

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*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.

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

**CITY OF WEST POINT, MISSISSIPPI**

**Audited Financial Statements and  
Special Reports**

**June 30, 2022**

**CITY OF WEST POINT, MISSISSIPPI**  
**Contents**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	10
Statement of Net Position	11
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position	23
Notes to Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule - General Fund	46
Schedule of the City's Proportionate Share of the Net Pension Liability	47
Schedule of the City's Contributions	48
Notes to Required Supplementary Information	49
SUPPLEMENTARY INFORMATION	52
Schedule of Surety Bonds for City Officials	53
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections	54
SPECIAL REPORTS	55
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56
Independent Auditors' Report on Compliance with State Laws and Regulations	58
SCHEDULE OF FINDINGS AND RESPONSES	59
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	63

## **FINANCIAL 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  
Bradley L. Harrison, CPA  
Justin H. Keller, CPA  
Dana R. Estes, CPA  
April W. Posey, CPA

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, 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.

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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Point, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Point, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of West Point, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Point, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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, schedule of the city's contributions, and the related notes on pages 4-9 and 45-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 for city officials and schedule reconciling original ad valorem tax rolls to fund collections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 city officials and schedule reconciling original 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 September 6, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Starkville, Mississippi  
September 6, 2024

*Watkins Ward and Stafford, P.C.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

## **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, 2022 and 2021. 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 \$5,888,370. Net position of governmental activities increased \$2,138,441. This represents a 46% increase from 2021. Net position of business-type activities increased \$3,749,929. This represents a 12% increase from 2021.
- General revenues account for \$10,666,123 in revenue, or 32% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,282,088 or 68% of total revenues.
- The City had \$27,386,307 in expenses; only \$22,282,088 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$10,666,123 were adequate to provide for the remaining expenses of \$5,104,219.
- Among the major funds, the General Fund and ARPA Fund had \$9,708,041 in revenues and \$9,632,191 in expenditures. The General Fund's and ARPA Fund's fund balance increased \$359,806 and 789, respectively over the prior year. The Other Governmental Funds had \$1,910,290 in revenues and \$880,408 in expenditures. The Other Governmental Fund's fund balance increased \$1,029,882 from the prior year.
- Capital assets, net of accumulated depreciation, increased by \$4,798,891 from the prior year.
- Total long-term debt including current maturities decreased by \$2,150,913.

## **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, 2022**

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 budgetary comparative information for the general fund, schedule of the city's proportionate share of the net pension liability, and schedule of city contributions.

**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

**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 \$35,435,187 as of June 30, 2022 and by \$29,546,817 as of June 30, 2021.

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

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

		<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and Other assets	\$	8,696,371	4,343,732	10,270,165	14,433,450	18,966,536	18,777,182
Capital Assets		15,499,859	15,660,394	40,015,319	35,055,893	55,515,178	50,716,287
Total Assets		24,196,230	20,004,126	50,285,484	49,489,343	74,481,714	69,493,469
Deferred outflows of resources		1,675,464	1,541,831	931,045	925,499	2,606,509	2,467,330
Current and other liabilities		5,134,196	1,805,593	5,305,953	6,407,482	10,440,149	8,213,075
Long-term debt		13,399,817	17,174,030	13,628,508	16,936,679	27,028,325	34,110,709
Total Liabilities		18,534,013	18,979,623	18,934,461	23,344,161	37,468,474	42,323,784
Deferred inflows of resources		2,717,672	84,766	1,466,890	5,432	4,184,562	90,198
<b>Net Position:</b>							
Net investment							
in capital assets		10,619,042	10,318,524	28,362,519	21,656,347	38,981,561	31,974,871
Restricted		3,221,507	1,513,375	1,581,391	1,639,798	4,788,149	3,153,173
Unrestricted		(9,220,540)	(9,350,331)	871,268	3,769,104	(8,334,523)	(5,581,227)
Total Net Position	\$	4,620,009	2,481,568	30,815,178	27,065,249	35,435,187	29,546,817

**Changes in net position.** The City's total revenues for the fiscal year ended June 30, 2022 and 2021 were \$32,948,211 and \$28,391,059 respectively. The total cost of all programs and services was \$27,386,307 and \$24,799,381. 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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
Program revenues	\$ 22,282,088	19,302,290
General revenues	<u>10,666,123</u>	<u>9,088,769</u>
<b>Total revenues</b>	<u>32,948,211</u>	<u>28,391,059</u>
<b>Expenses:</b>		
Governmental Activities	9,844,284	9,368,559
Business-type Activities	<u>17,542,023</u>	<u>15,430,822</u>
<b>Total expenses</b>	<u>27,386,307</u>	<u>24,799,381</u>
<b>Increase in net position</b>	<u>\$ 5,561,904</u>	<u>3,591,678</u>

**Governmental Activities.** The following table presents the cost of five major functional activities of the City: General Government, Public Safety, Public Services, Parks and Recreation and Utilities.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on City of West Point's taxpayers by each of these functions.

	Total	Net
	Costs	Costs/(Revenue)
General Government	\$ 2,627,447	1,858,120
Public Safety	4,060,477	3,741,469
Public Services	2,995,460	1,482,906
Utilities	17,542,023	(2,139,176)
Interest on long-term debt	160,900	160,900

## **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 \$4,892,561, an increase of \$1,716,943 from the prior year. Of this increase, \$326,466 of a prior period adjustment was included due to error in rollover balance switching software and omission of Northside School Improvement Fund in prior year audit report.

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 \$359,806. There is a prior period adjustment of (\$173,534) inside of the General Fund due to error in rollover balance from switching software. The balance in the ARPA Fund (Major Fund) increased \$789 from the previous year. The fund balance in the Other Governmental Funds (Non-Major

**CITY OF WEST POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

funds) increase by \$1,029,882 from the previous year. There is a prior period adjustment of \$500,000 for omission of Northside School Improvement Fund in prior audit report.

**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, 2022, the City's total net capital assets were \$55,515,178 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents an increase of \$4,798,891 from the previous year.

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, 2022, the City had \$16,825,169 in long-term debt outstanding –of which \$2,431,901 is due within one year. In addition, the liability for compensated absences increased \$56,886 from the previous year.

Additional information of the City's long-term debt can be found at Note 6 on pages 35 – 37 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, 2022**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 5,743,323	3,336,634	9,079,957
Investments	-	40,080	40,080
Accounts receivable, net	316,658	2,810,079	3,126,737
Intergovernmental receivables	295,385	-	295,385
Other receivables, net	-	89,282	89,282
Prepaid expenses	-	5,137	5,137
Inventories	14,749	595,504	610,253
Due from other funds	1,456,394	1,812,058	3,268,452
Due from other departments	220,425	-	220,425
Restricted assets			
Cash and cash equivalents	649,437	1,581,391	2,230,828
Capital assets, net	15,499,859	40,015,319	55,515,178
Total Assets	<u>24,196,230</u>	<u>50,285,484</u>	<u>74,481,714</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Loss on debt defeasance	-	11,914	11,914
Debt expense	-	61,103	61,103
Pension plan related	1,675,464	858,028	2,533,492
Total Deferred Outflows of Resources	<u>1,675,464</u>	<u>931,045</u>	<u>2,606,509</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	461,025	1,845,470	2,306,495
Accrued interest payable	36,167	16,511	52,678
Other liabilities	211,579	112,740	324,319
Due to other funds	2,505,133	677,317	3,182,450
Customer deposits	-	863,420	863,420
Unearned revenue	1,278,886	-	1,278,886
Long-term liabilities, due within one year:			
Capital related debt	641,406	1,790,495	2,431,901
Long-term liabilities, due beyond one year:			
Capital related debt	4,224,617	9,862,305	14,086,922
Non-capital related debt	306,346	-	306,346
Net pension liability	8,868,854	3,766,203	12,635,057
Total Liabilities	<u>18,534,013</u>	<u>18,934,461</u>	<u>37,468,474</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Premium on G.O. refunding bonds	14,794	3,362	18,156
Pension plan related	2,702,878	1,463,528	4,166,406
Total Deferred Inflows of Resources	<u>\$ 2,717,672</u>	<u>1,466,890</u>	<u>4,184,562</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 10,619,042	28,362,519	38,981,561
Restricted for:			
Expendable:			
Debt service	66,614	1,581,391	1,648,005
Playground equipment	106,924	-	106,924
Street resurfacing	1,836,278	-	1,836,278
Culture and recreation	901,107	-	901,107
Public safety	105,781	-	105,781
Economic development	190,054	-	190,054
Nonexpendable	14,749	-	14,749
Unrestricted	(9,220,540)	871,268	(8,349,272)
Total Net Position	<u>\$ 4,620,009</u>	<u>30,815,178</u>	<u>35,435,187</u>

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



**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities					
General government	\$ 2,627,447	283,603	-	485,724	(1,858,120)
Public safety	4,060,477	245,693	73,315	-	(3,741,469)
Public works	2,366,283	964,518	-	516,222	(885,543)
Culture and recreation	536,703	21,427	-	-	(515,276)
Cemetary	-	10,387	-	-	10,387
Miscellaneous expenses	92,474	-	-	-	(92,474)
Interest/fees on long-term debt	160,900	-	-	-	(160,900)
Total Governmental Activities	9,844,284	1,525,628	73,315	1,001,946	(7,243,395)
Business-type Activities					
Electric department	11,876,630	13,155,435	-	-	1,278,805
Water and sewer department	5,665,393	6,525,764	-	-	860,371
Total Business-type Activities	17,542,023	19,681,199	-	-	2,139,176
Total Primary Government	\$ 27,386,307	21,206,827	73,315	1,001,946	(5,104,219)
			Governmental Activities	Business-type Activities	Total
Changes in Net Position:					
Net (expense) / revenue			\$ (7,243,395)	2,139,176	(5,104,219)
General revenues					
Taxes					
Property taxes			4,999,440	-	4,999,440
Sales and tourism taxes			2,983,003	-	2,983,003
Other taxes			338,805	-	338,805
Investment income			36,400	8,877	45,277
Other			697,722	1,601,876	2,299,598
Total General Revenues			9,055,370	1,610,753	10,666,123
Change in Net Position			1,811,975	3,749,929	5,561,904
Net Position, Beginning			2,481,568	27,065,249	29,546,817
Prior Period Adjustment			326,466	-	326,466
Net Position, Beginning, as restated			2,808,034	27,065,249	29,873,283
Net Position, Ending			\$ 4,620,009	30,815,178	35,435,187

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, 2022**

	Major Funds		Other	Total
	General	ARPA	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,856,063	1,279,675	2,878,866	6,014,604
Cash - restricted	-	-	649,437	649,437
Accounts receivable	222,114	-	84,071	306,185
Intergovernmental receivables	198,545	-	96,840	295,385
Due from other departments	220,425	-	-	220,425
Inventories	14,749	-	-	14,749
Due from other funds	1,275,605	-	180,789	1,456,394
Total assets	\$ 3,787,501	1,279,675	3,890,003	8,957,179
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 426,274	-	17,296	443,570
Due to other funds	1,333,684	-	796,899	2,130,583
Unearned revenue	-	1,278,886	-	1,278,886
Other liabilities	211,579	-	-	211,579
Total Liabilities	1,971,537	1,278,886	814,195	4,064,618
<b>Fund Balances:</b>				
<b>Nonspendable</b>				
Inventories	14,749	-	-	14,749
<b>Restricted:</b>				
Debt service	-	-	102,781	102,781
Street overlay	-	-	1,669,161	1,669,161
Playground equipment	-	-	106,924	106,924
<b>Assigned:</b>				
Culture and recreation	-	-	901,107	901,107
Public safety	-	-	105,781	105,781
Economic development and assistance	-	-	190,054	190,054
<b>Unassigned</b>				
Unassigned	1,801,215	789	-	1,802,004
Total Fund Balances	1,815,964	789	3,075,808	4,892,561
Total Liabilities and Fund Balances	\$ 3,787,501	1,279,675	3,890,003	8,957,179

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**June 30, 2022**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>4,892,561</b>
---	-----------	------------------

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

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

Land	\$ 684,739	
Buildings and equipment (net of depreciation)	9,494,745	
Infrastructure	5,164,247	
Construction in Progress	<u>156,128</u>	15,499,859

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

General obligation bonds	(3,789,000)	
Premium on G.O. refunding bonds	(14,794)	
Tax Increment financing bonds	(628,384)	
Obligations under capital lease	(378,322)	
Notes payable	(70,317)	
Compensated absences	(306,346)	
Pension liability	(8,868,854)	
Deferred outflows of resources	1,675,464	
Deferred inflows of resources	(2,702,878)	
Accrued interest payable	<u>(36,167)</u>	(15,119,598)

Internal service fund assets and liabilities reported on governmental funds balance sheet		<u>(652,813)</u>
---	--	------------------

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>4,620,009</u></b>
---	-----------	-------------------------

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, 2022**

	Major Funds		Other	Total
	General	ARPA	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Revenues:</b>				
Property taxes	\$ 3,307,621	-	449,178	3,756,799
Franchise taxes	183,652	-	-	183,652
In lieu of taxes	1,242,641	-	-	1,242,641
Penalties and interest	84,173	-	-	84,173
Licenses and permits	26,583	-	-	26,583
Fines and forfeitures	185,276	-	-	185,276
Intergovernmental revenues				
State shared:				
Gas tax refund	11,011	-	-	11,011
Heavy duty and rail tax	38,384	-	-	38,384
Sales tax	2,650,248	-	-	2,650,248
Tourism tax			332,755	332,755
TVA in lieu	90,975	-	-	90,975
General municipal aid	5,629	-	-	5,629
Homestead reimbursement	173,455	-	21,826	195,281
Fire insurance refund			59,505	59,505
Liquor Privilege tax	14,783	-	-	14,783
EMA county reimbursement	13,810	-	-	13,810
Street Paving Grant	-	-	516,222	516,222
State revenue	-	-	485,724	485,724
Charges for services	1,525,628	-	-	1,525,628
Interest income	33,895	789	1,716	36,400
Miscellaneous revenues	119,488	-	43,364	162,852
Total Revenues	9,707,252	789	1,910,290	11,618,331
<b>Expenditures:</b>				
General government	2,445,711	-	-	2,445,711
Public safety:				
Police	2,253,247	-	-	2,253,247
Fire	1,594,032	-	-	1,594,032
EMA	74,573	-	-	74,573
Public works:				
Administration	495,419	-	-	495,419
Highways and streets	1,297,096	-	-	1,297,096
Sanitation	478,500	-	-	478,500
Cemetery	208	-	-	208
Culture and recreation	309,879	-	215,516	525,395
Capital outlay	429,028	-	-	429,028
Debt service:				
Principal	238,159	-	431,473	669,632
Interest	16,339	-	140,945	157,284
Other	-	-	92,474	92,474
Total Expenditures	9,632,191	-	880,408	10,512,599
Excess of Revenues over Expenditures	\$ 75,061	789	1,029,882	1,105,732

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, 2022**

	Major Funds		Other	Total
	General	ARPA	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Other Financing Sources:</b>				
Proceeds from long-term debt	\$ 245,006	-	-	245,006
Proceeds from sale of capital assets	39,739	-	-	39,739
Total Other Financing Sources	<u>284,745</u>	<u>-</u>	<u>-</u>	<u>284,745</u>
 Net Change in Fund Balances	 <u>359,806</u>	 <u>789</u>	 <u>1,029,882</u>	 <u>1,390,477</u>
 Fund Balances:				
Fund Balances- Beginning	1,629,692	-	1,545,926	3,175,618
Prior period adjustments	(173,534)	-	500,000	326,466
Fund Balances- Beginning, as restated	<u>1,456,158</u>	<u>-</u>	<u>2,045,926</u>	<u>3,502,084</u>
Fund Balances- Ending	<u>\$ 1,815,964</u>	<u>789</u>	<u>3,075,808</u>	<u>4,892,561</u>

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Reconciliation of Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to Statement of Activities**  
**For the Year Ended June 30, 2022**

**Net Changes in Fund Balances - Governmental Funds** \$ 1,390,477

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	\$	429,028	
Asset retirements		(38,238)	
Depreciation expense		<u>(551,325)</u>	(160,535)

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:

Adjustment to current year loan agreement		36,427	
Proceeds of loans		(245,006)	
Payments of debt principal		<u>669,632</u>	461,053

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		(56,886)	
Change in unfunded pension liability		2,728,640	
Change in deferred outflows of resources		133,633	
Change in deferred inflows of resources		(2,632,906)	
Change in accrued interest payable		<u>(3,616)</u>	168,865

Internal service fund revenues and expenditures reported on governmental funds statement of revenues, expenditures and changes in fund balances		<u>(47,885)</u>
---	--	-----------------

**Change in Net Position of Governmental Activities** \$ 1,811,975

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2022**

	Business-type Activities Proprietary Funds			
	Electric Department	Water & Sewer Department	Total Proprietary Funds	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,271,206	2,065,428	3,336,634	-
Accounts receivables, net	2,810,079	-	2,810,079	10,473
Other receivables	87,294	1,988	89,282	-
Prepaid expenses	5,137	-	5,137	-
Inventories	358,481	237,023	595,504	-
Due from other funds	77,845	1,734,213	1,812,058	-
Total Current Assets	4,610,042	4,038,652	8,648,694	10,473
Noncurrent assets:				
Bond funds: cash and cash equivalents	24,823	1,556,568	1,581,391	-
Other investments	40,080	-	40,080	-
Total Noncurrent Assets	64,903	1,556,568	1,621,471	-
Capital assets:				
Land	140,942	870,030	1,010,972	-
Construction in progress	6,797,246	1,278,900	8,076,146	-
Other capital assets	14,054,853	57,906,611	71,961,464	54,000
Less accumulated depreciation	(10,406,619)	(30,626,644)	(41,033,263)	(54,000)
Total Capital Assets	10,586,422	29,428,897	40,015,319	-
Total Assets	15,261,367	35,024,117	50,285,484	10,473
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt defeasance	-	11,914	11,914	-
Deferred debt expense	11,472	49,631	61,103	-
Deferred outflows - pensions	391,305	466,723	858,028	-
Total Deferred Outflows of Resources	402,777	528,268	931,045	-
Total Assets and Deferred Outflows of Resources	15,664,144	35,552,385	51,216,529	10,473
<b>LIABILITIES</b>				
Current liabilities:				
Cash overdraft	-	-	-	271,281
Accounts payable	1,662,515	182,955	1,845,470	17,455
Due to other funds	657,916	19,401	677,317	374,550
Customer deposits	863,420	-	863,420	-
Accrued interest payable	1,332	15,179	16,511	-
Sales tax payable	13,669	-	13,669	-
Other current liabilities	74,843	24,228	99,071	-
Bonds, notes and loans payable	109,356	1,681,139	1,790,495	-
Total Current Liabilities	\$ 3,383,051	1,922,902	5,305,953	663,286

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2022**

	Business-type Activities Proprietary Funds			
	Electric Department	Water & Sewer Department	Total Proprietary Funds	Internal Service Fund
Noncurrent liabilities:				
Bonds, notes and loans payable	\$ 615,219	9,247,086	9,862,305	-
Unfunded pension liability	2,039,257	1,726,946	3,766,203	-
Total Noncurrent Liabilities	2,654,476	10,974,032	13,628,508	-
Total Liabilities	6,037,527	12,896,934	18,934,461	663,286
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Premium on G.O. refunding bonds	-	3,362	3,362	-
Deferred inflows - pensions	943,445	520,083	1,463,528	-
Total Deferred Inflows of Resources	943,445	523,445	1,466,890	-
Total Liabilities and Deferred Inflows of Resources	6,980,972	13,420,379	20,401,351	663,286
<b>Net Position</b>				
Net investment in capital assets	9,861,847	18,500,672	28,362,519	-
Restricted for:				
Debt service	24,823	1,556,568	1,581,391	-
Unrestricted	(1,203,498)	2,074,766	871,268	(652,813)
Total Net Position	\$ 8,683,172	22,132,006	30,815,178	(652,813)

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, 2022**

	Business-type Activities Proprietary Funds			Internal Service Fund
	Electric Department	Water & Sewer Department	Total Proprietary Funds	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 13,155,435	6,525,764	19,681,199	367,156
Total Operating Revenues	13,155,435	6,525,764	19,681,199	367,156
<b><u>Operating Expenses</u></b>				
Purchased power	8,684,765	-	8,684,765	-
Operating and maintenance	1,937,407	3,402,221	5,339,628	415,041
Depreciation	389,339	1,504,624	1,893,963	-
Miscellaneous	847,016	450,000	1,297,016	-
Total Operating Expenses	11,858,527	5,356,845	17,215,372	415,041
Operating Income (Loss)	1,296,908	1,168,919	2,465,827	(47,885)
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Interest income	5,623	3,254	8,877	-
Interest expense	(17,272)	(275,701)	(292,973)	-
Construction in aid funds	1,601,876	-	1,601,876	-
Amortization	(831)	(20,310)	(21,141)	-
Loss on meter retirement	-	(12,537)	(12,537)	-
Total Nonoperating Revenue (Expenses)	1,589,396	(305,294)	1,284,102	-
Change in Net Position	2,886,304	863,625	3,749,929	(47,885)
Net Position, Beginning	5,796,868	21,268,381	27,065,249	(604,928)
Net Position, Ending	\$ 8,683,172	22,132,006	30,815,178	(652,813)

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, 2022**

	<b>Business-type Activities</b>			
	<b>Proprietary Funds</b>			
	<b>Electric Department</b>	<b>Water &amp; Sewer Department</b>	<b>Total Proprietary Funds</b>	<b>Internal Service Fund</b>
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 13,155,435	6,525,764	19,681,199	367,156
Payments to suppliers	(10,444,682)	(2,684,670)	(13,129,352)	(249,756)
Payments to employees	(1,413,845)	(648,876)	(2,062,721)	(165,285)
Other receipts (payments)	(1,498,257)	(450,000)	(1,948,257)	(8,590)
Net Cash Provided (Used) by Operating Activities	(201,349)	2,742,218	2,540,869	(56,475)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Purchase of capital assets	(5,521,246)	(1,442,645)	(6,963,891)	-
Reclassifications to Plant	117,503	-	117,503	-
Increase in cash overdraft	-	-	-	56,475
Principal payment on capital debt	(106,960)	(1,639,786)	(1,746,746)	-
Interest payment on capital debt	(17,469)	(293,679)	(311,148)	-
Other receipts (payments)	1,601,876	-	1,601,876	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,926,296)	(3,376,110)	(7,302,406)	56,475
<b><u>Cash Flows from Investing Activities</u></b>				
Interest revenue	5,623	3,254	8,877	-
Other property and investments	(12,787)	-	(12,787)	-
Net Cash Provided (Used) by from Investing Activities	(7,164)	3,254	(3,910)	-
<b>Net Change in Cash</b>	(4,134,809)	(630,638)	(4,765,447)	-
<b>Cash and Cash Equivalents at Beginning of Year</b>	5,430,838	4,252,634	9,683,472	-
<b>Cash and Cash Equivalents at End of Year</b>	\$ 1,296,029	3,621,996	4,918,025	-
<b>Cash and Cash Equivalents:</b>				
Unrestricted	\$ 1,271,206	2,065,428	3,336,634	-
Restricted	24,823	1,556,568	1,581,391	-
<b>Total</b>	\$ 1,296,029	3,621,996	4,918,025	-

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Statement of Fiduciary Net Position**  
**June 30, 2022**

	<u>Custodial Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 91,149
Fines Receivables	<u>27,380</u>
Total Assets	<u>\$ 118,529</u>
<b>Liabilities</b>	
Intergovernmental Payables	\$ 12,643
Due to other funds	86,002
Due to other governments	<u>19,884</u>
Total Liabilities	<u>\$ 118,529</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) Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include 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 financial condition of the governmental activities and business-type activities of the City at year end. 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.

ARPA Fund – This fund is a special revenue fund which accounts for financial resources from the American Rescue Plan grant funds.

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 (custodial funds) which focus on assets and changes in net position.

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.

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

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

**b) Basis of Presentation (Continued)**

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**

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

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

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

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

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

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

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

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

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

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

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

The effect of 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**

**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

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

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

**e) Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance (Continued)**

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



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

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

**e) Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance (Continued)**

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

The following schedule details the capitalization thresholds.

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

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

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

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

**8. Compensated Absences**

The City has adopted a policy of compensation for accumulated unpaid employee benefits. The liability for these compensated absences is recorded as a liability 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)**

**e) Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance (Continued)**

**10. Equity Classifications**

Government-wide Financial Statements

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an 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 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.

Fund Financial Statements

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.

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

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

**e) Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance (Continued)**

*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 represents 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.

Fund Balance Flow Assumption:

When an expenditure 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 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) Changes in Accounting Standards**

The Governmental Accounting Standards Board (GASB) issued Statement No. 87 Leases (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

**g) 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.

**h) 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.

**i) 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.

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

**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.

The carrying amount of the City's deposits with financial institutions at June 30, 2022, reported in the governmental funds and enterprise funds was \$6,664,041 and \$4,918,025, 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, 2022, the City's total bank balance is \$12,017,591. \$11,267,591 of the City's bank balance was uncollateralized and exposed to custodial credit risk.

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

**Note 3 – Interfund Transactions and Balances**

The following is a summary of interfund balances at June 30, 2022:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental</u></b>		
<b>Major Funds</b>		
General Fund	\$ 1,275,605	1,333,684
<b>Non-major Funds</b>		
Homeland Security Grant Fund	159	-
Urban Youth Fund	10,320	-
Eshman Avenue Overlay Fund	18,133	19,341
Churchill Road	-	15,000
Modernization Revenue Fund	350	-
Nature's TIF Bond Fund	-	62,735
Northside School Improvement Fund	-	356
McCharen Field Fund	-	35,961
Tourism Tax Fund	-	179,586
Bond and Interest Fund	151,827	483,920
<b>Total Governmental Funds</b>	<u>1,456,394</u>	<u>2,130,583</u>
<b><u>Proprietary Funds</u></b>		
West Point Electric Department	77,845	657,916
West Point Water and Sewer Fund	1,734,213	19,401
<b>Total Proprietary Funds</b>	<u>1,812,058</u>	<u>677,317</u>
<b><u>Internal Service Funds</u></b>		
City Maintenance Shop Fund	-	374,550
<b><u>Custodial Funds</u></b>		
Court clearing fund	-	86,002
	<u>\$ 3,268,452</u>	<u>3,268,452</u>

**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, 2022:

Mississippi Bureau of Revenue	\$ 291,505
U.S. Department of Justice	3,880
	<u>\$ 295,385</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, 2022:

	Balance 6/30/2021	Additions	Retirements	Adjustments	Balance 6/30/2022
<b>Governmental Activities</b>					
Land	\$ 684,739	-	-	-	684,739
Buildings and equipment	19,818,332	429,028	(38,238)	-	20,209,122
Infrastructure	5,164,247	-	-	-	5,164,247
Construction in progress	156,128	-	-	-	156,128
Less: Accumulated Depreciation	(10,163,052)	(551,325)	-	-	(10,714,377)
Governmental Activities Capital Assets	<u>\$ 15,660,394</u>	<u>(122,297)</u>	<u>(38,238)</u>	<u>-</u>	<u>15,499,859</u>
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 973,472	37,500	-	-	1,010,972
Construction in progress	2,250,198	6,682,116	(856,168)	-	8,076,146
Total Capital Assets Not Being Depreciated	<u>3,223,670</u>	<u>6,719,616</u>	<u>(856,168)</u>	<u>-</u>	<u>9,087,118</u>
Depreciable Capital Assets:					
Distribution and collection systems	65,453,125	970,855	(23,166)	-	66,400,814
Buildings and equipment	5,529,027	31,623	-	-	5,560,650
Total Depreciable Capital Assets	70,982,152	1,002,478	(23,166)	-	71,961,464
Less: Accumulated Depreciation	(39,149,929)	(1,893,963)	10,629	-	(41,033,263)
Total Depreciable Capital Assets, Net	<u>31,832,223</u>	<u>(891,485)</u>	<u>(12,537)</u>	<u>-</u>	<u>30,928,201</u>
Total Business-type Activities Capital Assets	<u>35,055,893</u>	<u>5,828,131</u>	<u>(868,705)</u>	<u>-</u>	<u>40,015,319</u>
Total Capital Assets	<u>\$ 50,716,287</u>	<u>5,705,834</u>	<u>(906,943)</u>	<u>-</u>	<u>55,515,178</u>

Depreciation expenses was charged to the following functions:

Depreciation Expense

Governmental Activities:	\$ 551,325
Business-type Activities:	
Electric	385,711
Water and Sewer	1,497,623
	<u>\$ 2,434,659</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, 2022:

	Balance 6/30/2021	Additions	Payments	Adjustments	Balance 6/30/2022	Due Within One Year
<b>Governmental Activities</b>						
General obligation bonds	\$ 4,184,000	-	(395,000)	-	3,789,000	408,000
TIF Bonds Payable	664,857	-	(36,473)	-	628,384	37,914
Financed Purchases	437,184	192,490	(214,925)	(36,427)	378,322	171,376
Other loans payable	41,035	52,516	(23,234)	-	70,317	24,116
Compensated absences	249,460	56,886	-	-	306,346	-
Total Governmental Activities	<u>5,576,536</u>	<u>301,892</u>	<u>(669,632)</u>	<u>(36,427)</u>	<u>5,172,369</u>	<u>641,406</u>
<b>Business-type Activities</b>						
Bonds payable:						
Water and Sewer Department	1,903,613	-	(576,671)	-	1,326,942	592,665
Financed Purchases:						
Electric Department	831,535	-	(106,960)	-	724,575	109,356
Water and Sewer Department	2,204,753	-	(283,599)	-	1,921,154	289,840
Notes payable:						
Water and Sewer Department	8,459,645	-	(779,516)	-	7,680,129	798,634
Total Business-type Activities	<u>13,399,546</u>	<u>-</u>	<u>(1,746,746)</u>	<u>-</u>	<u>11,652,800</u>	<u>1,790,495</u>
Total Government-wide	<u>\$ 18,976,082</u>	<u>301,892</u>	<u>(2,416,378)</u>	<u>(36,427)</u>	<u>16,825,169</u>	<u>2,431,901</u>

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

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

	<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>Balance 6/30/2022</u>
<b>Governmental Activities:</b>				
<b>General Obligation Bonds:</b>				
2009 Road and Street Bonds	10/1/2009	10/01/2024	4.00–4.25%	\$ 505,000
McClure Building Bonds	3/06/2014	2/01/2029	4.13–4.63%	255,000
2017 Street Bonds	5/15/2017	3/15/2032	3.40%	1,024,000
Series 2020	6/30/2020	6/01/2035	1.50–2.00%	2,005,000
<b>Total General Obligation Bonds</b>				<u>3,789,000</u>
<b>Tax Increment Financing Bonds</b>				
Nature's Golf TIF Bonds	4/01/2020	4/01/2035	3.95%	628,384
<b>Total Tax Increment Financing Bonds</b>	9/01/2002			<u>628,384</u>
<b>Financed Purchases:</b>				
Lease purchase - equipment	12/19/2016	8/19/2028	2.21%	97,126
Lease purchase - 2 Garbage Trucks	7/16/2019	7/16/2023	3.42%	68,354
Lease purchase - 1 Dodge Charger	10/01/2019	10/01/2023	3.38%	10,411
Lease purchase - Airpacks	6/18/2020	4/15/2025	2.59%	62,151
Lease purchase - radios	2/10/2019	12/19/2022	3.16%	22,728
Lease purchase - 4 Dodge Durangos	9/08/2021	9/08/2025	1.28%	117,552
<b>Total Financed Purchases</b>				<u>378,322</u>
<b>Other Loans Payable:</b>				
Note payable - 2 Police Cars	6/01/2020	4/01/2024	2.72%	26,385
Note payable - fire rescue truck	12/20/2016	12/01/2020	2.10%	43,932
<b>Total Other Loans Payable</b>				<u>70,317</u>
<b>Total Governmental Activities</b>				<u>4,866,023</u>
<b>Business-type Activities:</b>				
<b>Revenue Bonds:</b>				
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	301,942
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.50–3.50%	1,025,000
<b>Total Revenue Bonds</b>				<u>1,326,942</u>
<b>Financed Purchases:</b>				
Electric department - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	724,575
Waterworks - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	1,921,154
<b>Total Financed Purchases</b>				<u>2,645,729</u>
<b>Notes Payable:</b>				
Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	111,227
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	471,112
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	202,598
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	713,162
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	3,206,288
Waterworks - State of MS	7/22/2013	6/01/2036	2.00%	2,035,235
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.13%	570,277
Waterworks - U.S. Dept. of Agriculture	12/15/2016	12/15/2056	1.88%	249,374
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.13%	86,392
Note Payable-Cadence Bank	7/24/2020	7/24/2024	2.21%	34,464
<b>Total Notes Payable</b>				<u>7,680,129</u>
<b>Total Business-type Activities</b>				<u>11,652,800</u>
<b>Total Government-wide</b>				<u>\$ 16,518,823</u>



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

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

The annual debt service requirements of bonds, notes and financed purchases are as follows:

**Governmental Activities:**

General Obligation Bonds:

Year Ending June 30,		Principal	Interest	Total
2023	\$	408,000	65,851	473,851
2024		426,000	57,432	483,432
2025		439,000	44,083	483,083
2026		272,000	35,602	307,602
2027		285,000	30,763	315,763
2028-2032		1,424,000	75,386	1,499,386
2033-2037		535,000	10,700	545,700
Total	\$	3,789,000	319,817	4,108,817

Tax Increment Financing Bonds:

Year Ending June 30,		Principal	Interest	Total
2023	\$	37,914	24,821	62,735
2024		39,363	23,372	62,735
2025		41,011	21,724	62,735
2026		42,586	20,198	62,784
2027		44,268	18,467	62,735
2028-2032		248,969	64,784	313,753
2033-2035		174,273	13,804	188,087
Total	\$	628,384	187,170	815,564

Financed Purchases:

Year Ending June 30,		Principal	Interest	Total
2023	\$	171,376	7,510	178,886
2024		78,204	3,555	81,759
2025		67,355	2,134	69,489
2026		24,845	1,051	25,896
2027		15,999	676	16,675
2028-2030		20,543	342	20,885
Total	\$	378,322	15,268	393,590

Other Loans Payable:

Year Ending June 30,		Principal	Interest	Total
2023	\$	24,117	1,359	25,476
2024		29,035	618	29,653
2025		17,165	126	17,291
Total	\$	70,317	2,103	72,420

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

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

**Business-Type Activities:**

Revenue Bonds, Financed Purchases, and Notes Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,790,495	248,570	2,039,065
2024	1,612,837	205,843	1,818,680
2025	1,100,848	173,681	1,274,529
2026	990,943	152,520	1,143,463
2027	984,326	131,312	1,115,638
2028-2032	3,377,410	398,034	3,775,444
2033-2037	1,375,488	128,820	1,504,308
2038-2042	185,142	61,337	246,479
2043-2047	165,415	29,369	194,784
2048-2049	69,896	2,654	72,550
Total	\$ 11,652,800	1,532,140	13,184,940

Schedule of annual requirements for each individual revenue bond, financed purchase, 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, 2022, the amount of outstanding debt was equal to 7% of the latest property assessments.

**Note 7 – No Commitment Debt**

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

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

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

**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 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,

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

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

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, 2022 and 2021 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, 2022, 2021 and 2020 were \$1,024,435, \$990,315 and \$1,010,493, 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, 2022, the City reported a liability of \$12,635,057 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the City's proportion was 0.085485 percent.

For the year ended June 30, 2022, the City recognized pension expense of \$990,315. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 201,936	-
Net difference between projected and actual earnings on pension plan investments	-	3,805,790
Changes of assumptions	972,308	-
Change in proportion percentage	334,817	360,616
City contributions subsequent to the measurement date	1,024,431	-
	<u>\$ 2,533,492</u>	<u>4,166,406</u>

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

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

\$1,024,431 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, 2023. 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,	
2023	\$ (363,094)
2024	(500,709)
2025	(659,632)
2026	(1,133,910)
	\$ (2,657,345)
	\$ (2,657,345)

*Actuarial assumptions.* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 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 95% of male rates up to 60, 110% for ages 61 to 75 and 101% for ages above 77. For females 84% of the female rates up to 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 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, 2021.

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	%	4.60	%
International Equity	22		4.50	
Global Equity	12		4.80	
Debt Securities	20		(0.25)	
Real Estate	10		3.75	
Private Equity	8		6.00	
Cash Equivalents	1		(1.00)	
Total	100			

*Discount rate.* The discount rate used to measure the total pension liability was 7.55 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
City's proportionate share of the net pension liability	\$ 17,894,203	\$ 12,635,057	\$ 8,301,102

*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
Eshman Avenue-Overlay	1,208
State Street Grant	15,000
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, 2022; therefore, no liability has been accrued at this time.

**Note 13 – Prior Period Adjustment**

A summary of the significant net position/fund balance adjustments are as follows:

<b>Explanation</b>	<b>Amount</b>
Error in rollover balance switching software	\$ (173,534)
Omission of Northside School Improvement Fund for FYE 6/30/21	500,000
Total Prior Period Adjustment	<u><u>\$ 326,466</u></u>

**Note 14 – 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 September 6, 2024, which is the date the financial statements were available to be issued and the following subsequent events follows:

- On July 15, 2022, the City purchased an Urban Renewal Bond, Series 2022 with Truist Bank in the amount of \$4,500,000. The terms are 120 months at 3.40% interest.
- On September 23, 2022, the City entered into a lease purchase agreement with Bank of Commerce for a Bucket Truck within the Electric Department in the amount of \$158,533. The terms are 48 months at 3.69% interest.
- On June 2, 2023, the City entered into a lease purchase agreement with Bank of Commerce for LED Streetlights in the amount of \$1,287,518. The terms are 120 months at 6.05% interest.
- On July 6, 2023, the City entered into a lease purchase agreement with Cadence Equipment Finance for Wastewater UV Lighting in the amount of \$453,669. The terms are 48 months at 5.39% interest.
- On November 15, 2023, the City sold 3 Acres of land for \$43,264 to B. Bryan Farms, Inc.

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

**Note 14 – Subsequent Events (Continued)**

- On May 15, 2024, the City entered into a lease purchase agreement with BankFirst for a Forklift in the amount of \$40,625. The terms are 36 months at 5.77% interest.
- On July 9, 2024, the City approved to purchase fleet of police cars. They currently have not held a bid at this time.
- On July 9, 2024, the City approved to purchase 2 trucks for the Fire Department. They currently have not held a bid at this time.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WEST POINT, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variances	
				Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Property taxes	\$ 4,043,628	4,043,628	\$ 4,634,435	\$ -	\$ 590,807
Licenses and permits	23,000	23,000	26,583	-	3,583
Intergovernmental revenues	2,419,638	2,419,638	2,998,295	-	578,657
Charges for services	1,311,337	1,311,337	1,525,628	-	214,291
Fines and forfeitures	135,400	135,400	185,276	-	49,876
Interest income	50,000	50,000	33,895	-	(16,105)
Miscellaneous	611,962	611,962	303,140	-	(308,822)
Total Revenues	8,594,965	8,594,965	9,707,252	-	1,112,287
<b>Expenditures:</b>					
General government	1,701,852	1,701,852	2,445,711	-	(743,859)
Public safety	3,929,616	3,929,616	3,921,852	-	7,764
Public works	2,325,478	2,325,478	2,271,223	-	54,255
Culture and recreation	354,301	354,301	309,879	-	44,422
Capital Outlay	-	-	429,028	-	(429,028)
Debt service:					
Principal	62,714	62,714	238,159	-	(175,445)
Interest	-	-	16,339	-	(16,339)
Total Expenditures	8,373,961	8,373,961	9,632,191	-	(1,258,230)
Excess (Deficiency) of Revenues over (under) Expenditures					
	221,004	221,004	75,061	-	(145,943)
<b>Other Financing Sources (Uses):</b>					
Proceeds from long-term debt	-	-	245,006	-	245,006
Proceeds from sale of capital assets	-	-	39,739	-	39,739
Total Other Financing Sources (Uses)	-	-	284,745	-	284,745
Net Change in Fund Balances	221,004	221,004	359,806	-	138,802
Fund Balances:					
July 1, 2021	1,629,692	1,629,692	1,629,692	-	1,629,692
Prior period adjustment	-	-	(173,534)	-	-
July 1, 2021, as restated	-	-	1,456,158	-	-
June 30, 2022	\$ 1,850,696	\$ 1,850,696	\$ 1,815,964	\$ -	\$ 1,768,494

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

**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.083443%	0.087216%	0.086369%	0.083097%	0.082733%	0.081203%	0.085043%	0.089594%
City's proportionate share of the net pension liability (asset)	\$ 12,635,057	16,884,004	15,194,012	14,356,883	13,499,523	14,504,883	14,462,015	10,875,072
City's covered-employee payroll	\$ 5,691,467	5,807,431	5,091,534	5,458,891	5,212,171	5,198,883	5,855,067	5,464,860
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	222%	291%	298%	263%	259%	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	70%	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**  
**Last 10 Fiscal Years\***  
**For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	1,024,031	990,315	1,010,493	886,875	859,775	820,917	818,173	922,173
Contributions in relation to the contractually required contribution	1,024,031	990,315	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>	<u>-</u>
Department's covered-employee payroll	5,885,259	5,691,467	5,807,431	5,630,952	5,458,891	5,212,171	5,198,883	5,855,067
Contributions as a percentage of covered-employee payroll	17.40%	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**

**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**

- 2021 (Measurement Date)
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
    - For females, 84% of female rates up to age 72, 100% for ages above 76.
    - Projection scale MP-2020 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, 134% of male rates at all ages.
    - For females, 121% of female rates at all ages.
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
  - The price inflation assumption was reduced from 2.75% to 2.40%.
  - The wage inflation assumption was reduced from 3.00% to 2.65%.
  - The investment rate of return assumption was changed from 7.75% to 7.55%.
  - The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
  - 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 9% to 12%.
  - The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.
- 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Required Supplementary Information**

**Note 2: Pension Schedules (Continued)**

**(1) Changes of Assumptions**

- 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.
  - 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.

**CITY OF WEST POINT, MISSISSIPPI**  
**Notes to Required Supplementary Information**

**(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, 2020 valuation for the June 30, 2022 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increases	2.65 percent to 18.25 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

## **SUPPLEMENTARY INFORMATION**



**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule of Surety Bonds for City Officials**  
**For the Year Ended June 30, 2022**

<u>Name</u>	<u>Position</u>	<u>Surety Bond #</u>	<u>Amount</u>
Rod Bobo	Mayor	65529910	\$ 50,000
Leta Turner	Selectwoman - Ward 1	107428942	100,000
William Binder	Selectman - Ward 2	107428943	100,000
Ken Poole	Selectman - Ward 3	107428945	100,000
Keith McBrayer	Selectman - Ward 4	60010897	100,000
Jasper Pittman	Selectman - Ward 5	107428944	100,000
Randy Jones	City Administrator	104897977	50,000
Deloris Doss	City Clerk	106853586	50,000
Eddie Longstreet	City Clerk	106853586	50,000
Mallory McVay	City Accountant	107368809	50,000
Rita Mattix	Deputy Clerk	3009442	50,000
Avery Cook	Police Chief	106815911	50,000
Carla Golden	Clerk Bond	107246157	10,000
Yalunka Shields	Court Clerk	60010866	10,000
Monica McMillian	Court Clerk	60010867	10,000
Virginia Rich	Policewoman	106884438	10,000
Jimmy Birchfield	Peace Officer	60008164	10,000
John Langford	Peace Officer	60008165	10,000
Carl Carter	Peace Officer	106309453	10,000
Arnie Cade	Peace Officer	107042746	10,000
Michael Banks	Peace Officer	107428448	10,000
Lealon Cook	Peace Officer	107409259	10,000
Parrish Petty	Peace Officer	107407823	10,000
Alex Jackson	Peace Officer	107409257	10,000

**CITY OF WEST POINT, MISSISSIPPI**  
**Schedule Reconciling Original Ad Valorem Tax Rolls**  
**to Fund Collections**  
**For The Year Ended June 30, 2022**

<u>Assessed Valuation</u>	<u>Municipal</u>	<u>School</u>	
Realty	\$ 75,500,025	58,793,171	
Personal	23,069,345	36,062,199	
Personal-auto	9,322,518	18,967,515	
Utilities	1,601,727	9,362,282	
Total Municipal at 93.55 Mills	109,493,615		\$ 9,965,423
Total School at 56.50 Mills		123,185,167	4,024,746
 <b>Adjustments:</b>			
Add: Homestead Reimbursement		189,206	
Interest and Penalties		31,393	220,599
Less: Regular Homestead Exemptions		(272,331)	
Additional Homestead Exemptions		(1,130,030)	(1,402,361)
<b>Total to be Accounted For</b>			<b>\$ 12,808,407</b>

<u>Collection Credits to Funds:</u>	<u>Taxes</u>	<u>Interest &amp; Penalties</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Municipal General Fund	\$ 3,307,621		173,455	\$ 3,481,076
City Bond & Interest	449,178		21,826	471,004
Library	96,261		6,810	103,071
School District Maintenance	8,364,782			8,364,782
School Debt Service	280,663			280,663
Total	\$ 12,498,505	-	202,091	\$ 12,700,596

<b>Balance Represented By:</b>			
Unpaid: Real		\$ 11,585	
Personal		92,778	
Unaccounted for (undersettled)		3,448	\$ 107,811
<b>Total Accounted For</b>			<b>\$ 12,808,407</b>

## **SPECIAL REPORTS**



**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**

To the Honorable Mayor and 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, 2022, 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 September 6, 2024.

**Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of West Point, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Point, Mississippi's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items **2022-01** and **2022-03** to be material weaknesses.

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 governance. We consider the deficiency described in the accompanying schedule of findings and responses as items **2022-02** to be significant deficiency.

**Report on 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 instances of noncompliance or other matters that are required to be

reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items **2022-04** and **2022-05**.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of West Point, Mississippi's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of West Point, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

Starkville, Mississippi  
September 6, 2024

*Watkins Ward and Stafford, PLLC*



**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  
Bradley L. Harrison, CPA  
Justin H. Keller, CPA  
Dana R. Estes, CPA  
April W. Posey, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Point, Mississippi, as of and for the year ended June 30, 2022, 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 September 6, 2024.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instances of noncompliance with state laws and regulations. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items **2022-04** and **2022-05**.

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  
September 6, 2024

*Watkins Ward and Stafford, PUC*

## **SCHEDULE OF FINDINGS AND RESPONSES**

**CITY OF WEST POINT, MISSISSIPPI  
Schedule of Findings and Responses  
For the Year Ended June 30, 2022**

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

Financial Statements:

- |    |   |            |
|----|---|------------|
| 1. | Type of auditors' report issued:                      | Unmodified |
|    |   |            |
| 2. | Internal control over financial reporting:            |            |
| a. | Material weakness(es) identified?                     | Yes        |
| b. | Significant deficiency(ies) identified?               | Yes        |
|    |   |            |
| 3. | Noncompliance material to financial statements noted? | Yes        |

**Section II: Financial Statement Findings**

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

**Governmental-type Activities**

**Material Weakness**

**2022-01 Internal Controls over monthly bank reconciliations should be strengthened**

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding the City's assets. This would include the proper preparation and authorization of bank reconciliations that reconcile the general ledger cash account to applicable bank statements on a routine basis.

Condition: Per our audit procedures we noted the bank accounts were not reconciled to the City's general ledger.

Cause: Condition occurred due to lack of training for inexperienced personnel.

Effect: Without a proper internal control system established over bank reconciliations, there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the City establish a proper internal control system over the bank reconciliation procedures to ensure that all City bank accounts are reconciled on a monthly basis and properly approved by management prior to the presentation of financial statements to the City Selectmen for approval.

**Views of Responsible Officials of the Auditee**

We will establish a proper internal control system over bank reconciliation procedures to ensure that all City bank accounts are reconciled on a monthly basis and properly approved by management prior to the presentation of financial statements to the City Selectmen for approval.



## **Significant Deficiency Not Considered to be Material Weaknesses**

### **2022-02 Internal Control Over Municipal Court Collections and Deposits Should Be Strengthened**

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This would include the proper internal controls over Municipal Court Collections. Collections must be deposited into the municipal treasury on a daily basis (Section 21-15-21).

Condition: We noted during our audit procedures that the City personnel did not reconcile the reports submitted by the Municipal Court Docket and cash collections report listed by City management. Also, court fines were not being deposited timely once collected.

Cause: Condition occurred due to lack of management oversight over police fines and Municipal Court Collections.

Effect: Without proper internal control system over Municipal Court Collections and deposits, there is an increased risk of misappropriation of City assets and material misstatements in the City's financial statements.

Recommendation: We recommend that the City establish a proper internal control system over Municipal Court collections and police fines. This would include a management review of the monthly docket and collection of court fines and reconciliation to amount remitted to the City for deposit. Also, a monthly review of the monthly aged receivables should be completed by City management. The City should also review how duties are segregated over Municipal Court collections to ensure that personnel who are collecting and depositing these fines are not the same individual who is posting payments received to the court docket and fines receivable listing.

#### Views of Responsible Officials of the Auditee

We have established a proper internal control system over Municipal Court collections and police fines. This includes a management review of the monthly docket and collection of court fines and reconciliation of amount remitted to the City for deposit. We will review on a monthly basis the monthly aged receivables report. We also review how duties are segregated over Municipal Court collections to ensure those personnel who are collecting and depositing these fines are not the same individual who is posting payments received to the court docket and fines receivable listing.

## **Material Weakness**

### **2022-03 Misclassification of Capital Assets and Loan Proceeds**

Criteria: Management is responsible for establishing proper internal controls to ensure strong financial accountability and safeguarding of assets. This would include proper oversight of general ledger transactions to ensure the accuracy of the entries each month and the City's financial statements.

Condition: We noted during our audit procedures that the City of West Point misclassified loan proceeds in the amount of \$245,006. Also, the purchase of a garbage truck in the amount of \$164,425 was improperly coded.

Cause: Condition occurred due to lack of management oversight over the accuracy of entries made to the City's financial statements.

Effect: Without proper internal control system established over the monthly review of entries, there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the City establish a proper internal control system over monthly reviews of the financial records to ensure the accuracy of the City's financial statements.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over the review of monthly financial statements to ensure the accuracy of the entries so that the City's financial statements can be relied upon.

**Material Non-Compliance**

**2022-04 Budgets Should Be Prepared and Approved as Statutorily Required**

Criteria: Miss Code Section 21-35-5, Miss Code Ann. (1972) requires that the governing authorities of each municipality of the State of Mississippi prepare, and when necessary, revise a fiscal year budget that reflects all of the revenues, expenses and working cash balances estimated for the next fiscal year, for each fund. Section 21-35-15 of the Mississippi Code states that the governing authorities shall at all times keep within the sums named in their budget.

Condition: During our compliance testing we noted that the City did not meet the requirements of preparing a budget for each fund. The City only prepared a budget for the general fund. Section 21-35-25 requires that the budget be amended if needed, by October of the next fiscal year.

Cause: Condition occurred due to lack of training for inexperienced employees and also a lack of management oversight over the budgeting process.

Effect: The following funds were unbudgeted and the related expenditures were unbudgeted.

<u>Fund</u>	<u>Expenditures</u>
Street Grant Fund	\$ 15,000
Eshman Ave. Overlay Fund	19,341
Northside School Improvements	356
McCharen Field Fund	35,961
BCBS Grant Fund	100

**Material Non-Compliance**

**2022-05 No Submission of Annual Depositories for the City**

Criteria: Under Section 27-105-1, the City must have certified bank account balances with the State Treasurer. Securities must be pledged to the State Treasurer in a manner to ensure adequate collateralization.

Condition: During our state compliance procedures, it was noted with confirmation from the state treasurer's office that the City of West Point did not submit an Annual Depositories report for FYE22.

Cause: Condition occurred due to lack of management oversight during year end reporting.

Effect: Without submitting the Annual Depositories Report to the State Treasurer, if something were to happen to the banks, the City would only be insured up to \$250,000 for each bank account. This would have a material effect on the City's financial statements.

Recommendation: We recommend filing the Annual Depositories Report to the State Treasurer at the end of each year to ensure the proper collateralization is put into place for the City's funds.

Views of Responsible Officials of the Auditee

We will establish proper procedures to make certain the annual depositories report is submitted in a timely manner.

**CITY OF WEST POINT, MISSISSIPPI  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2022**

**Business-type Activities**

**2021-01 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 finding was corrected during the current year.