



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**CITY OF WEST POINT, MISSISSIPPI**

**Audited Financial Statements and  
Special Reports**

**June 30, 2016**

**RECEIVED**

**MAR 23 2017**

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



**CITY OF WEST POINT, MISSISSIPPI**

**CONTENTS**

**FINANCIAL AUDIT REPORT**

Independent Auditors' Report	2
------------------------------	---

MANAGEMENT'S DISCUSSION AND ANALYSIS	5
--------------------------------------	---

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	13

Governmental Funds Financial Statements	
Balance Sheet	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Fund Balances	16
Reconciliation of the Governmental Funds Statement of Revenues,	18
Expenditures and Changes in Fund Balances to the Statement of Activities	

Proprietary Fund Financial Statements	
Statement of Fund Net Position	19
Statement of Revenues, Expenses and Changes in Fund Net Position	21
Statement of Cash Flows	22
Fiduciary Fund Financial Statements	
Statement of Fund Net Position	23

Notes to Financial Statements	24
-------------------------------	----

**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule - General Fund	44
Schedule of the City's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years	45
Schedule of the City's Contributions Last 10 Fiscal Years	46
Notes to Required Supplementary Information	47

**OTHER SUPPLEMENTAL INFORMATION**

Schedule of Expenditures of Federal Awards	49
Schedule of Surety Bonds for City Officials	45
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections	51

**Compliance Section:**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	55
Independent Auditors' Report on Compliance with State Laws and Regulations	58
Schedule of Findings and Questioned Costs	60
Status of Prior Year Findings and Questioned Costs	64



**FINANCIAL AUDIT REPORT**





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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Staggers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

## **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, 2016, 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, 2016, 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 Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Point Mississippi's basic financial statements. The accompanying schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The schedule of Surety Bonds for city officials and the Schedule Reconciling original Ad Valorem tax rolls to fund collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Requirements for Federal Awards, and the Schedule of instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017, 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  
February 6, 2017

*Watkins Ward and Stafford, PLLC*



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**RECEIVED**

**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016 and 2015. The intent of this discussion and analysis is to look at the city's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the city's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this city's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the city's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

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

**FINANCIAL HIGHLIGHTS**

- Total net position increased \$953,420, which represents a 3.9% increase from fiscal year 2015.
- General revenues account for \$7,460,087 in revenue, or 28.7% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,548,290 or 71.3% of total revenues.
- The City had \$25,054,957 in expenses; only \$18,548,290 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,460,087 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$8,410,314 in revenues and \$7,831,576 in expenditures. The General Fund's fund balance increased \$586,315 over the prior year. The Other Governmental Funds had \$1,863,237 in revenues and \$2,007,306 in expenditures. The Other Governmental Fund's fund balance decreased \$114,251 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$1,560,623 from the prior year.
- Total long-term debt including current maturities decreased by \$1,872,371.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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



**CITY OF WEST POINT, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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 \$25,757,455 as of June 30, 2016 and by \$24,804,036 as of June 30, 2015.





**CITY OF WEST POINT, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 2,777,018	2,731,737	9,158,763	8,447,199	11,935,781	11,178,936
Capital assets	13,169,386	13,488,543	42,129,221	43,405,907	55,298,607	56,894,450
Total Assets	15,946,404	16,220,280	51,287,984	51,853,106	67,234,388	68,073,386
Deferred outflows of resources	1,182,605	666,401	607,223	541,010	1,789,828	1,207,411
Current and other liabilities	10,793,431	9,569,601	7,008,162	6,344,210	17,801,593	15,913,811
Long-term debt	3,630,596	4,316,505	21,465,715	22,652,177	25,096,311	26,968,682
Total Liabilities	14,424,027	13,886,106	28,473,877	28,996,387	42,897,904	42,882,493
Deferred inflows of resources	238,299	1,052,578	130,558	541,690	368,857	1,594,268
Net Position:						
Net investment						
in capital assets	9,757,499	9,387,128	20,663,506	20,753,730	30,421,005	30,140,858
Restricted	861,201	971,353	1,152,903	1,048,473	2,014,104	2,019,826
Unrestricted	(8,152,017)	(8,410,484)	1,474,363	1,053,836	(6,677,654)	(7,356,648)
Total Net Position	\$ 2,466,683	1,947,997	23,290,772	22,856,039	25,757,455	24,804,036

**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2016 and 2015 were \$26,008,377 and \$26,823,869. The total cost of all programs and services was \$25,054,957 and \$24,955,158. The following table presents a summary of the changes in net position for the fiscal year ended June 30:

RECEIVED

MAR 23 2017



**CITY OF WEST POINT, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Revenues:</b>	2016	2015
Program revenues	\$ 18,548,290	19,451,576
General revenues	7,460,087	7,372,293
<b>Total revenues</b>	<u>26,008,377</u>	<u>26,823,869</u>
<b>Expenses:</b>		
Governmental Activities	9,754,863	8,863,415
Business-type Activities	15,300,094	16,091,743
<b>Total expenses</b>	<u>25,054,957</u>	<u>24,955,158</u>
<b>Increase (decrease) in net position</b>	<u>\$ 953,420</u>	<u>1,868,711</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 \$1,300,984, an increase of \$472,064 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 \$586,315. The fund balance in the Other Governmental Funds (Non-Major funds) decreased in the amount of \$114,251 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, 2016, the City's total net capital assets were \$55,298,607 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents a decrease of \$1,595,843 from the previous year.

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



**CITY OF WEST POINT, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Debt Administration.** At June 30, 2016, the City had \$24,824,274 in long-term debt outstanding – which includes a premium on prior year refunding bonds in the amount of \$15,778 and a deferred loss in the amount of (\$69,106) , of which \$2,271,774 is due within one year. In addition, the liability for compensated absences increased \$3,619 over the previous year.

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the City Clerk's Office at 580 Commerce Street, West Point, MS 39773, telephone 662-494-2573.



**BASIC FINANCIAL STATEMENTS**





**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,790,249	3,325,039	5,115,288
Accounts receivable, net	100,517	1,992,631	2,093,148
Intergovernmental receivables	493,633	-	493,633
Other receivables, net	-	46,880	46,880
Prepaid expenses	-	10,582	10,582
Inventories	18,765	539,217	557,982
Due from other funds	210,977	1,715,427	1,926,404
Note receivable	-	177,308	177,308
Restricted assets			
Cash and cash equivalents	162,877	1,351,679	1,514,556
Capital assets, net	13,169,386	42,129,221	55,298,607
Total assets	<u>15,946,404</u>	<u>51,287,984</u>	<u>67,234,388</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Loss on debt defeasance	-	69,106	69,106
Debt expense	-	134,248	134,248
Pension plan related	1,182,605	403,869	1,586,474
Total Deferred Outflows of Resources	<u>1,182,605</u>	<u>607,223</u>	<u>1,789,828</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	491,906	825,320	1,317,226
Accrued interest payable	26,302	171,783	198,085
Other payables	143,026	127,362	270,388
Due to other funds	1,133,420	792,984	1,926,404
Due to other entities	126,332	-	126,332
Customer Deposits	-	817,186	817,186
Long-term liabilities, due within one year:			
Capital related debt	682,231	1,589,543	2,271,774
Long-term liabilities, due beyond one year:			
Capital related debt	2,729,656	19,876,172	22,605,828
Non-capital related debt	218,709	-	218,709
Pension Liability	8,872,445	4,273,527	13,145,972
Total liabilities	<u>14,424,027</u>	<u>28,473,877</u>	<u>42,897,904</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Premium on G.O. refunding bonds	-	15,778	15,778
Pension plan related	238,299	114,780	353,079
Total Deferred Inflows of Resources	<u>238,299</u>	<u>130,558</u>	<u>368,857</u>

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

**RECEIVED**

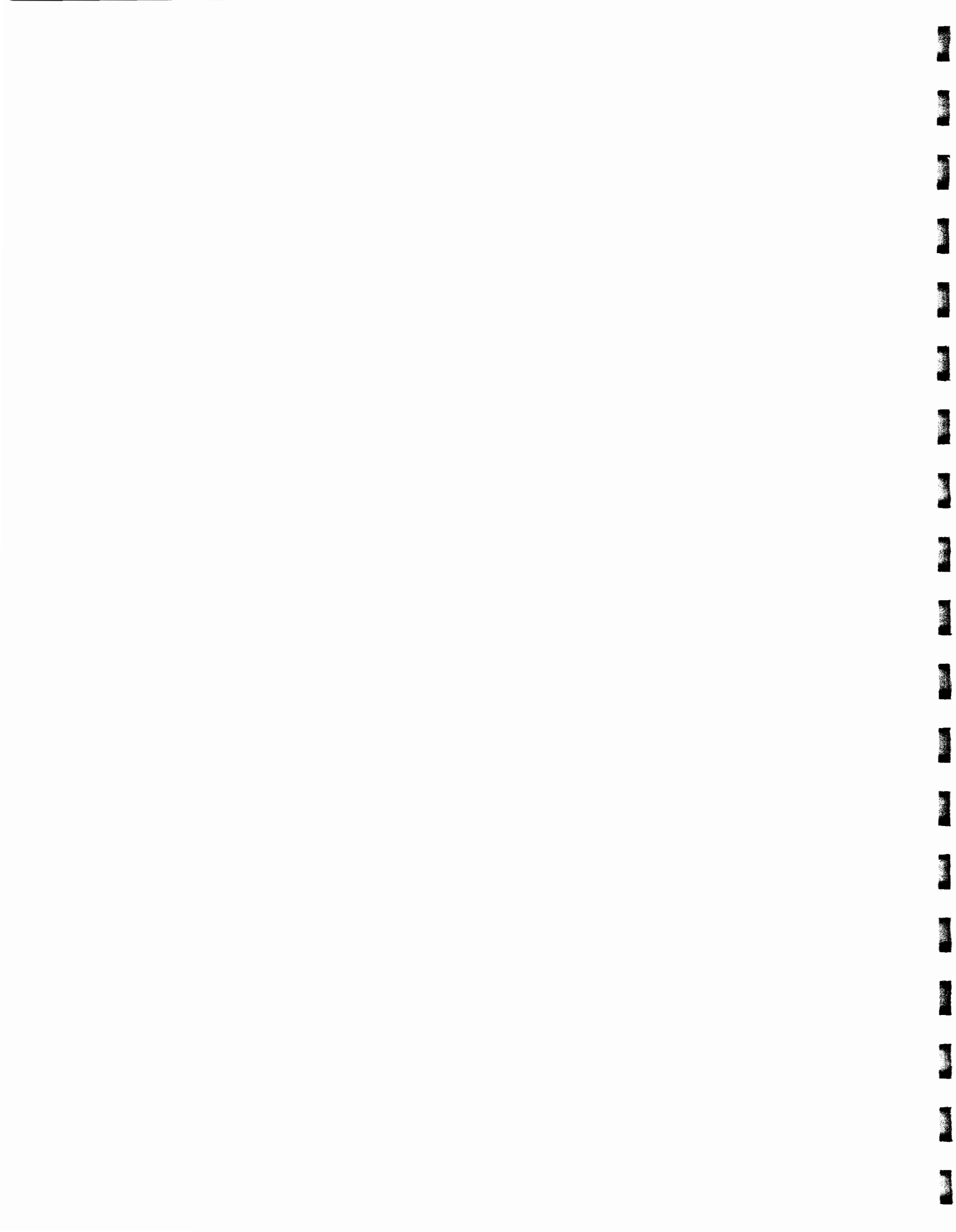
**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	9,757,499	20,663,506	30,421,005
Restricted for:			
Expendable:			
Debt service	15,008	1,152,903	1,167,911
Playground equipment	162,877	-	162,877
Culture and recreation	510,111	-	510,111
Public safety	173,205	-	173,205
Unrestricted	(8,152,017)	1,474,363	(6,677,654)
<b>Total Net Position</b>	<b>\$ 2,466,683</b>	<b>23,290,772</b>	<b>25,757,455</b>

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



**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities					
General government	\$ 2,009,849	394,036	-	85,990	(1,529,823)
Public safety	3,762,501	294,378	117,266	-	(3,350,857)
Public works	2,225,178	849,029	121,708	48,983	(1,205,458)
Culture and recreation	912,728	33,117	35,400	7,065	(837,146)
Cemetery	39,977	-	-	-	(39,977)
Health and welfare	660,882	6,223	847,288	-	192,629
Interest on long-term debt	143,748	-	-	-	(143,748)
Total governmental activities	<u>9,754,863</u>	<u>1,576,783</u>	<u>1,121,662</u>	<u>142,038</u>	<u>(6,914,380)</u>
Business-type Activities					
Electric department	9,868,799	9,811,253	-	-	(57,546)
Water and sewer department	5,431,295	5,896,554	-	-	465,259
Total business-type activities	<u>15,300,094</u>	<u>15,707,807</u>	<u>-</u>	<u>-</u>	<u>407,713</u>
Total primary government	<u>\$ 25,054,957</u>	<u>17,284,590</u>	<u>1,121,662</u>	<u>142,038</u>	<u>(6,506,667)</u>
			Governmental Activities	Business-type Activities	Total
Changes in Net Position:					
Net (expense) / revenue			\$ (6,914,380)	407,713	(6,506,667)
General revenues					
Taxes					
Property taxes			3,995,574	-	3,995,574
Sales and tourism taxes			2,707,680	-	2,707,680
Other taxes			164,229	-	164,229
Unrestricted grants and contributions			288,402	-	288,402
Investment income			31,700	27,020	58,720
Other			245,482	-	245,482
Total general revenues and transfers			<u>7,433,067</u>	<u>27,020</u>	<u>7,460,087</u>
Change in net position			518,687	434,733	953,420
Net Position, Beginning			<u>1,947,996</u>	<u>22,856,039</u>	<u>24,804,035</u>
Net Position, Ending			<u>\$ 2,466,683</u>	<u>23,290,772</u>	<u>25,757,455</u>

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

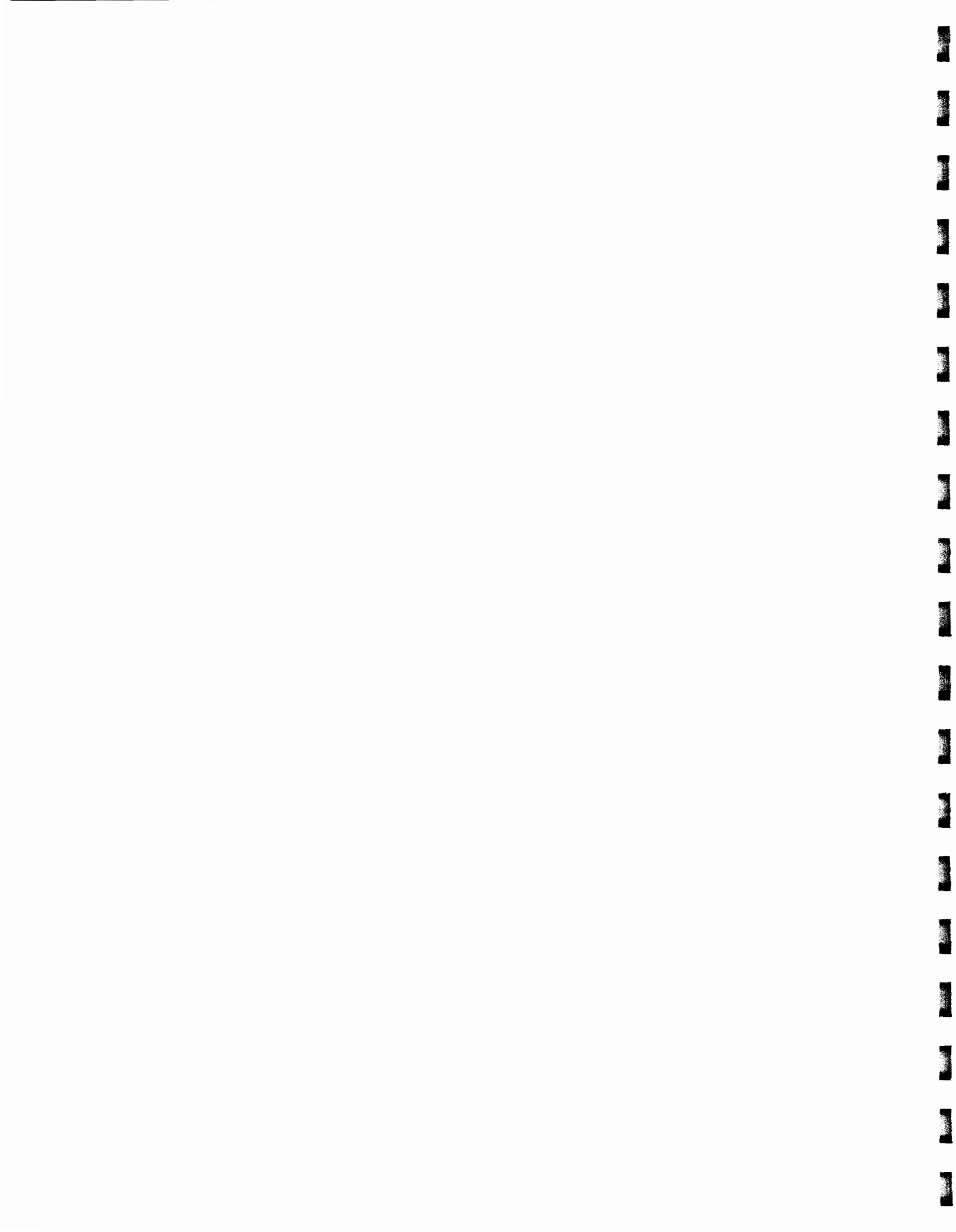


**CITY OF WEST POINT, MISSISSIPPI**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2016**

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,697,827	474,980	2,172,807
Cash - restricted	-	162,877	162,877
Accounts receivable	75,305	21,336	96,641
Intergovernmental receivables	218,494	275,139	493,633
Inventories	11,560	-	11,560
Due from other funds	246,537	105,771	352,308
Total assets	<u>\$ 2,249,723</u>	<u>1,040,103</u>	<u>3,289,826</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 318,711	142,168	460,879
Due to other funds	1,230,641	10,432	1,241,073
Due to other entities	160,010	-	160,010
Other liabilities	126,880	-	126,880
Total Liabilities	<u>1,836,242</u>	<u>152,600</u>	<u>1,988,842</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Debt service	-	41,310	41,310
Playground equipment	-	162,877	162,877
<b>Assigned:</b>			
Culture and recreation	-	477,920	477,920
Public safety	-	173,205	173,205
Economic development and assistance	-	32,191	32,191
<b>Unassigned</b>	<u>413,481</u>		<u>413,481</u>
Total Fund Balances	<u>413,481</u>	<u>887,503</u>	<u>1,300,984</u>
Total Liabilities and Fund Balances	<u>\$ 2,249,723</u>	<u>1,040,103</u>	<u>3,289,826</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, 2016**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>1,300,984</b>
---	-----------	------------------

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

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

Land	\$	238,352	
Construction in progress		-	
Buildings and equipment (net of depreciation)		7,766,787	
Infrastructure		<u>5,164,247</u>	13,169,386

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	\$	(2,600,000)	
Obligations under capital lease		(270,715)	
Notes payable		(541,172)	
Compensated absences		(218,709)	
Pension liability		(7,928,141)	
Accrued interest payable		<u>(26,302)</u>	(11,585,039)

Internal service fund assets and liabilities reported on governmental funds balance sheet		(418,648)
---	--	-----------

<b>Net Position of Governmental Funds</b>	<b>\$</b>	<b><u>2,466,683</u></b>
---	-----------	-------------------------

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

**RECEIVED**

**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<b>Revenues:</b>			
Property taxes	\$ 2,385,548	300,512	2,686,060
Franchise taxes	153,204	-	153,204
In lieu of taxes	1,171,810	-	1,171,810
Penalties and interest	80,914	-	80,914
Licenses and permits	24,245	-	24,245
Fines and forfeitures	287,394	-	287,394
Intergovernmental revenues			
Federal revenue	40,266	1,085,355	1,125,621
State shared:			
Gas tax refund	11,231	-	11,231
Heavy duty and rail tax	39,932	-	39,932
Sales tax	2,448,152	-	2,448,152
Tourism tax	-	259,528	259,528
TVA in lieu	56,789	-	56,789
General municipal aid	5,639	-	5,639
Homestead reimbursement	148,571	8,613	157,184
Fire insurance refund	-	74,416	74,416
Liquor Privilege tax	11,025	-	11,025
EMA county reimbursement	25,674	-	25,674
State Revenue	7,200	86,390	93,590
Charges for services	1,289,388	-	1,289,388
Interest income	31,154	545	31,699
Miscellaneous revenues	192,178	47,878	240,056
<b>Total Revenues</b>	<u>8,410,314</u>	<u>1,863,237</u>	<u>10,273,551</u>
<b>Expenditures:</b>			
General government	1,409,970	397,334	1,807,304
Public safety			
Police	2,003,123	5,091	2,008,214
Fire	1,401,647	18,020	1,419,667
EMA	82,248	-	82,248
Public works			
Administration	414,065	-	414,065
Highways and streets	1,007,037	48,983	1,056,020
Sanitation	560,265	42,637	602,902
Cemetery	39,977	-	39,977
Culture and recreation	692,565	190,268	882,833
Health and welfare	-	660,882	660,882
Debt service:			
Principal	196,561	520,362	716,923
Interest	24,118	119,139	143,257
Other	-	4,590	4,590
<b>Total Expenditures</b>	<u>7,831,576</u>	<u>2,007,306</u>	<u>9,838,882</u>
<b>Excess (Deficiency) of Revenues</b>			
over (under) Expenditures	<u>578,738</u>	<u>(144,069)</u>	<u>434,669</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, 2016**

	<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>	<u>Funds</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from capital lease	27,395	-	27,395
Proceeds from sale of real property	10,000	-	10,000
Operating transfers in	-	29,818	29,818
Operating transfers out	(29,818)	-	(29,818)
<b>Total Other Financing Sources (Uses)</b>	<u>7,577</u>	<u>29,818</u>	<u>37,395</u>
 Net Change in Fund Balances	 <u>586,315</u>	 <u>(114,251)</u>	 <u>472,064</u>
 Fund Balances:			
July 1, 2015	<u>(172,834)</u>	<u>1,001,754</u>	<u>828,920</u>
June 30, 2016	<u>\$ 413,481</u>	<u>887,503</u>	<u>1,300,984</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, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	472,064
--	----	---------

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	\$	117,030	
Depreciation expense		<u>(426,187)</u>	(309,157)

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.	(10,000)
---	----------

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:

Capital leases issued	(27,395)	
Payments of debt principal	<u>716,923</u>	689,528

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	(3,619)	
Change in unfunded pension liability	(28,667)	
Change in accrued interest payable	<u>4,099</u>	(28,187)

Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances	(43,561)
---	----------

Change in Net Position of Governmental Funds	\$	<u><u>770,687</u></u>
--	----	-----------------------

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





**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Fund Net Position - Proprietary Funds**  
**June 30, 2016**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 2,244,776	1,080,263	3,325,039	-
Accounts receivables, net	1,992,631	-	1,992,631	3,876
Other receivables	38,077	8,803	46,880	-
Prepaid expenses	10,582	-	10,582	-
Inventories	331,269	207,948	539,217	7,205
Due from other funds	42,000	1,673,427	1,715,427	-
Note receivable, current portion	105,887	-	105,887	-
Total current assets	4,765,222	2,970,441	7,735,663	11,081
Non-current assets:				
Restricted cash and cash equivalents:				
Bonds	198,776	1,152,903	1,351,679	-
Note receivable, non-current portion	71,421	-	71,421	-
Capital assets:				
Land	82,892	870,030	952,922	-
Construction in progress	120,288	6,674,971	6,795,259	-
Other capital assets	13,848,308	49,717,145	63,565,453	54,000
Less accumulated depreciation	(7,881,113)	(21,303,300)	(29,184,413)	(54,000)
Total non-current assets	6,440,572	37,111,749	43,552,321	-
Total Assets	11,205,794	40,082,190	51,287,984	11,081
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred loss on debt defeasance	-	69,106	69,106	-
Deferred debt expense	3,323	130,925	134,248	-
Difference between expected and actual experience - net pension liability	322,184	81,685	403,869	-
Total Deferred Outflows of Resources	325,507	281,716	607,223	-
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Cash overdraft	-	-	-	382,556
Accounts payable	715,082	110,238	825,320	31,027
Due to other funds	771,318	21,666	792,984	16,146
Customer deposits	817,186	-	817,186	-
Accrued interest payable	3,843	167,940	171,783	-
Sales tax payable	12,431	-	12,431	-
Other current liabilities	64,475	50,456	114,931	-
Bonds, notes and loans payable	167,179	1,422,364	1,589,543	-
Total current liabilities	2,551,514	1,772,664	4,324,178	429,729
Non-current liabilities:				
Bonds, notes and loans payable	1,501,071	18,375,101	19,876,172	-
Unfunded pension liability	2,335,090	1,938,437	4,273,527	-
Total non-current liabilities	3,836,161	20,313,538	24,149,699	-
Total Liabilities	6,387,675	22,086,202	28,473,877	429,729

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

**RECEIVED**

**MAR 23 2017**



CITY OF WEST POINT, MISSISSIPPI  
Statement of Fund Net Position - Proprietary Funds  
June 30, 2016

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Premium on G.O. refunding bonds		15,778	15,778	
Difference between projected and actual earnings on pension plan investments	62,717	52,063	114,780	
Total Deferred Inflows of Resources	<u>62,717</u>	<u>67,841</u>	<u>130,558</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	4,502,125	16,161,381	20,663,506	
Restricted for:				
Debt service	-	1,152,903	1,152,903	
Unemployment fund			-	
Unrestricted (deficit)	578,784	895,579	1,474,363	(418,648)
Total Net Position	<u>\$ 5,080,909</u>	<u>18,209,863</u>	<u>23,290,772</u>	<u>(418,648)</u>

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, 2016**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 9,811,253	5,896,554	15,707,807	312,077
Total operating revenues	9,811,253	5,896,554	15,707,807	312,077
<b><u>OPERATING EXPENSES</u></b>				
Purchased power	6,811,016	-	6,811,016	-
Operating and maintenance	1,652,963	3,187,975	4,840,938	355,638
Depreciation	462,930	1,472,584	1,935,514	-
Miscellaneous	891,005	260,000	1,151,005	-
Total operating expenses	9,817,914	4,920,559	14,738,473	355,638
Operating income (loss)	(6,661)	975,995	969,334	(43,561)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest income	20,289	6,731	27,020	-
Interest expense	(49,894)	(510,736)	(560,630)	-
Amortization	(831)	-	(831)	-
Miscellaneous	(160)	-	(160)	-
Total non-operating revenues (expenses)	(30,596)	(504,005)	(534,601)	-
Change in net position	(37,257)	471,990	434,733	(43,561)
Net Position, beginning	5,118,166	17,737,873	22,856,039	(375,087)
Net Position, ending	\$ 5,080,909	18,209,863	23,290,772	(418,648)

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, 2016**

	<b>Business-type Activities Proprietary Funds</b>		<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>		
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 10,098,072	5,896,554	15,994,626	310,965
Payments to suppliers	(7,568,632)	(2,209,799)	(9,778,431)	(225,421)
Payments to employees	(876,229)	(697,224)	(1,573,453)	(114,575)
Other receipts (payments)	(839,000)	(260,000)	(1,099,000)	
Net Cash Flows from Operating Activities	814,211	2,729,531	3,543,742	(29,031)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Purchase of capital assets	(239,122)	(429,739)	(668,861)	
Proceeds of borrowing	219,230	4,348	223,578	
Principal payment on capital debt	(127,446)	(1,282,594)	(1,410,040)	
Interest payment on capital debt	(49,894)	(447,033)	(496,927)	
Other receipts (payments)	101,770		101,770	
Net Cash Flows from Capital and Related Financing Activities	(95,462)	(2,155,018)	(2,250,480)	-
<b><u>Cash Flows from Investing Activities</u></b>				
Interest revenue	20,289	6,731	27,020	
Short term investments	(262)		(262)	
Net Cash Flows from Investing Activities	20,027	6,731	26,758	-
<b>Net Change in Cash</b>	<b>738,776</b>	<b>581,244</b>	<b>1,320,020</b>	<b>(29,031)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,506,000</b>	<b>499,019</b>	<b>2,005,019</b>	<b>(353,525)</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,244,776</b>	<b>1,080,263</b>	<b>3,325,039</b>	<b>(382,556)</b>

**RECEIVED**  
**MAR 23 2017**

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, 2016**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 29,312
Total Assets	<u>\$ 29,312</u>
<b>Liabilities</b>	
Due to other funds	\$ 17,532
Intergovernmental Payables	11,780
Total Liabilities	<u>\$ 29,312</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 all entities for which the government is considered to be financially accountable. All departments presented have a June 30 year end.

Included within the reporting entity:

**City of West Point Electric Department.** The Electric Department's governing board is the City's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body and a financial burden relationship exists.

**City of West Point Water and Sewer Department.** The Water and Sewer Department's governing board is the City's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body and a financial burden relationship exists.

Excluded from the reporting entity:

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

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



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

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

**b) Government-wide Financial Statements**

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

Additionally, the City reports the following fund types:



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

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

**Governmental Funds**

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

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

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

**Proprietary Funds**

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

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

**Fiduciary Funds**

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

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

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

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

**RECEIVED**

**MAR 23 2017**





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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

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

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

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

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

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

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

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

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

**d) Encumbrances**

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

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

**1. Cash and Cash Equivalents**

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



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

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

**Investments**

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

**2. Receivables and payables**

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

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

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

**3. Due from Other Governments**

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

**4. Inventories and Prepaid Items**

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

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

**5. Restricted Assets**

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

**6. Capital Assets**

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



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

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

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

The following schedule details the capitalization thresholds.

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	500	5-10 years
Furniture and equipment	500	3-7 years
Leased property under capital leases	*	*

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

**7. Deferred Outflows/Inflows of Resources**

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

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

**8. Compensated Absences**

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

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

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

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

**RECEIVED**

**MAR 23 2017**



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

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

**10. Fund Balances**

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

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

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

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

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

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

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

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

**f) Use of Estimates**

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





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

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

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

As a distributor of water, sewer, and electricity, there is a possibility that environmental conditions may arise which would require the City and its component units to incur clean-up costs. The likelihood of such an event or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect the City's financial position or future cash flows.

**h) Economic Dependency**

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

**Note 2 – Cash and Cash Equivalents**

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

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

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

**RECEIVED**

MAR 23 2017



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

**Note 2 – Cash and Cash Equivalents**

**Cash and Cash Equivalents**

The carrying amount of the City's deposits with financial institutions at June 30, 2016, reported in the governmental funds and enterprise funds was \$1,790,249 and \$3,325,039, 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, 2016, none of the City's bank balance of \$6,934,964 was exposed to custodial credit risk.

**Note 3 – Interfund Transactions and Balances**

The following is a summary of interfund balances at June 30, 2016:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental</u></b>		
<b><u>Major funds</u></b>		
General Fund	\$ 246,537	1,230,641
<b><u>Non-major funds</u></b>		
EMA Mitigation Grant Fund	1,820	
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	
City Hall Renovation Grant Fund	24,910	
Bond and Interest Fund	4,336	
<b><u>Total Governmental</u></b>	\$ 352,308	1,241,073
<b><u>Proprietary Funds</u></b>		
West Point Electric Department	42,000	771,318
West Point Water and Sewer Fund	1,673,427	21,666
<b><u>Total Proprietary Funds</u></b>	1,715,427	792,984
<b><u>Internal service funds</u></b>		
City Maintenance Shop Fund		16,146
<b><u>Agency funds</u></b>		
Court clearing fund		17,532
	\$ 2,067,735	2,067,735



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

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

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

**a) Transfers In/Out:**

	<b>Transfers <u>In</u></b>	<b>Transfers <u>Out</u></b>
<b><u>Governmental</u></b>		
<b>Major funds</b>		
General Fund	\$	29,818
<b>Non-major funds</b>		
EMA Hazard Mitigation Grant Fund	1,820	
JAG Grant Fund	1,342	
LEPC Grant Fund	1,745	
City Hall Renovation Grant Fund	24,911	
<b><u>Total Governmental</u></b>	<u>29,818</u>	<u>29,818</u>

**b) Intergovernmental Receivables:**

The following is a summary of intergovernmental receivables at June 30, 2016:

Mississippi Bureau of Revenue	\$ 231,401
Mississippi Department of Archives and History	81,597
Mississippi Department of Transportation	4,393
U.S. Department of Health and Human Services	78,393
U.S. Department of the Interior	7,066
U.S. Department of Transportation	79,070
U.S. Department of Justice	11,713
	<u>\$ 493,633</u>

**RECEIVED**

**MAR 23 2017**



**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, 2016:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2016</u>
<b>Governmental Activities</b>				
Land	\$ 248,352		(10,000)	238,352
Buildings and equipment	15,607,363	117,030		15,724,393
Less: Accumulated Depreciation -				
Buildings and equipment	(7,531,419)	(426,187)		(7,957,606)
Infrastructure	5,164,247			5,164,247
Governmental Activities Capital Assets	<u>\$ 13,488,543</u>	<u>(309,157)</u>	<u>(10,000.00)</u>	<u>13,169,386</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 964,722		(11,800)	952,922
Construction in progress	6,572,890	222,369		6,795,259
Total Capital Assets Not Being Depreciated	<u>7,537,612</u>	<u>222,369</u>	<u>(11,800)</u>	<u>7,748,181</u>
Depreciable Capital Assets:				
Distribution and collection systems	58,344,204	116,927		58,461,131
Buildings and equipment	4,762,957	341,365		5,104,322
Total Depreciable Capital Assets	63,107,161	458,292	-	63,565,453
Less: Accumulated Depreciation	(27,238,866)	(1,945,547)		(29,184,413)
Total Depreciable Capital Assets, Net	<u>35,868,295</u>	<u>(1,487,255)</u>	<u>-</u>	<u>34,381,040</u>
Total Business-type Activities Capital Assets	<u>\$ 43,405,907</u>	<u>(1,264,886)</u>	<u>(11,800)</u>	<u>42,129,221</u>

Depreciation expense was charged to the following functions:

Governmental Activities	\$ 426,187
Business-type Activities:	
Electric	473,623
Water and Sewer	1,472,584
	<u>\$ 2,372,394</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, 2016:

	Balance 7/1/2015	Additions	Payments	Balance 6/30/2016	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 3,070,000		(470,000)	2,600,000	350,000
Capital lease obligation	310,319	27,395	(66,999)	270,715	148,572
Other loans payable	721,096		(179,924)	541,172	183,659
Compensated absences	215,090	3,619		218,709	
Total Governmental Activities	\$ 4,316,505	31,014	(716,923)	3,630,596	682,231
<b>Business-type Activities</b>					
Bonds payable:					
Electric Department	\$ 175,000		(30,000)	145,000	35,000
Water and Sewer Department	5,059,641		(489,874)	4,569,767	511,053
Lease obligations:					
Electric Department	1,401,466	219,230	(97,446)	1,523,250	132,179
Water and Sewer Department	3,715,880		(230,845)	3,485,035	237,895
Notes payable:					
Water and Sewer Department	12,300,190	5,943	(563,470)	11,742,663	673,416
Total Business-type Activities	22,652,177	225,173	(1,411,635)	21,465,715	1,589,543
Total Government-wide	\$ 26,968,682	256,187	(2,128,558)	25,096,311	2,271,774

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:**

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Balance 6/30/2016</b>
2009 Road and Street Bond	10/01/2009	10/01/2024	3.50–4.25%	\$ 1,330,000
2010 Refunding Bonds	5/12/2010	12/01/2019	2.00–3.75%	855,000
McClure Building Bonds	3/06/2014	2/01/2029	3.25–4.625%	415,000
<b>Total General Obligation Bonds</b>				<u>2,600,000</u>

**Capital Lease Obligations:**

Lease purchase - equipment	9/05/2012	8/18/2028	3.07%	176,309
Lease purchase - police autos	8/19/2014	8/19/2017	2.00%	35,316
Lease purchase - police autos	9/10/2014	9/10/2017	2.00%	33,339
Lease purchase - fire pickup	3/31/2016	3/31/2020	2.17%	25,752
<b>Total Capital Lease Obligations</b>				<u>270,716</u>

**Other Loans Payable:**

Note payable - refinance	12/26/2013	12/26/2018	1.99%	156,849
Note payable - fire truck	5/20/2014	5/20/2019	1.84%	286,480
Note payable - garbage truck	12/15/2014	12/15/2018	2.156%	97,842
<b>Total Other Loans Payable</b>				<u>541,171</u>

**Total Governmental Activities**

**\$ 3,411,887**

**Business-type Activities:**

**Revenue Bonds:**

Electric department - Revenue bonds	6/01/2006	6/01/2020	3.625–4.00%	\$ 145,000
Waterworks - USDA revenue bonds	6/01/2003	6/01/2019	6.00%	22,248
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	387,518
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.00–3.50%	4,160,000
<b>Total Revenue Bonds</b>				<u>4,714,766</u>

**Lease Obligations:**

Electric department - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	1,314,402
Electric department - Equipment lease purchase	3/01/2016	3/01/2021	2.27%	208,848
Waterworks - Equipment lease purchase	9/05/2012	8/18/2028	3.07%	3,485,035
<b>Total Lease Obligations</b>				<u>5,008,285</u>

**Notes Payable:**

Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	672,982
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	1,423,634
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	453,920
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	1,081,544
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	4,606,356
Waterworks advance on loan - State of MS	7/22/2013	TBD	2.00%	2,745,982
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.125%	635,008
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.125%	123,238
<b>Total Notes Payable</b>				<u>11,742,664</u>

**Total Business-type Activities**

**\$ 21,465,715**



**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>
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	175,000	45,762	220,762
2021 and thereafter	945,000	120,922	1,065,922
Total	<u>\$ 2,600,000</u>	<u>476,021</u>	<u>3,076,021</u>

Capital Lease Obligations:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 66,802	6,253	73,055
2017	26,312	4,984	31,296
2018	12,804	4,527	17,331
2019	13,202	4,128	17,330
2020	13,613	3,717	17,330
2021 and thereafter	112,231	13,417	125,648
Total	<u>\$ 244,964</u>	<u>37,026</u>	<u>281,990</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 183,659	10,201	193,860
2017	187,261	6,600	193,861
2018	170,251	3,142	173,393
Total	<u>\$ 541,171</u>	<u>19,943</u>	<u>561,114</u>

**Business-type Activities:**

Revenue Bonds, Lease Obligations, and Notes Payable

<u>Year Ending June 30,</u>	<u>Principal</u>
2017	\$ 1,589,543
2018	1,638,238
2019	1,678,887
2020	1,720,461
2021	1,541,374
2022 and thereafter	13,297,212
Total	<u>\$ 21,465,715</u>

**RECEIVED**

MAY 11 2017

7



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

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

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

**Legal Debt Margin** – The amount of debt—excluding specific exempted debt—that can be incurred by the city is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of June 30, 2016 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.





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

**Note 10 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending June 30, 2016, 2015 and 2014 were \$818,173, \$922,173 and \$861,127, 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, 2016, the City reported a liability of \$13,145,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to

**RECEIVED**

**MAR 23 2017**

39  
WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS



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

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

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

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

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

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

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



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

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

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

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

The actuarial assumptions used in the June 30, 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	<u>100 %</u>	

*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:



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

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

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

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

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

Included in funds of Governmental Activities 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.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2016; therefore, no liability has been accrued at this time.

**Note 13 – Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Subsequent events have been evaluated through February 6, 2017, which is the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.





**REQUIRED SUPPLEMENTARY INFORMATION**

**RECEIVED**

**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Property taxes	\$ 3,658,469	3,658,469	\$ 3,638,272	\$ -	\$ (20,197)
Licenses and permits	23,000	23,000	24,245	-	1,245
Intergovernmental revenues	2,483,638	2,483,638	2,794,479	-	310,841
Charges for services	1,350,446	1,350,446	1,289,388	-	(61,058)
Fines and forfeitures	194,000	194,000	287,394	-	93,394
Interest income	20,000	20,000	31,154	-	11,154
Miscellaneous	278,500	278,500	345,382	-	66,882
<b>Total Revenues</b>	<b>8,008,053</b>	<b>8,008,053</b>	<b>8,410,314</b>	<b>-</b>	<b>402,261</b>
<b>Expenditures:</b>					
General government	1,628,281	1,628,281	1,409,970	-	218,311
Public safety	3,221,183	3,221,183	3,487,018	-	(265,835)
Public works	2,028,024	2,028,024	1,981,367	-	46,657
Culture and recreation	682,800	682,800	732,542	-	(49,742)
Debt service:					
Principal	203,523	203,523	196,561	-	6,962
Interest	22,126	22,126	24,118	-	(1,992)
<b>Total Expenditures</b>	<b>7,785,937</b>	<b>7,785,937</b>	<b>7,831,576</b>	<b>-</b>	<b>(45,639)</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>222,116</b>	<b>222,116</b>	<b>578,738</b>	<b>-</b>	<b>356,622</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in		-	27,395	-	27,395
Proceeds from sale of real property			10,000	-	10,000
Operating transfers out	-	-	(29,818)	-	(29,818)
<b>Total Other Financing Sources (Uses)</b>			<b>7,577</b>	<b>-</b>	<b>7,577</b>
<b>Net Change in Fund Balances</b>	<b>222,116</b>	<b>222,116</b>	<b>586,315</b>	<b>-</b>	<b>364,199</b>
<b>Fund Balances:</b>					
July 1, 2015	(172,834)	(172,834)	(172,834)	-	-
June 30, 2016	\$ 49,282	\$ 49,282	\$ 413,481	\$ -	\$ 364,199

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

**RECEIVED**  
**MAR 23 2017**



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

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

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



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

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

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

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





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

**Budgetary Comparison Schedule**

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

**Pension Schedules**

(1) Changes of Assumptions.

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

(2) Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2015 Employer contributions are developed from 2013 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	32.2 years
Asset valuation method	5-year smoothed market
Price Inflation	3.50 percent
Salary increase	4.25 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment Expense, including inflation

**RECEIVED**

**MAY 22 2017**



**OTHER SUPPLEMENTAL INFORMATION**



CITY OF WEST POINT, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Award Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Mississippi Development Authority				
Home Rehabilitation Program	1225-M13-SG-280-458	14.239	\$ 193,550	-
Total U.S. Department of Housing and Urban Development			<u>193,550</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
Direct Program				
Public Safety Partnership and Community Policing Grant	2013UMWX0190	16.710	39,600	-
Passed through Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant	14LB3561	16.738	3,750	-
Total U.S. Department of Justice			<u>43,350</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
Direct Program				
Airport Improvement Grant	N/A	20.106	79,070	-
Passed through Mississippi Department of Transportation				
Safe Routes to Schools	N/A	20.205	2,871	-
Urban Youth Corps Program	N/A	20.205	22,230	-
Surface Transportation Program	N/A	20.205	46,112	-
Hazardous Material Emergency Preparedness	N/A	20.703	13,960	-
Total U.S. Department of Transportation			<u>164,243</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Program				
Golden Triangle Region System of Care	1U79SM061624-01	93.104	154,519	64,885
Golden Triangle Region System of Care	1U79SM062455-01	93.104	483,275	344,285
Total U.S. Department of Health and Human Services			<u>637,794</u>	<u>409,170</u>
<b><u>Environmental Protection Agency</u></b>				
Direct Program				
Brownfield Assessment and Cleanup Cooperative Grant	00D13313	66.818	22,634	-
Brownfield Assessment and Cleanup Cooperative Grant	00D33815	66.818	20,004	-
Total Environmental Protection Agency			<u>42,638</u>	<u>-</u>
<b><u>Department of Homeland Security</u></b>				
Direct Program				
Hazard Mitigation	N/A	97.039	7,600	-
Passed through Mississippi Emergency Management Agency				
2014 Emergency Management Performance Grant	N/A	97.042	666	-
Total Appalachian Regional Commission			<u>8,266</u>	<u>-</u>
<b><u>Department of Interior</u></b>				
Direct Program				
Outdoor Recreation-Acquisition Development and Planning	28-00640	15.916	7,065	-
Total Department of Interior			<u>7,065</u>	<u>-</u>
<b><u>Total for All Federal Awards</u></b>			<u>\$ 1,096,906</u>	<u>409,170</u>



**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

**Note 1– Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal award activity of the City of West Point, Mississippi under programs of federal government for the year ended June 30, 2016. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-7, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Credit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operation of the City of West Point, Mississippi, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of West Point, Mississippi.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of West Point, Mississippi has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.





**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of Surety Bonds for City Officials**  
**For The Year Ended June 30, 2016**

<u>NAME</u>	<u>POSITION</u>	<u>SURETY BOND #</u>	<u>AMOUNT</u>
Harmon A. (Robbie) Robinson	Mayor	61727772	\$ 50,000
Linda Hannah	Selectwoman - Ward 1	61730128	100,000
William Binder	Selectman - Ward 2	61730162	100,000
Jimmy Clark	Selectman - Ward 3	60010898	100,000
Keith McBrayer	Selectman - Ward 4	60010897	100,000
Gary 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
Sandra Donour	Court Clerk	106271186	10,000

**RECEIVED**  
**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI  
SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS  
TO FUND COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Assessed Valuation in Millage:**

	<u>Municipal</u>	<u>School</u>	
Realty	\$ 60,437,475	37,294,614	
Personal	10,235,035	1,697,074	
Personal-auto	8,890,345	9,485,348	
Utilities	1,579,660	6,667,942	
	<u>81,142,515</u>		
Total Municipal at <u>94.91</u> Mills			\$ 7,701,236
Total School at <u>57.90</u> Mills		<u>55,144,978</u>	3,192,894

**Collections Adjustments:**

Add: Homestead Reimbursement	375,484	
Prior year tax collection	<u>276,141</u>	651,625
Less: Delections from roll	(11,583)	
Collection Commissions	(140,376)	
Regular Homestead Exemptions	(281,382)	
Additional Homestead Exemptions	<u>(1,040,273)</u>	<u>(1,473,614)</u>
<b>Total to be Accounted For</b>		<b>\$ <u>10,072,141</u></b>

**Collection Credits to Funds:**

	<u>Taxes</u>	<u>Homestead</u>	<u>Total</u>
Municipal General Fund	\$ 2,385,548	148,571	\$ 2,534,119
City Bond & Interest	300,512	8,613	309,125
Library	93,870	2,692	96,562
School District Maintenance	6,534,498	204,827	6,739,325
School Debt Service	343,921	10,780	354,701
Total	<u>\$ 9,658,349</u>	<u>375,483</u>	<u>\$ 10,033,832</u>

**Balance Represented By:**

Unpaid property taxes	34,497	
Unaccounted for (undersettled)	<u>3,812</u>	38,309
<b>Total Accounted For</b>		<b>\$ <u>10,072,141</u></b>



COMPLIANCE SECTION

RECEIVED

MAR 23 2017





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

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Stagers, CPA  
Michael W. McCully, CPA  
Mort Stroud, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA

Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA  
Thomas J. Browder, CPA  
Stephen D. Flake, CPA  
John N. Russell, CPA  
Thomas A. Davis, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Point, Mississippi as of and for the year ended June 30, 2016, 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 February 6, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (16-1)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of West Point, Mississippi's financial





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

#### **City of West Point, Mississippi's Response to Findings**

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

#### **Purpose of this Report**

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

West Point, Mississippi  
February 6, 2017

*Watkins Ward and Stafford, PLLC*





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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Staggers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of West Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of West Point, Mississippi's major federal programs for the year ended June 30, 2016. The City of West Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the City of West Point, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Reports on Internal Control over Compliance**

Management of the City of West Point, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In



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

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

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

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

West Point, Mississippi  
February 6, 2017

*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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

**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, 2016, 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 February 6, 2017.

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  
February 6, 2017

*Watkins Ward and Stafford, PLLC*

RECEIVED

MAR 23 2017



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**RECEIVED**

**MAR 23 2011**



**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2016**

**Section I: Summary of Auditors' Report**

Financial Statements:

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

Federal Awards:

- |                     |  |                     |   |        |   |  |
|---------------------|--|---------------------|---|--------|---|--|
| 4.                  | Internal control over major programs:  |                     |   |        |   |  |
|                     | a. Material weakness (es) identified?  | No                  |   |        |   |  |
|                     | b. Significant deficiency (ies) identified?  | None reported       |   |        |   |  |
| 5.                  | Type of auditor's report issued on compliance for major federal programs:  | Unmodified          |   |        |   |  |
| 6.                  | Any audit findings disclosed that are required to be reported in accordance With Part 200.516 of the Uniform Guidance?   | No                  |   |        |   |  |
| 7.                  | Identification of major programs:  |                     |   |        |   |  |
|                     | <table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>CFDA Numbers</u></td> <td style="text-align: left;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td style="vertical-align: top;">93.104</td> <td style="vertical-align: top;">Department of Health and Human Services – Comprehensive<br/>Community Mental Health Services</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 93.104 | Department of Health and Human Services – Comprehensive<br>Community Mental Health Services |  |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u>  |                     |   |        |   |  |
| 93.104              | Department of Health and Human Services – Comprehensive<br>Community Mental Health Services  |                     |   |        |   |  |
| 8.                  | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000           |   |        |   |  |
| 9.                  | Auditee qualified as a low-risk auditee?   | No                  |   |        |   |  |



**CITY OF WEST POINT, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016**

**Section II: Financial Statement Findings**

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

**Business-type Activities**

**Significant Deficiency considered to be Material Weaknesses**

**16-01 Condition**

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

**Criteria**

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

**Effect**

One retiree owed the Electric System \$5,744 for monthly premiums at June 30, 2016.  
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, 2016**

**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.

**Recommendation**

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

**Status**

The City corrected their finding for year ended June 30, 2016.

**15-02 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**

The City corrected their finding for year ended June 30, 2016.

**15-03 Condition**

Eighteen adjusting entries 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 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**

The City corrected their finding for year ended June 30, 2016.

**RECEIVED**

**MAR 23 2017**



**CITY OF WEST POINT, MISSISSIPPI  
Status of Prior Year Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016**

**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 twenty 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.

**Recommendation**

We recommend the City of West Point's Water and Light 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**

The City corrected their finding for year ended June 30, 2016.

**15-5 Condition**

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

**Recommendation**

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

**Status**

This is a repeat finding for the year ended June 30, 2016.

**RECEIVED  
MAR 23 2017**

