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Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

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CITY OF WEST POINT, MISSISSIPPI

**Audited Financial Statements and
Special Reports**

June 30, 2021

CITY OF WEST POINT, MISSISSIPPI

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FINANCIAL AUDIT REPORT



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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Point, Mississippi, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City of West Point, Mississippi's basic financial statements as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Point, Mississippi, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the City's proportionate share of the net pension liability, and schedule of the City's contributions on pages 5-9 and 45-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Point, Mississippi's basic financial statements. The schedule of surety bonds and schedule reconciling original ad valorem tax rolls to fund collections are presented for purposes of additional analysis and is also not a required part of the basic financial statements. The schedule of surety bonds for municipal officials and schedule reconciling original ad valorem tax rolls to fund collections are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of surety bonds for municipal officials and schedule of reconciling ad valorem tax rolls to fund collections are 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 January 30, 2023, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Point, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Point, Mississippi's internal control over financial reporting and compliance.

West Point, Mississippi
January 30, 2023

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2021

INTRODUCTION

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, 2021 and 2020. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this City's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

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

FINANCIAL HIGHLIGHTS

- Total net position increased \$3,591,768, which represents a 10.59% increase from fiscal year 2020.
- General revenues account for \$9,088,769 in revenue, or 32% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,302,290 or 68% of total revenues.
- The City had \$24,799,381 in expenses; only \$19,302,290 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,088,769 were adequate to provide for the remaining expenses of \$5,497,091.
- Among the major funds, the General Fund and 2020 G.O Bonds Fund had \$9,221,495 in revenues and \$8,292,810 and 2,097,677 in expenditures, respectively. The General Fund's and 2020 G.O. Bonds Fund's fund balance increased \$928,685 and decreased 2,097,677 respectively over the prior year. The Other Governmental Funds had \$1,819,628 in revenues and \$1,790,799 in expenditures. The Other Governmental Fund's fund balance increased \$28,829 from the prior year.
- Capital assets, net of accumulated depreciation, increased by 2,973,036 from the prior year.
- Total long-term debt including current maturities decreased by \$648,019.

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

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2021

business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the 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.

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2021

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 \$29,546,817 as of June 30, 2021 and by \$25,955,139 as of June 30, 2020.

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

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

		Governmental Activities		Business-type Activities		Total Primary Government	
		2021	2020	2021	2020	2021	2020
Current and Other assets	\$	4,343,732	5,564,629	14,443,450	12,034,835	18,777,182	17,599,464
Capital Assets		15,660,394	12,845,474	35,055,893	34,897,778	50,716,287	47,743,252
Total Assets		20,004,126	18,410,103	49,489,343	46,932,613	69,493,469	65,342,716
Deferred outflows of resources		1,541,831	1,185,169	925,499	695,037	2,467,330	1,880,206
Current and other liabilities		1,805,593	12,378,045	6,407,482	7,302,403	8,213,075	19,680,448
Long-term debt		17,174,030	6,224,555	16,936,679	15,087,610	34,110,709	21,312,165
Total Liabilities		18,979,623	18,602,600	23,344,161	22,390,013	42,323,784	40,992,613
Deferred inflows of resources		84,766	183,668	5,432	91,502	90,198	275,170
Net Position:							
Net investment in capital assets		10,318,524	6,869,515	21,656,347	19,810,168	31,974,871	26,679,683
Restricted		1,513,375	3,579,355	1,639,798	1,661,093	3,153,173	5,240,448
Unrestricted		(9,350,331)	(9,639,866)	3,769,104	3,674,874	(5,581,227)	(5,964,992)
Total Net Position	\$	2,481,568	809,004	27,065,249	25,146,135	29,546,817	25,955,139

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2021 and 2020 were \$28,391,059 and \$26,441,259 respectively. The total cost of all programs and services was \$24,799,381 and \$26,034,777. The following table presents a summary of the changes in net position for the fiscal year ended June 30:

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2021

	2021	2020
Revenues:		
Program revenues	\$ 19,302,290	18,444,087
General revenues	9,088,769	7,997,172
Total revenues	28,391,059	26,441,259
Expenses:		
Governmental Activities	9,368,559	10,242,994
Business-type Activities	15,430,822	15,791,783
Total expenses	24,799,381	26,034,777
Increase in net position	\$ 3,591,678	406,482

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 \$3,175,618, a decrease of \$1,140,163 from 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 \$928,685. The balance in the 2020 G.O. Bonds Fund (Major Fund) decreased \$2,097,677 from the previous year. The fund balance in the Other Governmental Funds (Non-Major funds) increase by \$28,829 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, 2021, the City's total net capital assets were \$50,716,287 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents an increase of \$2,973,035 from the previous year.

**CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2021**

Additional information of the City's capital assets can be found at Note 4 on page 34 of this report.

Debt Administration. At June 30, 2021, the City had \$18,976,082 in long-term debt outstanding – which includes a premium on prior year refunding bonds in the amount of \$20,226 and a deferred loss in the amount of (\$21,446) of which \$2,377,726 is due within one year. In addition, the liability for compensated absences decreased \$13,931 from the previous year.

Additional information of the City's long-term debt can be found at Note 6 on pages 35 – 38 of this report.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,280,489	6,441,798	9,722,287
Investments	-	27,293	27,293
Accounts receivable, net	106,156	2,123,327	2,229,483
Intergovernmental receivables	290,942	-	290,942
Other receivables, net	-	101,724	101,724
Prepaid expenses	-	5,625	5,625
Inventories	31,694	692,086	723,780
Due from other funds	404,599	1,799,923	2,204,522
Restricted assets			
Cash and cash equivalents	229,852	1,639,798	1,869,650
Construction in aid cash	-	1,601,876	1,601,876
Capital assets, net	15,660,394	35,055,893	50,716,287
Total assets	20,004,126	49,489,343	69,493,469
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on debt defeasance	-	21,446	21,446
Debt expense	-	82,244	82,244
Pension plan related	1,541,831	821,809	2,363,640
Total Deferred Outflows of Resources	1,541,831	925,499	2,467,330
<u>LIABILITIES</u>			
Accounts payable	389,335	1,170,401	1,559,736
Accrued interest payable	32,551	22,610	55,161
Other liabilities	93,588	120,092	213,680
Due to other funds	1,290,119	891,744	2,181,863
Customer Deposits	-	851,381	851,381
Construction in aid funding	-	1,601,876	1,601,876
Long-term liabilities, due within one year:			
Capital related debt	628,348	1,749,378	2,377,726
Long-term liabilities, due beyond one year:			
Capital related debt	4,698,728	11,650,168	16,348,896
Non-capital related debt	249,460	-	249,460
Pension Liability	11,597,494	5,286,511	16,884,005
Total liabilities	18,979,623	23,344,161	42,323,784
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Premium on G.O. refunding bonds	14,794	5,432	20,226
Pension plan related	69,972	-	69,972
Total Deferred Inflows of Resources	84,766	5,432	90,198

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 10,318,524	21,656,347	31,974,871
Restricted for:			
Expendable:			
Debt service	139,954	1,639,798	1,779,752
Playground equipment	106,871	-	106,871
Street resurfacing	414,676	-	414,676
Culture and recreation	783,964	-	783,964
Public safety	46,276	-	46,276
Economic development	21,634	-	21,634
Unrestricted	(9,350,331)	3,769,104	(5,581,227)
Total Net Position	\$ 2,481,568	27,065,249	29,546,817

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities					
General government	\$ 1,856,010	274,915	-	762,443	(818,652)
Public safety	4,361,974	197,320	43,372	-	(4,121,282)
Public works	2,352,669	947,083	-	500,000	(905,586)
Culture and recreation	628,227	12,380	-	-	(615,847)
Cemetery	2,417	6,210	-	-	3,793
Health and welfare	1,012	-	-	-	(1,012)
Interest/fees on long-term debt	166,250	-	-	-	(166,250)
Total governmental activities	9,368,559	1,437,908	43,372	1,262,443	(6,624,836)
Business-type Activities					
Electric department	9,736,394	10,477,115	-	-	740,721
Water and sewer department	5,694,428	6,081,452	-	-	387,024
Total business-type activities	15,430,822	16,558,567	-	-	1,127,745
Total primary government	\$ 24,799,381	17,996,475	43,372	1,262,443	(5,497,091)
		Governmental Activities	Business-type Activities	Total	
Changes in Net Position:					
Net (expense) / revenue		\$ (6,624,836)	1,127,745	(5,497,091)	
General revenues					
Taxes					
Property taxes			4,398,753	-	4,398,753
Sales and tourism taxes			2,923,975	-	2,923,975
Other taxes			158,117	-	158,117
Investment income			96,519	106,331	202,850
Other			720,036	685,038	1,405,074
Total general revenues and transfers			8,297,400	791,369	9,088,769
Change in net position			1,672,564	1,919,114	3,591,678
Net Position, Beginning			809,004	25,146,135	25,955,139
Net Position, Ending			\$ 2,481,568	27,065,249	29,546,817

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, 2021

	Major Funds		Other	Total
	General	2020 G.O. Bonds	Governmental	Governmental
	Fund	Fund	Funds	Funds
Assets				
Cash and cash equivalents	\$ 2,723,754	-	1,129,944	3,853,698
Cash - restricted	-	167,117	62,735	229,852
Accounts receivable	84,434	-	21,336	105,770
Intergovernmental receivables	191,129	-	99,813	290,942
Inventories	30,198	-	-	30,198
Due from other funds	322,322	-	82,277	404,599
Deferred expense	-	-	-	-
Total assets	\$ 3,351,837	167,117	1,396,105	4,915,059
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 354,584	-	17,296	371,880
Due to other funds	1,273,973	-	-	1,273,973
Other liabilities	93,588	-	-	93,588
Total Liabilities	1,722,145	-	17,296	1,739,441
Fund Balances:				
Restricted:				
Debt service	-	-	172,505	172,505
Street Overlay	-	167,117	247,559	414,676
Playground equipment	-	-	106,871	106,871
Assigned:				
Culture and recreation	-	-	783,964	783,964
Public safety	-	-	46,276	46,276
Economic development and assistance	-	-	21,634	21,634
Unassigned	1,629,692	-	-	1,629,692
Total Fund Balances	1,629,692	167,117	1,378,809	3,175,618
Total Liabilities and Fund Balances	\$ 3,351,837	167,117	1,396,105	4,915,059

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, 2021

Fund Balances - Total Governmental Funds \$ 3,175,618

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	\$	684,739		
Buildings and equipment (net of depreciation)		9,655,280		
Infrastructure		5,164,247		
Construction in Progress		<u>156,128</u>		15,660,394

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	\$	(4,184,000)		
Premium on G.O. refunding bonds		(14,794)		
Tax Increment financing bonds		(664,857)		
Obligations under capital lease		(437,184)		
Notes payable		(41,035)		
Compensated absences		(249,460)		
Pension liability		(10,125,635)		
Accrued interest payable		<u>(32,551)</u>		(15,749,516)

Internal service fund assets and liabilities reported on governmental funds balance sheet				<u>(604,928)</u>
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Net Position of Governmental Funds \$ 2,481,568

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, 2021

	Major Funds		Other	Total
	General	2020 G.O. Bonds	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues:				
Property taxes	\$ 2,528,039	-	550,287	3,078,326
Franchise taxes	158,117	-	-	158,117
In lieu of taxes	1,320,427	-	-	1,320,427
Penalties and interest	77,122	-	-	77,122
Licenses and permits	25,181	-	-	25,181
Fines and forfeitures	211,123	-	-	211,123
Intergovernmental revenues				
Federal revenue	258,674	-	300,610	559,284
State shared:				
Gas tax refund	15,786	-	-	15,786
Heavy duty and rail tax	48,041	-	-	48,041
Sales tax	2,600,737	-	-	2,600,737
Tourism tax		-	323,238	323,238
TVA in lieu	97,666	-	-	97,666
General municipal aid	5,639	-	-	5,639
Homestead reimbursement	155,381	-	33,825	189,206
Fire insurance refund		-	68,213	68,213
Liquor Privilege tax	13,650	-	-	13,650
EMA county reimbursement	43,372	-	-	43,372
Four county police grant	19,982	-	-	19,982
State revenue	-	-	448,294	448,294
Charges for services	1,437,908	-	-	1,437,908
Interest income	80,643	-	15,876	96,519
Miscellaneous revenues	120,857	-	79,285	200,142
Total Revenues	9,218,345	-	1,819,628	11,037,973
Expenditures:				
General government	1,559,606	-	-	1,559,606
Public safety				
Police	2,197,014	-	-	2,197,014
Fire	1,569,756	-	-	1,569,756
EMA	68,909	-	-	68,909
Public works				
Administration	353,820	-	-	353,820
Highways and streets	1,218,822	-	-	1,218,822
Sanitation	549,644	-	-	549,644
Cemetery	156	-	-	156
Culture and recreation	351,513	-	175,682	527,195
Health and welfare	-	-	-	-
Capital outlay	184,288	2,097,677	1,050,181	3,332,146
Debt service:				
Principal	221,946	-	412,142	634,088
Interest	17,336	-	151,782	169,118
Other	-	-	1,012	1,012
Total Expenditures	8,292,810	2,097,677	1,790,799	12,181,286
Excess (Deficiency) of Revenues over (under) Expenditures	925,535	(2,097,677)	28,829	(1,143,313)

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, 2021

	Major Funds		Other	Total
	General	2020 G.O. Bonds	Governmental	Governmental
	Fund	Fund	Funds	Funds
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	3,150	-	-	3,150
Total Other Financing Sources (Uses)	3,150	-	-	3,150
 Net Change in Fund Balances	 928,685	 (2,097,677)	 28,829	 (1,140,163)
 Fund Balances:				
July 1, 2020	701,007	2,264,794	1,349,980	4,315,781
June 30, 2021	\$ 1,629,692	167,117	1,378,809	3,175,618

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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	(1,140,163)
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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	\$	3,332,146	
Depreciation expense		<u>(517,226)</u>	2,814,920

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:

Payments of debt principal		<u>634,088</u>	634,088
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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		13,931	
Change in unfunded pension liability		(565,250)	
Change in accrued interest payable		<u>2,868</u>	(548,451)

Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances		<u>(87,830)</u>
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Change in Net Position of Governmental Funds	\$	<u><u>1,672,564</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF WEST POINT, MISSISSIPPI
Statement of Fund Net Position - Proprietary Funds
June 30, 2021

	Business-type Activities			
	Proprietary Funds			
	Electric	Water & Sewer	Total	Internal
	Department	Department	Proprietary	Service
			Funds	Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 3,804,151	2,637,647	6,441,798	-
Accounts receivables, net	2,123,327	-	2,123,327	386
Other receivables	73,631	28,093	101,724	-
Prepaid expenses	5,625	-	5,625	-
Inventories	422,993	269,093	692,086	1,496
Due from other funds	78,833	1,721,090	1,799,923	-
Total current assets	6,508,560	4,655,923	11,164,483	1,882
Non-current assets:				
Bond funds: Cash and cash equivalents	24,811	1,614,987	1,639,798	-
Construction in Aid Cash	1,601,876	-	1,601,876	-
Other Investments	27,293	-	27,293	-
Total Non-current assets	1,653,980	1,614,987	3,268,967	-
Capital assets:				
Land	103,442	870,030	973,472	-
Construction in progress	1,560,800	689,398	2,250,198	-
Other capital assets	13,928,684	57,053,468	70,982,152	54,000
Less accumulated depreciation	(10,020,908)	(29,129,021)	(39,149,929)	(54,000)
Total capital assets	5,572,018	29,483,875	35,055,893	-
Total Assets	13,734,558	35,754,785	49,489,343	1,882
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on debt defeasance	-	21,446	21,446	-
Deferred debt expense	12,303	69,941	82,244	-
Deferred outflows - pensions	392,523	429,286	821,809	-
Total Deferred Outflows of Resources	404,826	520,673	925,499	-
Total Assets and Deferred Outflows of Resources	14,139,384	36,275,458	50,414,842	1,882
<u>LIABILITIES</u>				
Current liabilities:				
Cash overdraft	-	-	-	573,209
Accounts payable	993,623	176,778	1,170,401	17,455
Due to other funds	836,598	55,146	891,744	16,146
Customer deposits	851,381	-	851,381	-
Accrued interest payable	1,529	21,081	22,610	-
Sales tax payable	9,373	-	9,373	-
Other current liabilities	76,017	34,702	110,719	-
Construction in Aid Funding	1,601,876	-	1,601,876	-
Bonds, notes and loans payable	106,976	1,642,402	1,749,378	-
Total current liabilities	4,477,373	1,930,109	6,407,482	606,810

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, 2021

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
Non-current liabilities:				
Bonds, notes and loans payable	\$ 724,559	10,925,609	11,650,168	-
Unfunded pension liability	3,140,584	2,145,927	5,286,511	-
Total non-current liabilities	3,865,143	13,071,536	16,936,679	-
Total Liabilities	8,342,516	15,001,645	23,344,161	606,810
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Premium on G.O. refunding bonds	-	5,432	5,432	-
Deferred inflows - pensions	-	-	-	-
Total Deferred Inflows of Resources	-	5,432	5,432	-
Total Liabilities and deferred Inflows of Resources	8,342,516	15,007,077	23,349,593	606,810
<u>NET POSITION</u>				
Net investment in capital assets	4,740,483	- 16,915,864	21,656,347	-
Restricted for:				
Debt service	24,811	1,614,987	1,639,798	-
Unrestricted (deficit)	1,031,574	2,737,530	3,769,104	(604,928)
Total Net Position	\$ 5,796,868	21,268,381	27,065,249	(604,928)

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, 2021

	Business-type Activities			
	Proprietary Funds			
	Electric	Water & Sewer	Total	Internal
	Department	Department	Proprietary	Service
			Funds	Fund
<u>OPERATING REVENUES</u>				
Charges for services	\$ 10,477,115	6,081,452	16,558,567	305,520
Total operating revenues	10,477,115	6,081,452	16,558,567	305,520
<u>OPERATING EXPENSES</u>				
Purchased power	6,918,301	-	6,918,301	-
Operating and maintenance	1,610,545	3,395,488	5,006,033	393,350
Depreciation	408,141	1,524,345	1,932,486	-
Miscellaneous	778,579	450,050	1,228,629	-
Total operating expenses	9,715,566	5,369,883	15,085,449	393,350
Operating income (loss)	761,549	711,569	1,473,118	(87,830)
<u>NON-OPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest income	80,091	26,240	106,331	-
Intergovernmental income	-	51,176	51,176	-
Federal grant income	-	479,407	479,407	-
Interest expense	(19,997)	(314,820)	(334,817)	-
Construction in Aid Funds	154,455	-	154,455	-
Amortization	(831)	-	(831)	-
Loss on Meter Retirement	-	(9,725)	(9,725)	-
Total non-operating revenues (expenses)	213,718	232,278	445,996	-
Change in net position	975,267	943,847	1,919,114	(87,830)
Net Position, beginning	4,821,601	20,324,534	25,146,135	(517,098)
Net Position, ending	\$ 5,796,868	21,268,381	27,065,249	(604,928)

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, 2021

	Business-type Activities Proprietary Funds		Total Proprietary Funds	Internal Service Fund
	Electric Department	Water & Sewer Department		
Cash Flows from Operating Activities				
Receipts from customers	\$ 10,477,115	6,081,452	16,558,567	305,520
Payments to suppliers	(7,933,199)	(2,488,625)	(10,421,824)	(232,004)
Payments to employees	(1,073,878)	(639,313)	(1,713,191)	(161,346)
Other receipts (payments)	1,593,302	(450,050)	1,143,252	-
Net Cash Flows from Operating Activities	3,063,340	2,503,464	5,566,804	(87,830)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(1,263,397)	(828,617)	(2,092,014)	-
Federal grant revenue	-	479,407	479,407	-
Intergovernmental revenue	-	51,176	51,176	-
Proceeds from debt	-	60,154	60,154	-
Reclassifications to Plant	1,413	-	1,413	-
Increase in cash overdraft	-	-	-	84,889
Principal payment on capital debt	(139,123)	(1,609,095)	(1,748,218)	-
Interest payment on capital debt	(20,190)	(323,702)	(343,892)	-
Other receipts (payments)	154,455	-	154,455	-
Net Cash Flows from Capital and Related Financing Activities	(1,266,842)	(2,170,677)	(3,437,519)	84,889
Cash Flows from Investing Activities				
Interest revenue	80,091	26,240	106,331	-
Other property and investments	(3,606)	-	(3,606)	-
Net Cash Flows from Investing Activities	76,485	26,240	102,725	-
Net Change in Cash	1,872,983	359,027	2,232,010	(2,941)
Cash and Cash Equivalents at Beginning of Year	3,557,855	3,893,607	7,451,462	-
Cash and Cash Equivalents at End of Year	\$ 5,430,838	4,252,634	9,683,472	(2,941)
Cash and Cash Equivalents:				
Unrestricted	\$ 3,804,151	2,637,647	6,441,798	-
Restricted	1,626,687	1,614,987	3,241,674	-
Total	\$ 5,430,838	4,252,634	9,683,472	-

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, 2021

	Agency Funds
Assets	
Cash and cash equivalents	\$ 33,360
Total Assets	\$ <u>33,360</u>
Liabilities	
Due to other funds	\$ 22,659
Intergovernmental Payables	<u>10,701</u>
Total Liabilities	\$ <u>33,360</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 is applied in order to determine the various funds and activities which should be reported as part of the City. Such criteria includes 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 City'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 City'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.

2020 G.O. Bonds Fund – This fund is used to account for the construction, improving, purchasing or paving streets, sidewalks, driveways, parkways, walkways, bridges, culverts, and public parking facilities and if necessary, purchasing land.

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.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

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 principal 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 principal 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 accounting, 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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

1. Cash and Cash Equivalents

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

Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest bearing deposits or other obligations of the types described in 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund 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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

are not capitalized. Capital assets are defined by the city as assets with an initial, individual cost in excess of the thresholds in the table below.

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

The following schedule details the capitalization thresholds.

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

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

7. Deferred Outflows/Inflows of Resources

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

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

8. Compensated Absences

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

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

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

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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

10. Fund Balances

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

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

Non-spendable 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: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations; not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects) bond sinking funds (Debt Service Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

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

Cash and Cash Equivalents

The carrying amount of the City's deposits with financial institutions at June 30, 2021, reported in the governmental funds and enterprise funds was \$3,543,701 and \$9,683,472, 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, 2021, none of the City's bank balance of \$13,682,931 was exposed to custodial credit risk.

Note 3 – Inter-fund Transactions and Balances

The following is a summary of inter-fund balances at June 30, 2021:

	<u>Due From</u>	<u>Due To</u>
<u>Governmental</u>		
Major funds		
General Fund	\$ 322,322	1,273,973
Non-major funds		
Homeland Security Grant Fund	159	
Urban Youth Fund	10,320	
Eshman Avenue Overlay Fund	24,785	
Bond and Interest Fund	47,013	
<u>Total Governmental</u>	\$ 404,599	1,273,973
<u>Proprietary Funds</u>		
West Point Electric Department	78,833	836,598
West Point Water and Sewer Fund	1,721,090	55,146
<u>Total Proprietary Funds</u>	1,799,923	891,744
<u>Internal service funds</u>		
City Maintenance Shop Fund		16,146
<u>Agency funds</u>		
Court clearing fund		22,659
	\$ 2,204,522	2,204,522

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, expenditures and cash balances.

Intergovernmental Receivables:

The following is a summary of intergovernmental receivables at June 30, 2021:

Mississippi Bureau of Revenue	\$	287,062
U.S. Department of Justice		3,880
	\$	<u>290,942</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 4 – Capital Assets

The following is a summary of capital assets activity for the year ended June 30, 2021:

	Balance 6/30/2020	Additions	Retirements	Adjustments	Balance 6/30/2021
Governmental Activities					
Land	\$ 238,352	446,387			684,739
Buildings and equipment	16,932,573	2,885,759			19,818,332
Less: Accumulated Depreciation -					
Buildings and equipment	(9,645,826)	(517,226)			(10,163,052)
Infrastructure	5,164,247				5,164,247
Construction in progress	156,128				156,128
Governmental Activities Capital Assets	<u>\$ 12,845,474</u>	<u>2,814,920</u>	<u>-</u>	<u>-</u>	<u>15,660,394</u>
Business-type Activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 973,472				973,472
Construction in progress	363,140	1,902,854	(15,796)		2,250,198
Total Capital Assets Not Being Depreciated	<u>1,336,612</u>	<u>1,902,854</u>	<u>(15,796)</u>	<u>-</u>	<u>3,223,670</u>
Depreciable Capital Assets:					
Distribution and collection systems	65,464,748	97,830	(19,562)		65,543,016
Buildings and equipment	5,322,285	116,851			5,439,136
Total Depreciable Capital Assets	70,787,033	214,681	(19,562)	-	70,982,152
Less: Accumulated Depreciation	(37,225,867)	(1,932,486)	8,424		(39,149,929)
Total Depreciable Capital Assets, Net	33,561,166	(1,717,805)	(11,138)	-	31,832,223
Total Business-type Activities Capital Assets	<u>34,897,778</u>	<u>185,049</u>	<u>(26,934)</u>	<u>-</u>	<u>35,055,893</u>
Total Capital Assets	<u>\$ 47,743,252</u>	<u>2,999,969</u>	<u>(26,934)</u>	<u>-</u>	<u>50,716,287</u>

Depreciation expenses was charged to the following functions:

Depreciation Expense

Governmental Activities	\$ 517,226
Business-type Activities:	
Electric	408,141
Water and Sewer	1,524,345
	<u>\$ 2,449,712</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, 2021:

	Balance			Balance	Due Within
	6/30/2020	Additions	Payments	6/30/2021	One Year
Governmental Activities					
General obligation bonds	\$ 4,561,000		(377,000)	4,184,000	395,000
TIF Bonds Payable	700,000		(35,143)	664,857	36,473
Capital lease obligation	616,405		(179,221)	437,184	182,457
Other loans payable	83,759		(42,724)	41,035	14,419
Compensated absences	263,391		(13,931)	249,460	
Total Governmental Activities	<u>6,224,555</u>	<u>-</u>	<u>(648,019)</u>	<u>5,576,536</u>	<u>628,348</u>
Business-type Activities					
Bonds payable:					
Water and Sewer Department	2,459,391		(555,778)	1,903,613	576,638
Lease obligations:					
Electric Department	970,658		(139,123)	831,535	106,976
Water and Sewer Department	2,482,178		(277,425)	2,204,753	283,522
Notes payable:					
Water and Sewer Department	9,175,383	60,154	(775,892)	8,459,645	782,242
Total Business-type Activities	<u>15,087,610</u>	<u>60,154</u>	<u>(1,748,218)</u>	<u>13,399,546</u>	<u>1,749,378</u>
Total Government-wide	<u>\$ 21,312,165</u>	<u>60,154</u>	<u>(2,396,237)</u>	<u>18,976,082</u>	<u>2,377,726</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

Governmental Activities:	Issue Date	Maturity Date	Interest Rate	Balance 6/30/2021
General Obligation Bonds:				
2009 Road and Street Bonds	10/01/2009	10/01/2024	4.00–4.25%	\$ 660,000
McClure Building Bonds	3/06/2014	2/01/2029	4.125–4.625%	285,000
2017 Street Bonds	5/15/2017	3/15/2032	3.40%	1,109,000
Series 2020	6/30/2020	6/01/2035	1.50-2.00%	2,130,000
Total General Obligation Bonds				4,184,000
Tax Increment Financing Bonds				
Nature's Golf TIF Bonds	4/01/2020	4/01/2035	3.95%	664,857
Total Tax Increment Financing Bonds				664,857
Capital Lease Obligations:				
Lease purchase - equipment	12/19/2016	8/19/2028	2.21%	108,782
Lease purchase - 2 police autos	8/21/2018	8/21/2021	3.23%	4,905
Lease purchase - 2 Garbage Trucks	7/16/2019	7/16/2023	3.42%	150,588
Lease purchase - 1 Dodge Charger	10/01/2019	10/01/2023	3.38%	19,270
Lease purchase - Airpacks	6/18/2020	4/15/2025	2.59%	86,594
Lease purchase - radios	2/10/2019	12/19/2022	3.162%	67,045
Total Capital Lease Obligations				437,184
Other Loans Payable:				
Note payable - sweeper truck	10/04/2016	10/01/2020	2.103%	-
Note payable - fire rescue truck	12/20/2016	12/01/2020	2.103%	-
Note Payable - 2 Police Cars	6/01/2020	4/01/2024	2.720%	41,035
Total Other Loans Payable				41,035
Total Governmental Activities				5,327,076
Business-type Activities:				
Revenue Bonds:				
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	318,613
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.50–3.50%	1,585,000
Total Revenue Bonds				1,903,613
Lease Obligations:				
Electric department - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	831,535
Waterworks - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	2,204,753
Total Lease Obligations				3,036,288
Notes Payable:				
Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	210,744
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	636,886
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	246,337
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	777,274
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	3,449,952
Waterworks - State of MS	7/22/2013	6/01/2036	2.00%	2,159,959
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.125%	581,621
Waterworks - U.S. Dept. of Agriculture	12/15/2016	12/15/2056	1.875%	258,774
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.125%	92,672
Note Payable-Cadence Bank	7/24/2020	7/24/2024	2.210%	45,426
Total Notes Payable				8,459,645
Total Business-type Activities				13,399,546
Total Government-wide				\$ 18,726,622

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>
2022	\$ 395,000	79,774	474,774
2023	408,000	65,851	473,851
2024	426,000	57,432	483,432
2025	439,000	44,083	483,083
2026	237,000	28,944	265,944
2027-2031	1,424,000	124,771	1,548,771
2032-2035	855,000	27,681	882,681
Total	<u>\$ 4,184,000</u>	<u>428,536</u>	<u>4,612,536</u>

TIF Bonds

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 36,473	26,262	62,735
2023	37,914	24,821	62,735
2024	39,363	23,372	62,735
2025	41,011	21,724	62,735
2026	42,138	20,198	62,336
2027-2031	230,423	83,251	313,674
2032-2035	237,535	13,804	251,339
Total	<u>\$ 664,857</u>	<u>213,432</u>	<u>878,289</u>

Capital Lease Obligations:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 182,457	11,166	193,623
2023	129,910	6,008	135,918
2024	42,433	2,801	45,234
2025	33,206	1,418	34,624
2026	15,650	1,024	16,674
2027-2030	33,528	1,018	34,546
Total	<u>\$ 437,184</u>	<u>23,435</u>	<u>460,619</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 14,418	1,079	15,498
2023	14,821	677	15,498
2024	11,796	264	12,059
Total	<u>\$ 41,035</u>	<u>2,020</u>	<u>43,055</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

Business-type Activities:

Revenue Bonds, Lease Obligations, and Notes Payable

<u>Year Ending June 30,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	1,749,378	287,461	2,021,957
2023		1,775,281	244,294	2,019,575
2024		1,597,421	201,933	1,799,354
2025		1,100,848	173,681	1,274,529
2026		990,943	152,520	1,143,463
2027-2031		3,758,746	476,036	4,249,664
2032-2036		1,978,701	166,331	2,145,032
2037-2041		179,108	67,372	246,480
2042-2046		173,183	35,774	208,957
2047-2050		95,937	6,015	101,952
Total	\$	<u>13,399,546</u>	<u>1,811,417</u>	<u>15,210,963</u>

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

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, 2021, 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.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 7 – No Commitment Debt (Continued)

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.

In March 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on its business operations. While the organization expects the COVID-19 crises to negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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, 2021 and 2020 was 17.40% 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, 2021, 2020 and 2019 were \$1,031,055, \$1,010,493 and \$886,875, 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, 2021, the City reported a liability of \$16,884,005 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, 2021, the City's proportion was 0.087216 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$1,616,272. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,565	
Net difference between projected and actual earnings on pension plan investments	693,073	
Changes of assumptions	94,664	
Change in proportion percentage	455,940	69,972
City contributions subsequent to the measurement date	973,398	
	<u>\$ 2,363,640</u>	<u>69,972</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

\$973,398 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, 2022. 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 June 30,	
2022	\$ 259,765
2023	487,256
2024	349,770
2025	223,479
	<hr/>
	\$ 1,320,270
	<hr/>

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUBs.h-2010(B) Retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80-119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending in June 30, 2020.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27	%	4.90	%
International Equity	22		4.75	
Global Equity	12		5.00	
Debt Securities	20		0.50	
Real Estate	10		4.00	
Private Equity	8		6.25	
Cash Equivalents	1		0.25	
Total	100			

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 21,854,269	\$ 16,884,005	\$ 12,781,540

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

Note 11 – Deficit Fund Balance of Individual Funds

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

Safe Routes to School Grant Fund	90
Skate Park Fund	284
Brownfield Grant Fund	788
Ambulance Fund	1,341
Fabricator's Supply Construction Fund	2,499
Dunlap Bridge Construction Fund	198

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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

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 June 30, 2021; 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 January 30, 2023, which is the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST POINT, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances	
	Original	Final	(Modified Accrual Basis)	Favorable (Unfavorable) Original to Final	Final to Actual
Revenues:					
Property taxes	\$ 3,850,923	3,850,923	\$ 3,925,588	\$ -	\$ 74,665
Licenses and permits	25,000	25,000	25,181	-	181
Intergovernmental revenues	2,122,474	2,122,474	3,258,928	-	1,136,454
Charges for services	1,396,760	1,396,760	1,437,908	-	41,148
Fines and forfeitures	155,000	155,000	211,123	-	56,123
Interest income	35,000	35,000	80,643	-	45,643
Miscellaneous	252,000	252,000	278,974	-	26,974
Total Revenues	7,837,157	7,837,157	9,218,345	-	1,381,188
Expenditures:					
General government	1,536,582	1,536,582	1,559,606	-	(23,024)
Public safety	3,781,950	3,781,950	3,835,679	-	(53,729)
Public works	2,308,624	2,308,624	2,122,442	-	186,182
Culture and recreation	214,462	214,462	351,513	-	(137,051)
Capital Outlay	-	-	184,288	-	(184,288)
Debt service:					
Principal	163,756	163,756	221,946	-	(58,190)
Interest	5,568	5,568	17,336	-	(11,768)
Total Expenditures	8,010,942	8,010,942	8,292,810	-	(281,868)
Excess (Deficiency) of Revenues					
over (under) Expenditures	(173,785)	(173,785)	925,535	-	1,099,320
Other Financing Sources (Uses):					
Proceeds from long-term debt	-	-	-	-	-
Proceeds from sale of capital assets	-	-	3,150	-	3,150
Proceeds from capital lease	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)			3,150	-	3,150
Net Change in Fund Balances					
	(173,785)	(173,785)	928,685	-	1,102,470
Fund Balances:					
July 1, 2020	701,007	701,007	701,007	-	-
June 30, 2021	\$ 527,222	\$ 527,222	\$ 1,629,692	\$ -	\$ 1,102,470

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

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

	2021	2020	2019	2017	2016	2016	2015
City's proportion of the net pension liability (asset)	0.087216%	0.086369%	0.083097%	0.082733%	0.081203%	0.085043%	0.089594%
City's proportionate share of the net pension liability (asset)	\$ 16,884,004	15,194,012	13,821,501	13,753,033	14,504,883	13,145,971	10,875,072
City's covered-employee payroll	5,667,888	5,091,534	5,458,891	5,301,694	5,076,934	5,194,749	5,855,067
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298%	298%	253%	259%	286%	253%	186%
Plan fiduciary net position as a percentage of the total pension liability	59%	62%	63%	61%	57%	62%	67%

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to Required Supplementary Information are an integral part of this schedule.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	1,031,055	1,010,493	886,875	859,775	820,917	818,173	922,173
Contributions in relation to the contractually required contribution	1,031,055	1,010,493	886,875	859,775	820,917	818,173	922,173
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Department's covered-employee payroll	5,925,601	5,807,431	5,630,952	5,458,891	5,212,171	5,194,749	5,855,067
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the Department has only presented information for the years in which information is available.

The accompanying notes to Required Supplementary Information are an integral part of this schedule.

CITY OF WEST POINT, MISSISSIPPI
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Note 1: Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Note 2: Pension Schedules

(1) Changes of Assumptions

- 2019 (Measurement Date)
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017 (Measurement Date)
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

CITY OF WEST POINT, MISSISSIPPI
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Note 2: Pension Schedules (Continued)

- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016 (Measurement Date)
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015 (Measurement Date)
 - 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.
 - 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.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - 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) Changes in Benefit Provisions

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

(3) 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 (June 30, 2018 valuation for the June 30, 2020 fiscal year end). 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increases	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTAL INFORMATION

CITY OF WEST POINT, MISSISSIPPI
Schedule of Surety Bonds for City Officials
For the Year Ended June 30, 2021

<u>Name</u>	<u>Position</u>	<u>Surety Bond #</u>	<u>Amount</u>
Harmon A. (Robbie) Robinson	Mayor	61727772	\$ 50,000
Leta Turner	Selectwoman - Ward 1	106754773	100,000
William Binder	Selectman - Ward 2	61730162	100,000
Ken Poole	Selectman - Ward 3	106754774	100,000
Keith McBrayer	Selectman - Ward 4	60010897	100,000
Jasper Pittman	Selectman - Ward 5	106754775	100,000
Randy Jones	City Administrator	104897977	50,000
Eddie Longstreet	City Clerk	106853586	50,000
Amber Jones	City Accountant	107189744	50,000
Dorothy Ryland	Deputy Clerk	3009444	50,000
Rita Mattix	Deputy Clerk	3009442	50,000
Avery Cook	Police Chief	106815911	50,000

CITY OF WEST POINT, MISSISSIPPI
Schedule Reconciling Original Ad Valorem Tax Rolls
to Fund Collections
For The Year Ended June 30, 2021

<u>Assessed Valuation</u>	<u>Municipal</u>	<u>School</u>	
Realty	\$ 70,146,590	41,282,220	
Personal	15,105,850	2,096,734	
Personal-auto	12,385,387	15,068,472	
Utilities	1,524,206	9,086,913	
Total Municipal at 93.55 Mills	<u>99,162,033</u>		\$ 9,257,223
Total School at 56.50 Mills		<u>67,534,339</u>	3,774,173
<u>Adjustments:</u>			
Add: Homestead Reimbursement		378,405	
Interest and Penalties		<u>29,183</u>	407,588
Less: Regular Homestead Exemptions		(270,504)	
Additional Homestead Exemptions		<u>(1,123,975)</u>	(1,394,479)
Total to be Accounted For			\$ <u>12,044,505</u>

<u>Collection Credits to Funds:</u>	<u>Taxes</u>	<u>Interest & Penalties</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Municipal General Fund	\$ 2,462,106	71,938	155,381	\$ 2,689,425
City Bond & Interest	535,968	4,785	33,825	574,578
Library	39,490	-	6,451	45,941
School District Maintenance	8,063,783	21,913	192,891	8,278,587
School Debt Service	269,749	-	8,520	278,269
Total	<u>\$ 11,371,096</u>	<u>98,636</u>	<u>397,068</u>	<u>\$ 11,866,800</u>

<u>Balance Represented By:</u>			
Unpaid: Real	\$	14,153	
Personal		108,171	
Unaccounted for (undersettled)		<u>55,381</u>	\$ <u>177,705</u>
Total Accounted For			\$ <u>12,044,505</u>

COMPLIANCE SECTION



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. Staggers, CPA
Michael W. McCully, 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

Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Point, Mississippi as of and for the year ended June 30, 2021, 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 January 30, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 have not been 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 certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-01, that we consider to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of West Point, Mississippi's Response to Findings

City of West Point, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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
January 30, 2023

Watkins Ward and Stafford, P.C.



WATKINS, WARD and STAFFORD
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Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi, as of and for the year ended June 30, 2021, 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 January 30, 2023.

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
January 30, 2023

Watkins Ward and Stafford, P.C.

SCHEDULE OF FINDINGS AND RESPONSES

**CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021**

Section I: Summary of Auditors' Report

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unqualified |
| 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 |

Section II: Financial Statement Findings

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

Business-type Activities

Significant Deficiency not considered to be a Material Weakness

2021-01 Statement of Condition (Repeat of Prior Year)

Employee time cards lacked proper supervisor approval

Criteria

The Water and Sewer Department is responsible for implementing, maintaining, and utilizing internal controls over payroll processing to insure completeness and accuracy of payroll expense. Per City of West Point personnel policies and procedures, supervisory personnel should submit all applicable attendance and payroll reports at the proper time, indicating number of hours worked as approved by the supervisor evidenced by initials and date approved.

Effect

Since employees' time is allocated to both the Electric Department and the Water and Sewer Department, both departments' payroll expense could be overstated, due to employees being paid for hours not worked.

Cause

Employees were paid based on time cards lacking evidence of supervisor's approval.

Recommendation

The Water and Sewer Department should ensure that time cards are properly approved as evidenced by supervisor's initials and date.

Response

The Water and Sewer Department will utilize and monitor internal controls in place to insure completeness and accuracy of payroll data including proper supervisor approval of all time cards.

**CITY OF WEST POINT, MISSISSIPPI
Status of Prior Year Findings and Responses
For the Fiscal Year Ended June 30, 2021**

Business-type Activities

2020-01 Employee Time Cards Lack Proper Approval

Statement of Condition

Employee time cards lacked proper supervisor approval.

Recommendation

The Electric and Water and Sewage system should ensure that time cards have appropriate approval signatures before the payroll is processed.

Status

This is still a finding in the current year report. **(see finding 2021-1)**