
(128,710)	-	(128,710)	-	-
(281,013)	-	(281,013)	-	-
(98,924)	-	(98,924)	-	-
<u>\$ (8,378,418)</u>	<u>\$ -</u>	<u>\$ (8,378,418)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (67,183)</u>	<u>\$ (67,183)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (8,378,418)</u>	<u>\$ (67,183)</u>	<u>\$ (8,445,601)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (5,719,979)	\$ -
-	-	-	-	(10,269)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,719,979)</u>	<u>\$ (10,269)</u>
\$ 6,281,725	\$ -	\$ 6,281,725	\$ -	\$ -
436,993	-	436,993	-	-
322,795	-	322,795	-	-
196,051	-	196,051	-	-
70,542	-	70,542	-	-
237,107	-	237,107	-	-
93,110	3,852	96,962	3,919	5,364
-	-	-	4,853,963	-
1,309,414	15,075	1,324,489	387,423	-
748,454	-	748,454	-	-
231,051	(231,051)	-	-	-
<u>\$ 9,927,242</u>	<u>\$ (212,124)</u>	<u>\$ 9,715,118</u>	<u>\$ 5,245,305</u>	<u>\$ 5,364</u>
<u>\$ 1,548,824</u>	<u>\$ (279,307)</u>	<u>\$ 1,269,517</u>	<u>\$ (474,674)</u>	<u>\$ (4,905)</u>
<u>9,076,503</u>	<u>3,926,033</u>	<u>13,002,536</u>	<u>(1,532,707)</u>	<u>582,706</u>
<u>\$ 10,625,327</u>	<u>\$ 3,646,726</u>	<u>\$ 14,272,053</u>	<u>\$ (2,007,381)</u>	<u>\$ 577,801</u>

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Fund Financial Statements

Balance Sheet - Governmental Fund
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 8,364,937
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	229,197
Accounts receivable	16,381
Due from other governments	<u>141,300</u>
Total assets	<u>\$ 8,751,815</u>
LIABILITIES	
Accounts payable	\$ 50,331
Unearned revenue	1,689,596
Due to component unit	<u>910,504</u>
Total liabilities	<u>\$ 2,650,431</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	<u>\$ 232,102</u>
FUND BALANCE	
Restricted:	
Economic development	\$ 354,018
Cemetery operations	205,456
Assigned:	
Dare projects	13,105
Solid waste fleet replacement	166,043
Vehicle replacement	161,915
Solid waste	158,935
School capital improvements	146,131
Long-term debt	573,756
Unassigned	<u>4,089,923</u>
Total fund balance	<u>\$ 5,869,282</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 8,751,815</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance from above	\$ 5,869,282
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 1,823,123
Construction in progress	740,693
Buildings and improvements	5,888,573
Equipment	<u>414,360</u>
	8,866,749
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Note receivable	\$ 76,922
Unavailable revenue - property taxes	<u>209,192</u>
	286,114
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 375,073
OPEB related items	<u>25,947</u>
	401,020
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	\$ (4,008,894)
Capital lease	(8,716)
Compensated absences	(160,946)
Net pension liability	(427,461)
Net OPEB liability	(119,541)
Accrued interest payable	<u>(51,845)</u>
	(4,777,403)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (15,714)
OPEB related items	<u>(4,721)</u>
	(20,435)
Net position of General Governmental Activities	<u>\$ 10,625,327</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, 2021

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 6,271,660
Other local taxes	1,263,488
Permits, privilege fees and regulatory licenses	39,334
Fines and forfeitures	42,493
Revenue from use of money and property	105,076
Charges for services	185,630
Miscellaneous	118,614
Recovered costs	55,352
Intergovernmental:	
King William County	309,955
Commonwealth	553,216
Federal	534,166
Total revenues	<u>\$ 9,478,984</u>
Expenditures:	
Current:	
General government administration	\$ 924,700
Public safety	1,297,820
Public works	1,041,634
Education	4,789,911
Parks, recreation, and cultural	599,432
Community development	342,208
Nondepartmental	136,490
Debt service:	
Principal retirement	276,183
Interest and other fiscal charges	91,875
Total expenditures	<u>\$ 9,500,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,269)</u>
Other financing sources (uses):	
Transfers in	<u>\$ 231,051</u>
Total other financing sources (uses)	<u>\$ 231,051</u>
Change in fund balance	\$ 209,782
Fund balance at beginning of year	<u>5,659,500</u>
Fund balance at end of year	<u><u>\$ 5,869,282</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, 2021

	<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	\$ 209,782
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	\$ 689,789
Depreciation expense	<u>(445,705)</u>
	244,084
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	(198,435)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	10,065
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets	
Donation of capital assets	1,190,800
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	(11,966)
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	294,618
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	\$ (24,654)
Change in accrued interest	2,637
Pension expense	(171,471)
OPEB expense	<u>3,364</u>
	<u>(190,124)</u>
Change in net position of governmental activities	\$ <u>1,548,824</u>

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

Statement of Net Position - Proprietary Fund
June 30, 2021

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 817,228
Receivables (net of allowance for uncollectibles):	
Accounts receivable	142,357
Total Current Assets	<u>\$ 959,585</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 367,305
Buildings and improvements	6,000,934
Equipment	366,764
Accumulated depreciation	(3,562,009)
Total Noncurrent Assets	<u>\$ 3,172,994</u>
Total Assets	<u>\$ 4,132,579</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 42,478
OPEB related items	3,218
Total deferred outflows of resources	<u>\$ 45,696</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,178,275</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 20,315
Accrued expenses	1,930
Customer deposits	3,529
Current portion of long-term obligations	59,194
Total Current Liabilities	<u>\$ 84,968</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>\$ 444,335</u>
Total Liabilities	<u>\$ 529,303</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 1,741
OPEB related items	505
Total deferred inflows of resources	<u>\$ 2,246</u>
NET POSITION	
Net investment in capital assets	\$ 2,741,919
Unrestricted	904,807
Total Net Position	<u>\$ 3,646,726</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 4,178,275</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, 2021

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 528,503
Miscellaneous	15,075
Total operating revenues	<u>\$ 543,578</u>
Operating expenses:	
Personnel services	\$ 177,671
Fringe benefits	104,718
Contractual services	97,111
Capital outlay	12,338
Other operating costs	102,669
Depreciation	88,184
Total operating expenses	<u>\$ 582,691</u>
Operating income (loss)	<u>\$ (39,113)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 3,852
Interest expense	(12,995)
Total nonoperating revenues (expenses)	<u>\$ (9,143)</u>
Income before transfers	\$ (48,256)
Transfers out	<u>(231,051)</u>
Change in net position	\$ (279,307)
Net position, beginning of year	<u>3,926,033</u>
Net position, end of year	<u><u>\$ 3,646,726</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, 2021

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 548,780
Payments to employees (including fringe benefits)	(263,749)
Payments to suppliers and service providers	<u>(231,462)</u>
Net cash provided by (used for) operating activities	<u>\$ 53,569</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (16,641)
Retirement of general obligation bonds	(56,534)
Interest expense	<u>(12,995)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (86,170)</u>
Cash flows from noncapital financing activities:	
Transfers out	<u>\$ (231,051)</u>
Net cash provided by (used in) non-capital financing activities	<u>\$ (231,051)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 3,852</u>
Net cash provided by (used for) investing activities	<u>\$ 3,852</u>
Net increase (decrease) in cash and cash equivalents	\$ (259,800)
Cash and cash equivalents at beginning of year	<u>1,077,028</u>
Cash and cash equivalents at end of year	<u><u>\$ 817,228</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Cash flows from operations:	
Operating income (loss)	\$ (39,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	88,184
Changes in operating assets, deferred outflows, liabilities and deferred inflows:	
(Increase)/Decrease in accounts receivable	6,102
(Increase)/Decrease in deferred outflows of resources - pension related	(7,242)
(Increase)/Decrease in deferred outflows of resources - OPEB related	(676)
Increase/(Decrease) in accounts payable	(19,356)
Increase/(Decrease) in accrued expenses	12
Increase/(Decrease) in customer deposits	(900)
Increase/(Decrease) in deferred inflows of resources - pension related	(5,050)
Increase/(Decrease) in deferred inflows of resources - OPEB related	(279)
Increase/(Decrease) in net pension liability	29,288
Increase/(Decrease) in net OPEB liability	488
Increase/(Decrease) in compensated absences	<u>2,111</u>
Net cash provided by (used for) operating activities	<u><u>\$ 53,569</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, 2021

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, 2021 (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, 2021.

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, 2021.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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, 2021 (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.
- c. School Activity Funds - accounts for and reports revenues and expenditures relating to the school level student activity funds. Revenues are derived from fees and payment for participation in student activities. The School Activity 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

G. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all Town units. Supplemental appropriations were necessary during the year.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

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 \$188,859 at June 30, 2021 and is composed of the allowance for uncollectible property taxes of \$19,344 and utility accounts of \$169,515.

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

K. Inventory

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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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.

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, 2021 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

M. Deferred Outflows/Inflows of Resources: (Continued)

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.

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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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);
- 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).

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

R. Fund Balance: (Continued)

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.

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.

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

U. Upcoming Pronouncements

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.

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. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

U. Upcoming Pronouncements: (Continued)

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.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

V. Adoption of Accounting Principle

In 2021, the Town adopted GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported.

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, 2021 (Continued)

NOTE 3—DUE FROM OTHER GOVERNMENTS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
County of King William:		
Split tax levy	\$ 102,491	\$ -
Commonwealth of Virginia:		
Local sales tax	38,809	-
Other state grants	-	83,882
Total due from other governmental units	<u>\$ 141,300</u>	<u>\$ 83,882</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	\$ <u>910,504</u>	\$ <u>-</u>
Component Unit:		
School Operating	\$ <u>-</u>	\$ <u>910,504</u>

NOTE 5—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 231,051	\$ -
Water and Sewer Fund	-	231,051
Total	<u>\$ 231,051</u>	<u>\$ 231,051</u>
Discretely Presented Component Unit- School Board:		
School Operating Fund	\$ -	\$ 385,370
School Cafeteria Fund	385,370	-
Total	<u>\$ 385,370</u>	<u>\$ 385,370</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, 2021 (Continued)

NOTE 6—CAPITAL ASSETS:

A summary of capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,211,739	\$ 611,384	\$ -	\$ 1,823,123
Construction in progress	269,971	470,722	-	740,693
Total capital assets not being depreciated	<u>\$ 1,481,710</u>	<u>\$ 1,082,106</u>	<u>\$ -</u>	<u>\$ 2,563,816</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,068,567	\$ 730,628	\$ -	\$ 4,799,195
Equipment	2,126,648	67,855	-	2,194,503
Jointly owned assets	3,540,404	-	198,435	3,341,969
Total capital assets being depreciated	<u>\$ 9,735,619</u>	<u>\$ 798,483</u>	<u>\$ 198,435</u>	<u>\$ 10,335,667</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 1,480,210	\$ 138,019	\$ -	\$ 1,618,229
Equipment	1,654,462	125,681	-	1,780,143
Jointly owned assets	452,357	182,005	-	634,362
Total accumulated depreciation	<u>\$ 3,587,029</u>	<u>\$ 445,705</u>	<u>\$ -</u>	<u>\$ 4,032,734</u>
Total capital assets being depreciated, net	<u>\$ 6,148,590</u>	<u>\$ 352,778</u>	<u>\$ 198,435</u>	<u>\$ 6,302,933</u>
Net capital assets governmental activities	<u>\$ 7,630,300</u>	<u>\$ 1,434,884</u>	<u>\$ 198,435</u>	<u>\$ 8,866,749</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 367,305	\$ -	\$ -	\$ 367,305
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,934	\$ -	\$ -	\$ 6,000,934
Equipment	350,123	16,641	-	366,764
Total capital assets being depreciated	<u>\$ 6,351,057</u>	<u>\$ 16,641</u>	<u>\$ -</u>	<u>\$ 6,367,698</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 3,143,654	\$ 84,901	\$ -	\$ 3,228,555
Equipment	330,171	3,283	-	333,454
Total accumulated depreciation	<u>\$ 3,473,825</u>	<u>\$ 88,184</u>	<u>\$ -</u>	<u>\$ 3,562,009</u>
Total capital assets being depreciated, net	<u>\$ 2,877,232</u>	<u>\$ (71,543)</u>	<u>\$ -</u>	<u>\$ 2,805,689</u>
Net capital assets business-type activities	<u>\$ 3,244,537</u>	<u>\$ (71,543)</u>	<u>\$ -</u>	<u>\$ 3,172,994</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Component Unit School Board:				
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	\$ 12,888,173	\$ 230,435	\$ -	\$ 13,118,608
Equipment	1,754,418	82,394	32,000	1,804,812
Total capital assets being depreciated	<u>\$ 14,642,591</u>	<u>\$ 312,829</u>	<u>\$ 32,000</u>	<u>\$ 14,923,420</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 6,428,703	\$ 389,407	\$ -	\$ 6,818,110
Equipment	1,078,294	142,403	32,000	1,188,697
Total accumulated depreciation	<u>\$ 7,506,997</u>	<u>\$ 531,810</u>	<u>\$ 32,000</u>	<u>\$ 8,006,807</u>
Total capital assets being depreciated, net	<u>\$ 7,135,594</u>	<u>\$ (218,981)</u>	<u>\$ -</u>	<u>\$ 6,916,613</u>
Net capital assets School Board	<u>\$ 7,194,944</u>	<u>\$ (218,981)</u>	<u>\$ -</u>	<u>\$ 6,975,963</u>

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

Governmental activities:	
General government administration	\$ 39,879
Public safety	34,175
Public works	185,454
Education	182,005
Parks, recreation and cultural	4,192
Total governmental activities	<u>\$ 445,705</u>
Water and Sewer Fund	<u>\$ 88,184</u>
Component Unit School Board	<u>\$ 531,810</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—COMPUTATION OF LEGAL DEBT MARGIN:

Total assessed value of all taxable real estate	\$	332,024,323
Legal Debt Limit:		
10% of assessed value of all taxable real estate	\$	33,202,432
Less net bonded debt at June 30, 2021		4,439,969
Legal margin for creation of additional debt	\$	28,762,463

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 with a membership date 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 with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before 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 with a membership date 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, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	15	-
Inactive members:		
Vested inactive members	9	-
Non-vested inactive members	26	-
Inactive members active elsewhere in VRS	25	-
Total inactive members	<u>60</u>	<u>-</u>
Active members	<u>40</u>	<u>-</u>
Total covered employees	<u><u>115</u></u>	<u><u>-</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, 2021 was 8.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$138,125 and \$79,654 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 Component Unit School Board’s nonprofessional employees were \$0 for the year ended June 30, 2021.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

Net Pension Liability (Asset)

The net pension liability (NPL) 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 and Component Unit School Board's (nonprofessional) net pension liabilities were 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, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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 fair 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:

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, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2019, 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, 2020.

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 fair 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, 2021 (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, 2019 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, 2021 (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, 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 30, 2020, 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

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

Discount Rate: (Continued)

the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Primary Government			
Balances at June 30, 2019	\$ 5,263,391	\$ 5,067,249	\$ 196,142
Changes for the year:			
Service cost	\$ 207,210	\$ -	\$ 207,210
Interest	349,695	-	349,695
Differences between expected and actual experience	(25,761)	-	(25,761)
Contributions - employer	-	79,104	(79,104)
Contributions - employee	-	78,249	(78,249)
Net investment income	-	97,085	(97,085)
Benefit payments, including refunds	(165,448)	(165,448)	-
Administrative expenses	-	(3,262)	3,262
Other changes	-	(116)	116
Net changes	\$ 365,696	\$ 85,612	\$ 280,084
Balances at June 30, 2020	\$ 5,629,087	\$ 5,152,861	\$ 476,226
Component School Board (nonprofessional)			
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 256,177	\$ -	\$ 256,177
Contributions - employer	-	1,148	(1,148)
Contributions - employee	-	935	(935)
Net investment income	-	6,267	(6,267)
Administrative expenses	-	269	(269)
Other changes	-	242,085	(242,085)
Net changes	\$ 256,177	\$ 250,704	\$ 5,473
Balances at June 30, 2020	\$ 256,177	\$ 250,704	\$ 5,473

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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 of the Town and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the Town’s and Component Unit School Board’s (nonprofessional) 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town			
Net Pension Liability (Asset)	\$ 1,318,214	\$ 476,226	\$ (213,223)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 35,997	\$ 5,473	\$ (20,130)

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

For the year ended June 30, 2021, the Town and Component Unit School Board (nonprofessional) recognized pension expense of \$326,043 and \$5,035, respectively. At June 30, 2021, the Town and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,576	\$ 16,999	\$ -	\$ -
Changes of assumptions	56,265	-	-	-
Net difference between projected and actual earnings on pension plan investments	154,129	-	1,586	-
Change in proportionate share	456	456	-	-
Employer contributions subsequent to the measurement date	138,125	-	-	-
Total	\$ 417,551	\$ 17,455	\$ 1,586	\$ -

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

\$138,125 and \$0 reported as deferred outflows of resources related to pensions resulting from the Town’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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>	<u>Component Unit School Board (Nonprofessional)</u>
2022	\$ 122,799	\$ 397
2023	39,127	397
2024	51,129	397
2025	48,915	395
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$909,537 and \$885,254 for the years ended June 30, 2021 and June 30, 2020, respectively.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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, 2021, the school division reported a liability of \$9,694,960 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division’s proportion was 0.067% as compared to 0.068% at June 30, 2016.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,212,614. 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, 2021, 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	\$ -	\$ 568,274
Changes of assumptions	661,803	-
Net difference between projected and actual earnings on pension plan investments	737,409	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	238,642	200,158
Employer contributions subsequent to the measurement date	909,537	-
Total	<u>\$ 2,547,391</u>	<u>\$ 768,432</u>

\$909,537 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, 2022. 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>	
2022	\$ 117,356
2023	283,869
2024	277,760
2025	210,127
2026	(19,690)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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, 2019, 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, 2020.

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 fair 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, 2021 (Continued)

NOTE 8—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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, 2021 (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	\$ 14,224,683	\$ 9,694,960	\$ 5,948,306

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 417,551	\$ 17,455	\$ 476,226	\$ 326,043	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	1,586	-	5,473	5,035
School Board Professional	-	-	-	-	2,547,391	768,432	9,694,960	1,212,614
Totals	<u>\$ 417,551</u>	<u>\$ 17,455</u>	<u>\$ 476,226</u>	<u>\$ 326,043</u>	<u>\$ 2,548,977</u>	<u>\$ 768,432</u>	<u>\$ 9,700,433</u>	<u>\$ 1,217,649</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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.

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 \$8,616 as of June 30, 2021.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$8,999 and \$8,483 for the years ended June 30, 2021 and June 30, 2020, respectively, for the Town; \$1,834 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively, for the component unit school board (nonprofessional); and \$30,059 and \$29,812 for the years ended June 30, 2021 and June 30, 2020, respectively, for the component unit school board (professional).

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, 2021, liabilities of \$132,338, \$1,669, and \$464,938 were reported for the Town, component unit school board (nonprofessional), 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, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employers' proportion was 0.0079%, 0.0001%, and 0.0279% as compared to 0.0080%, 0.0000%, and 0.0288% at June 30, 2019, for the Town, component unit school board (nonprofessional), and component unit school board (professional), respectively.

For the year ended June 30, 2021, the participating employers recognized GLI OPEB expense of \$5,191, \$309, and \$21,382 for the Town, component unit school board (nonprofessional), 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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: (Continued)

At June 30, 2021, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>					
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Component Unit School Board (nonprofessional)</u>		<u>Component Unit School Board (professional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,488	\$ 1,187	\$ 107	\$ 14	\$ 29,821	\$ 4,175
Net difference between projected and actual earnings on GLI OPEB program investments	3,975	-	50	-	13,966	-
Change in assumptions	6,618	2,763	83	35	23,252	9,708
Changes in proportion	1,085	1,276	1,276	-	15,416	14,608
Employer contributions subsequent to the measurement date	<u>8,999</u>	<u>-</u>	<u>1,834</u>	<u>-</u>	<u>30,059</u>	<u>-</u>
Total	<u>\$ 29,165</u>	<u>\$ 5,226</u>	<u>\$ 3,350</u>	<u>\$ 49</u>	<u>\$ 112,514</u>	<u>\$ 28,491</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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: (Continued)

\$8,999, \$1,834, and \$30,059, for the Town, component unit school board (nonprofessional), 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, 2022. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2022	\$ 2,137	\$ 271	\$ 10,655
2023	3,260	285	14,600
2024	4,285	298	14,739
2025	4,330	299	12,641
2026	907	257	1,566
Thereafter	21	57	(237)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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 fair 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

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.

The actuarial assumptions used in the June 30, 2019 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%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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.

The actuarial assumptions used in the June 30, 2019 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.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (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)

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, 2019 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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Net GLI OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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, 2021 (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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, 2021 (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	\$ 173,969	\$ 132,338	\$ 98,530
Component unit school board (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,194	\$ 1,669	\$ 1,243
Component unit school board (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 611,197	\$ 464,938	\$ 346,163

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Political Subdivision 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 employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent 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, 2021 (Continued)

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

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. 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.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	-
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	
Total covered employees	<u><u>-</u></u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Component Unit School Board (nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2021 was 0.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 Component Unit School Board (nonprofessional) to the HIC Plan were \$985 and \$218 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The Component Unit School Board (nonprofessional)'s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation:	
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 fair 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 the OPEB liabilities.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 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%

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 10—HEALTH INSURANCE CREDIT (HIC) 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)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability 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 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, 2020, the rate contributed by the entity for the HIC 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 3,642	\$ -	\$ 3,642
Contributions - employer	-	218	(218)
Net investment income	-	2,357	(2,357)
Administrative expenses	-	(5)	5
Net changes	<u>\$ 3,642</u>	<u>\$ 2,570</u>	<u>\$ 1,072</u>
Balances at June 30, 2020	<u>\$ 3,642</u>	<u>\$ 2,570</u>	<u>\$ 1,072</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Sensitivity of the Component Unit School Board (nonprofessional)’s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit School Board (nonprofessional)’s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit School Board (nonprofessional)’s 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%)
Component unit school board (nonprofessional)			
Net HIC OPEB Liability	\$ 1,544	\$ 1,072	\$ 674

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$3,170. At June 30, 2021, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board (nonprofessional)’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 1,880
Employer contributions subsequent to the measurement date	985	-
Total	\$ 985	\$ 1,880

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

\$985 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	(470)
2023		(470)
2024		(470)
2025		(470)
2026		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—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.

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

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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, 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, 2021 was 1.21% 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, 2019. 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 \$67,355 and \$68,797 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the school division reported a liability of \$853,154 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, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.0654% as compared to 0.0672% at June 30, 2019.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 11—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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$73,936. 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, 2021, 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	\$ -	\$ 11,395
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	3,781	-
Change in assumptions	16,866	4,661
Change in proportion	28,986	26,807
Employer contributions subsequent to the measurement date	<u>67,355</u>	<u>-</u>
Total	<u>\$ 116,988</u>	<u>\$ 42,863</u>

\$67,355 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, 2022. 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>	
2022	\$ 4,069
2023	4,443
2024	4,318
2025	1,658
2026	(2,858)
Thereafter	(4,860)

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 11—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, 2019, 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, 2020.

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 fair 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, 2021 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2019 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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

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, 2021 (Continued)

NOTE 11—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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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, 2021 (Continued)

NOTE 11—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	\$ 955,017	\$ 853,154	\$ 766,578

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 12—AGGREGATE OPEB INFORMATION

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 9):				
Town	\$ 29,165	\$ 5,226	\$ 132,338	\$ 5,191
School Board Nonprofessional	-	-	-	-
School Board Professional	-	-	-	-
Health Insurance Credit Plan				
School Board Nonprofessional (Note 10)	-	-	-	-
Teacher Employee (Note 11)	-	-	-	-
Totals	<u>\$ 29,165</u>	<u>\$ 5,226</u>	<u>\$ 132,338</u>	<u>\$ 5,191</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 12—AGGREGATE OPEB INFORMATION: (CONTINUED)

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan (Note 9):				
Town	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	3,350	49	1,669	309
School Board Professional	112,514	28,491	464,938	21,382
Health Insurance Credit Plan				
School Board Nonprofessional (Note 10)	985	1,880	1,072	3,170
Teacher Employee (Note 11)	116,988	42,863	853,154	73,936
Totals	<u>\$ 233,837</u>	<u>\$ 73,283</u>	<u>\$ 1,320,833</u>	<u>\$ 98,797</u>

NOTE 13—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, 2021:

	Balance at June 30, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Due Within One Year
<u>Governmental Activities:</u>					
Direct borrowings and placements:					
General obligation bonds	\$ 4,294,795	\$ -	\$ 285,901	\$ 4,008,894	\$ 293,856
Capital lease	17,433	-	8,717	8,716	8,716
Net pension liability	176,665	502,910	252,114	427,461	-
Net OPEB liability	118,360	30,420	29,239	119,541	-
Compensated absences	136,292	68,146	43,492	160,946	16,095
Total	<u>\$ 4,743,545</u>	<u>\$ 601,476</u>	<u>\$ 619,463</u>	<u>\$ 4,725,558</u>	<u>\$ 318,667</u>
<u>Business-type Activities:</u>					
Direct borrowings and placements:					
General obligation bond	\$ 487,609	\$ -	\$ 56,534	\$ 431,075	\$ 58,105
Net pension liability	19,477	57,981	28,693	48,765	-
Net OPEB liability	12,309	3,583	3,095	12,797	-
Compensated absences	8,781	4,391	2,280	10,892	1,089
Total	<u>\$ 528,176</u>	<u>\$ 65,955</u>	<u>\$ 90,602</u>	<u>\$ 503,529</u>	<u>\$ 59,194</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 13—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
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	\$ <u>4,008,894</u>	\$ <u>977,475</u>	\$ <u>8,716</u>	\$ <u>-</u>	\$ <u>431,075</u>	\$ <u>53,250</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 13—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	\$ 168,769	\$ 18,961
\$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	3,173,200	185,000
\$1,500,886 refunding issued May 30, 2012 due in varying annual installments, interest payable semi-annually at 2.57%, through June 30, 2029	666,925	89,895
Total Direct Borrowings and Placements	<u>\$ 4,008,894</u>	<u>\$ 293,856</u>
\$26,150 capital lease for the purchase of office equipment, payable in annual installments of \$8,717 through December 2021.	\$ 8,716	\$ 8,716
Net pension liability	\$ 427,461	\$ -
Net OPEB Liability	\$ 119,541	\$ -
Compensated Absences	\$ 160,946	\$ 16,095
Total governmental activities long-term obligations	<u>\$ 4,725,558</u>	<u>\$ 318,667</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	\$ 431,075	\$ 58,105
Net pension liability	\$ 48,765	\$ -
Net OPEB Liability	\$ 12,797	\$ -
Compensated Absences	\$ 10,892	\$ 1,089
Total business-type long-term obligations	<u>\$ 503,529</u>	<u>\$ 59,194</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 13—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, 2021:

	<u>Balance at</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Note payable	\$ 88,889	\$ -	\$ 11,966	\$ 76,923	\$ 12,330
Net pension liability	8,967,611	3,957,345	3,224,523	9,700,433	-
Net OPEB liabilities	1,347,553	285,933	312,653	1,320,833	-
Compensated absences	217,123	108,562	36,834	288,851	28,885
Total	<u>\$ 10,621,176</u>	<u>\$ 4,351,840</u>	<u>\$ 3,585,976</u>	<u>\$ 11,387,040</u>	<u>\$ 41,215</u>

<u>Year Ending</u> <u>June 30,</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 76,923</u>	<u>\$ 7,021</u>

	<u>Amount</u> <u>Outstanding</u>	<u>Due Within</u> <u>One Year</u>
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	\$ 76,923	\$ 12,330
Net pension liability	\$ 9,700,433	\$ -
Net OPEB liabilities	\$ 1,320,833	\$ -
Compensated absences	\$ 288,851	\$ 28,885
Total school long-term obligations	<u>\$ 11,387,040</u>	<u>\$ 41,215</u>

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 14—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, 2021, unearned, deferred, and unavailable revenue consisted of the following:

Unearned revenue: Unearned revenue representing the portion of American Rescue Plan Act funds unspent as of June 30, 2021, which totaled \$1,689,596.

Unavailable property tax revenue: Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$232,102 at June 30, 2021.

Prepaid property taxes: Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$22,910 at June 30, 2021.

NOTE 15—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 16—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, 2021 (Continued)

NOTE 17—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 18—INVENTORY:

At June 30, 2021, 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 19—LITIGATION:

At June 30, 2021, 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 20—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 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 2022 and beyond.

TOWN OF WEST POINT, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 20—COVID-19 PANDEMIC SUBSEQUENT EVENT:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 25, 2021, the Town of West Point, Virginia received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,689,596 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor’s Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

NOTE 21—RESTATEMENT OF BEGINNING BALANCES:

The Town restated beginning balance in fiscal year 2021 as follows:

	Component-Unit School Board
	<hr/>
Net position, as previously reported	\$ (1,675,936)
Implementation of GASB 84	143,229
Net position, as restated	<hr/> <hr/> (1,532,707)
	 Component-Unit School Board School Activity Fund
	<hr/>
Fund balance, as previously reported	\$ -
Implementation of GASB 84	143,229
Fund balance, as restated	<hr/> <hr/> \$ 143,229

Required Supplementary Information

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2021

Fund, Function, Activity, and Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 6,318,613	\$ 6,318,613	\$ 6,271,660	\$ (46,953)
Other local taxes	1,045,000	1,045,000	1,263,488	218,488
Permits, privilege fees and regulatory licenses	39,700	39,700	39,334	(366)
Fines and forfeitures	25,000	25,000	42,493	17,493
Revenue from use of money and property	94,484	94,484	105,076	10,592
Charges for services	182,000	182,000	185,630	3,630
Miscellaneous	27,400	27,400	118,614	91,214
Recovered costs	45,000	45,000	55,352	10,352
Intergovernmental:				
King William County	305,268	305,268	309,955	4,687
Commonwealth	540,772	540,772	553,216	12,444
Federal	534,115	534,115	534,166	51
Total revenues	\$ 9,157,352	\$ 9,157,352	\$ 9,478,984	\$ 321,632
Expenditures:				
General government administration:				
Legislative:				
Town council	\$ 59,800	\$ 59,800	\$ 60,114	\$ (314)
Human resources	302,968	302,968	329,346	(26,378)
Total legislative	\$ 362,768	\$ 362,768	\$ 389,460	\$ (26,692)
General and financial administration:				
Town treasurer	\$ 254,405	\$ 254,405	\$ 258,433	\$ (4,028)
Town manager	261,177	261,177	276,807	(15,630)
Total general and financial administration	\$ 515,582	\$ 515,582	\$ 535,240	\$ (19,658)
Total general government administration	\$ 878,350	\$ 878,350	\$ 924,700	\$ (46,350)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,036,509	\$ 1,036,509	\$ 1,025,611	\$ 10,898
Central dispatching	51,100	51,100	43,185	7,915
Total law enforcement and traffic control	\$ 1,087,609	\$ 1,087,609	\$ 1,068,796	\$ 18,813

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (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	\$ 77,774	\$ 77,774	\$ 79,024	\$ (1,250)
Total inspections	\$ 77,774	\$ 77,774	\$ 79,024	\$ (1,250)
Total public safety	\$ 1,315,383	\$ 1,315,383	\$ 1,297,820	\$ 17,563
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 370,295	\$ 370,295	\$ 270,473	\$ 99,822
Highways, streets, bridges and sidewalks	\$ 390,971	\$ 390,971	\$ 213,736	\$ 177,235
Total maintenance of highways, streets, bridges and sidewalks	\$ 761,266	\$ 761,266	\$ 484,209	\$ 277,057
Sanitation and waste removal:				
Refuse collection and disposal	\$ 172,035	\$ 172,035	\$ 164,041	\$ 7,994
Total sanitation and waste removal	\$ 172,035	\$ 172,035	\$ 164,041	\$ 7,994
Maintenance of general buildings and grounds:				
General properties	\$ 373,770	\$ 373,770	\$ 393,384	\$ (19,614)
Total maintenance of general buildings and grounds	\$ 373,770	\$ 373,770	\$ 393,384	\$ (19,614)
Total public works	\$ 1,307,071	\$ 1,307,071	\$ 1,041,634	\$ 265,437
Education:				
Contribution to school board component unit	\$ 4,556,845	\$ 4,556,845	\$ 4,655,528	\$ (98,683)
School facilities	\$ 175,695	\$ 175,695	\$ 134,383	\$ 41,312
Total education	\$ 4,732,540	\$ 4,732,540	\$ 4,789,911	\$ (57,371)

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (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	36,000	4,300
Puller 10K	22,850	22,850	20,341	2,509
Riverwalk park/puller pavilion	484,732	484,732	471,085	13,647
150th anniversary	15,000	15,000	13,910	1,090
Recreational services agreement	50,000	50,000	51,667	(1,667)
Total parks and recreation	\$ 617,882	\$ 617,882	\$ 593,003	\$ 24,879
Library:				
Library administration	\$ 16,000	\$ 16,000	\$ 6,429	\$ 9,571
Total library	\$ 16,000	\$ 16,000	\$ 6,429	\$ 9,571
Total parks, recreation and cultural	\$ 633,882	\$ 633,882	\$ 599,432	\$ 34,450
Planning and community development:				
Community development:				
Community development	\$ 153,176	\$ 153,176	\$ 155,081	\$ (1,905)
Economic development	228,621	228,621	167,660	60,961
MPPDC fees	7,823	7,823	7,585	238
Farmers market	1,000	1,000	355	645
Chesapeake bay transit	26,934	26,934	(2,473)	29,407
Bay agency on aging	2,500	2,500	2,500	-
Art council funding	9,500	9,500	9,500	-
Chamber of commerce	2,000	2,000	2,000	-
Total community development	\$ 431,554	\$ 431,554	\$ 342,208	\$ 89,346
Total planning and community development	\$ 431,554	\$ 431,554	\$ 342,208	\$ 89,346

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2021 (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	\$ 150,500	\$ 150,500	\$ 1,307	\$ 149,193
Indian Rivers Humane Society	2,000	2,000	2,000	-
Computer repair blanket	21,000	21,000	16,319	4,681
Planning commission	4,600	4,600	1,064	3,536
Portable electronic agendas	7,500	7,500	8,310	(810)
Board of zoning appeals	1,350	1,350	462	888
Wetlands Board	1,400	1,400	1,065	335
Marketing	-	-	3,353	(3,353)
Server upgrade	-	-	8,717	(8,717)
Mid Peninsula Regional Airport	30,000	30,000	30,000	-
YMCA new beginnings	1,500	1,500	1,500	-
Liability insurance	38,000	38,000	37,943	57
Annual audit service	25,000	25,000	24,450	550
Total nondepartmental	\$ 282,850	\$ 282,850	\$ 136,490	\$ 146,360
Debt service:				
Principal retirement	\$ 276,183	\$ 276,183	\$ 276,183	\$ -
Interest and fiscal charges	215,333	215,333	91,875	123,458
Total debt service	\$ 491,516	\$ 491,516	\$ 368,058	\$ 123,458
Total expenditures	\$ 10,073,146	\$ 10,073,146	\$ 9,500,253	\$ 572,893
Excess (deficiency) of revenues over expenditures	\$ (915,794)	\$ (915,794)	\$ (21,269)	\$ 894,525
Other financing sources (uses):				
Transfers in (out)	\$ 915,794	\$ 915,794	\$ 231,051	\$ (684,743)
Total other financing sources (uses)	\$ 915,794	\$ 915,794	\$ 231,051	\$ (684,743)
Change in fund balance	\$ -	\$ -	\$ 209,782	\$ 209,782
Fund balance at beginning of year	-	-	5,659,500	5,659,500
Fund balance at end of year	\$ -	\$ -	\$ 5,869,282	\$ 5,869,282

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 207,210	\$ 166,461	\$ 158,875	\$ 159,706
Interest	349,695	310,690	285,573	257,580
Changes of assumptions	-	184,138	-	(52,964)
Differences between expected and actual experience	(25,761)	224,430	19,553	114,277
Benefit payments	(165,448)	(121,518)	(88,845)	(68,566)
Net change in total pension liability	<u>\$ 365,696</u>	<u>\$ 764,201</u>	<u>\$ 375,156</u>	<u>\$ 410,033</u>
Total pension liability - beginning	5,263,391	4,499,190	4,124,034	3,714,001
Total pension liability - ending (a)	<u><u>\$ 5,629,087</u></u>	<u><u>\$ 5,263,391</u></u>	<u><u>\$ 4,499,190</u></u>	<u><u>\$ 4,124,034</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 79,104	\$ 81,516	\$ 70,331	\$ 68,585
Contributions - employee	78,249	78,354	73,959	70,957
Net investment income	97,085	319,995	324,146	471,341
Benefit payments	(165,448)	(121,518)	(88,845)	(68,566)
Administrator charges	(3,262)	(3,040)	(2,702)	(2,604)
Other	(116)	(202)	(291)	(424)
Net change in plan fiduciary net position	<u>\$ 85,612</u>	<u>\$ 355,105</u>	<u>\$ 376,598</u>	<u>\$ 539,289</u>
Plan fiduciary net position - beginning	5,067,249	4,712,144	4,335,546	3,796,257
Plan fiduciary net position - ending (b)	<u><u>\$ 5,152,861</u></u>	<u><u>\$ 5,067,249</u></u>	<u><u>\$ 4,712,144</u></u>	<u><u>\$ 4,335,546</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 476,226	\$ 196,142	\$ (212,954)	\$ (211,512)
Plan fiduciary net position as a percentage of the total pension liability	91.54%	96.27%	104.73%	105.13%
Covered payroll	\$ 1,625,395	\$ 1,574,948	\$ 1,508,394	\$ 1,445,442
Town's net pension liability (asset) as a percentage of covered payroll	29.30%	12.45%	-14.12%	-14.63%

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 Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 153,503	\$ 139,219	\$ 143,110
Interest	257,485	241,502	221,845
Changes of assumptions	-	-	-
Differences between expected and actual experience	(330,501)	(53,409)	-
Benefit payments	(89,690)	(108,267)	(60,007)
Net change in total pension liability	<u>\$ (9,203)</u>	<u>\$ 219,045</u>	<u>\$ 304,948</u>
Total pension liability - beginning	3,723,204	3,504,159	3,199,211
Total pension liability - ending (a)	<u><u>\$ 3,714,001</u></u>	<u><u>\$ 3,723,204</u></u>	<u><u>\$ 3,504,159</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 108,608	\$ 109,477	\$ 116,839
Contributions - employee	66,741	67,115	64,635
Net investment income	66,888	161,326	461,112
Benefit payments	(89,690)	(108,267)	(60,007)
Administrator charges	(2,196)	(2,115)	(2,356)
Other	(28)	(35)	24
Net change in plan fiduciary net position	<u>\$ 150,323</u>	<u>\$ 227,501</u>	<u>\$ 580,247</u>
Plan fiduciary net position - beginning	3,645,934	3,418,433	2,838,186
Plan fiduciary net position - ending (b)	<u><u>\$ 3,796,257</u></u>	<u><u>\$ 3,645,934</u></u>	<u><u>\$ 3,418,433</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ (82,256)	\$ 77,270	\$ 85,726
Plan fiduciary net position as a percentage of the total pension liability	102.21%	97.92%	97.55%
Covered payroll	\$ 1,374,894	\$ 1,375,847	\$ 1,291,185
Town's net pension liability (asset) as a percentage of covered payroll	-5.98%	5.62%	6.64%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Date of June 30, 2020

	<u>2020</u>
Total pension liability	
Changes in assumptions	\$ 256,177
Net change in total pension liability	<u>\$ 256,177</u>
Total pension liability - beginning	-
Total pension liability - ending (a)	<u><u>\$ 256,177</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,148
Contributions - employee	935
Net investment income	6,267
Administrator charges	269
Other	242,085
Net change in plan fiduciary net position	<u>\$ 250,704</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u><u>\$ 250,704</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 5,473
Plan fiduciary net position as a percentage of the total pension liability	97.86%
Covered payroll	\$ N/A
Town's net pension liability (asset) as a percentage of covered payroll	N/A

Schedule is intended to show information for 10 years. Information prior to the 2020 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
For the Measurement Dates of June 30, 2014 through June 30, 2020

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)
Component Unit School Board (professional)					
2020	0.067%	\$ 9,694,960	\$ 5,733,055	169.11%	71.47%
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

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)
Primary Government					
2021	\$ 138,125	\$ 138,125	\$ -	\$ 1,666,502	8.29%
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%
Component Unit School Board (nonprofessional)					
2021	\$ -	\$ -	\$ -	\$ 339,569	0.00%
Component Unit School Board (professional)					
2021	\$ 909,537	\$ 909,537	\$ -	\$ 5,566,537	16.34%
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%

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2021

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, 2019 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, 2020

<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>
Primary Government:					
2020	0.0079%	\$ 132,338	\$ 1,631,309	8.11%	52.64%
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%
Component Unit School Board (nonprofessional):					
2020	0.0001%	\$ 1,669	\$ 339,569	0.49%	52.64%
Component Unit School Board (professional):					
2020	0.0279%	\$ 464,938	\$ 5,733,055	8.11%	52.64%
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, 2012 through June 30, 2021

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2021	\$ 8,999	\$ 8,999	\$ -	\$ 1,666,502	0.54%
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%
Component Unit School Board (nonprofessional)					
2021	\$ 1,834	\$ 1,834	\$ -	\$ 339,569	0.54%
Component Unit School Board (professional)					
2021	\$ 30,059	\$ 30,059	\$ -	\$ 5,566,537	0.54%
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%

Schedule is intended to show information for 10 years. 2021 was the first year School Board nonprofessional employees participated in this plan. Additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2021

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, 2019 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 Changes in the School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 3,642
Net change in total HIC OPEB liability	\$ 3,642
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 3,642</u>
Plan fiduciary net position	
Contributions - employer	\$ 218
Net investment income	2,357
Administrator charges	(5)
Net change in plan fiduciary net position	\$ 2,570
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ 2,570</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 1,072
Plan fiduciary net position as a percentage of the total HIC OPEB liability	70.57%
Covered payroll	\$ 339,569
School Board's net HIC OPEB liability as a percentage of covered payroll	0.32%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2020 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 985	\$ 985	\$ -	\$ 339,569	0.29%
2020	218	218	-	339,569	0.06%

Schedule is intended to show information for 10 years. School Board nonprofessional employees began participating in HIC plan during the 2020 plan. Additional information will be added as it becomes available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2021

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, 2019, 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:

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%

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, 2020

<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>
2020	0.0654%	\$ 853,154	\$ 5,733,055	14.88%	9.95%
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, 2012 through June 30, 2021

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)
2021	\$ 67,355	\$ 67,355	\$ -	\$ 5,566,537	1.21%
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%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2021

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, 2019 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

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating	School Cafeteria	School Activity Fund	Total
ASSETS				
Cash and cash equivalents	\$ 428,478	\$ 309,041	\$ 153,556	\$ 891,075
Due from other governments	83,882	-	-	83,882
Due from primary government	910,504	-	-	910,504
Prepaid expenses	15,350	-	-	15,350
Total assets	<u>\$ 1,438,214</u>	<u>\$ 309,041</u>	<u>\$ 153,556</u>	<u>\$ 1,900,811</u>
LIABILITIES				
Accounts payable	\$ 116,748	\$ -	\$ -	\$ 116,748
Accrued expenses	1,321,466	-	-	1,321,466
Total liabilities	<u>\$ 1,438,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,438,214</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid expenses	\$ 15,350	\$ -	\$ -	\$ 15,350
Committed:				
Education	-	-	153,556	153,556
Assigned:				
Special revenue	-	309,041	-	309,041
Unassigned	(15,350)	-	-	(15,350)
Total fund balances	<u>\$ -</u>	<u>\$ 309,041</u>	<u>\$ 153,556</u>	<u>\$ 462,597</u>
Total liabilities and fund balances	<u>\$ 1,438,214</u>	<u>\$ 309,041</u>	<u>\$ 153,556</u>	<u>\$ 1,900,811</u>
Amounts reported for the school board in the statement of net position are different because:				
Fund balance from above				\$ 462,597
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 59,350	
Building and improvements			6,300,498	
Equipment			616,115	6,975,963
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 2,548,977	
OPEB related items			233,837	2,782,814
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Note payable			\$ (76,923)	
Net pension liability			(9,700,433)	
Net OPEB liabilities			(1,320,833)	
Compensated absences			(288,851)	(11,387,040)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (768,432)	
OPEB related items			(73,283)	(841,715)
Net position of governmental activities				<u>\$ (2,007,381)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2021

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Activity Fund</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 2,496	\$ 1,423	\$ -	\$ 3,919
Charges for services	-	37,596	-	37,596
Miscellaneous	242,024	-	145,399	387,423
Recovered costs	247,481	-	-	247,481
Intergovernmental revenue:				
Contribution from Town of West Point	4,655,528	-	-	4,655,528
Commonwealth	5,994,576	-	-	5,994,576
Federal	880,269	-	-	880,269
Total revenues	<u>\$ 12,022,374</u>	<u>\$ 39,019</u>	<u>\$ 145,399</u>	<u>\$ 12,206,792</u>
Expenditures:				
Current:				
Education	<u>\$ 11,637,004</u>	<u>\$ 324,828</u>	<u>\$ 135,072</u>	<u>\$ 12,096,904</u>
Total expenditures	<u>\$ 11,637,004</u>	<u>\$ 324,828</u>	<u>\$ 135,072</u>	<u>\$ 12,096,904</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 385,370	\$ (285,809)	\$ 10,327	\$ 109,888
Other financing sources (uses):				
Transfers in (out)	<u>\$ (385,370)</u>	<u>\$ 385,370</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (385,370)</u>	<u>\$ 385,370</u>	<u>\$ -</u>	<u>\$ -</u>
Changes in fund balances	\$ -	\$ 99,561	\$ 10,327	\$ 109,888
Fund balances at beginning of year, as restated	<u>-</u>	<u>209,480</u>	<u>143,229</u>	<u>352,709</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 309,041</u>	<u>\$ 153,556</u>	<u>\$ 462,597</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, 2021

	<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	\$ 109,888
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	\$ 114,394
Depreciation expense	<u>(531,810)</u>
	(417,416)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board	198,435
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	11,966
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	\$ (307,656)
OPEB expense	1,837
Change in compensated absences	<u>(71,728)</u>
	(377,547)
Change in net position of governmental activities	<u>\$ (474,674)</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, 2021

	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	\$ 2,496	\$ (7,504)
Miscellaneous	236,515	236,515	242,024	5,509
Recovered costs	367,950	367,950	247,481	(120,469)
Intergovernmental:				
Town contribution to School Board	4,556,845	4,556,845	4,655,528	98,683
Commonwealth	5,854,111	5,854,111	5,994,576	140,465
Federal	600,974	600,974	880,269	279,295
Total revenues	<u>\$ 11,626,395</u>	<u>\$ 11,626,395</u>	<u>\$ 12,022,374</u>	<u>\$ 395,979</u>
Expenditures:				
Current:				
Education:				
Instruction	\$ 9,241,808	\$ 9,241,808	\$ 10,440,350	\$ (1,198,542)
Administration, attendance and health	534,233	534,233	167,237	366,996
Pupil transportation services	296,728	296,728	172,322	124,406
Operation and maintenance services	1,014,762	1,014,762	765,595	249,167
Facilities	45,496	45,496	38,496	7,000
Debt service	42,606	42,606	42,605	1
School food services	65,391	65,391	10,399	54,992
Total expenditures	<u>\$ 11,241,024</u>	<u>\$ 11,241,024</u>	<u>\$ 11,637,004</u>	<u>\$ (395,980)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 385,371</u>	<u>\$ 385,371</u>	<u>\$ 385,370</u>	<u>\$ (1)</u>
Other financing sources (uses):				
Transfers out	<u>\$ (385,371)</u>	<u>\$ (385,371)</u>	<u>\$ (385,370)</u>	<u>\$ 1</u>
Total other financing sources (uses)	<u>\$ (385,371)</u>	<u>\$ (385,371)</u>	<u>\$ (385,370)</u>	<u>\$ 1</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2021

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 391,159
Inventory	<u>548,208</u>
Total Current Assets	<u>\$ 939,367</u>
 Total Assets	 <u><u>\$ 939,367</u></u>
 LIABILITIES	
Contingent liability	<u>\$ 361,566</u>
 NET POSITION	
Unrestricted	<u>\$ 577,801</u>
Total Liabilities and Net Position	<u><u>\$ 939,367</u></u>

Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
 Discretely Presented Component Unit - Economic Development Authority
 Year Ended June 30, 2021

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
Operating expenses:	
Contractual services	\$ <u>10,269</u>
Total operating expenses	\$ <u>10,269</u>
Operating income (loss)	\$ <u>(10,269)</u>
Nonoperating revenues (expenses):	
Interest income	\$ <u>5,364</u>
Total nonoperating revenues (expenses)	\$ <u>5,364</u>
Change in net position	\$ (4,905)
Net position at beginning of year	<u>582,706</u>
Net position at end of year	<u><u>\$ 577,801</u></u>

Statement of Cash Flows - Proprietary Fund
 Discretely Presented Component Unit - Economic Development Authority
 Year Ended June 30, 2021

	Proprietary Fund
	<u>Enterprise</u>
Cash flows from operating activities:	
Payments for services	\$ <u>(10,269)</u>
Net cash provided by (used for) operating activities	\$ <u>(10,269)</u>
Cash flows from investing activities:	
Interest income	\$ <u>5,364</u>
Increase (decrease) in cash and cash equivalents	\$ (4,905)
Cash and cash equivalents at beginning of year	<u>396,064</u>
Cash and cash equivalents at end of year	<u><u>\$ 391,159</u></u>

Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,233,360	\$ 2,233,360	\$ 2,073,966	\$ (159,394)
Real and personal public service corporation property taxes	120,000	120,000	102,299	(17,701)
Personal property taxes	565,253	565,253	619,151	53,898
Machinery and tools taxes	3,360,000	3,360,000	3,416,132	56,132
Penalties	40,000	40,000	37,500	(2,500)
Interest	-	-	22,612	22,612
Total general property taxes	<u>\$ 6,318,613</u>	<u>\$ 6,318,613</u>	<u>\$ 6,271,660</u>	<u>\$ (46,953)</u>
Other local taxes:				
Local sales and use taxes	\$ 300,000	\$ 300,000	\$ 436,993	\$ 136,993
Consumers' utility taxes	70,000	70,000	70,542	542
Utility consumption tax	45,000	45,000	45,114	114
Business license taxes	180,000	180,000	196,051	16,051
Motor vehicle licenses	50,000	50,000	53,684	3,684
Natural gas tax	40,000	40,000	50,132	10,132
Bank franchise tax	60,000	60,000	88,177	28,177
Meals taxes	300,000	300,000	322,795	22,795
Total other local taxes	<u>\$ 1,045,000</u>	<u>\$ 1,045,000</u>	<u>\$ 1,263,488</u>	<u>\$ 218,488</u>
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	\$ 39,700	\$ 39,700	\$ 39,334	\$ (366)
Total permits, privilege fees and regulatory licenses	<u>\$ 39,700</u>	<u>\$ 39,700</u>	<u>\$ 39,334</u>	<u>\$ (366)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 42,493	\$ 17,493
Total fines and forfeitures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 42,493</u>	<u>\$ 17,493</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 95,026	\$ 20,026
Revenue from use of property	19,484	19,484	10,050	(9,434)
Total revenue from use of money and property	<u>\$ 94,484</u>	<u>\$ 94,484</u>	<u>\$ 105,076</u>	<u>\$ 10,592</u>
Charges for services:				
Charges for solid waste collection	\$ 182,000	\$ 182,000	\$ 185,630	\$ 3,630
Total charges for services	<u>\$ 182,000</u>	<u>\$ 182,000</u>	<u>\$ 185,630</u>	<u>\$ 3,630</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 27,400	\$ 27,400	\$ 118,614	\$ 91,214
Total miscellaneous	\$ 27,400	\$ 27,400	\$ 118,614	\$ 91,214
Recovered costs:				
DMV - license agent fees	\$ 45,000	\$ 45,000	\$ 55,352	\$ 10,352
Total recovered costs	\$ 45,000	\$ 45,000	\$ 55,352	\$ 10,352
Total revenue from local sources	\$ 7,777,197	\$ 7,777,197	\$ 8,081,647	\$ 304,450
Intergovernmental:				
Local government:				
King William County	\$ 305,268	\$ 305,268	\$ 309,955	\$ 4,687
Revenue from the Commonwealth:				
Noncategorical aid:				
PPTRA	\$ 366,550	\$ 366,550	\$ 366,550	-
Rolling stock tax	-	-	6,158	6,158
Communications tax	70,000	70,000	65,503	(4,497)
Games of skill	-	-	288	288
Total noncategorical aid	\$ 436,550	\$ 436,550	\$ 438,499	\$ 1,949
Categorical aid:				
Fire department grant	\$ 11,443	\$ 11,443	\$ 15,000	\$ 3,557
599 fund grant	73,388	73,388	85,124	11,736
VA commission of the arts grant	4,500	4,500	4,500	-
Asset forfeiture	-	-	93	93
Police grants	4,891	4,891	-	(4,891)
Public safety services	10,000	10,000	10,000	-
Total categorical aid	\$ 104,222	\$ 104,222	\$ 114,717	\$ 10,495
Total revenue from the Commonwealth	\$ 540,772	\$ 540,772	\$ 553,216	\$ 12,444
Revenue from the Federal Government:				
Categorical aid:				
Coronavirus relief fund	\$ 534,115	\$ 534,115	\$ 534,166	51
Total categorical aid	\$ 534,115	\$ 534,115	\$ 534,166	51
Total revenue from the federal government	\$ 534,115	\$ 534,115	\$ 534,166	51
Total General Fund	\$ 9,157,352	\$ 9,157,352	\$ 9,478,984	\$ 321,632

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 2,496	\$ (7,504)
Revenue from use of property	-	-	-	-
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 2,496</u>	<u>\$ (7,504)</u>
Miscellaneous:				
Miscellaneous	\$ 236,515	\$ 236,515	\$ 242,024	\$ 5,509
Total miscellaneous	<u>\$ 236,515</u>	<u>\$ 236,515</u>	<u>\$ 242,024</u>	<u>\$ 5,509</u>
Recovered costs:				
Tuition or other payments from another county or city	\$ 367,950	\$ 367,950	\$ 247,481	\$ (120,469)
Total recovered costs	<u>\$ 367,950</u>	<u>\$ 367,950</u>	<u>\$ 247,481</u>	<u>\$ (120,469)</u>
Total revenue from local sources	<u>\$ 614,465</u>	<u>\$ 614,465</u>	<u>\$ 492,001</u>	<u>\$ (122,464)</u>
Intergovernmental:				
Town contribution to School Board	\$ 4,556,845	\$ 4,556,845	\$ 4,655,528	\$ 98,683
Total intergovernmental	<u>\$ 4,556,845</u>	<u>\$ 4,556,845</u>	<u>\$ 4,655,528</u>	<u>\$ 98,683</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 799,204	\$ 799,204	\$ 855,168	\$ 55,964
Basic school aid	3,120,693	3,120,693	3,187,509	66,816
Special education - SOQ	322,870	322,870	327,379	4,509
Share of fringe benefits	635,921	635,921	644,802	8,881
State technology grant	102,000	102,000	155,600	53,600
Other state funds	873,423	873,423	824,118	(49,305)
Total categorical aid	<u>\$ 5,854,111</u>	<u>\$ 5,854,111</u>	<u>\$ 5,994,576</u>	<u>\$ 140,465</u>
Total revenue from the Commonwealth	<u>\$ 5,854,111</u>	<u>\$ 5,854,111</u>	<u>\$ 5,994,576</u>	<u>\$ 140,465</u>
Revenue from the Federal Government:				
Categorical aid:				
Title I	\$ 65,405	\$ 65,405	\$ 44,774	\$ (20,631)
Title VI-B - special education	138,979	138,979	162,367	23,388
CARES Act Funds	270,498	270,498	282,371	11,873
Other federal funds	126,092	126,092	390,757	264,665
Total categorical aid	<u>\$ 600,974</u>	<u>\$ 600,974</u>	<u>\$ 880,269</u>	<u>\$ 279,295</u>
Total revenue from the federal government	<u>\$ 600,974</u>	<u>\$ 600,974</u>	<u>\$ 880,269</u>	<u>\$ 279,295</u>
Total School Operating Fund	<u><u>\$ 11,626,395</u></u>	<u><u>\$ 11,626,395</u></u>	<u><u>\$ 12,022,374</u></u>	<u><u>\$ 395,979</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Component Unit - School Board: (continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	1,423	\$ 1,423
Charges for services:				
Cafeteria sales	-	-	37,596	37,596
Total revenue from local sources	\$ -	\$ -	\$ 39,019	\$ 39,019
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,019</u>	<u>\$ 39,019</u>
Total Revenues-Component Unit-School Board	<u>\$ 11,626,395</u>	<u>\$ 11,626,395</u>	<u>\$ 12,061,393</u>	<u>\$ 434,998</u>

Statistical Information

TOWN OF WEST POINT, VIRGINIA

Table 1

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General				Parks, Recreation and Cultural				Interest on Debt	Water and Sewer		Total
	Government Administration	Public Safety	Public Works	Education	Community Development	Interest on Debt	Water and Sewer	Sewer				
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			
2020-21	912,268	1,354,928	1,258,264	5,142,230	128,710	399,434	98,924	595,686	9,890,444			

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	
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
2020-21	795,960	648,883	-	6,281,725	1,263,488	748,454	96,962	1,324,489	11,159,961

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
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									
2020-21	6,271,660	1,263,488	39,334	42,493	108,995	223,226	360,638	302,833	8,272,182	16,884,849									

(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						
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		
2020-21	924,700	1,297,820	1,041,634	12,096,215	599,432	342,208	136,490	368,058	16,806,557		

(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
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		
2020-21	316,023,717	29,905,459	152,505,894	16,006,899	6,000	514,447,969		

(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
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
2020-21	0.670	3.29	2.24

(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	
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%		
2020-21	6,624,837	6,496,347	98.06%	81,751	6,578,098	99.29%	248,541	3.75%		

(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)		Ratio of Net General Obligation Debt to Assessed Value	Ratio of Net General Obligation Debt to Assessed Value	
2010-11	3,306	\$ 474,010	\$ 3,160,100	-	\$ 994,112	\$ 2,165,988	0.46%	0.46%	655
2011-12	3,315	\$ 468,328	\$ 3,044,913	-	\$ 970,114	\$ 2,074,799	0.44%	0.44%	626
2012-13	3,312	474,190	8,688,563	-	924,180	7,764,383	1.64%	1.64%	2,344
2013-14	3,339	476,230	8,498,036	-	877,068	7,620,968	1.60%	1.60%	2,282
2014-15	3,333	482,069	7,744,322	-	828,386	6,915,936	1.43%	1.43%	2,075
2015-16	3,339	458,118	7,410,415	-	778,526	6,631,889	1.45%	1.45%	1,986
2016-17	3,314	473,104	6,887,710	-	727,488	6,160,222	1.30%	1.30%	1,859
2017-18	3,312	476,251	6,592,629	-	675,272	5,917,357	1.24%	1.24%	1,787
2018-19	3,312	482,596	6,093,142	-	542,966	5,550,176	1.15%	1.15%	1,676
2019-20	3,261	492,078	4,782,404	-	487,609	4,294,795	0.87%	0.87%	1,317
2020-21	3,292	514,448	4,439,969	-	431,075	4,008,894	0.78%	0.78%	1,218

(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



**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, 2021, 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 February 16, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedules of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness (2021-001).

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*.

Town's Response to Findings

Town of West Point, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of West Point, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 16, 2022



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of West Point, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of West Point, Virginia's major federal programs for the year ended June 30, 2021. Town of West Point, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of West Point, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of West Point, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of West Point, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of West Point, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of West Point, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of West Point, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of West Point, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 16, 2022

TOWN OF WEST POINT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	APE402540000	\$ 9,958
Summer food service program for children	10.559	APE603020000/APE603030000	269,857
COVID-19 - Summer food service program for children	10.559	APE601750000/APE601760000	80,213
Total 10.559			<u>\$ 350,070</u>
Total child nutrition cluster			<u>\$ 360,028</u>
Total Department of Agriculture			<u>\$ 360,028</u>
Department of Treasury:			
Pass Through Payments:			
Department of Accounts:			
COVID-19 - Coronavirus Relief Fund	21.019	Unavailable	\$ 534,166
Department of Education:			
COVID-19 - Coronavirus Relief Fund	21.019	APE700560000	137,690
Total 21.019			<u>\$ 671,856</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	S010A170046/S010A180046	\$ 44,774
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A180107/H027A190107	158,265
Special education - preschool grants	84.173	H173A180112/H173A190112	4,102
Total special education cluster (IDEA)			<u>\$ 162,367</u>
Career and technical education - basic grants to states (Perkins IV)	84.048	V048A180046/V048A190046	10,639
Supporting effective instruction state grants	84.367	S367A190044	10,090
Student support and academic enrichment program	84.424	S424A180048/S424A190048	10,000
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	APE601770000	30,476
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	APE601770000	114,205
Total Education Stabilization Fund (84.425)			<u>\$ 144,681</u>
Total Department of Education			<u>\$ 382,551</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,414,435</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

TOWN OF WEST POINT, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of West Point, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of West Point, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of West Point, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The Town did not elect to use the 10% de minimis indirect cost rate.

(4) The Town did not pass any federal awards through to subrecipients during the year ended June 30, 2021.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ <u>534,166</u>
Component Unit School Board:	
School Operating Fund	\$ <u>880,269</u>
Total federal expenditures per basic financial statements	\$ <u><u>1,414,435</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,414,435</u></u>

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS:

2021-001 - Material Audit Adjustments Proposed by Auditor

Criteria: Town management is responsible for developing and maintaining an effective system of internal controls over financial closing and reporting that provides reasonable assurance for the reliability of the reported financial information. Identification of material adjustments to the financial statements not detected by the Town's system of internal controls indicates that a material weakness may exist.

Condition: The financial statements required material adjustments proposed by the auditor to ensure such statements were materially correct in accordance with Generally Accepted Accounting Principles (GAAP).

TOWN OF WEST POINT, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 - Material Audit Adjustments Proposed by Auditor (Continued)

Cause: The Town lacked internal controls over the financial reporting process.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the Town's system of internal controls over financial reporting.

Recommendation: We recommend the Town implement procedures to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.

Management's Response: The Town of West Point's Management has received and reviewed the Schedule of Findings provided by Robinson, Farmer, Cox Associates and have developed a corrective action plan in response to those findings. A copy of our detailed plan has been made available to the Town Council and the auditors.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

SECTION IV - PRIOR AUDIT FINDINGS:

There are no prior audit findings.