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CITY OF WEST POINT, MISSISSIPPI

**Audited Financial Statements and
Special Reports**

June 30, 2015

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CITY OF WEST POINT, MISSISSIPPI

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FINANCIAL AUDIT REPORT

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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, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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. 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, 2015, 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 4-8 and 45-50 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of West Point, Mississippi's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2016, 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
August 1, 2016

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS



**CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 and 2014. 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 \$24,843,800, which represents a 50% decrease from fiscal year 2014.
- General revenues account for \$7,372,293 in revenue, or 27% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,451,576 or 73% of total revenues.
- The City had \$24,955,158 in expenses; only \$19,451,576 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,372,293 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$8,462,368 in revenues and \$7,989,017 in expenditures. The General Fund's fund balance increased \$859,075 over the prior year. The Other Governmental Funds had \$1,633,594 in revenues and \$1,885,924 in expenditures. The Other Governmental Fund's fund balance decreased \$247,339 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$14,202,865 from the prior year.
- Total long-term debt including current maturities decreased by \$70,393.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.



**CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$24,804,036 as of June 30, 2015 and by \$49,647,836 as of June 30, 2014.



**CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,731,737	1,766,066	8,447,199	8,892,405	11,178,936	10,658,471
Capital assets	13,488,543	28,497,517	43,405,907	42,599,798	56,894,450	71,097,315
Total Assets	16,220,280	30,263,583	51,853,106	51,492,203	68,073,386	81,755,786
Deferred outflows of resource:	666,401	-	541,010	245,812	1,207,411	245,812
Current and other liabilities	9,569,601	1,978,399	6,344,210	3,316,371	15,913,811	5,294,770
Long-term debt	4,316,505	4,734,366	22,652,177	22,304,709	26,968,682	27,039,075
Total Liabilities	13,886,106	6,712,765	28,996,387	25,621,080	42,882,493	32,333,845
Deferred inflows of resources	1,052,578	-	541,690	19,917	1,594,268	19,917
Net Position:						
Net investment						
in capital assets	9,387,128	24,059,804	20,753,730	20,284,816	30,140,858	44,344,620
Restricted	971,353	1,216,306	1,048,473	1,102,552	2,019,826	2,318,858
Unrestricted	(8,410,484)	(1,725,292)	1,053,836	4,709,650	(7,356,648)	2,984,358
Total Net Position	\$ 1,947,997	23,550,818	22,856,039	26,097,018	24,804,036	49,647,836

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

- The decrease of \$14,202,865 in capital assets mainly due to adjusting governmental activities assets to the physical inventory and recording depreciation.
- The increase of \$10,619,041 in current and other liabilities was due to recording the City's pension liability.

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2015 and 2014 were \$26,823,869 and \$25,743,240. The total cost of all programs and services was \$24,955,158 and \$22,550,954. 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, 2015**

Revenues:	<u>2015</u>	<u>2014</u>
Program revenues	\$ 19,451,576	18,666,750
General revenues	<u>7,372,293</u>	<u>7,076,490</u>
Total revenues	<u>26,823,869</u>	<u>25,743,240</u>
 Expenses:		
Governmental Activities	8,863,415	8,005,448
Business-type Activities	<u>16,091,743</u>	<u>14,545,506</u>
Total expenses	<u>24,955,158</u>	<u>22,550,954</u>
Increase (decrease) in net position	<u>\$ 1,868,711</u>	<u>3,192,286</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 \$828,920, an increase of \$611,736 over the prior year.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$859,075. The fund balance in the Other Governmental Funds (Non-Major funds) decreased in the amount of \$247,339 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, 2015, the City's total net capital assets were \$56,894,450 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents a decrease of \$14,202,865 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.

Debt Administration. At June 30, 2015, the City had \$26,692,801 in long-term debt outstanding – which includes a premium on prior year refunding bonds in the amount of \$17,847 and a deferred loss in the amount of (\$78,638) – of which \$2,228,470 is due within one year. In addition, the liability for compensated absences decreased by \$81,563 over the previous year.

**CITY OF WEST POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BASIC FINANCIAL STATEMENTS

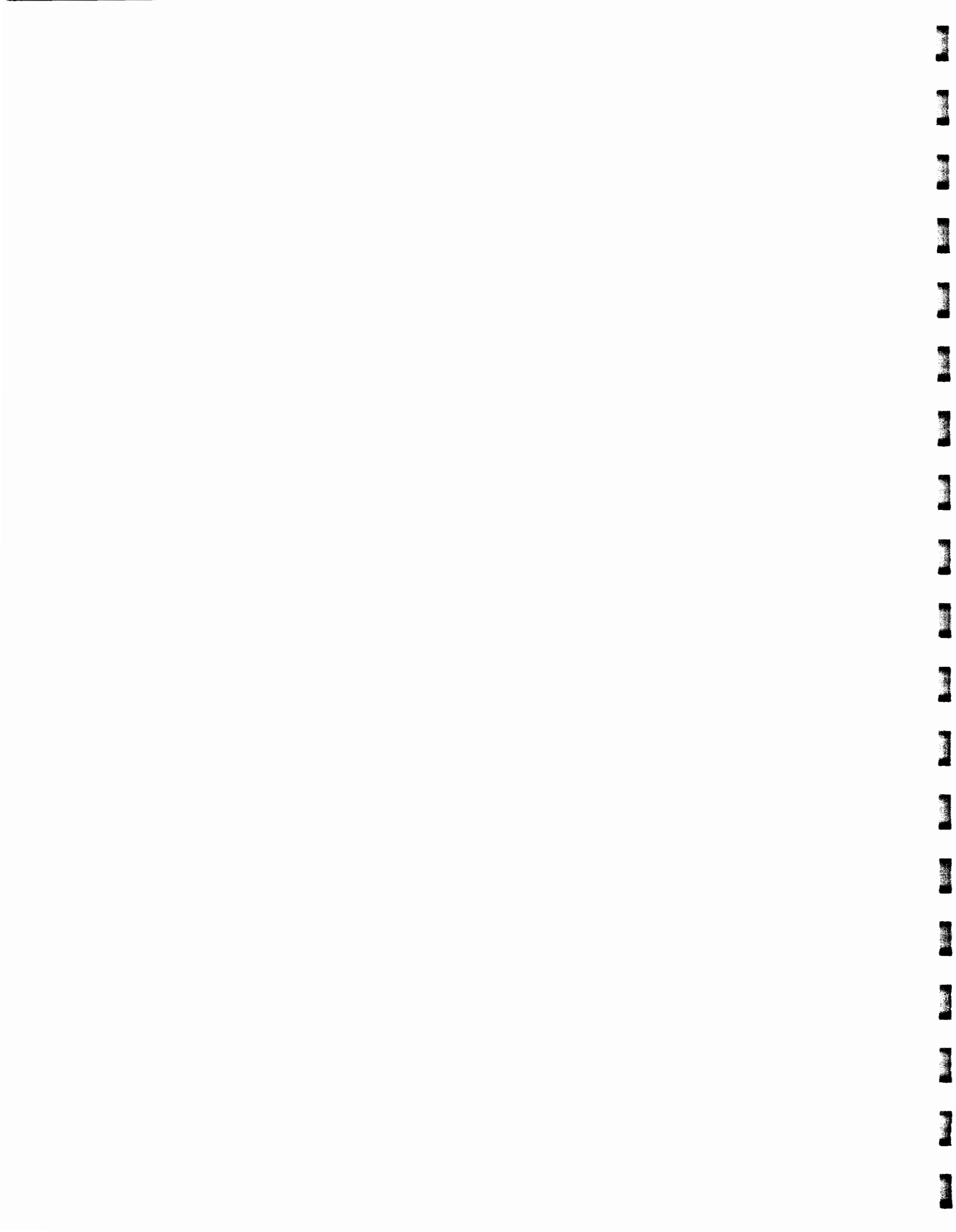


CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,528,145	2,005,019	3,533,164
Investments	-	71,933	71,933
Accounts receivable, net	81,221	2,159,245	2,240,466
Intergovernmental receivables	632,955	-	632,955
Other receivables, net	-	142,901	142,901
Prepaid expenses	-	10,428	10,428
Inventory	28,181	765,122	793,303
Due from other entities	298,684	1,837,428	2,136,112
Note receivable	-	262,793	262,793
Restricted assets			
Cash and cash equivalents	162,551	1,048,473	1,211,024
Investments	-	143,857	143,857
Capital assets, net	13,488,543	43,405,907	56,894,450
Total assets	16,220,280	51,853,106	68,073,386
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on debt defeasance	-	78,638	78,638
Debt expense	-	148,437	148,437
Deferred outflows related to pensions	666,401	313,935	980,336
Total Deferred Outflows of Resources	666,401	541,010	1,207,411
<u>LIABILITIES</u>			
Accounts payable	788,048	1,139,279	1,927,327
Accrued interest payable	30,401	115,863	146,264
Other payables	93,643	664,813	758,456
Due to other entities	1,396,213		1,396,213
Customer Deposits	-	810,479	810,479
Long-term liabilities, due within one year:			
Capital related debt	715,461	1,513,009	2,228,470
Long-term liabilities, due beyond one year:			
Capital related debt	3,385,954	21,139,168	24,525,122
Non-capital related debt	215,090		215,090
Pension Liability	7,261,296	3,613,776	10,875,072
Total liabilities	13,886,106	28,996,387	42,882,493
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Premium on G.O. refunding bonds	-	17,847	17,847
Deferred inflows related to pensions	1,052,578	523,843	1,576,421
Total Deferred Inflows of Resources	1,052,578	541,690	1,594,268

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 Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	9,387,128	20,753,730	30,140,858
Restricted for:			
Expendable:			
Debt service	109,339	1,048,473	1,157,812
Playground equipment	162,552		162,552
Culture and recreation	545,618		545,618
Public safety	153,844		153,844
Unemployment		-	-
Unrestricted	(8,410,484)	1,053,836	(7,356,648)
Total Net Position	<u>\$ 1,947,997</u>	<u>22,856,039</u>	<u>24,804,036</u>

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities					
General government	\$ 1,847,728	575,570	-	-	(1,272,158)
Public safety	3,495,546	230,357	136,633	-	(3,128,556)
Public works	2,363,414	844,160	435,355	332,631	(751,268)
Culture and recreation	803,241	34,102	35,000	-	(734,139)
Health and welfare	186,859	9,572	116,632	-	(60,655)
Interest on long-term debt	166,627	-	-	-	(166,627)
Total governmental activities	<u>8,863,415</u>	<u>1,693,761</u>	<u>723,620</u>	<u>332,631</u>	<u>(6,113,403)</u>
Business-type Activities					
Electric department	10,311,384	10,128,068	-	-	(183,316)
Water and sewer department	5,780,359	5,086,323	-	1,487,173	793,137
Total business-type activities	<u>16,091,743</u>	<u>15,214,391</u>	<u>-</u>	<u>1,487,173</u>	<u>609,821</u>
Total primary government	<u>\$ 24,955,158</u>	<u>16,908,152</u>	<u>723,620</u>	<u>1,819,804</u>	<u>(5,503,582)</u>

	Governmental Activities	Business-type Activities	Total
Changes in Net Position:			
Net (expense) / revenue	\$ (6,113,403)	609,821	(5,503,582)
General revenues			
Taxes			
Property taxes	4,017,837		4,017,837
Sales and tourism taxes	2,646,483		2,646,483
Other taxes	171,259		171,259
Unrestricted grants and contributions	203,718		203,718
Investment income	23,856	26,343	50,199
Other	282,797	-	282,797
Transfers	19,920	(19,920)	-
Total general revenues and transfers	<u>7,365,870</u>	<u>6,423</u>	<u>7,372,293</u>
Change in net position	1,252,467	616,244	1,868,711
Net Position, Beginning	<u>695,530</u>	<u>22,239,795</u>	<u>22,935,325</u>
Net Position, Ending	<u>\$ 1,947,997</u>	<u>22,856,039</u>	<u>24,804,036</u>

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

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CITY OF WEST POINT, MISSISSIPPI
Balance Sheet -
Governmental Funds
June 30, 2015

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
Assets			
Cash and cash equivalents	\$ 1,125,794	755,876	1,881,670
Cash - restricted	-	162,551	162,551
Accounts receivable	57,121	21,336	78,457
Intergovernmental receivables	190,379	442,576	632,955
Due from other entities	265,893	-	265,893
Inventories	20,936	-	20,936
Due from other funds	34,673	78,273	112,946
Total assets	<u>\$ 1,694,796</u>	<u>1,460,612</u>	<u>3,155,408</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 324,197	448,426	772,623
Due to other funds	69,723	10,432	80,155
Due to other entities	1,396,213	-	1,396,213
Other liabilities	77,497	-	77,497
Total Liabilities	<u>1,867,630</u>	<u>458,858</u>	<u>2,326,488</u>
Fund Balances:			
Restricted:			
Debt service		139,740	139,740
Playground equipment		162,552	162,552
Assigned:			
Culture and recreation		513,463	513,463
Public safety		153,844	153,844
Economic development and assistance		32,155	32,155
Unassigned	<u>(172,834)</u>		<u>(172,834)</u>
Total Fund Balances	<u>(172,834)</u>	<u>1,001,754</u>	<u>828,920</u>
Total Liabilities and Fund Balances	<u>\$ 1,694,796</u>	<u>1,460,612</u>	<u>3,155,408</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, 2015

Fund Balances - Total Governmental Funds	\$	828,920
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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	\$ 248,352	
Construction in progress	-	
Buildings and equipment (net of depreciation)	8,075,945	
Infrastructure	<u>5,164,247</u>	13,488,544

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	\$ (3,070,000)	
Obligations under capital lease	(310,320)	
Notes payable	(721,096)	
Compensated absences	(215,090)	
Pension liability	(7,647,473)	
Accrued interest payable	<u>(30,401)</u>	(11,994,380)

Internal service fund assets and liabilities reported on governmental funds balance sheet		(375,087)
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Net Position of Governmental Funds	\$	<u>1,947,997</u>
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The accompanying notes to financial statements are an integral part of these financial statements.



CITY OF WEST POINT, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2015

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Other</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Revenues:			
Property taxes	\$ 2,386,670	305,892	2,692,562
Franchise taxes	160,234	-	160,234
In lieu of taxes	1,148,830	-	1,148,830
Penalties and interest	73,238	-	73,238
Licenses and permits	22,717	-	22,717
Fines and forfeitures	222,839	-	222,839
Intergovernmental revenues			
Federal revenue	51,334	894,618	945,952
State shared:			
Gas tax refund	10,062	-	10,062
Heavy duty and rail tax	39,299	-	39,299
Sales tax	2,386,988	-	2,386,988
Tourism tax	-	259,495	259,495
TVA in lieu	103,207	-	103,207
General municipal aid	5,639	-	5,639
Homestead reimbursement	132,083	16,635	148,718
Fire insurance refund	-	59,625	59,625
Liquor Privilege tax	11,025	-	11,025
EMA county reimbursement	25,674	-	25,674
Recycling grant	-	25,000	25,000
Charges for services	1,470,923	-	1,470,923
Interest income	23,639	217	23,856
Miscellaneous revenues	187,967	72,112	260,079
Total Revenues	<u>8,462,368</u>	<u>1,633,594</u>	<u>10,095,962</u>
Expenditures:			
General government	1,551,062	189,457	1,740,519
Public safety			
Police	2,204,301	-	2,204,301
Fire	1,258,387	55	1,258,442
EMA	73,854	-	73,854
Public works			
Administration	447,905	-	447,905
Highways and streets	836,912	332,631	1,169,543
Sanitation	670,738	256,073	926,811
Cemetery	35,966	-	35,966
Culture and recreation	722,029	323,137	1,045,166
Health and welfare	-	151,328	151,328
Debt service:			
Principal	159,714	492,379	652,093
Interest	28,149	135,338	163,487
Other	-	5,526	5,526
Total Expenditures	<u>7,989,017</u>	<u>1,885,924</u>	<u>9,874,941</u>
Excess (Deficiency) of Revenues			
 over (under) Expenditures	<u>473,351</u>	<u>(252,330)</u>	<u>221,021</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, 2015

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Other</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Funds</u>
		<u>Funds</u>	<u>Funds</u>
Other Financing Sources (Uses):			
Proceeds from long-term debt	153,937	-	153,937
Proceeds from capital lease	161,858	-	161,858
Proceeds from sale of real property	55,000	-	55,000
Operating transfers in	19,920	4,991	24,911
Operating transfers out	(4,991)	-	(4,991)
Total Other Financing Sources (Uses)	<u>385,724</u>	<u>4,991</u>	<u>390,715</u>
 Net Change in Fund Balances	 <u>859,075</u>	 <u>(247,339)</u>	 <u>611,736</u>
 Fund Balances:			
July 1, 2014	<u>(1,031,909)</u>	<u>1,249,093</u>	<u>217,184</u>
June 30, 2015	<u>\$ (172,834)</u>	<u>1,001,754</u>	<u>828,920</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, 2015

Net Change in Fund Balances - Total Governmental Funds **\$ 611,736**

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	\$	602,397	
Depreciation expense		<u>(419,936)</u>	182,461

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. (55,000)

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	(153,937)		
Capital leases issued	(161,858)		
Payments of debt principal	<u>652,093</u>		336,298

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	81,563		
Change in unfunded pension liability	71,380		
Change in accrued interest payable	<u>2,386</u>		155,329

Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances 21,643

Change in Net Position of Governmental Funds **\$ 1,252,467**

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, 2015

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,506,000	499,019	2,005,019	
Investments	71,933		71,933	
Accounts receivables, net	2,159,245		2,159,245	2,764
Other receivables	56,093	86,808	142,901	
Prepaid expenses	10,428		10,428	
Inventories	365,522	399,600	765,122	7,245
Due from other entities	144,189	1,693,239	1,837,428	
Note receivable, current portion	102,761		102,761	
Total current assets	4,416,171	2,678,666	7,094,837	10,009
Non-current assets:				
Restricted cash and cash equivalents:				
Bonds	126,169	1,048,473	1,174,642	
Deposits	17,688		17,688	
Note receivable, non-current portion	160,032		160,032	
Capital assets:				
Land	82,892	881,830	964,722	
Construction in progress	144,579	6,428,311	6,572,890	
Other capital assets	13,584,895	49,522,266	63,107,161	54,000
Less accumulated depreciation	(7,407,490)	(19,831,376)	(27,238,866)	(54,000)
Total non-current assets	6,708,765	38,049,504	44,758,269	-
Total Assets	11,124,936	40,728,170	51,853,106	10,009
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on debt defeasance		78,638	78,638	
Deferred debt expense	4,154	144,283	148,437	
Difference between expected and actual experience - net pension liability	309,575	4,360	313,935	
Total Deferred Outflows of Resources	313,729	227,281	541,010	-
<u>LIABILITIES</u>				
Current liabilities:				
Cash overdraft			-	353,525
Accounts payable	1,022,143	117,136	1,139,279	15,425
Customer deposits	810,479		810,479	
Accrued interest payable	4,164	111,699	115,863	
Sales tax payable	15,738		15,738	
Other current liabilities	591,442	57,633	649,075	
Bonds, notes and loans payable	117,341	1,395,668	1,513,009	
Total current liabilities	2,561,307	1,682,136	4,243,443	368,950
Non-current liabilities:				
Due to other funds			-	16,146
Bonds, notes and loans payable	1,459,125	19,680,043	21,139,168	
Unfunded pension liability	2,008,867	1,604,909	3,613,776	
Total non-current liabilities	3,467,992	21,284,952	24,752,944	16,146
Total Liabilities	6,029,299	22,967,088	28,996,387	385,096

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, 2015

	Business-type Activities		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
DEFERRED INFLOWS OF RESOURCES				
Premium on G.O. refunding bonds		17,847	17,847	
Difference between projected and actual earnings on pension plan investments	291,200	232,643	523,843	
Total Deferred Inflows of Resources	291,200	250,490	541,690	-
NET POSITION				
Net investment in capital assets	4,828,410	15,925,320	20,753,730	
Restricted for:				
Debt service		1,048,473	1,048,473	
Unemployment fund			-	
Unrestricted (deficit)	289,756	764,080	1,053,836	(375,086)
Total Net Position	\$ 5,118,166	17,737,873	22,856,039	(375,086)

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, 2015

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
<u>OPERATING REVENUES</u>				
Charges for services	\$ 10,128,068	5,086,323	15,214,391	349,302
Total operating revenues	10,128,068	5,086,323	15,214,391	349,302
<u>OPERATING EXPENSES</u>				
Purchased power	7,161,722		7,161,722	
Operating and maintenance	1,750,051	2,847,778	4,597,829	327,659
Depreciation	377,407	1,352,899	1,730,306	
Miscellaneous	839,847	260,000	1,099,847	
Total operating expenses	10,129,027	4,460,677	14,589,704	327,659
Operating income (loss)	(959)	625,646	624,687	21,643
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	19,904	6,439	26,343	
Intergovernmental revenues		718,665	718,665	
Capital contributions		768,508	768,508	
Interest expense	(52,446)	(477,140)	(529,586)	
Amortization	(831)	(13,359)	(14,190)	
Miscellaneous	(549)		(549)	
Extraordinary loss on meter retirement	(128,531)	(829,183)	(957,714)	
Transfers out - contributions to City's general fund	(4,700)	(15,220)	(19,920)	
Total non-operating revenues (expenses)	(167,153)	158,710	(8,443)	-
Change in net position	(168,112)	784,356	616,244	21,643
Net Position, beginning:				
As previously reported	7,289,354	18,807,664	26,097,018	(396,730)
Prior period adjustment	(2,003,076)	(1,854,147)	(3,857,223)	
As restated	5,286,278	16,953,517	22,239,795	(396,730)
Net Position, ending	\$ 5,118,166	17,737,873	22,856,039	(375,087)

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



CITY OF WEST POINT, MISSISSIPPI
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities			
	Proprietary Funds			
	Electric	Water & Sewer	Total	Internal
	Department	Department	Proprietary	Service
			Funds	Fund
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 9,999,741	5,086,323	15,086,064	350,104
Payments to suppliers	(8,199,552)	(2,230,508)	(10,430,060)	(206,478)
Payments to employees	(1,009,826)	(767,403)	(1,777,229)	(107,590)
Other receipts (payments)	(694,138)	(260,000)	(954,138)	
Net Cash Flows from Operating Activities	96,225	1,828,412	1,924,637	36,036
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers to other funds	(4,700)	(15,220)	(19,920)	
Net Cash Flows from Noncapital Financing Activities	(4,700)	(15,220)	(19,920)	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Purchase of capital assets	(294,208)	(2,462,425)	(2,756,633)	
Proceeds of state revolving loan		1,697,533	1,697,533	
Federal grant revenue		399,018	399,018	
Intergovernmental revenue		319,647	319,647	
Principal payment on capital debt	(114,436)	(1,235,628)	(1,350,064)	
Interest payment on capital debt		(472,745)	(472,745)	
Other receipts (payments)	91,530		91,530	
Net Cash Flows from Capital and Related Financing Activities	(317,114)	(1,754,600)	(2,071,714)	-
<u>Cash Flows from Investing Activities</u>				
Interest revenue		6,439	6,439	
Short term investments	711		711	
Net Cash Flows from Investing Activities	711	6,439	7,150	-
Net Change in Cash	(224,878)	65,031	(159,847)	36,036
Cash and Cash Equivalents at Beginning of Year	1,730,878	433,988	2,164,866	(389,561)
Cash and Cash Equivalents at End of Year	\$ 1,506,000	499,019	2,005,019	(353,525)

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, 2015

	Agency Funds
Assets	
Cash and cash equivalents	\$ 27,487
Total Assets	<u>\$ 27,487</u>
Liabilities	
Due to other funds	\$ 16,645
Intergovernmental Payables	<u>10,842</u>
Total Liabilities	<u>\$ 27,487</u>

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 the government and its component units, entities for which the government is considered to financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each blended component has a June 30 year-end.

Included within the reporting entity:

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

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

Excluded from the reporting entity:

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

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



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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

The City reports the following major governmental funds:

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

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

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

Additionally, the City reports the following fund types:



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 on the City's judgment.

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.



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	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

8. Compensated Absences

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

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

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

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



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.



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 and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the City to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (3)m Miss. Code Ann. (1972). This section permits the following types of investments: (1) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (3) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations; not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interest in, any open-end or closed-end management type investment company or investment trust approved by the

State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects) bond sinking funds (Debt Service Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.



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, 2015, reported in the governmental funds and enterprise funds was \$1,602,575 and \$3,412,024, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the city. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of June 30, 2014, none of the City's bank balance of \$5,166,418 was exposed to custodial credit risk.

Investments

Investments are stated at fair value.

Note 3 – Interfund Transactions and Balances

The following is a summary of interfund balances at June 30, 2015:

a) Due From/To Other Funds:

	<u>Due From</u>	<u>Due To</u>
<u>Governmental</u>		
Major funds		
General Fund	\$ 34,673	69,723
Non-major funds		
McCharen Field Fund		10,432
Homeland Security Grant Fund	159	
Urban Youth Fund	10,320	
Howlin' Wolf Fund	39,441	
Eshman Avenue Overlay Fund	24,785	
Bond and Interest Fund	3,568	
Total Governmental	\$ 112,946	80,155
<u>Internal service funds</u>		
City Maintenance Shop Fund		16,146
<u>Agency funds</u>		
Court clearing fund		16,645
	\$ <u>112,946</u>	<u>112,946</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.

b) Transfers In/Out:

	Transfers In	Transfers Out
<u>Governmental</u>		
Major funds		
General Fund	\$ 19,920	4,991
Non-major funds		
Eshman Ave. Project	4,991	
<u>Total Governmental</u>	<u>24,911</u>	<u>4,991</u>
<u>Proprietary funds</u>		
Electric Department		4,700
Water and Sewer Department		15,220
	\$ <u>24,911</u>	<u>24,911</u>

c) Intergovernmental Receivables:

The following is a summary of intergovernmental receivables at June 30, 2015:

Mississippi Bureau of Revenue	\$ 266,469
U.S. Department of Justice	11,297
U.S. Department of Transportation	316,719
U.S. Department of Health and Human Services	8,823
U.S. Department of Housing and Urban Development	3,180
Environmental Protection Agency	26,467
	\$ <u>632,955</u>



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 4 – Capital Assets

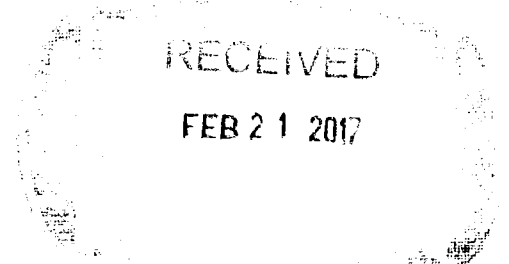
The following is a summary of capital assets activity for the year ended June 30, 2015:

	Balance 7/1/2014	Additions	Retirements	Balance 6/30/2015
Governmental Activities				
Land	\$ 303,352		(55,000)	248,352
Buildings and equipment	14,539,518	1,067,845		15,607,363
Less: Accumulated Depreciation -				
Buildings and equipment	(7,111,483)	(419,936)		(7,531,419)
Infrastructure	5,164,247			5,164,247
Construction in progress	465,448	249,990	(715,438)	-
Governmental Activities Capital Assets	<u>\$ 13,361,082</u>	<u>897,899</u>	<u>(770,438)</u>	<u>13,488,543</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 964,722			964,722
Construction in progress	16,018,393	(9,445,503)		6,572,890
Total Capital Assets Not Being Depreciated	<u>16,983,115</u>	<u>(9,445,503)</u>	<u>-</u>	<u>7,537,612</u>
Depreciable Capital Assets:				
Distribution and collection systems	48,275,827	12,930,150	(2,861,773)	58,344,204
Buildings and equipment	4,744,930	53,743	(35,716)	4,762,957
Total Depreciable Capital Assets	53,020,757	12,983,893	(2,897,489)	63,107,161
Less: Accumulated Depreciation	(27,404,074)	(1,790,548)	1,955,756	(27,238,866)
Total Depreciable Capital Assets, Net	25,616,683	11,193,345	(941,733)	35,868,295
Total Business-type Activities Capital Assets	<u>\$ 42,599,798</u>	<u>1,747,842</u>	<u>(941,733)</u>	<u>43,405,907</u>

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

Depreciation expense was charged to the following functions:

Governmental Activities	\$ 419,936
Business-type Activities:	
Electric	437,649
Water and Sewer	1,352,899
	<u>\$ 2,210,484</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, 2015:

	Balance 7/1/2014	Additions	Payments	Balance 6/30/2015	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 3,513,000		(443,000)	3,070,000	470,000
Capital lease obligation	199,313	161,858	(50,852)	310,319	65,355
Other loans payable	725,400	153,937	(158,241)	721,096	180,106
Compensated absences	296,653		(81,563)	215,090	
Total Governmental Activities	<u>\$ 4,734,366</u>	<u>315,795</u>	<u>(733,656)</u>	<u>4,316,505</u>	<u>715,461</u>
Business-type Activities					
Bonds payable:					
Electric Department	\$ 205,000		(30,000)	175,000	30,000
Water and Sewer Department	5,538,437		(478,796)	5,059,641	489,874
Lease obligations:					
Electric Department	1,485,902		(84,436)	1,401,466	87,341
Water and Sewer Department	3,939,755		(223,875)	3,715,880	230,844
Notes payable:					
Water and Sewer Department	11,135,615	1,697,533	(532,958)	12,300,190	674,950
Total Business-type Activities	<u>22,304,709</u>	<u>1,697,533</u>	<u>(1,350,065)</u>	<u>22,652,177</u>	<u>1,513,009</u>
Total Government-wide	<u>\$ 27,039,075</u>	<u>2,013,328</u>	<u>(2,083,721)</u>	<u>26,968,682</u>	<u>2,228,470</u>

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



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

Governmental Activities:

General Obligation Bonds:

	Issue Date	Maturity Date	Interest Rate	Balance 6/30/2015
2009 Road and Street Bond	10/01/2009	10/01/2024	3.50–4.25%	\$ 1,445,000
1999 Sportsplex Bond	4/01/1999	4/01/2016	4.90%	85,000
2000 Recreation Bond	4/01/2000	4/01/2016	5.48%	45,000
2010 Refunding Bonds	5/12/2010	12/01/2019	2.00–3.75%	1,055,000
McClure Building Bonds	3/06/2014	2/01/2029	3.25–4.625%	440,000
Total General Obligation Bonds				3,070,000

Capital Lease Obligations:

Lease purchase - equipment	9/05/2012	8/18/2028	3.07%	187,987
Lease purchase - police autos	8/19/2014	8/19/2017	2.00%	62,915
Lease purchase - police autos	9/10/2014	9/10/2017	2.00%	59,417
Total Capital Lease Obligations				310,319

Other Loans Payable:

Note payable - refinance	12/26/2013	12/26/2018	1.99%	207,211
Note payable - fire truck	5/20/2014	5/20/2019	1.84%	378,478
Note payable - garbage truck	12/15/2014	12/15/2018	2.156%	135,407
Total Other Loans Payable				721,096

Total Governmental Activities

\$ 4,101,415

Business-type Activities:

Revenue Bonds:

Electric department - Revenue bonds	6/01/2006	6/01/2020	3.625–4.00%	\$ 175,000
Waterworks - USDA revenue bonds	6/01/2003	6/01/2019	6.00%	30,446
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	399,195
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.00–3.50%	4,630,000
Total Revenue Bonds				5,234,641

Lease Obligations:

Electric department - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	1,401,466
Waterworks - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	3,715,880
Total Lease Obligations				5,117,346

Notes Payable:

Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	755,917
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	1,572,895
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	493,302
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	1,139,270
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	4,825,749
Waterworks advance on loan - State of MS	7/22/2013	TBD	2.00%	2,741,634
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.125%	643,741
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.125%	127,682
Total Notes Payable				12,300,190

Total Business-type Activities

\$ 22,652,177



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>
2016	\$ 470,000	115,015	585,015
2017	350,000	96,837	446,837
2018	365,000	84,603	449,603
2019	375,000	71,211	446,211
2020	390,000	56,686	446,686
2021 and thereafter	1,120,000	166,684	1,286,684
Total	<u>\$ 3,070,000</u>	<u>591,036</u>	<u>3,661,036</u>

Capital Lease Obligations:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,355	7,700	73,055
2017	66,802	6,253	73,055
2018	26,313	4,984	31,297
2019	12,804	4,527	17,331
2020	13,190	4,124	17,314
2021 and thereafter	125,855	17,138	142,993
Total	<u>\$ 310,319</u>	<u>44,726</u>	<u>355,045</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 180,108	13,752	193,860
2017	183,659	10,201	193,860
2018	187,261	6,600	193,861
2019	170,068	3,316	173,384
Total	<u>\$ 721,096</u>	<u>33,869</u>	<u>754,965</u>

Business-type Activities:

Revenue Bonds, Lease Obligations, and Notes Payable

<u>Year Ending June 30,</u>	<u>Principal</u>
2016	\$ 1,512,801
2017	1,562,617
2018	1,597,958
2019	1,634,814
2020	1,675,377
2021 and thereafter	14,668,610
Total	<u>\$ 22,652,177</u>

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



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

Legal Debt Margin – The amount of debt—excluding specific exempted debt—that can be incurred by the city is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of June 30, 2015 the amount of outstanding debt was equal to 5% of the latest property assessments.

Note 7 – No Commitment Debt

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

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

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

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

Note 9 – Contingencies

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

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

Note 10 – Defined Benefit Pension Plan

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



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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, 2015 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, 2015, 2014 and 2013 were \$922,173, \$861,127 and \$781,988, 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, 2015, the City reported a liability of \$10,875,072 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the City's proportion was 0.089594 percent.



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$736,527. At June 30, 2015 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	\$ 148,972	
Net difference between projected and actual earnings on pension plan investments		1,576,421
Changes of assumptions	-	
Change in proportion percentage		-
City contributions subsequent to the measurement date	922,173	
	<u>\$ 1,071,145</u>	<u>1,576,421</u>

\$922,173 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, 2016. 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,	
2016	\$ (340,519)
2017	(340,519)
2018	(352,305)
2019	(394,106)
	<u>\$ 1,427,449</u>

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



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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:

<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	\$ 14,825,971	\$ 10,875,072	\$ 7,579,436



CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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 is the following fund with deficit fund balances:

Safe Routes to School Grant Fund	\$ 90
Skate Park Fund	284
Urban Youth Grant 2013 Fund	10,261
Brownfield Grant Fund	789
Ambulance Fund	1,341
Fabricator's Supply Construction Fund	2,499
McCharen Field Fund	11,485
Dunlap Bridge Construction Fund	198

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

Note 12 – Risk Management

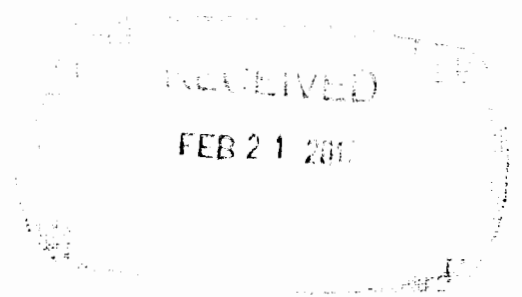
The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded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

Note 13 – Subsequent Events

Subsequent events have been evaluated through August 1, 2016, which is the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION





CITY OF WEST POINT, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property taxes	\$ 3,672,244	3,672,244	\$ 3,608,738	\$ -	\$ (63,506)
Licenses and permits	23,000	23,000	22,717	-	(283)
Intergovernmental revenues	2,242,399	2,242,399	2,765,311	-	522,912
Charges for services	1,357,846	1,357,846	1,470,923	-	113,077
Fines and forfeitures	142,000	142,000	222,839	-	80,839
Interest income	20,000	20,000	23,639	-	3,639
Miscellaneous	253,300	253,300	348,201	-	94,901
Total Revenues	7,710,789	7,710,789	8,462,368	-	751,579
Expenditures:					
General government	1,763,329	1,763,329	1,551,062	-	212,267
Public safety	3,335,760	3,335,760	3,536,542	-	(200,782)
Public works	2,110,146	2,110,146	1,955,555	-	154,591
Culture and recreation	280,715	280,715	757,995	-	(477,280)
Debt service:				-	
Principal			159,714	-	(159,714)
Interest			28,149	-	(28,149)
Total Expenditures	7,489,950	7,489,950	7,989,017	-	(499,067)
Excess (Deficiency) of Revenues over (under) Expenditures	220,839	220,839	473,351	-	252,512
Other Financing Sources (Uses):					
Proceeds from issuance of long-term debt	-	-	153,937	-	153,937
Proceeds from sale of real property			55,000	-	55,000
Operating transfers in		-	161,858	-	161,858
Other financing sources			19,920	-	19,920
Operating transfers out	-	-	(4,991)	-	(4,991)
Total Other Financing Sources (Uses)			385,724	-	385,724
Net Change in Fund Balances	220,839	220,839	859,075	-	638,236
Fund Balances:					
July 1, 2014	(1,031,909)	(1,031,909)	(1,031,909)	-	-
June 30, 2015	\$ (811,070)	\$ (811,070)	\$ (172,834)	\$ -	\$ 638,236

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



CITY OF WEST POINT, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended June 30, 2015

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and revisions.

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



**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS***

	<u>2015</u>
City's proportion of the net pension liability	\$ 10,875,072
City's proportionate share of the net pension liability	0.089594%
City's covered-employee payroll	\$ 5,855,067
City's proportionate share of the net pension liability as a percentage of its covered-	186%
Plan fiduciary net position as a percentage of the total pension liability	62%

*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.



**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS**

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

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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OTHER INFORMATION



**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Passed through Mississippi Development Authority		
Home Rehabilitation Program	14.239	\$ 12,180
Total U.S. Department of Housing and Urban Development		<u>12,180</u>
<u>U.S. Department of Justice</u>		
Direct Program		
Public Safety Partnership and Community Policing Grant	16.710	38,661
Passed through Mississippi Department of Public Safety		
Edward Byrne Memorial Justice Assistance Grant	16.738	4,388
Total U.S. Department of Justice		<u>43,049</u>
<u>U.S. Department of Transportation</u>		
Direct Program		
Airport Improvement Grant	20.106	159,550
Passed through Mississippi Department of Transportation		
Safe Routes to Schools	20.205	332,631
Urban Youth Corps Program	20.205	33,696
Occupant Protection Grant	20.600	1,563
Impaired Driving Grant	20.607	6,722
Total U.S. Department of Transportation		<u>534,162</u>
<u>U.S. Department of Health and Human Services</u>		
Direct Program		
Golden Triangle Region System of Care	93.104	104,452
Total U.S. Department of Health and Human Services		<u>104,452</u>
<u>Environmental Protection Agency</u>		
Direct Program		
Brownfield Assessment and Cleanup Cooperative Grant	66.818	238,315
Total Environmental Protection Agency		<u>238,315</u>
<u>Appalachian Regional Commission</u>		
Passed through Tennessee Valley Authority		
Appalachian Area Development - Yokohama W&S Improvements	23.002	399,018
Total Appalachian Regional Commission		<u>399,018</u>
<u>Total for All Federal Awards</u>		\$ <u>1,331,176</u>

NOTES TO SCHEDULE

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



**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2015**

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



**CITY OF WEST POINT, MISSISSIPPI
SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS
TO FUND COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

Assessed Valuation in Millage:

	<u>Municipal</u>	<u>School</u>	
Realty	\$ 60,035,878	26,695,239	
Personal	10,353,820	899,553	
Personal-auto	8,079,338	7,086,401	
Utilities	1,546,931	3,718,192	
	<u>80,015,967</u>		
Total Municipal at <u>94.81</u> Mills			\$ 7,586,314
Total School at <u>57.80</u> Mills		<u>38,399,385</u>	2,219,484

Collections Adjustments:

Add: Homestead Reimbursement		344,625	
Prior year tax collection		<u>424,700</u>	769,325
Less: Delections from roll		(5,217)	
Collection Commissions		(124,740)	
Regular Homestead Exemptions		(254,118)	
Additional Homestead Exemptions		<u>(911,036)</u>	<u>(1,295,111)</u>
Total to be Accounted For			<u>\$ 9,280,012</u>

Collection Credits to Funds:

	<u>Taxes</u>	<u>Homestead</u>	<u>Total</u>
Municipal General Fund	\$ 2,386,670	132,083	\$ 2,518,753
City Bond & Interest	305,892	16,635	322,527
Library	94,139	5,198	99,337
School District Maintenance	5,792,599	181,140	5,973,739
School Debt Service	319,656	9,568	329,224
Total	<u>\$ 8,898,956</u>	<u>344,624</u>	<u>\$ 9,243,580</u>

Balance Represented By:

Unpaid property taxes		31,335	
Unaccounted for		<u>5,097</u>	36,432
Total Accounted For			<u>\$ 9,280,012</u>



COMPLIANCE SECTION

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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi as of and for the year ended June 30, 2015, 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 August 1, 2016.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Point, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain



provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of West Point, Mississippi's Response to Findings

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

Purpose of this Report

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

West Point, Mississippi
August 1, 2016

Watkins Ward and Stafford, PLLC





WATKINS, WARD and STAFFORD
Professional Limited Liability Company
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of West Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of West Point, Mississippi's major federal programs for the year ended June 30, 2015. The City of West Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of West Point, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Point, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of West Point, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Point, Mississippi's internal control over compliance.

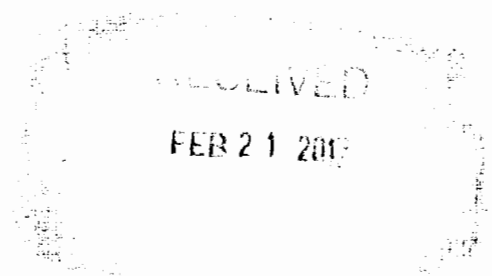
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

West Point, Mississippi
August 1, 2016

Watkins Ward and Stafford, PLLC





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





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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi as of and for the year ended June 30, 2015, 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 August 1, 2016.

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
August 1, 2016

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, 2015

Section I: Summary of Auditors' Report

Financial Statements:

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

Federal Awards:

- | 4. | Internal control over major programs: | | | | | | | | | |
|---------------------|--|---------------------|---|--------|--|--------|--|--------|--|--|
| a. | Material weakness (es) identified? | No | | | | | | | | |
| b. | Significant deficiency (ies) identified? | None reported | | | | | | | | |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified | | | | | | | | |
| 6. | Any audit findings disclosed that are required to be reported in accordance With Section 510(a) of OMB Circular A-133? | No | | | | | | | | |
| 7. | Identification of major programs: | | | | | | | | | |
| | <table border="0"><thead><tr><th><u>CFDA Numbers</u></th><th><u>Name of Federal Program or Cluster</u></th></tr></thead><tbody><tr><td>20.205</td><td>Department of Transportation – Highway Planning and Construction</td></tr><tr><td>66.818</td><td>Environmental Protection Agency – Brownsfield Assessment and Cleanup Cooperative Agreement</td></tr><tr><td>93.104</td><td>Department of Health and Human Services – Comprehensive Community Mental Health Services</td></tr></tbody></table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 20.205 | Department of Transportation – Highway Planning and Construction | 66.818 | Environmental Protection Agency – Brownsfield Assessment and Cleanup Cooperative Agreement | 93.104 | Department of Health and Human Services – Comprehensive Community Mental Health Services | |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | | | | | | | | | |
| 20.205 | Department of Transportation – Highway Planning and Construction | | | | | | | | | |
| 66.818 | Environmental Protection Agency – Brownsfield Assessment and Cleanup Cooperative Agreement | | | | | | | | | |
| 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: | \$300,000 | | | | | | | | |
| 9. | Auditee qualified as a low-risk auditee? | No | | | | | | | | |

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CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section II: Financial Statement Findings

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

Governmental Activities

Significant Deficiencies considered to be Material Weaknesses

15-01 Condition

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

Criteria

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

Cause of Condition

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

Effect of Condition

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

Recommendation

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

Response

The City will open additional bank accounts as needed to insure cash is kept segregated by fund.

15-02 Condition

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

Criteria

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

Cause of Condition

The City implemented GASB 68 during the year ending June 30, 2015. This resulted in the recording of an unfunded pension liability of \$10,875,072 for the General City.

Effect of Condition

The City has a large deficit fund balance. However, the current year's increase was not the result of a control deficiency, but from the required implementation of an accounting pronouncement.

Recommendation

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

Response

The City now monitors all funds for possible deficit fund balances and acts to correct them.



CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

15-03 Condition

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

Criteria

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

Cause of Condition

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

Effect of Condition

The City of West Point's net revenues over expenditures increased by \$407,345 as a result of these audit entries.

Recommendation

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

Response

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

Business-type Activities

Significant Deficiencies considered to be Material Weaknesses

15-04 Condition

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

Criteria

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

Cause of Condition

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



**CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

Effect of Condition

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

Recommendation

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

Response

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

15-05 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 \$9,726 for monthly premiums at June 30, 2015.
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, 2015

Section II: Financial Statement Findings

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

Governmental Activities

Significant Deficiencies considered to be Material Weaknesses

14-01 Condition

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

Recommendation

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

Status

This is a repeat finding for year ended June 30, 2015.

14-02 Condition

The City failed to prepare and adopt budgets for various funds.

Recommendation

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

Status

The City corrected their finding for year ended June 30, 2015.

14-03 Condition

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

Recommendation

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

Status

The City corrected their finding for year ended June 30, 2015.

14-04 Condition

The City General Fund had a negative fund balance.

Recommendation

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

Status

This is a repeat finding for year ended June 30, 2015.

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CITY OF WEST POINT, MISSISSIPPI
Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section II: Financial Statement Findings (Continued)

14-05 Condition

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

Recommendation

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

Status

This is a repeat finding for year ended June 30, 2015.

Business-type Activities

Significant Deficiencies considered to be Material Weaknesses

14-06 Condition

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

Recommendation

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

Status

This is a repeat finding for year ended June 30, 2015.

14-07 Condition

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

Recommendation

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

Status

The Water and Sewer Department corrected this finding for year ended June 30, 2015.

