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CITY OF WEST POINT, MISSISSIPPI

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**FINANCIAL AUDIT REPORT**

RECEIVED

MAR 01 2019

**WATKINS, WARD AND STAFFORD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**WATKINS, WARD and STAFFORD**  
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**INDEPENDENT AUDITORS' REPORT**

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

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, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Point, Mississippi, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of City's proportionate share of the net pension liability, and schedule of the City's contributions on pages 5 - 10 and 47 - 50 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 Supplemental 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 basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Surety Bonds for City Officials and the Schedule Reconciling Original Ad Valorem Tax 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Surety Bonds for City Officials and the Schedule Reconciling Original Ad Valorem Tax 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above 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 March 26, 2018, 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 the City of West Point, Mississippi's internal control over financial reporting and compliance.

West Point, Mississippi  
March 26, 2018

*Watkins Ward and Stafford, PLLC*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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MAR 01 2019

**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2017**

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, 2017 and 2016. 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 decreased \$1,524,388, which represents a 5.9% decrease from fiscal year 2016.
- General revenues account for \$7,172,909 in revenue, or 27.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,075,924 or 72.7% of total revenues.
- The City had \$27,773,221 in expenses; only \$19,075,924 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,172,909 weren't adequate to provide for these programs.
- Among the major funds, the General Fund had \$7,835,635 in revenues and \$8,681,780 in expenditures. The General Fund's fund balance decreased \$163,707 over the prior year. The Other Governmental Funds had \$2,021,679 in revenues and \$3,697,732 in expenditures. The Other Governmental Fund's fund balance decreased \$150,378 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$1,969,274 from the prior year.
- Total long-term debt including current maturities decreased by \$398,281.

**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 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2017**

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 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 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 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 \$24,233,067 as of June 30, 2017 and by \$25,757,455 as of June 30, 2016.



**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2017**

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:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 2,384,555	2,777,018	10,117,723	9,158,763	12,502,278	11,935,781
Capital assets	13,103,192	13,169,386	40,226,141	42,129,221	53,329,333	55,298,607
Total Assets	15,487,747	15,946,404	50,343,864	51,287,984	65,831,611	67,234,388
Deferred outflows of resources	2,018,021	1,182,605	1,114,634	607,223	3,132,655	1,789,828
Current and other liabilities	11,895,837	10,793,431	7,104,898	7,008,162	19,000,735	17,801,593
Long-term debt	4,655,973	3,630,596	20,042,057	21,465,715	24,698,030	25,096,311
Total Liabilities	16,551,810	14,424,027	27,146,955	28,473,877	43,698,765	42,897,904
Deferred inflows of resources	312,132	238,299	720,302	130,558	1,032,434	368,857
Net Position:						
Net investment						
in capital assets	8,692,978	9,757,499	20,184,083	20,663,506	28,877,061	30,421,005
Restricted	696,327	861,201	1,689,673	1,152,903	2,386,000	2,014,104
Unrestricted	(8,747,479)	(8,152,017)	1,717,485	1,474,363	(7,029,994)	(6,677,654)
Total Net Position	\$ 641,826	2,466,683	23,591,241	23,290,772	24,233,067	25,757,455

**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2017 and 2016 were \$26,248,833 and \$26,008,377. The total cost of all programs and services was \$27,773,221 and \$25,054,957. The following table presents a summary of the changes in 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, 2017**

<b>Revenues:</b>	<u>2017</u>	<u>2016</u>
Program revenues	\$ 19,075,924	18,548,290
General revenues	7,172,909	7,460,087
<b>Total revenues</b>	<u>26,248,833</u>	<u>26,008,377</u>
 <b>Expenses:</b>		
Governmental Activities	11,890,932	9,754,863
Business-type Activities	15,882,289	15,300,094
<b>Total expenses</b>	<u>27,773,221</u>	<u>25,054,957</u>
<b>Increase (decrease) in net position</b>	<u>\$ (1,524,388)</u>	<u>953,420</u>

#### **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 \$986,899, a decrease of \$314,085 over the prior year.

The General Fund is the principal operating fund of the City. The decrease in fund balance in the General Fund for the fiscal year was \$163,707. The fund balance in the Other Governmental Funds (Non-Major funds) decreased in the amount of \$150,378 from the previous year.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City did not revise the annual operating budget as originally adopted.

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, 2017, the City's total net capital assets were \$53,329,333 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents a decrease of \$1,969,274 from 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.

**CITY OF WEST POINT, MISSISSIPPI  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Debt Administration.** At June 30, 2017, the City had \$24,406,406 in long-term debt outstanding – which includes a premium on prior year refunding bonds in the amount of \$13,709 and a deferred loss in the amount of (\$59,574) of which \$2,369,605 is due within one year. In addition, the liability for compensated absences increased \$27,050 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 580 Commerce Street, West Point, MS 39773, telephone 662-494-2573.

**BASIC FINANCIAL STATEMENTS**

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,339,599	3,909,940	5,249,539
Investments	-	18,343	18,343
Accounts receivable, net	178,069	1,907,492	2,085,561
Intergovernmental receivables	325,467	-	325,467
Other receivables, net	-	58,552	58,552
Prepaid expenses	-	10,736	10,736
Inventories	10,464	485,611	496,075
Due from other funds	295,516	1,783,069	2,078,585
Note receivable	-	54,145	54,145
Restricted assets			
Cash and cash equivalents	235,440	23,291	258,731
Investments	-	1,866,544	1,866,544
Capital assets, net	13,103,192	40,226,141	53,329,333
Total assets	15,487,747	50,343,864	65,831,611
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Loss on debt defeasance	-	59,574	59,574
Debt expense	-	167,058	167,058
Pension plan related	2,018,021	888,002	2,906,023
Total Deferred Outflows of Resources	2,018,021	1,114,634	3,132,655
<b><u>LIABILITIES</u></b>			
Accounts payable	389,308	808,041	1,197,349
Accrued interest payable	40,798	44,099	84,897
Other liabilities	182,854	124,230	307,084
Due to other funds	1,237,403	830,420	2,067,823
Due to other entities	6,750	-	6,750
Customer Deposits	-	831,948	831,948
Long-term liabilities, due within one year:			
Capital related debt	730,165	1,639,440	2,369,605
Long-term liabilities, due beyond one year:			
Capital related debt	3,680,049	18,402,617	22,082,666
Non-capital related debt	245,759	-	245,759
Pension Liability	10,038,724	4,466,160	14,504,884
Total liabilities	16,551,810	27,146,955	43,698,765
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Premium on G.O. refunding bonds	-	13,709	13,709
Pension plan related	312,132	706,593	1,018,725
Total Deferred Inflows of Resources	312,132	720,302	1,032,434

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, 2017**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	8,692,978	20,184,083	28,877,061
Restricted for:			
Expendable:			
Debt service	(94,837)	1,689,673	1,594,836
Playground equipment	100,322	-	100,322
Street resurfacing	135,118	-	135,118
Culture and recreation	578,190	-	578,190
Public safety	(22,466)	-	(22,466)
Unrestricted	(8,747,479)	1,717,485	(7,029,994)
<b>Total Net Position</b>	<b>\$ 641,826</b>	<b>23,591,241</b>	<b>24,233,067</b>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

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	\$ 2,030,723	425,928	-	3,375	(1,601,420)
Public safety	3,997,854	217,403	86,364	-	(3,694,087)
Public works	3,593,981	825,048	199,445	58,839	(2,510,649)
Culture and recreation	1,291,050	33,206	-	163,745	(1,094,099)
Cemetery	37,254	-	-	-	(37,254)
Health and welfare	799,898	9,620	897,294	-	107,016
Interest on long-term debt	140,172	-	-	-	(140,172)
Total governmental activities	<u>11,890,932</u>	<u>1,511,205</u>	<u>1,183,103</u>	<u>225,959</u>	<u>(8,970,665)</u>
Business-type Activities					
Electric department	10,224,239	10,130,968	-	-	(93,271)
Water and sewer department	5,658,050	6,024,689	-	-	366,639
Total business-type activities	<u>15,882,289</u>	<u>16,155,657</u>	<u>-</u>	<u>-</u>	<u>273,368</u>
Total primary government	<u>\$ 27,773,221</u>	<u>17,666,862</u>	<u>1,183,103</u>	<u>225,959</u>	<u>(8,697,297)</u>
			Governmental Activities	Business-type Activities	Total
Changes in Net Position:					
Net (expense) / revenue			\$ (8,970,665)	273,368	(8,697,297)
General revenues					
Taxes					
Property taxes			3,872,599	-	3,872,599
Sales and tourism taxes			2,384,983	-	2,384,983
Other taxes			163,654	-	163,654
Unrestricted grants and contributions			283,369	-	283,369
Investment income			32,113	27,101	59,214
Other			409,090	-	409,090
Total general revenues and transfers			<u>7,145,808</u>	<u>27,101</u>	<u>7,172,909</u>
Change in net position			(1,824,857)	300,469	(1,524,388)
Net Position, Beginning			<u>2,466,683</u>	<u>23,290,772</u>	<u>25,757,455</u>
Net Position, Ending			<u>\$ 641,826</u>	<u>23,591,241</u>	<u>24,233,067</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2017**

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,432,836	302,410	1,735,246
Cash - restricted	-	235,440	235,440
Accounts receivable	144,510	31,526	176,036
Intergovernmental receivables	136,899	188,568	325,467
Inventories	4,112	-	4,112
Due from other funds	209,563	85,955	295,518
Total assets	<u>\$ 1,927,920</u>	<u>843,899</u>	<u>2,771,819</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 284,467	89,592	374,059
Due to other funds	1,210,825	10,432	1,221,257
Due to other entities	-	6,750	6,750
Other liabilities	182,854	-	182,854
Total Liabilities	<u>1,678,146</u>	<u>106,774</u>	<u>1,784,920</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Debt service	-	(54,039)	(54,039)
Street Overlay		135,118	135,118
Playground equipment	-	100,322	100,322
<b>Assigned:</b>			
Culture and recreation	-	542,223	542,223
Public safety	-	(22,466)	(22,466)
Economic development and assistance	-	35,967	35,967
<b>Unassigned</b>	249,774		249,774
Total Fund Balances	<u>249,774</u>	<u>737,125</u>	<u>986,899</u>
Total Liabilities and Fund Balances	<u>\$ 1,927,920</u>	<u>843,899</u>	<u>2,771,819</u>

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



**CITY OF WEST POINT, MISSISSIPPI**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2017**

**Fund Balances - Total Governmental Funds** **\$ 986,899**

Amounts reported for governmental activities in Statement of Net Position are different because:

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

Land	\$ 238,352	
Buildings and equipment (net of depreciation)	7,700,593	
Infrastructure	<u>5,164,247</u>	13,103,192

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	\$ (3,650,000)	
Obligations under capital lease	(215,072)	
Notes payable	(545,142)	
Compensated absences	(245,759)	
Deferred charges - debt issuance costs		
Pension liability	(8,332,835)	
Accrued interest payable	<u>(40,798)</u>	(13,029,606)

Internal service fund assets and liabilities reported on governmental funds balance sheet		(418,659)
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**Net Position of Governmental Funds** **\$ 641,826**

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

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**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>Major Funds</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 2,298,454	292,674	2,591,128
Franchise taxes	155,854	-	155,854
In lieu of taxes	1,119,832	-	1,119,832
Penalties and interest	57,577	-	57,577
Licenses and permits	24,430	-	24,430
Fines and forfeitures	209,372	-	209,372
Intergovernmental revenues			
Federal revenue	24,705	1,331,401	1,356,106
State shared:			
Gas tax refund	15,786	-	15,786
Heavy duty and rail tax	41,216	-	41,216
Sales tax	2,118,772	-	2,118,772
Tourism tax	-	266,211	266,211
TVA in lieu	104,063	-	104,063
General municipal aid	5,639	-	5,639
Homestead reimbursement	139,715	17,704	157,419
Fire insurance refund	-	63,309	63,309
Liquor Privilege tax	7,800	-	7,800
EMA county reimbursement	26,910	-	26,910
State Revenue	10,800	3,375	14,175
Charges for services	1,301,832	-	1,301,832
Interest income	31,487	625	32,112
Miscellaneous revenues	141,391	46,380	187,771
<b>Total Revenues</b>	<u>7,835,635</u>	<u>2,021,679</u>	<u>9,857,314</u>
<b>Expenditures:</b>			
General government	1,673,966	163,250	1,837,216
Public safety			
Police	2,090,269	5,312	2,095,581
Fire	1,487,382	8,003	1,495,385
EMA	86,658	-	86,658
Public works			
Administration	763,959	-	763,959
Highways and streets	913,023	1,323,720	2,236,743
Sanitation	577,192	138,976	716,168
Cemetery	37,254	-	37,254
Culture and recreation	689,222	548,704	1,237,926
Health and welfare	-	799,898	799,898
Debt service:			
Principal	346,415	600,633	947,048
Interest	16,440	105,466	121,906
Other	-	3,770	3,770
<b>Total Expenditures</b>	<u>8,681,780</u>	<u>3,697,732</u>	<u>12,379,512</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>over (under) Expenditures</b>	<u>(846,145)</u>	<u>(1,676,053)</u>	<u>(2,522,198)</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
	Funds	Funds	Funds
<b>Other Financing Sources (Uses):</b>			
Proceeds of general obligation bonds	-	1,400,000	1,400,000
Proceeds from long-term debt	351,250	-	351,250
Proceeds from capital lease	194,125	-	194,125
Proceeds from sale of real property	262,738	-	262,738
Operating transfers in	-	125,675	125,675
Operating transfers out	(125,675)	-	(125,675)
Total Other Financing Sources (Uses)	<u>682,438</u>	<u>1,525,675</u>	<u>2,208,113</u>
 Net Change in Fund Balances	 <u>(163,707)</u>	 <u>(150,378)</u>	 <u>(314,085)</u>
 Fund Balances:			
July 1, 2016	<u>413,481</u>	<u>887,503</u>	<u>1,300,984</u>
June 30, 2017	<u>\$ 249,774</u>	<u>737,125</u>	<u>986,899</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (314,085)**

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

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	\$	431,680	
Depreciation expense		<u>(443,898)</u>	(12,218)

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. (53,974)

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:

Proceeds of loans	(351,250)		
Bonds issued	(1,400,000)		
Capital leases issued	(194,125)		
Payments of debt principal	<u>947,048</u>		(998,327)

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:

Change in long-term compensated absences	(27,050)		
Change in unfunded pension liability	(404,696)		
Change in accrued interest payable	<u>(14,496)</u>		(446,242)

Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances (11)

**Change in Net Position of Governmental Funds** **\$ (1,824,857)**

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Fund Net Position - Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,707,948	1,201,992	3,909,940	-
Accounts receivables, net	1,907,492	-	1,907,492	2,033
Other receivables	41,819	16,733	58,552	-
Prepaid expenses	10,736	-	10,736	-
Inventories	319,506	166,105	485,611	6,352
Due from other funds	54,625	1,728,444	1,783,069	-
Note receivable, current portion	54,145	-	54,145	-
Total current assets	<u>5,096,271</u>	<u>3,113,274</u>	<u>8,209,545</u>	<u>8,385</u>
Non-current assets:				
Bond funds: Cash and cash equivalents	23,291	-	23,291	-
Investments	176,871	1,689,673	1,866,544	-
Other investments	18,343	-	18,343	-
Total Non-current assets	<u>218,505</u>	<u>1,689,673</u>	<u>1,908,178</u>	<u>-</u>
Capital assets:				
Land	82,892	870,030	952,922	-
Construction in progress	140,360	552,479	692,839	-
Other capital assets	13,828,328	55,985,049	69,813,377	54,000
Less accumulated depreciation	(8,339,004)	(22,893,993)	(31,232,997)	(54,000)
Total capital assets	<u>5,712,576</u>	<u>34,513,565</u>	<u>40,226,141</u>	<u>-</u>
Total Assets	<u>11,027,352</u>	<u>39,316,512</u>	<u>50,343,864</u>	<u>8,385</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt defeasance	-	59,574	59,574	-
Deferred debt expense	15,627	151,431	167,058	-
Deferred outflows - pensions	519,548	368,454	888,002	-
Total Deferred Outflows of Resources	<u>535,175</u>	<u>579,459</u>	<u>1,114,634</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Cash overdraft	-	-	-	395,649
Accounts payable	707,995	100,046	808,041	15,249
Due to other funds	796,132	34,288	830,420	16,146
Customer deposits	831,948	-	831,948	-
Accrued interest payable	2,274	41,825	44,099	-
Sales tax payable	11,079	-	11,079	-
Other current liabilities	68,019	45,132	113,151	-
Bonds, notes and loans payable	141,046	1,498,394	1,639,440	-
Total current liabilities	<u>2,558,493</u>	<u>1,719,685</u>	<u>4,278,178</u>	<u>427,044</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Fund Net Position - Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
Non-current liabilities:				
Bonds, notes and loans payable	1,262,282	17,140,335	18,402,617	-
Unfunded pension liability	2,537,546	1,928,614	4,466,160	-
Total non-current liabilities	3,799,828	19,068,949	22,868,777	-
Total Liabilities	6,358,321	20,788,634	27,146,955	427,044
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Premium on G.O. refunding bonds		13,709	13,709	
Deferred inflows - pensions	197,964	508,629	706,593	
Total Deferred Inflows of Resources	197,964	522,338	720,302	-
<b><u>NET POSITION</u></b>				
Net investment in capital assets	4,309,248	15,874,835	20,184,083	
Restricted for:				
Debt service	-	1,689,673	1,689,673	
Unemployment fund			-	
Unrestricted (deficit)	696,994	1,020,491	1,717,485	(418,659)
Total Net Position	\$ 5,006,242	18,584,999	23,591,241	(418,659)

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, 2017**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 10,130,968	6,024,689	16,155,657	342,362
Total operating revenues	10,130,968	6,024,689	16,155,657	342,362
<b><u>OPERATING EXPENSES</u></b>				
Purchased power	6,984,861	-	6,984,861	-
Operating and maintenance	1,833,626	3,323,432	5,157,058	342,373
Depreciation	505,178	1,604,849	2,110,027	-
Miscellaneous	856,586	260,000	1,116,586	-
Total operating expenses	10,180,251	5,188,281	15,368,532	342,373
Operating income (loss)	(49,283)	836,408	787,125	(11)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest income	18,604	8,497	27,101	-
Interest expense	(42,541)	(469,769)	(512,310)	-
Amortization	(1,447)	-	(1,447)	-
Miscellaneous	-	-	-	-
Total non-operating revenues (expenses)	(25,384)	(461,272)	(486,656)	-
Change in net position	(74,667)	375,136	300,469	(11)
Net Position, beginning	5,080,909	18,209,863	23,290,772	(418,648)
Net Position, ending	\$ 5,006,242	18,584,999	23,591,241	(418,659)

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

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CITY OF WEST POINT, MISSISSIPPI  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2017

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 10,197,503	6,024,689	16,222,192	344,205
Payments to suppliers	(7,795,992)	(3,107,849)	(10,903,841)	(226,778)
Payments to employees	(908,813)	(591,025)	(1,499,838)	(130,520)
Other receipts (payments)	(782,971)	(260,000)	(1,042,971)	
Net Cash Flows from Operating Activities	709,727	2,065,815	2,775,542	(13,093)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Purchase of capital assets	(47,379)	(159,568)	(206,947)	
Proceeds of borrowing	1,287,152	3,660,642	4,947,794	
Increase in cash overdraft				13,093
Debt issuance costs	(13,751)	(45,858)	(59,609)	
Principal payment on capital debt	(1,552,074)	(4,819,378)	(6,371,452)	
Interest payment on capital debt	(42,541)	(588,421)	(630,962)	
Other receipts (payments)	105,887		105,887	
Net Cash Flows from Capital and Related Financing Activities	(262,706)	(1,952,583)	(2,215,289)	13,093
<b><u>Cash Flows from Investing Activities</u></b>				
Interest revenue	18,604	8,497	27,101	
Other property and investments	(2,453)		(2,453)	
Net Cash Flows from Investing Activities	16,151	8,497	24,648	-
<b>Net Change in Cash</b>	<b>463,172</b>	<b>121,729</b>	<b>584,901</b>	<b>-</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>2,244,776</b>	<b>1,080,263</b>	<b>3,325,039</b>	
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,707,948</b>	<b>1,201,992</b>	<b>3,909,940</b>	<b>-</b>

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



**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Fund Net Position -**  
**Fiduciary Funds**  
**June 30, 2017**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 18,183
Total Assets	\$ 18,183
<b>Liabilities</b>	
Due to other funds	\$ 10,762
Intergovernmental Payables	7,421
Total Liabilities	\$ 18,183

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to 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 all entities for which the government is considered to be financially accountable. All departments presented have 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.

**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.

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.

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**b) Government-wide Financial Statements**

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the City. 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:

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Governmental Funds**

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 at the discretion of the City.

**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 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**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 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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.

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	500	5-10 years
Furniture and equipment	500	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. 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**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.

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. Significant estimates include depreciation and net pension liability.



**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**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 units to incur clean-up costs. The likelihood of such an event or the amount of such costs, if any, 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**

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.

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

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

**Cash and Cash Equivalents**

The carrying amount of the City's deposits with financial institutions at June 30, 2017, reported in the governmental funds and enterprise funds was \$1,339,599 and \$3,909,940, 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 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, 2017, none of the City's bank balance of \$7,297,728 was exposed to custodial credit risk.

**Note 3 – Interfund Transactions and Balances**

The following is a summary of interfund balances at June 30, 2017:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental</u></b>		
<b>Major funds</b>		
General Fund	\$ 209,563	1,210,825
<b>Non-major funds</b>		
McCharen Field Fund		10,432
Homeland Security Grant Fund	159	
Urban Youth Fund	10,320	
Howlin' Wolf Fund	39,440	
Eshman Avenue Overlay Fund	24,784	
Zuber Park	7,712	
Bond and Interest Fund	3,538	
<b>Total Governmental</b>	\$ <u>295,516</u>	<u>1,221,257</u>
<b><u>Proprietary Funds</u></b>		
West Point Electric Department	54,625	796,132
West Point Water and Sewer Fund	1,728,444	34,288
<b>Total Proprietary Funds</b>	<u>1,783,069</u>	<u>830,420</u>
<b><u>Internal service funds</u></b>		
City Maintenance Shop Fund		16,146
<b><u>Agency funds</u></b>		
Court clearing fund		10,762
	\$ <u>2,078,585</u>	<u>2,078,585</u>

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 3 – Interfund Transactions and Balances (Continued)**

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.

**a) Transfers In/Out:**

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
<b><u>Governmental</u></b>		
<b>Major funds</b>		
General Fund	\$	125,675
<b>Non-major funds</b>		
LEPC grant fund	1,064	
Marshall park grant	53,248	
Zuber park grant fund	66,970	
Airport grant fund	4,393	
	<hr/>	<hr/>
<b><u>Total Governmental</u></b>	<u>125,675</u>	<u>125,675</u>

**b) Intergovernmental Receivables:**

The following is a summary of intergovernmental receivables at June 30, 2017:

Mississippi Bureau of Revenue	\$	206,513
Mississippi Department of Transportation		3,375
U.S. Department of Health and Human Services		90,599
U.S. Department of Homeland Security		21,100
U.S. Department of Housing and Urban Development		10,190
U.S. Department of Justice		3,880
	<hr/>	<hr/>
	\$	335,657

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 4 – Capital Assets**

The following is a summary of capital assets activity for the year ended June 30, 2017:

	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2017</u>
<b>Governmental Activities</b>				
Land	\$ 238,352			238,352
Buildings and equipment	15,724,393	431,680	(140,198)	16,015,875
Less: Accumulated Depreciation -				
Buildings and equipment	(7,957,606)	(443,898)	86,222	(8,315,282)
Infrastructure	5,164,247			5,164,247
Governmental Activities Capital Assets	<u>\$ 13,169,386</u>	<u>(12,218)</u>	<u>(53,976)</u>	<u>13,103,192</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 952,922			952,922
Construction in progress	6,795,259	20,072	(6,122,492)	692,839
Total Capital Assets Not Being Depreciated	<u>7,748,181</u>	<u>20,072</u>	<u>(6,122,492)</u>	<u>1,645,761</u>
Depreciable Capital Assets:				
Distribution and collection systems	58,461,130	6,313,945	(5,226)	64,769,849
Buildings and equipment	5,104,323	648	(61,443)	5,043,528
Total Depreciable Capital Assets	63,565,453	6,314,593	(66,669.00)	69,813,377
Less: Accumulated Depreciation	(29,184,413)	(2,110,027)	61,443	(31,232,997)
Total Depreciable Capital Assets, Net	34,381,040	4,204,566	(5,226.00)	38,580,380
Total Business-type Activities Capital Asset \$	<u>42,129,221</u>	<u>4,224,638</u>	<u>(6,127,718)</u>	<u>40,226,141</u>

Depreciation expense was charged to the following functions:

Governmental Activities	\$ 443,898
Business-type Activities:	
Electric	505,178
Water and Sewer	1,604,189
	<u>\$ 2,553,265</u>

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**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 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, 2017:

	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2017</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 2,600,000	1,400,000	(350,000)	3,650,000	417,000
Capital lease obligation	270,715	194,125	(249,768)	215,072	41,012
Other loans payable	541,172	351,250	(347,280)	545,142	272,153
Compensated absences	218,709	27,050		245,759	
Total Governmental Activities	<u>\$ 3,630,596</u>	<u>1,972,425</u>	<u>(947,048)</u>	<u>4,655,973</u>	<u>730,165</u>
<b>Business-type Activities</b>					
Bonds payable:					
Electric Department	\$ 145,000		(145,000)	-	
Water and Sewer Department	4,569,767		(511,013)	4,058,754	520,320
Lease obligations:					
Electric Department	1,523,250	1,287,152	(1,407,074)	1,403,328	141,046
Water and Sewer Department	3,485,035	3,412,269	(3,618,561)	3,278,743	259,598
Notes payable:					
Water and Sewer Department	11,742,663	248,373	(689,804)	11,301,232	718,476
Total Business-type Activities	<u>21,465,715</u>	<u>4,947,794</u>	<u>(6,371,452)</u>	<u>20,042,057</u>	<u>1,639,440</u>
Total Government-wide	<u>\$ 25,096,311</u>	<u>6,920,219</u>	<u>(7,318,500)</u>	<u>24,698,030</u>	<u>2,369,605</u>

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 6 – Long-term Liabilities (Continued)**

<b>Governmental Activities:</b>	<b>Issue</b>	<b>Maturity</b>	<b>Interest</b>	<b>Balance</b>
<b>General Obligation Bonds:</b>	<b>Date</b>	<b>Date</b>	<b>Rate</b>	<b>6/30/2017</b>
2009 Road and Street Bonds	10/01/2009	10/01/2024	3.50–4.25%	\$ 1,210,000
2010 Refunding Bonds	5/12/2010	12/01/2019	2.00–3.75%	650,000
McClure Building Bonds	3/06/2014	2/01/2029	3.25–4.625%	390,000
2017 Street Bonds	5/15/2017	3/15/2032	3.40%	1,400,000
<b>Total General Obligation Bonds</b>				<b>3,650,000</b>
<b>Capital Lease Obligations:</b>				
Lease purchase - equipment	12/19/2016	8/19/2028	2.21%	165,715
Lease purchase - police autos	8/19/2014	8/19/2017	2.00%	7,161
Lease purchase - police autos	9/10/2014	9/10/2017	2.00%	6,735
Lease purchase - fire pickup	3/31/2016	3/31/2020	2.17%	19,088
Lease purchase - police auto	9/09/2016	9/12/2019	2.1361%	16,375
<b>Total Capital Lease Obligations</b>				<b>215,074</b>
<b>Other Loans Payable:</b>				
Note payable - fire truck	5/20/2014	5/20/2019	1.84%	192,693
Note payable - garbage truck	12/15/2014	12/15/2018	2.156%	59,358
Note payable - sweeper truck	10/04/2016	10/01/2020	2.103%	212,828
Note payable - fire rescue truck	12/20/2016	12/01/2020	2.103%	80,261
<b>Total Other Loans Payable</b>				<b>545,140</b>
<b>Total Governmental Activities</b>				<b>\$ 4,410,214</b>
<b>Business-type Activities:</b>				
<b>Revenue Bonds:</b>				
Waterworks - USDA revenue bonds	6/01/2003	6/01/2019	6.00%	13,632
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	375,121
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.00–3.50%	3,670,000
<b>Total Revenue Bonds</b>				<b>4,058,753</b>
<b>Lease Obligations:</b>				
Electric department - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	1,236,598
Electric department - Equipment lease purchase	3/01/2016	3/01/2021	2.27%	166,730
Waterworks - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	3,278,743
<b>Total Lease Obligations</b>				<b>4,682,071</b>
<b>Notes Payable:</b>				
Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	587,527
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	1,271,737
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	413,842
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	1,022,800
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	4,383,093
Waterworks - State of MS	7/22/2013	6/01/2036	2.00%	2,634,701
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.125%	625,908
Waterworks - U.S. Dept. of Agriculture	12/15/2016	12/15/2056	1.875%	243,065
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.125%	118,560
<b>Total Notes Payable</b>				<b>11,301,233</b>
<b>Total Business-type Activities</b>				<b>\$ 20,042,057</b>

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to 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>
2018	417,000	124,270	541,270
2019	452,000	117,043	569,043
2020	470,000	99,900	569,900
2021	257,000	86,256	343,256
2022	270,000	75,826	345,826
2023 and thereafter	1,784,000	283,639	2,067,639
Total	<u>\$ 3,650,000</u>	<u>786,934</u>	<u>4,436,934</u>

Capital Lease Obligations:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 41,006	4,277	45,283
2019	27,707	3,610	31,317
2020	20,890	3,031	23,921
2021	14,017	2,657	16,674
2022	14,329	2,345	16,674
2023 and thereafter	97,125	7,132	104,257
Total	<u>\$ 215,074</u>	<u>23,052</u>	<u>238,126</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 221,128	10,067	231,195
2019	205,283	5,797	211,080
2020	89,995	1,822	
2021	28,734	186	28,920
Total	<u>\$ 545,140</u>	<u>17,872</u>	<u>471,195</u>

**Business-type Activities:**

Revenue Bonds, Lease Obligations, and Notes Payable

<u>Year Ending June 30,</u>	<u>Principal</u>
2018	\$ 1,639,443
2019	1,665,740
2020	1,700,648
2021	1,724,806
2022	1,735,585
2023 and thereafter	11,575,835
Total	<u>\$ 20,042,057</u>

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

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.

**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, 2017 the amount of outstanding debt was equal to 6% 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.



**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The City 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% 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, 2017 and 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending June 30, 2017, 2016 and 2015 were \$820,917, \$818,173 and \$922,173, respectively, which equaled the required contributions for each year.

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

At June 30, 2017, the City reported a liability of \$14,504,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan (Continued)**

calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.081203 percent.

For the year ended June 30, 2017, the City recognized pension expense of \$1,150,057. At June 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 410,661	11,868
Net difference between projected and actual earnings on pension plan investments	976,554	
Changes of assumptions	683,792	26,676
Change in proportion percentage	(191,221)	788,961
City contributions subsequent to the measurement date	835,017	
	<u>\$ 2,714,803</u>	<u>827,505</u>

\$835,017 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2018	\$ 423,560
2019	331,408
2020	275,643
2021	21,670
	<u>\$ 1,052,281</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan (Continued)**

Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation
------------------------------	---

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	100 %	

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan (Continued)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 18,598,512	\$ 14,504,883	\$ 11,108,498

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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

At June 30, 2016, the City reported a liability of \$13,145,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to

calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.085043 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$844,059. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 305,415	
Net difference between projected and actual earnings on pension plan investments		353,080
Changes of assumptions	1,132,481	
Change in proportion percentage	(325,208)	-
City contributions subsequent to the measurement date	818,173	
	<u>\$ 1,930,861</u>	<u>353,080</u>

\$818,173 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan (Continued)**

Year ended September 30,		
2017	\$	320,806
2018		320,806
2019		206,266
2020		(88,270)
		<hr/>
		\$ 759,608
		<hr/>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 10 – Defined Benefit Pension Plan (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
U.S. Broad	34	%	5.20	%
International Equity	19		5.00	
Emerging Markets Equity	8		5.45	
Fixed Income	20		0.25	
Real Assets	10		4.00	
Private Equity	8		6.15	
Cash	1		(0.50)	
Total	100	%		

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 17,327,594	\$ 13,145,971	\$ 9,676,005

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Note 11 – Deficit Fund Balance of Individual Funds**

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

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**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Financial Statements**

**Note 11 – Deficit Fund Balance of Individual Funds (Continued)**

State Fire Insurance Rebate	\$ 22,113
Safe Routes to School Grant Fund	90
Skate Park Fund	284
Brownfield Grant Fund	789
Brownfield Grant Fund #2	280
Ambulance Fund	1,341
Fabricator's Supply Construction Fund	2,499
McCharen Field Fund	14,860

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.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2017; therefore, no liability has been accrued at this time.

**Note 13 – Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Subsequent events have been evaluated through March 26, 2018, which is the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF WEST POINT, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Property taxes	\$ 3,682,276	3,682,276	\$ 3,475,863	\$ -	\$ (206,413)
Licenses and permits	54,000	54,000	24,430	-	(29,570)
Intergovernmental revenues	2,572,138	2,572,138	2,491,806	-	(80,332)
Charges for services	1,278,946	1,278,946	1,301,832	-	22,886
Fines and forfeitures	246,000	246,000	209,372	-	(36,628)
Interest income	25,000	25,000	31,487	-	6,487
Miscellaneous	248,500	248,500	297,245	-	48,745
<b>Total Revenues</b>	<b>8,106,860</b>	<b>8,106,860</b>	<b>7,832,035</b>	<b>-</b>	<b>(274,825)</b>
<b>Expenditures:</b>					
General government	1,647,534	1,647,534	1,673,966	-	(26,432)
Public safety	3,499,445	3,499,445	3,664,309	-	(164,864)
Public works	2,057,305	2,057,305	2,254,174	-	(196,869)
Culture and recreation	615,135	615,135	726,476	-	(111,341)
Debt service:				-	
Principal	117,564	117,564	346,415	-	(228,851)
Interest	9,004	9,004	16,440	-	(7,436)
<b>Total Expenditures</b>	<b>7,945,987</b>	<b>7,945,987</b>	<b>8,681,780</b>	<b>-</b>	<b>(735,793)</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>160,873</b>	<b>160,873</b>	<b>(849,745)</b>	<b>-</b>	<b>(1,010,618)</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in		-	194,125	-	194,125
Proceeds from sale of real property			10,000	-	10,000
Operating transfers out	-	-	(125,675)	-	(125,675)
<b>Total Other Financing Sources (Uses)</b>			<b>429,700</b>	<b>-</b>	<b>429,700</b>
<b>Net Change in Fund Balances</b>	<b>160,873</b>	<b>160,873</b>	<b>(420,045)</b>	<b>-</b>	<b>(580,918)</b>
<b>Fund Balances:</b>					
July 1, 2016	413,481	413,481	413,481	-	-
June 30, 2017	\$ 574,354	\$ 574,354	\$ (6,564)	\$ -	\$ (580,918)

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	\$ 10,875,072	\$ 13,145,971	\$ 14,504,883
City's proportionate share of the net pension liability	0.089594%	0.085043%	0.081203%
City's covered-employee payroll	\$ 5,855,067	\$ 5,194,749	\$ 5,076,934
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186%	253%	286%
Plan fiduciary net position as a percentage of the total pension liability	67%	62%	57%

\*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of the City's Contributions**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 922,173	\$ 818,173	\$ 820,917
Contribution in relation to the contractually required contribution	922,173	818,173	820,917
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 5,855,067	\$ 5,194,749	\$ 5,212,171
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2016**

**Budgetary Comparison Schedule**

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the Board of Commissioners. Amendments can be made on the approval of the board. A budgetary comparison is presented and is consistent with accounting principles generally accepted in the United States of America.

**Pension Schedules**

(1) **Changes of assumptions**

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Pre-retirement mortality rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(2) **Changes in benefit provisions**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

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**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Award Number</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Federal Expenditures</b>	<b>Passed through to Subrecipients</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Mississippi Development Authority				
Home Rehabilitation Program	1225-M13-SG-280-458	14.239	\$ 95,750	-
Community Development Block Grant		14.228	88,490	-
Total U.S. Department of Housing and Urban Development			184,240	-
<b><u>U.S. Department of Justice</u></b>				
Direct Program				
Public Safety Partnership and Community Policing Grant	2013UMWX0190	16.710	5,050	-
Passed through Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant	14LB3561	16.738	3,656	-
Total U.S. Department of Justice			8,706	-
<b><u>U.S. Department of Transportation</u></b>				
Direct Program				
Airport Improvement Grant	N/A	20.106	60,750	-
Passed through Mississippi Department of Transportation				
Safe Routes to Schools	N/A	20.205	56,425	-
Surface Transportation Program	N/A	20.205	2,414	-
Hazardous Material Emergency Preparedness	N/A	20.703	6,078	-
Total U.S. Department of Transportation			125,667	-
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Program				
Golden Triangle Region System of Care	1U79SM062455-01	93.104	798,461	-
Total U.S. Department of Health and Human Services			798,461	-
<b><u>Environmental Protection Agency</u></b>				
Direct Program				
Brownfield Assessment and Cleanup Cooperative Grant	00D13313	66.818	84,859	-
Brownfield Assessment and Cleanup Cooperative Grant	00D33815	66.818	53,836	-
Total Environmental Protection Agency			138,695	-
<b><u>Department of Homeland Security</u></b>				
Passed through Mississippi Emergency Management Agency				
2016 Homeland Security Grant	16HS013	97.067	5,311	-
2016 Homeland Security Grant	16HS387	97.067	15,100	-
2017 Homeland Security Grant	16LE387	97.067	898	-
Total Department of Homeland Security			21,309	-
<b><u>Department of Interior</u></b>				
Direct Program				
Outdoor Recreation-Acquisition Development and Planning	28-00640	15.916	75,255	-
Total Department of Interior			75,255	-
<b><u>Total for All Federal Awards</u></b>			<b>\$ 1,352,333</b>	<b>-</b>

See accompanying notes to schedule of expenditures of federal awards

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("the "Schedule") includes the federal award activity of the City of West Point, Mississippi under programs of the federal government for the year ended June 30, 2017. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Credit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operation of the City of West Point, Mississippi, it is not intended to and does not present the financial position, activities, or cash flows of the City of West Point, Mississippi.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

**Note 3 – Indirect Cost**

The City of West Point has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of Surety Bonds for City Officials**  
**For The Year Ended June 30, 2017**

<u>NAME</u>	<u>POSITION</u>	<u>SURETY BOND #</u>	<u>AMOUNT</u>
Harmon A. (Robbie) Robinson	Mayor	61727772	\$ 50,000
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 Dedeaux	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
Sandra Donour	Court Clerk	106271186	10,000

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**CITY OF WEST POINT, MISSISSIPPI  
SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS  
TO FUND COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Assessed Valuation in Millage:**

	Municipal	School		
Realty	\$ 66,600,186	39,660,321		
Personal	10,008,363	1,811,108		
Personal-auto	10,894,122	13,151,867		
Utilities	1,436,361	7,537,750		
	<u>88,939,032</u>		\$	7,810,032
Total Municipal at 88.00 Mills		<u>62,161,046</u>		3,292,767

**Collections Adjustments:**

Add:	Homestead Reimbursement	370,380		
	Prior year tax collection	19,806		
	Special tax	3,000		
	Interest and Penalties	<u>101,616</u>	494,802	
Less:	Delections from roll	(4,784)		
	Collection Commissions	(141,793)		
	Regular Homestead Exemptions	(282,342)		
	Additional Homestead Exemptions	<u>(1,019,160)</u>	<u>(1,448,079)</u>	
<b>Total to be Accounted For</b>			<b>\$</b>	<b><u>10,149,522</u></b>

**Collection Credits to Funds:**

	Taxes	Interest & Penalties	Homestead Reimbursement	Total
Municipal General Fund	\$ 2,298,454	57,577	139,715	\$ 2,495,746
City Bond & Interest	292,674	-	17,704	310,378
Library	97,140	-	5,709	102,849
School District Maintenance	6,574,748	44,171	197,199	6,816,118
School Debt Service	328,915	-	10,053	338,968
Total	<u>\$ 9,591,931</u>	<u>101,748</u>	<u>370,380</u>	<u>10,064,059</u>

**Balance Represented By:**

Unpaid: Realty	\$ 8,348		
Personal	29,232		
Utility	48,442		
Unaccounted for (oversettled)	<u>(559)</u>	85,463	
<b>Total Accounted For</b>		<b>\$</b>	<b><u>10,149,522</u></b>

**COMPLIANCE SECTION**



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

James L. Stafford, CPA  
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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 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 the City of West Point, Mississippi as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the City of West Point, Mississippi's basic financial statements, and have issued our report thereon dated March 26, 2018.

**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.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with government.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (17- 01)

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## **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 finding 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.

West Point, Mississippi  
March 26, 2018

*Watkins Ward and Stafford, PLLC*



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of federal awards.

**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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2017.

## Reports on Internal Control over Compliance

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

West Point, Mississippi  
March 26, 2018

*Watkins Ward and Stafford, PLLC*

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

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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, 2017, 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 March 26, 2018.

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 did not disclose any instances of noncompliance with other state laws and regulations.

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.

West Point, Mississippi  
March 26, 2018

*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, 2017**

**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?                  | None Reported |
|    | b. Significant deficiency(ies) identified?            | Yes           |
| 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 Part 200.516 of the Uniform Guidance? | No            |

7. Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

93.104

Department of Health and Human Services – Comprehensive  
Community Mental Health Services

- |    |  |           |
|----|--|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee?                                 | No        |

**CITY OF WEST POINT, MISSISSIPPI**

**Audited Financial Statements and  
Special Reports**

**June 30, 2017**

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**WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF WEST POINT, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017**

**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*.

**Business-type Activities**

**Significant Deficiency not considered to be a Material Weakness**

**17-01 Condition**

Retiree isn't timely reimbursing the Electric System for medical insurance premiums.

**Criteria**

Public Employees' Retirement System of Mississippi retirees may elect to continue medical and dental insurance coverage under the plan of the entity they retired from. Monthly premiums are paid to the entity by the retiree each month.

**Effect**

One retiree owed the Electric System \$3,780 for monthly premiums at June 30, 2017.  
The Electric System is effectively loaning the retiree money until reimbursement is made.

**Cause**

Lack of monthly reimbursement was not acted upon.

**Recommendation**

We recommend the Electric System implement policies and procedures to insure all retirees reimburse the Electric System monthly for their premiums. If reimbursements are not timely received, notice should be given to the retiree that their insurance coverage could be subject to cancellation.

**Response**

West Point Electric System's management will implement the necessary policies and procedures to monitor premium reimbursements from all retirees. Retirees not reimbursing the Electric System monthly will be notified and if the condition continues will be dropped from the City's insurance.

**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.

**CITY OF WEST POINT, MISSISSIPPI  
Status of Prior Year Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017**

**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*.

**Business-type Activities**

**Significant Deficiency not considered to be a Material Weakness**

**16-1 Condition**

Retiree isn't timely reimbursing the Electric Department for medical insurance premiums.

**Recommendation**

We recommend that proper policies and procedures be implemented to insure reimbursements are collected monthly.

**Status**

This is a repeat finding for the year ended June 30, 2017.

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**CITY OF WEST POINT, MISSISSIPPI**

**Audited Financial Statements and  
Special Reports**

**June 30, 2017**

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**WATKINS, WARD AND STAFFORD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF WEST POINT, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017**

**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*.

**Business-type Activities**

**Significant Deficiency not considered to be a Material Weakness**

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**Response**

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**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.

**CITY OF WEST POINT, MISSISSIPPI  
Status of Prior Year Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017**

**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*.

**Business-type Activities**

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