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CITY OF WEST POINT, MISSISSIPPI

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FINANCIAL AUDIT REPORT



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Selectmen
City of West Point, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Point, Mississippi, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City of West Point, Mississippi'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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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

As discussed in Note 4 to the financial statements, the City has not recorded depreciation expense over the useful lives of capital assets acquired in governmental activities. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would decrease the net position, and increase expenses of the governmental activities. The amount by which this departure would affect net position and expenses of the governmental activities is not reasonably determinable.

The City does not maintain adequate subsidiary records documenting the historical cost of buildings and equipment included in the General Fixed Asset Account Group. Due to the nature of the City's records, we were unable to satisfy ourselves as to the historical cost of buildings and equipment recorded in the financial statements at \$28,497,517.

In our opinion, except for the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Point, Mississippi, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-8 and 39-40 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Point, Mississippi's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Surety Bonds of City Officials and the Schedule Reconciling Original Ad Valorem Rolls to Fund Collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Surety Bonds of City Officials and the Schedule Reconciling Original Ad Valorem Rolls to Fund Collections 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015, on our consideration of the City of West Point, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Point, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
West Point, Mississippi
June 5, 2015

Watkins Ward and Stafford, PLLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The discussion and analysis of the City of West Point's financial performance provides an overall narrative review of the city's financial activities for the years ended June 30, 2014 and 2013. The intent of this discussion and analysis is to look at the city's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the city's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this city's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the city's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

FINANCIAL HIGHLIGHTS

- Total net position increased \$3,192,286, which represents a 7% increase from fiscal year 2013.
- General revenues account for \$7,076,490 in revenue, or 27% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,666,750 or 73% of total revenues.
- The City had \$22,550,954 in expenses; only \$18,666,750 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,076,490 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$7,634,990 in revenues and \$7,948,365 in expenditures. The General Fund's fund balance increased \$157,205 over the prior year. The Other Governmental Funds had \$837,238 in revenues and \$1,296,701 in expenditures. The Other Governmental Fund's fund balance increased \$256,816 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$10,106,069 over the prior year.
- Total long-term debt including current maturities increased by \$6,755,533.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplemental 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 City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net position presents information on all the City's assets and liabilities, 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 City is improving or deteriorating.

The statement of activities presents information showing how the City'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

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CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include police, fire, public works, parks & recreation, library, and general administration.

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

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

Proprietary Funds. When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary fund is the same as business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's budget process. The City adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,647,836 as of June 30, 2014 and by \$46,455,550 as of June 30, 2013.

The City's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the City's net position for the fiscal year ended June 30:

CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,766,066	1,628,262	8,892,405	9,366,404	10,658,471	10,994,666
Capital assets	28,497,517	27,750,225	42,599,798	33,241,021	71,097,315	60,991,246
Total Assets	30,263,583	29,378,487	51,492,203	42,607,425	81,755,786	71,985,912
Deferred outflows of resources	-	-	245,812	-	245,812	-
Current and other liabilities	1,978,399	2,166,709	3,316,371	3,080,111	5,294,770	5,246,820
Long-term debt	4,734,366	4,122,029	22,304,709	16,161,513	27,039,075	20,283,542
Total Liabilities	6,712,765	6,288,738	25,621,080	19,241,624	32,333,845	25,530,362
Deferred inflows of resources	-	-	19,917	-	19,917	-
Net Position:						
Net investment						
in capital assets	24,059,804	23,767,035	20,284,816	17,079,508	44,344,620	40,846,543
Restricted	1,216,306	960,923	1,102,552	1,313,571	2,318,858	2,274,494
Unrestricted	(1,725,292)	(1,638,209)	4,709,650	4,972,722	2,984,358	3,334,513
Total Net Position	\$ 23,550,818	23,089,749	26,097,018	23,365,801	49,647,836	46,455,550

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The increase of \$10,106,069 in capital assets mainly due to construction projects.
- The increase of \$6,755,533 in long-term debt with proceeds used to fund the new construction projects by the City.

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2014 and 2013 were \$25,743,240 and \$23,120,741. The total cost of all programs and services was \$22,550,954 and \$22,302,913. The following table presents a summary of the changes in net position for the fiscal year ended June 30:

	2014	2013
Revenues:		
Program revenues	\$ 18,666,750	16,159,236
General revenues	7,076,490	6,961,505
Total revenues	<u>25,743,240</u>	<u>23,120,741</u>
Expenses:		
Governmental Activities	8,005,448	8,523,727
Business-type Activities	14,545,506	13,779,186
Total expenses	<u>22,550,954</u>	<u>22,302,913</u>
Increase (decrease) in net position	\$ <u>3,192,286</u>	<u>817,828</u>

CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$217,184, an increase of \$414,021 over the prior year.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$157,205. The fund balance in the Other Governmental Funds (Non-Major funds) increased in the amount of \$256,816 over the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as Required Supplementary Information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the City's total net capital assets were \$71,097,315 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents an increase of \$10,106,069 over the previous year.

Additional information of the City's capital assets can be found at Note 4 in the required notes to the financial statements.

Debt Administration. At June 30, 2014, the City had \$26,970,822 in long-term debt outstanding – which includes a premium on prior year refunding bonds in the amount of \$19,917 and a deferred loss in the amount of (\$88,170) – of which \$2,048,904 is due within one year. In addition, the liability for compensated absences increased by \$157,814 over the previous year.

Additional information of the City's long-term debt can be found at Note 6 in the required notes to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the City Clerk's Office at 204 Commerce Street, West Point, MS 39773, telephone 662-494-2573.

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BASIC FINANCIAL STATEMENTS

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,050,546	2,164,866	3,215,412
Investments	-	71,897	71,897
Accounts receivable, net	67,506	2,030,918	2,098,424
Intergovernmental receivables	231,838	63,203	295,041
Other receivables, net	-	337,165	337,165
Prepaid expenses	-	10,274	10,274
Inventory	21,380	728,154	749,534
Due from other entities	232,327	1,879,462	2,111,789
Note receivable	-	354,323	354,323
Restricted assets			
Cash and cash equivalents	162,469	1,102,554	1,265,023
Investments	-	144,604	144,604
Regulatory assets	-	4,985	4,985
Capital assets, net	28,497,517	42,599,798	71,097,315
Total assets	<u>30,263,583</u>	<u>51,492,203</u>	<u>81,755,786</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred loss on debt defeasance	-	88,170	88,170
Deferred debt expense	-	157,642	157,642
Total Deferred Outflows of Resources	<u>-</u>	<u>245,812</u>	<u>245,812</u>
<u>LIABILITIES</u>			
Accounts payable	324,944	1,622,500	1,947,444
Accrued interest payable	32,787	70,935	103,722
Other payables	119,727	845,148	964,875
Due to other entities	1,500,941		1,500,941
Customer Deposits	-	777,788	777,788
Long-term liabilities, due within one year:			
Capital related debt	594,157	1,355,864	1,950,021
Long-term liabilities, due beyond one year:			
Capital related debt	3,843,556	20,948,845	24,792,401
Non-capital related debt	296,653		296,653
Total liabilities	<u>6,712,765</u>	<u>25,621,080</u>	<u>32,333,845</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Premium on G.O. refunding bonds	-	19,917	19,917
Total Deferred Inflows of Resources	<u>-</u>	<u>19,917</u>	<u>19,917</u>

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>NET POSITION</u>			
Net investment in capital assets	24,059,804	20,284,816	44,344,620
Restricted for:			
Expendable:			
Debt service	187,018	1,086,402	1,273,420
Playground equipment	162,470		162,470
Culture and recreation	718,059		718,059
Public safety	148,759		148,759
Unemployment		16,150	16,150
Unrestricted	(1,725,292)	4,709,650	2,984,358
Total Net Position	\$ 23,550,818	26,097,018	49,647,836

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

CITY OF WEST POINT, MISSISSIPPI

**Audited Financial Statements
For the Year Ended June 30, 2014**

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CITY OF WEST POINT, MISSISSIPPI
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities					
General government	\$ 1,422,683	341,003	-	-	(1,081,680)
Public safety	3,571,886	125,552	102,387	-	(3,343,947)
Public works	2,004,893	855,471	41,701	29,015	(1,078,706)
Culture and recreation	722,421	25,173	35,000	4,750	(657,498)
Health and welfare	68,931	8,196	-	-	(60,735)
Interest on long-term debt	214,634	-	-	-	(214,634)
Total governmental activities	<u>8,005,448</u>	<u>1,355,395</u>	<u>179,088</u>	<u>33,765</u>	<u>(6,437,200)</u>
Business-type Activities					
Electric department	10,094,598	9,630,246	-	-	(464,352)
Water and sewer department	4,450,908	4,739,230	-	2,729,026	3,017,348
Total business-type activities	<u>14,545,506</u>	<u>14,369,476</u>	<u>-</u>	<u>2,729,026</u>	<u>2,552,996</u>
Total primary government	<u>\$ 22,550,954</u>	<u>15,724,871</u>	<u>179,088</u>	<u>2,762,791</u>	<u>(3,884,204)</u>
Governmental Activities Business-type Activities Total					
Changes in Net Position:					
Net (expense) / revenue		\$ (6,437,200)	2,552,996	(3,884,204)	
General revenues					
Taxes					
Property taxes			3,869,529		3,869,529
Sales and tourism taxes			2,512,201		2,512,201
Other taxes			157,544		157,544
Unrestricted grants and contributions			173,448		173,448
Investment income			21,620	30,731	52,351
Other			163,927	147,490	311,417
Total general revenues			<u>6,898,269</u>	<u>178,221</u>	<u>7,076,490</u>
Change in net position			461,069	2,731,217	3,192,286
Net Position, Beginning			<u>23,089,749</u>	<u>23,365,801</u>	<u>46,455,550</u>
Net Position, Ending			<u>\$ 23,550,818</u>	<u>26,097,018</u>	<u>49,647,836</u>

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

CITY OF WEST POINT, MISSISSIPPI
 Governmental Funds
 Balance Sheet
 June 30, 2014

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 455,344	984,762	1,440,106
Cash - restricted	-	162,469	162,469
Accounts receivable	42,605	21,336	63,941
Intergovernmental receivables	207,930	23,908	231,838
Due from other entities	216,181	-	216,181
Inventories	15,969	-	15,969
Due from other funds	18,729	79,023	97,752
Total assets	<u>\$ 956,758</u>	<u>1,271,498</u>	<u>2,228,256</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 324,944	-	324,944
Due to other funds	71,174	10,432	81,606
Due to other entities	1,500,941	-	1,500,941
Other liabilities	91,608	11,973	103,581
Total Liabilities	<u>1,988,667</u>	<u>22,405</u>	<u>2,011,072</u>
Fund Balances:			
Restricted:			
Debt service		219,805	219,805
Playground equipment		162,470	162,470
Assigned:			
Culture and recreation		707,657	707,657
Public safety		148,759	148,759
Economic development and assistance		10,402	10,402
Unassigned	<u>(1,031,909)</u>		<u>(1,031,909)</u>
Total Fund Balances	<u>(1,031,909)</u>	<u>1,249,093</u>	<u>217,184</u>
Total Liabilities and Fund Balances	<u>\$ 956,758</u>	<u>1,271,498</u>	<u>2,228,256</u>

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

CITY OF WEST POINT, MISSISSIPPI

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2014

Total fund balances for governmental funds \$ 217,184

Amounts reported for governmental activities in the statement of net position are different because:

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

Land	\$ 303,352	
Construction in progress	465,448	
Buildings	22,564,470	
Infrastructure	<u>5,164,247</u>	28,497,517

2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	\$ (3,513,000)	
Obligations under capital lease	(199,313)	
Notes payable	(725,400)	
Compensated absences	(296,653)	
Accrued interest payable	<u>(32,787)</u>	(4,767,153)

3. Internal service fund assets and liabilities reported on governmental funds balance sheet (396,730)

Net position of governmental activities \$ 23,550,818

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

CITY OF WEST POINT, MISSISSIPPI
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2014

	Major Funds		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues:			
Property taxes	\$ 2,194,811	439,837	2,634,648
Franchise taxes	157,544	-	157,544
In lieu of taxes	1,062,033	-	1,062,033
Penalties and interest	56,147	-	56,147
Licenses and permits	23,561	-	23,561
Fines and forfeitures	121,779	-	121,779
Intergovernmental revenues			
Federal revenue	19,336	110,465	129,801
State shared:			
Gas tax refund	13,064	-	13,064
Heavy duty and rail tax	37,918	-	37,918
Sales tax	2,291,382	-	2,291,382
Tourism tax	-	220,819	220,819
TVA in lieu	116,702	-	116,702
General municipal aid	5,639	-	5,639
Homestead reimbursement	113,015	-	113,015
Fire insurance refund	-	59,719	59,719
EMA county reimbursement	23,332	-	23,332
Capital improvement grant	-	3,813	3,813
Charges for services	1,233,616	-	1,233,616
Interest income	21,670	262	21,932
Miscellaneous revenues	143,441	2,323	145,764
Total Revenues	7,634,990	837,238	8,472,228
Expenditures:			
General government	1,403,922	-	1,403,922
Public safety			
Police	2,051,427	2,070	2,053,497
Fire	1,728,388	-	1,728,388
EMA	148,002	-	148,002
Public works			
Administration	448,803	-	448,803
Highways and streets	976,507	28,185	1,004,692
Sanitation	430,671	62,223	492,894
Cemetary	33,531	-	33,531
Culture and recreation	694,508	310,025	1,004,533
Health and welfare	-	35,400	35,400
Debt service:			
Principal	12,829	719,818	732,647
Interest	19,777	134,545	154,322
Other	-	4,435	4,435
Total Expenditures	7,948,365	1,296,701	9,245,066
Excess (Deficiency) of Revenues over (under) Expenditures	(313,375)	(459,463)	(772,838)

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CITY OF WEST POINT, MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):			
Proceeds from issuance of long-term debt	470,580	716,590	1,187,170
Realized loss on sale of investments	-	(311)	(311)
Total Other Financing Sources (Uses)	<u>470,580</u>	<u>716,279</u>	<u>1,186,859</u>
Net Change in Fund Balances	<u>157,205</u>	<u>256,816</u>	<u>414,021</u>
Fund Balances:			
July 1, 2013	<u>(1,189,114)</u>	<u>992,277</u>	<u>(196,837)</u>
June 30, 2014	<u>\$ (1,031,909)</u>	<u>1,249,093</u>	<u>217,184</u>

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

CITY OF WEST POINT, MISSISSIPPI
 Governmental Funds
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 June 30, 2014

Net change in fund balances - total governmental funds \$ 414,021

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ <u>752,692</u>	752,692
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2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (5,400)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Capital leases issued	(1,187,170)	
Payments of debt principal	732,647	
Accrued interest payable	<u>(1,433)</u>	(455,956)

4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(157,814)	
Amortization of deferred charges - bond issue costs	<u>(54,444)</u>	(212,258)

5. Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances (32,030)

Change in net position of governmental activities	\$	<u>461,069</u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position - Proprietary Funds
June 30, 2014

	<u>Business-type Activities</u>		<u>Total</u>	<u>Internal</u>
	<u>Proprietary Funds</u>			
	<u>Electric</u>	<u>Water & Sewer</u>	<u>Funds</u>	<u>Fund</u>
	<u>Department</u>	<u>Department</u>		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,730,878	433,988	2,164,866	
Investments	71,897		71,897	
Accounts receivables, net	2,030,918		2,030,918	3,566
Intergovernmental receivables		63,203	63,203	
Other receivables	42,614	294,551	337,165	
Prepaid expenses	10,274		10,274	
Inventories	385,051	343,103	728,154	5,411
Due from other entities	266,893	1,612,569	1,879,462	
Note receivable, current portion	99,727		99,727	
Total current assets	<u>4,638,252</u>	<u>2,747,414</u>	<u>7,385,666</u>	<u>8,977</u>
Non-current assets:				
Restricted cash and cash equivalents:				
Bonds	126,106	1,102,554	1,228,660	
Deposits	18,498		18,498	
Note receivable, non-current portion	254,596		254,596	
Regulatory assets	4,985		4,985	
Capital assets:				
Land	82,892	881,830	964,722	
Construction in progress	1,891,306	14,127,087	16,018,393	
Other capital assets	12,043,538	40,977,219	53,020,757	54,000
Less accumulated depreciation	<u>(7,357,985)</u>	<u>(20,046,089)</u>	<u>(27,404,074)</u>	<u>(54,000)</u>
Total non-current assets	<u>7,063,936</u>	<u>37,042,601</u>	<u>44,106,537</u>	<u>-</u>
Total Assets	<u>11,702,188</u>	<u>39,790,015</u>	<u>51,492,203</u>	<u>8,977</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt defeasance		88,170	88,170	
Deferred debt expense		157,642	157,642	
Total Deferred Outflows of Resources	<u>-</u>	<u>245,812</u>	<u>245,812</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Cash overdraft			-	389,561
Accounts payable	1,150,889	471,611	1,622,500	-
Customer deposits	777,788		777,788	
Accrued interest payable	4,478	66,457	70,935	
Sales tax payable	19,094		19,094	
Other current liabilities	769,683	56,371	826,054	
Bonds, notes and loans payable	114,704	1,241,160	1,355,864	
Total current liabilities	<u>2,836,636</u>	<u>1,835,599</u>	<u>4,672,235</u>	<u>389,561</u>
Non-current liabilities:				
Due to other entities			-	16,146
Bonds, notes and loans payable	1,576,198	19,372,647	20,948,845	
Total non-current liabilities	<u>1,576,198</u>	<u>19,372,647</u>	<u>20,948,845</u>	<u>16,146</u>
Total Liabilities	<u>4,412,834</u>	<u>21,208,246</u>	<u>25,621,080</u>	<u>405,707</u>

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Premium on G.O. refunding bonds		19,917	19,917	
Total Deferred Inflows of Resources	-	19,917	19,917	-
<u>NET POSITION</u>				
Net investment in capital assets	4,968,849	15,315,967	20,284,816	
Restricted for:				
Debt service		1,086,402	1,086,402	
Unemployment fund		16,150	16,150	
Unrestricted (deficit)	2,320,505	2,389,145	4,709,650	(396,730)
Total Net Position	\$ 7,289,354	18,807,664	26,097,018	(396,730)

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Revenues, Expenses, and Changes In Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities		Total	Internal
	Proprietary Funds			
	Electric	Water & Sewer	Funds	Fund
	Department	Department		
<u>OPERATING REVENUES</u>				
Charges for services	\$ 9,630,246	4,739,230	14,369,476	251,926
Miscellaneous		147,490	147,490	
Total operating revenues	<u>9,630,246</u>	<u>4,886,720</u>	<u>14,516,966</u>	<u>251,926</u>
<u>OPERATING EXPENSES</u>				
Purchased power	7,099,459		7,099,459	
Operating and maintenance	1,903,781	2,708,386	4,612,167	283,956
Depreciation	350,232	1,102,740	1,452,972	
Miscellaneous	694,953		694,953	
Total operating expenses	<u>10,048,425</u>	<u>3,811,126</u>	<u>13,859,551</u>	<u>283,956</u>
Operating income (loss)	<u>(418,179)</u>	<u>1,075,594</u>	<u>657,415</u>	<u>(32,030)</u>
<u>NON-OPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest income	24,752	5,979	30,731	
Intergovernmental revenues		2,729,026	2,729,026	
Interest expense	(44,163)	(366,423)	(410,586)	
Amortization	(831)	(13,359)	(14,190)	
Miscellaneous	(1,179)	(260,000)	(261,179)	
Total non-operating revenues (expenses)	<u>(21,421)</u>	<u>2,095,223</u>	<u>2,073,802</u>	<u>-</u>
Change in net position	<u>(439,600)</u>	<u>3,170,817</u>	<u>2,731,217</u>	<u>(32,030)</u>
Net Position, beginning	<u>7,728,954</u>	<u>15,636,847</u>	<u>23,365,801</u>	<u>(364,700)</u>
Net Position, ending	<u>\$ 7,289,354</u>	<u>18,807,664</u>	<u>26,097,018</u>	<u>(396,730)</u>

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities		Total	Internal
	Proprietary Funds			
	Electric	Water & Sewer	Funds	Fund
	Department	Department		
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 9,371,769	4,875,915	14,247,684	251,926
Payments to suppliers	(7,771,727)	(2,146,494)	(9,918,221)	(190,095)
Payments to employees	(1,009,826)	(807,919)	(1,817,745)	(114,266)
Other receipts (payments)	(694,138)		(694,138)	
Net Cash Flows from Operating Activities	<u>(103,922)</u>	<u>1,921,502</u>	<u>1,817,580</u>	<u>(52,435)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers to other funds		(260,000)	(260,000)	
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Purchase of capital assets	(680,900)	(10,163,458)	(10,844,358)	
Proceeds from issuance of debt	278,799	941,033	1,219,832	
Proceeds of state revolving loan		5,893,693	5,893,693	
Federal grant revenue		1,057,949	1,057,949	
Intergovernmental revenue		1,671,077	1,671,077	
Principal payment on capital debt	(83,298)	(962,746)	(1,046,044)	
Interest payment on capital debt		(351,888)	(351,888)	
Other receipts (payments)	97,026		97,026	
Net Cash Flows from Capital and Related Financing Activities	<u>(388,373)</u>	<u>(1,914,340)</u>	<u>(2,302,713)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>				
Interest revenue		5,979	5,979	
Short term investments	(339)		(339)	
Net Cash Flows from Investing Activities	<u>(339)</u>	<u>5,979</u>	<u>5,640</u>	<u>-</u>
Net Change in Cash	(492,634)	(246,859)	(739,493)	(52,435)
Cash and Cash Equivalents at Beginning of Year	<u>2,223,512</u>	<u>680,847</u>	<u>2,904,359</u>	<u>(337,126)</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,730,878</u>	<u>433,988</u>	<u>2,164,866</u>	<u>(389,561)</u>

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

CITY OF WEST POINT, MISSISSIPPI
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 10,346
Total Assets	<u>\$ 10,346</u>
Liabilities	
Intergovernmental Payables	\$ 10,346
Total Liabilities	<u>\$ 10,346</u>

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

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the City of West Point, Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

a) Financial Reporting Entity.

The City of West Point, located in Clay County, Mississippi, was incorporated in 1858 under an elected Mayor – Board of Selectmen form of government and presently operates under a special charter issued by the state legislature in 1918. This special charter establishes June 30 as the end of the City's fiscal year. The City provides the following services to the citizenry: general administration; electricity, water, sewer, garbage disposal; police and fire protection; economic development; street repair and library services. The primary sources of revenues are property taxes, utility billings and sales taxes. Various criteria are applied in order to determine the various funds and activities which should be reported as part of the City. Such criteria include oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and fiscal responsibility, and inter-agency relationships. All agencies meeting the above criteria are included in the financial statements of the City. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each blended component has a June 30 year-end.

Included within the reporting entity:

City of West Point Electric Department. The Electric Department's governing board is the City's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body and a financial burden relationship exists. Therefore, the Electric Department is blended with the primary government in business-type activities.

City of West Point Water and Sewer Department. The Water and Sewer Department's governing board is the City's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body and a financial burden relationship exists. Therefore, the Water and Sewer Department is blended with the primary government in business-type activities.

Excluded from the reporting entity:

West Point School District. The West Point School District's governing board is appointed primarily by the City's governing body. The City does not hold title to any of the school's assets, nor does it have any right to the school's surpluses. The City does not have the ability to exercise influence over daily operations or approve budgets.

City of West Point Housing Authority. The Housing Authority's governing board is appointed by the City's governing body. The City does not hold title to any of the Housing Authority's assets, nor does it have any rights to its surpluses. The City does not have the ability to exercise influence over daily operations or approve budgets.

b) Government-wide Financial Statements

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CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. The net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental funds column of the fund financial statements.

The City also reports fiduciary funds (agency funds) which focus on assets and changes in net position.

Additionally, the City reports the following fund types:

Governmental Funds

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Projects Funds – Capital projects funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Funds – Debt service funds account for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the city other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principle and interest on the City's judgment.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City's enterprise funds consist of the two component units: the City of West Point Water and Sewer Department and the City of West Point Electric Department.

Internal Service Funds – Internal service funds are used to account for those operations that provide services to other departments or agencies of the government, on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds – Agency funds account for assets held by the City in a trustee capacity or as an agent.

c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of account, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. 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 after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Numerous statutes exist under which the Board of Selectmen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the city. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Selectmen, each year at a meeting in June, levies property taxes for the ensuing fiscal year which begins on July 1. Real property taxes become an enforceable lien on January 1 of the year subsequent to that to which the tax applies.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied.

Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The effect of interfund activity has been eliminated from the government-wide statements.

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

d) Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

e) Assets, liabilities, deferred outflows/inflows, and net position/fund balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City deposits excess funds in the financial institutions selected by the Board of Selectmen. State statutes specify how these depositories are to be selected.

Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest bearing deposits or other obligations of the types described in

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

2. Receivables and payables

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

Receivables are reported net of allowances for uncollectible accounts, where applicable.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical costs or estimated historical costs based on appraisals or deflated current replacement costs. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Capital assets are defined by the city as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisitions and construction are reflected as expenditures in the governmental fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statement.

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CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The following schedule details the capitalization thresholds.

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy will correspond with the amounts for the asset classification, as listed above.

7. 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and so will not be recognized as an inflow of resources (revenue) until that time.

8. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while proprietary funds report the liability as it is incurred.

9. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between requisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

10. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the city:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used for the specific purposes pursuant to constraints imposed by a formal action of the Board of Selectmen, the City's highest level of decision-making authority. This formal action is a resolution approved by the Board of Selectmen.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is a residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Board of Selectmen pursuant to authorization established by the City's approved fund balance policy.

Unassigned fund balance is the residual classification for the general fund. This classification represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

g) Environmental Risk for Possible Clean-up from City-owned Facilities

As a distributor of water, sewer, and electricity, there is a possibility that environmental conditions may arise which would require the City and its component unites to incur clean-up costs. The likelihood of such an event or the amount of such costs, if any,

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CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

cannot be determined at this time. However, management does not believe such costs, if any, would materially affect the City's financial position or future cash flows.

h) Economic Dependency

The City depends on financial resources flowing from, or associated with, the State of Mississippi and the collection of local property taxes. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and appropriations, and the City is reliant on the continuing existence of an adequate local tax base to fund the City's operations.

Note 2 – Cash and Cash Equivalents and Investments

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The city must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the city's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-8, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the City to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (3)m Miss. Code Ann. (1972). This section permits the following types of investments: (1) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (3) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations; not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects) bond sinking funds (Debt Service Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the City's deposits with financial institutions at June 30, 2014, reported in the governmental funds and enterprise funds was \$1,602,575 and \$3,412,024, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 2 – Cash and Cash Equivalents and Investments (Continued)

the city. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of June 30, 2014, none of the City's bank balance of \$5,166,418 was exposed to custodial credit risk.

Investments

Investments are stated at fair value.

Note 3 – Interfund Transactions and Balances

The following is a summary of interfund balances at June 30, 2014:

a) **Due From/To Other Funds:**

	<u>Due From</u>	<u>Due To</u>
<u>Major funds</u>		
General Fund	\$ 18,729	71,174
<u>Non-major funds</u>		
McCharen Field Fund		10,432
Homeland Security Grant Fund	159	
Urban Youth Fund	10,320	
Howlin' Wolf Fund	38,740	
Eshman Avenue Overlay Fund	24,785	
Bond and Interest Fund	5,019	
	\$ 97,752	81,606
<u>Internal service funds</u>		
City Maintenance Shop Fund		16,146
	\$ 97,752	97,752

The amounts due to or due from other funds primarily represent amounts loaned between funds for timing differences between revenues and expenditures and cash balances.

b) **Transfers In/Out:**

The City made no inter-fund transfers during the fiscal year.

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c) **Intergovernmental Receivables:**

The following is a summary of intergovernmental receivables at June 30, 2014:

Mississippi Bureau of Revenue	\$ 227,958	
U.S. Department of Justice	3,880	
	\$ 231,838	

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 4 – Capital Assets

The following is a summary of capital assets activity for the year ended June 30, 2014:

	Balance 7/1/2013	Additions	Retirements	Balance 6/30/2014
Governmental Activities				
Land	\$ 308,752		(5,400)	303,352
Buildings and equipment	21,887,546	676,924		22,564,470
Infrastructure	5,164,247			5,164,247
Construction in progress	389,680	283,882	(208,114)	465,448
Governmental Activities Capital Assets	\$ 27,750,225	960,806	(213,514)	28,497,517
Business-type Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 964,722			964,722
Construction in progress	8,004,760	10,120,741	(2,107,108)	16,018,393
Total Capital Assets Not Being Depreciated	8,969,482	10,120,741	(2,107,108)	16,983,115
Depreciable Capital Assets:				
Distribution and collection systems	36,074,647	2,138,677	(77,969)	38,135,355
Buildings and equipment	14,386,894	520,245	(21,737)	14,885,402
Total Depreciable Capital Assets	50,461,541	2,658,922	(99,706)	53,020,757
Less: Accumulated Depreciation	(26,190,002)	(1,496,162)	282,090	(27,404,074)
Total Depreciable Capital Assets, Net	24,271,539	1,162,760	182,384	25,616,683
Total Business-type Activities Capital Assets	\$ 33,241,021	11,283,501	(1,924,724)	42,599,798

Management has not recorded certain general infrastructure assets and prior year capital assets as required by GASB 34. These assets are presumed to be material in relation to the governmental activities. Therefore, the omission of these assets creates an adverse opinion on the governmental activities opinion unit.

Depreciation expense was charged to the following functions:

Business-type Activities:	
Electric	\$ 393,422
Water and Sewer	1,102,740
	<u>\$ 1,496,162</u>

Note 5 – Claims and Judgments

Risk Financing

The city finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The city pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement personnel and \$350,000

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 5 – Claims and Judgments (Continued)

for all other employees for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Note 6 – Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Balance 7/1/2013	Additions	Payments	Balance 6/30/2014	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 3,466,000	460,000	(413,000)	3,513,000	443,000
Capital lease obligation	210,372	1,770	(12,829)	199,313	11,326
Other loans payable	306,818	725,400	(306,818)	725,400	139,831
Compensated absences	138,839	157,814		296,653	
Total Governmental Activities	\$ 4,122,029	1,344,984	(732,647)	4,734,366	594,157
Business-type Activities					
Bonds payable:					
Electric Department	\$ 235,000		(30,000)	205,000	30,000
Water and Sewer Department	6,011,215		(472,778)	5,538,437	478,796
Lease obligations:					
Electric Department	1,260,401	278,799	(53,298)	1,485,902	84,704
Water and Sewer Department	3,172,678	941,033	(173,956)	3,939,755	223,874
Notes payable:					
Water and Sewer Department	5,557,935	5,893,693	(316,013)	11,135,615	538,490
Total Business-type Activities	16,237,229	7,113,525	(1,046,045)	22,304,709	1,355,864
Net deferred loss					
on refunding bonds	(75,716)		7,463	(68,253)	
Total Business-type Activities	\$ 16,161,513	7,113,525	(1,038,582)	22,236,456	1,355,864
Total Government-wide	\$ 20,283,542	8,458,509	(1,771,229)	26,970,822	1,950,021

Debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

<u>Governmental Activities:</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Balance</u>
<u>General Obligation Bonds:</u>	<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>6/30/2014</u>
2009 Road and Street Bond	10/01/2009	10/01/2024	3.50-4.25%	\$ 1,555,000
1999 Sportsplex Bond	4/01/1999	4/01/2016	4.90%	165,000

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 6 – Long-term Liabilities (Continued)

2000 Recreation Bond	4/01/2000	4/01/2016	5.48%	88,000
2010 Refunding Bonds	5/12/2010	12/01/2019	2.00–3.75%	1,245,000
McClure Building Bonds	3/06/2014	2/01/2029	3.25–4.625%	460,000
Total General Obligation Bonds				<u>3,513,000</u>
Capital Lease Obligations:				
Equipment lease purchase	9/05/2012	8/18/2028	3.07%	199,313
Total Capital Lease Obligations				<u>199,313</u>
Other Loans Payable:				
Note payable - refinance	12/26/2013	12/26/2018	1.99%	256,590
Note payable - fire truck	5/20/2014	5/20/2019	1.84%	468,810
Total Other Loans Payable				<u>725,400</u>
Total Governmental Activities				<u>\$ 1,450,800</u>
<u>Business-type Activities:</u>				
Revenue Bonds:				
Electric department - Revenue bonds	6/01/2006	6/01/2020	3.625–4.00%	\$ 205,000
Waterworks - USDA revenue bonds	6/01/2003	6/01/2019	6.00%	38,244
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	410,193
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.00–3.50%	5,090,000
Total Revenue Bonds				<u>5,743,437</u>
Lease Obligations:				
Electric department - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	1,485,902
Waterworks - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	3,939,756
Total Lease Obligations				<u>5,425,658</u>
Notes Payable:				
Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	836,403
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	1,719,569
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	532,002
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	1,195,996
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	5,023,517
Advance on loan - State of MS	7/22/2013	TBD	2.00%	1,828,127
Total Notes Payable				<u>11,135,614</u>
Total Business-type Activities				<u>\$ 22,304,709</u>
Premium on Waterworks General Obligation Refunding Bonds - Series 2011				19,917
Deferred loss on current refunding of Waterworks Special Obligation Revenue Bonds				(88,170)
Net Business-type Activities Long-term Debt				<u>\$ 22,236,456</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 6 – Long-term Liabilities (Continued)

The annual debt service requirements of bonds, notes and capital leases are as follows:

Governmental Activities:

General Obligation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 443,000	130,231	573,231
2016	470,000	115,015	585,015
2017	350,000	96,837	446,837
2018	365,000	84,603	449,603
2019	375,000	71,211	446,211
2020 and thereafter	<u>1,510,000</u>	<u>223,370</u>	<u>1,733,370</u>
Total	<u>\$ 3,513,000</u>	<u>721,267</u>	<u>4,234,267</u>

Capital Lease Obligations:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 11,326	6,005	17,331
2016	11,679	5,652	17,331
2017	12,042	5,288	17,330
2018	12,417	4,914	17,331
2019	12,804	4,527	17,331
2020 and thereafter	<u>139,045</u>	<u>21,262</u>	<u>160,307</u>
Total	<u>\$ 199,313</u>	<u>47,648</u>	<u>246,961</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 139,831	13,732	153,563
2016	142,477	11,086	153,563
2017	145,175	8,388	153,563
2018	147,924	5,640	153,564
2019	149,993	3,242	153,235
Total	<u>\$ 725,400</u>	<u>42,088</u>	<u>767,488</u>

Business-type Activities:

Revenue Bonds, Lease Obligations, and Notes Payable

<u>Year Ending June 30,</u>	<u>Principal</u>
2015	\$ 1,355,864
2016	1,462,084
2017	1,510,490
2018	1,544,425
2019	1,579,059
2020 and thereafter	<u>14,852,787</u>
Total	<u>\$ 22,304,709</u>

Schedule of annual requirements for each individual revenue bond, lease, and note payable for business-type activities are included in the separate audit reports for the City of West Point Electric Department and the City of West Point Water and Sewer Department.

CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 6 – Long-term Liabilities (Continued)

Legal Debt Margin – The amount of debt—excluding specific exempted debt—that can be incurred by the city is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of June 30, 2014 the amount of outstanding debt was equal to 5% of the latest property assessments.

Note 7 – No Commitment Debt

Long-term debt does not include amounts for Industrial Revenue Bonds issued under authority of Section 57-3-1 through Section 57-3-33, Miss. Code Ann. (1972). Industrial Revenue Bonds are issued to provide funds for direct financing leases to aid industries which manufacture, process or assemble agricultural or manufactured products or any industry engaged in storing or warehousing products of agriculture, mining or industry. These leases are administered by trustees with terms which provide for transfer of title of the property after all bonds are paid in full.

Bonds issued under provision of the above mentioned law do not constitute an indebtedness of the City within the meaning of any state constitutional provision or limitation, or never give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers, and such fact is plainly stated in the face of the bonds.

Note 8 – Homestead exemption to be recovered from State in subsequent year

The State of Mississippi reimburses municipalities for homestead exemption claims on March 1 and September 1. The City of West Point's fiscal year ends on June 30, and the amount of reimbursement expected from the State of Mississippi in September is not recorded in the financial statements.

Note 9 – Contingencies

Federal Grants – The city has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the city. No provision for any liability that may result has been recognized in the city's financial statements.

Litigation – The city is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the city with respect to the various proceedings. However, the city's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the city.

Note 10 – Defined Benefit Pension Plan

Plan Description. The City of West Point, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by

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CITY OF WEST POINT, MISSISSIPPI
Notes to the Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the city is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The city's contributions (employer share only) to PERS for the years ending June 30, 2014, 2013, and 2012 were \$550,497, \$521,739, and \$452,613, respectively, equal to the required contributions for each year.

Note 11 – Deficit Fund Balance of Individual Funds

Included in funds of Governmental Activities is the following fund with deficit fund balances:

Safe Routes to School Grant Fund	\$	90
Recycle Grant Fund		7,242
Skate Park Fund		284
Urban Youth Grant 2013 Fund		11,565
Brownfield Grant Fund		13,280
Ambulance Fund		1,341
Fabricator's Supply Construction Fund		2,499
McCharen Field Fund		11,485
Dunlap Bridge Construction Fund		198

The deficit fund balance is not in violation of state law.

Note 12 – Risk Management

The City 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 City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three years.

Note 13 – Subsequent Events

Subsequent events have been evaluated through June 5, 2015, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST POINT, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property taxes	\$ 3,531,000	\$ 3,531,000	\$ 3,312,991	\$ -	\$ (218,009)
Licenses and permits	21,000	21,000	23,561	-	2,561
Intergovernmental revenues	2,279,000	2,279,000	2,620,388	-	341,388
Charges for services	1,228,000	1,228,000	1,233,616	-	5,616
Fines and forfeitures	191,000	191,000	121,779	-	(69,221)
Interest income	30,000	30,000	21,670	-	(8,330)
Miscellaneous	150,427	150,427	300,985	-	150,558
Total Revenues	7,430,427	7,430,427	7,634,990	-	204,563
Expenditures:					
General government	1,411,101	1,411,101	1,403,922	-	7,179
Public safety	3,068,646	3,068,646	3,927,817	-	(859,171)
Public works	2,106,945	2,106,945	1,855,981	-	250,964
Culture and recreation	295,884	295,884	728,039	-	(432,155)
Debt service:					
Principal	101,284	101,284	12,829	-	88,455
Interest	14,456	14,456	19,777	-	(5,321)
Total Expenditures	6,998,316	6,998,316	7,948,365	-	(950,049)
Excess (Deficiency) of Revenues over (under) Expenditures	432,111	432,111	(313,375)	-	(745,486)
Other Financing Sources (Uses):					
Proceeds from issuance of long-term debt	-	-	470,580	-	470,580
Total Other Financing Sources (Uses)	-	-	470,580	-	470,580
Net Change in Fund Balances	432,111	432,111	157,205	-	(274,906)
Fund Balances:					
July 1, 2013	(1,189,114)	(1,189,114)	(1,189,114)	-	-
June 30, 2014	\$ (757,003)	\$ (757,003)	\$ (1,031,909)	\$ -	\$ (274,906)

The notes to the required supplementary information are an integral part of this schedule.

CITY OF WEST POINT, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and revisions.

The budget is adopted by the Board of Selectmen and filed with the taxing authority. Amendments can be made on the approval of the board of selectmen. By statute, final budget revisions must be approved on or before the date established by the State of Mississippi. A budgetary comparison is presented for the General Fund consistent with accounting principles generally accepted in the United States of America.

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SUPPLEMENTARY INFORMATION

**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Commerce</u>		
Passed through Mississippi Department of Transportation		
Federal Surface Transportation Enhancement	11.300	35,362
Total U.S. Department of Commerce		<u>35,362</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Mississippi Department of Public Safety		
Homeland Security Grant Program - Law Enforcement Protection Grant	97.067	3,778
Total U.S. Department of Homeland Security		<u>3,778</u>
<u>U.S. Department of Justice</u>		
Passed through Mississippi Department of Public Safety		
Public Safety Partnership and Community Policing Grant	16.710	2,882
Total U.S. Department of Justice		<u>2,882</u>
<u>U.S. Department of Transportation</u>		
Passed through Mississippi Department of Transportation		
Safe Routes to School	20.223	28,185
State and Community Highway Safety	20.600	5,000
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	5,916
Total U.S. Department of Transportation		<u>39,101</u>
<u>Environmental Protection Agency</u>		
Passed through Mississippi Department of Environmental Quality		
Capitalization Grants for Clean Water State Revolving Funds	66.458	2,588,244
Brownfield Assessment and Cleanup Cooperative Grant	66.818	41,701
Total Environmental Protection Agency		<u>2,629,945</u>
<u>Appalachian Regional Commission</u>		
Passed through Tennessee Valley Authority		
Appalachian Area Development - Yokohama W&S Improvements	23.002	1,057,948
Total Appalachian Regional Commission		<u>1,057,948</u>
<u>Total for All Federal Awards</u>		\$ <u>3,769,016</u>

NOTES TO SCHEDULE

This schedule was prepared using the same basis of accounting and the same significant accounting policies as applicable, used for the general purpose financial statements.

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**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>NAME</u>	<u>POSITION</u>	<u>SURETY BOND #</u>	<u>AMOUNT</u>
Harmon A. (Robbie) Robinson	Mayor	61727772	\$ 10,000
Linda Hannah	Selectwoman - Ward 1	61730128	100,000
William Binder	Selectman - Ward 2	61730162	100,000
Jimmy Clark	Selectman - Ward 3	60010898	100,000
Keith McBrayer	Selectman - Ward 4	60010897	100,000
Gary Deadeaux	Selectman - Ward 5	60010899	100,000
Randy Jones	City Administrator	104897977	50,000
Delores Doss	City Clerk	3009447	50,000
Mary Shannon	City Accountant	105823134	50,000
Dorothy Ryland	Deputy Clerk	3009444	50,000
Rita Mattix	Deputy Clerk	3009442	50,000
Tim Brinkley	Police Chief	60006079	50,000

**CITY OF WEST POINT, MISSISSIPPI
 SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS
 TO FUND COLLECTIONS
 FOR THE YEAR ENDED JUNE 30, 2014**

Assessed Valuation in Millage:

	<u>Municipal</u>	<u>School</u>		
Realty	\$ 59,818,484	25,854,995		
Personal	11,487,697	880,506		
Personal-auto	9,923,275	8,978,473		
Utilities	<u>1,619,548</u>	<u>3,643,793</u>		
Total Municipal at <u>94.81</u> Mills	<u>82,849,004</u>		\$	7,854,914
Total School at <u>58.00</u> Mills		<u>39,357,767</u>		2,282,750

Collections Adjustments:

Add: 2013 Additions		2,828		
Prior year tax collection		<u>30,560</u>		33,388
Less: Real and personal exemptions		(6,796)		
Collection Commissions		(118,856)		
Additional Homestead Exemptions		(907,523)		
Regular Homestead Exemptions		<u>(260,865)</u>		<u>(1,294,040)</u>
 Total to be Accounted For			\$	<u><u>8,877,012</u></u>

Collection Credits to Funds:

	<u>Taxes</u>	<u>Homestead</u>		<u>Total</u>
Municipal General Fund	\$ 2,194,214	113,015	\$	2,307,229
City Bond & Interest	418,194	21,528		439,722
Library	91,804	4,730		96,534
School District Maintenance	5,502,061	178,250		5,680,311
School Debt Service	321,899	9,723		331,622
Total	<u>\$ 8,528,172</u>	<u>327,246</u>	<u>\$</u>	<u><u>8,855,418</u></u>

Balance Represented By:

Unpaid property taxes		38,278		
Unaccounted for		<u>(16,684)</u>		<u>21,594</u>
 Total Accounted For			\$	<u><u>8,877,012</u></u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
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Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Serivner, CPA	Perry C. Rackley, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Selectmen
City of West Point, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of West Point, Mississippi's basic financial statements, and have issued our report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 14-01, 14-02, 14-03, 14-04, 14-05, 14-06, and 14-07, to be material weaknesses.

Compliance and Other Matters

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

City of West Point, Mississippi's Response to Findings

The City of West Point, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of West Point, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no 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.

Watkins, Ward, and Stafford, PLLC
West Point, Mississippi
June 5, 2015

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and Board of Selectmen
City of West Point, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of West Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of West Point, Mississippi's major federal programs for the year ended June 30, 2014. The City of West Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of West Point, Mississippi'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Point, Mississippi'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 City of West Point, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of West Point, Mississippi, 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, 2014.

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Reports on Internal Control over Compliance

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Management of the City of West Point, Mississippi, 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 City of West Point, Mississippi'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Point, Mississippi'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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

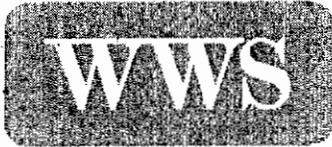
Watkins, Ward and Stafford, PLLC
West Point, Mississippi
June 5, 2015

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

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WATKINS, WARD and STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
 STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Selectmen
 City of West Point, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of West Point, Mississippi's basic financial statements, and have issued our report thereon dated June 5, 2015.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the instances of noncompliance described in Findings 14-02 and 14-03 in the accompanying schedule of findings and questioned costs and the following immaterial instance of non-compliance with other state laws and regulations. Our findings and recommendations and your response are as follows:

Finding

The city is required to maintain a public officer individual surety bond for the mayor in the amount of \$50,000, per Section 21-3-5, Miss. Code of 1972, as amended. While the mayor was covered with a surety bond for \$10,000, he was not properly bonded for \$50,000

Recommendation

The city should evaluate each employee required to be bonded on a regular basis to ensure that each employee is bonded for the correct amount.

Response

The city is updating the amount of the surety bond for the mayor and will regularly review the surety bond amounts for each employee required to be bonded.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The City of West Point, Mississippi's response to the findings included in this report was not audited and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the city's board of selectmen and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Watkins, Ward and Stafford, PLLC
 West Point, Mississippi
 June 5, 2015

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF WEST POINT, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2014

Section I: Summary of Auditors' Report

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness (es) identified? | No |
| | b. Significant deficiency (ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance With Section 510(a) of OMB Circular A-133? | No |
| 7. | Identification of major programs: | |
| | <u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u> | |
| | 23.002 Appalachian Area Development – Yokohama W&S Improvements | |
| | 66.458 Capitalization Grants for Clean Water State Revolving Funds | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

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CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section II: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Governmental Activities

Significant Deficiencies considered to be Material Weaknesses

14-01 Condition

The City uses one bank account for several funds. There are large cash balances in some funds; however, other funds have large cash overdrafts. Therefore money from one fund is being used to pay the expenditures of another fund. (Repeat Finding)

Criteria

Safeguarding of assets is the responsibility of the City of West Point.

Cause of Condition

By attempting to account for the cash balances in several funds through the use of only one bank account, money is being co-mingled and is extremely hard to track.

Effect of Condition

A control deficiency exists due to a lack of controls and procedures to ensure that expenditures are paid from the correct fund and that bank overdrafts do not occur.

Recommendation

To simplify the accounting for cash in the various funds, the City should use separate bank accounts.

Response

The City will consider opening other bank accounts and transferring money accordingly.

14-02 Condition

The City failed to prepare and adopt budgets for various funds. (Repeat Finding)

Criteria

Per Sections 21-35-5 and 21-35-9, Miss. Code Ann. (1972), budgets are required to be prepared for:

- Funds receiving revenues to the municipality.
- Funds which will require approval from the board for expenditure.
- Proprietary funds.
- Municipal Reserve Fund.
- Funds confiscated and forfeited in connection with drug and liquor cases.

Cause of Condition

The City prepares and adopts a budget for the City General Fund, Tourism Tax Fund, Bond and Interest Fund, the Water and Sewer Department, and the Electric Department, but not for other funds required to be budgeted.

Effect of Condition

A control deficiency exists due to a lack of controls necessary to ensure that budgets are prepared and adopted for all funds mandated by State law to be budgeted.

CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Recommendation

The City should prepare and adopt a budget for all funds mandated by State law to be budgeted.

Response

A budget will be prepared and adopted annually for all funds mandated by State law to be budgeted.

14-03 Condition

In the General Fund, the City's actual expenditures exceeded its budgeted expenditures by \$950,049 and exceeded the actual revenues by \$313,375. (Repeat Finding)

Criteria

Per Section 21-35-15 Miss. Code Ann. (1972), expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses, and payment of emergency warrants. These exceptions were not met for the City's excess expenditures.

Cause of Condition

Those charged with governance did not effectively monitor expenditures to ensure that the City did not spend more than the budgeted amounts, in accordance with State law.

Effect of Condition

The City is in violation of Section 21-35-15 Miss. Code Ann. (1972), for approving more expenditures than were adopted in the final budget.

Recommendation

Those charged with governance should only approve expenditures of the City that do not exceed budgeted amounts or actual revenues.

Response

The City will closely monitor expenditures to not exceed more than budgeted amounts, in accordance with State law.

14-04 Condition

The City General Fund had a negative fund balance. (Repeat Finding)

Criteria

Assuring that no fund has a deficit fund balance is the responsibility of the City of West Point.

Cause of Condition

By failing to closely monitor revenues and expenditures, this fund had a deficit fund balance.

Effect of Condition

A control deficiency exists due to a lack of controls and procedures to assure that funds do not have a deficit fund balance.

Recommendation

The City should take care to closely monitor revenues and expenditures to avoid deficit fund balances.

Response

The City will closely monitor all funds in the future.

CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

14-05 Condition

Thirty-four adjustments were made to the accounting records subsequent to the start of the auditing process. Audit adjustments are indicative of a deficiency in the internal controls over financial reporting. (Repeat Finding)

Criteria

The financial statements are the responsibility of the City of West Point. Therefore, all adjustments should be completed before preparation of the financial statements.

Cause of Condition

The adjustments were necessary to correct account coding and misclassifications and to record additional receivables and liabilities.

Effect of Condition

The City of West Point's net revenues over expenditures increased by \$296,142 as a result of these audit entries.

Recommendation

We recommend the City of West Point implement policies and procedures to ensure the correct account coding on all expenditures and journal entries. We also recommend that all receivables and payables be recorded prior to the start of the audit

Response

Management will review all journal entries and coding of expenditures as necessary to ensure proper recording. Management will prepare a year-end closing checklist to determine all necessary adjustments are made prior to closing the books.

Business-type Activities

Significant Deficiencies considered to be Material Weaknesses

14-06 Condition

For the City of West Point's Water and Sewer Department, twenty non-cash adjustments were made to the accounting records subsequent to the start of the auditing process. For the City of West Point's Electric Department, seven non-cash adjustments were made to the accounting records subsequent to the start of the auditing process. Audit adjustments are indicative of a deficiency in the internal controls over financial reporting.

Criteria

The financial statements are the responsibility of the City of West Point's Water and Sewer Department and City of West Point's Electric Department. Therefore, all adjustments should be completed before preparation of the financial statements.

Cause of Condition

For the City of West Point's Water and Sewer Department, numerous entries were necessary to correctly record grant receipts and expenditures relative to the Department's service extension to the Black Prairie Power Site to serve the Yokohama manufacturing facility. Depreciation was adjusted to actual as well as additional accounts receivable were recorded. For the City of West Point's Electric Department, entries were made to record customer receivables due to cycle revenue billing, reclassifying grant receipts, recording additional accounts payable, and adjusting depreciation to actual.

CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Effect of Condition

The City of West Point's Water and Sewer Department net revenues over expenditures increased by \$763,539 as a result of these audit entries. The City of West Point's Electric Department net expenditures over revenues increased by \$13,933 as a result of these audit entries

Recommendation

We recommend the City of West Point's Water and Sewer Department and the City of West Point's Electric Department implement policies and procedures to ensure the correct account coding on all disbursements and journal entries. Monthly reviews of all general ledger accounts should be performed to ensure correctness.

Response

The City of West Point's Water and Sewer Department and the City of West Point's Electric Department management will implement the necessary policies and procedures to ensure correct account coding on all disbursements and journal entries. Monthly reviews of the general ledger will be made and the department will consult with external accountants for assistance as needed. All necessary adjustments should be made prior to the beginning of the audit.

14-07 Condition

In the City of West Point's Water and Sewer Department, water meters retired from service as a result of the installation of automated meters were sold without board approval.

Criteria

Assets of the City of West Point's Water and Sewer Department can only be disposed of after the City of West Point's Board of Selectmen declare them a surplus and appropriate requests for bids are received.

Cause of Condition

The City of West Point's Water and Sewer Department manager acted outside his authority in the selling of retired meters.

Effect of Condition

Without advertising for and receiving bids, the Department lacks the documentation to support the selling price as fair and adequate. The Department received \$8,100 during the fiscal year ended June 30, 2014, and subsequent to year end, \$6,312 was received.

Recommendation

All property dispositions of the Department should only be made after Board approval and according to Board action.

Response

This Department head that circumvented the proper statutory channels for disposal of surplus property and the timely settlement of monies received has been terminated by the City. The Mayor and Board of Selectmen will not tolerate such a departure from the proper legal channels and have emphasized that to all Department heads.

Section III: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.



THE CITY OF WEST POINT

204 COMMERCE STREET • P.O. BOX 1117
WEST POINT, MISSISSIPPI 39773

MAYOR
HARMON A. ROBINSON

SELECTMEN
LINDA HANNAH
WILLIAM BINDER
JIMMY CLARK
KEITH MCBRAYER
GARY DEDEAUX

February 17, 2016

MS Office of the State Auditor
Attn: Mr. Greg Higginbotham
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Higginbotham,

Please forgive our oversight in not providing the enclosed FY 2014 Single Agency Audit Reports for the City of West Point, MS in the timeframe specified by state statute.

We are awaiting final review from the City's Auditors and the City Attorney's corresponding letter for our FY 2015 reports and expect the report in the next couple of weeks, after which we shall present to the Board of Mayor and Selectmen for their approval. Correspondingly, we anticipate providing the City's FY 2015 Audit Reports to your office in the near future.

Sincerely,

Randolph W. Jones
Chief Administrative Officer

Cf: City Clerk

Encl as
RWJ/rj

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