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

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, 2023

CITY OF WEST POINT, MISSISSIPPI
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

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, 2023, 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, 2023, 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 48-59 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 October 31, 2025, 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
October 31, 2025

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2023

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, 2023 and 2022. 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.

Management is not aware of any currently known facts, decisions, or conditions that would materially impair the City's financial position or ability to continue providing essential public services. However, several known factors are expected to have a significant influence on the City's future financial position and results of operations.

The City of West Point continues to benefit from regional economic development associated with the Golden Triangle Industrial Park and the West Point Growth Alliance initiatives. The expansion of manufacturing operations within the industrial corridor, particularly in the automotive supply and metal fabrication sectors, has contributed to local employment growth. Property valuations for fiscal year 2024 are projected to increase approximately 4.0 percent, supporting a modest rise in ad valorem tax revenues. However, management remains cautious due to potential economic fluctuations, rising interest rates, and inflationary impacts on construction and operating costs.

The City participates in the Mississippi Public Employees' Retirement System (PERS). Employer contribution rates increased from 17.4 percent to 17.9 percent effective July 1, 2023, and additional adjustments are anticipated over the next two fiscal years. In addition, the City approved a 3 percent across-the-board salary adjustment for all full-time employees in fiscal year 2024 to maintain competitive compensation levels. These changes will increase annual personnel costs by approximately \$300,000, requiring ongoing monitoring to ensure alignment with recurring revenues.

FINANCIAL HIGHLIGHTS

- Total net position increased \$4,237,763. Net position of governmental activities increased \$3,298,146. This represents a 42% increase from 2022. Net position of business-type activities increased \$939,617. This represents a 3% increase from 2022.
- General revenues account for \$11,134,404 in revenue, or 33% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,616,643 or 67% of total revenues.
- The City had \$29,506,534 in expenses; only \$22,616,643 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$11,134,404 were adequate to provide for the remaining expenses of \$6,889,891.

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2023

FINANCIAL HIGHLIGHTS (Continued)

- Among the major funds, the General Fund, Urban Renewal Bonds Fund, and ARPA Fund had \$11,312,545, \$62,688, and \$418,049 in revenues and \$11,420,206, \$108,600, and \$415,008 in expenditures. The General Fund's, Urban Renewal Bond Fund's and ARPA Fund's fund balances increased \$1,233,201, \$4,454,088, and \$3,041, respectively over the prior year. The Other Governmental Funds had \$2,073,142 in revenues and \$1,802,237 in expenditures. The Other Governmental Fund's fund balance increased \$273,034 from the prior year.
- Capital assets, net of accumulated depreciation, increased by \$1,790,535 from the prior year.
- Total long-term debt including current maturities increased by \$3,269,273.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector

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

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

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2023

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.

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 \$39,672,950 as of June 30, 2023 and by \$35,435,187 as of June 30, 2022.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 14,035,455	8,696,371	9,129,057	10,270,165	23,164,512	18,966,536
Other capital assets	17,909,568	15,499,859	39,396,145	40,015,319	57,305,713	55,515,178
Total assets	<u>31,945,023</u>	<u>24,196,230</u>	<u>48,525,202</u>	<u>50,285,484</u>	<u>80,470,225</u>	<u>74,481,714</u>
Deferred outflows of resources	<u>1,689,344</u>	<u>1,675,464</u>	<u>1,056,792</u>	<u>931,045</u>	<u>2,746,136</u>	<u>2,606,509</u>
Current and other liabilities	4,916,527	5,134,196	3,939,135	5,305,953	8,855,662	10,440,149
Long-term debt	20,207,926	13,399,817	13,607,747	13,628,508	33,815,673	27,028,325
Total liabilities	<u>25,124,453</u>	<u>18,534,013</u>	<u>17,546,882</u>	<u>18,934,461</u>	<u>42,671,335</u>	<u>37,468,474</u>
Deferred inflows of resources	<u>591,759</u>	<u>2,717,672</u>	<u>280,317</u>	<u>1,466,890</u>	<u>872,076</u>	<u>4,184,562</u>
Net Position:						
Net investment						
in capital assets	8,096,150	10,619,042	29,406,673	28,362,519	37,502,823	38,981,561
Restricted	8,252,927	3,221,507	1,508,605	1,581,391	9,761,532	4,802,898
Unrestricted	(8,430,922)	(9,220,540)	839,517	871,268	(7,591,405)	(8,349,272)
Total net position	<u>\$ 7,918,155</u>	<u>4,620,009</u>	<u>31,754,795</u>	<u>30,815,178</u>	<u>39,672,950</u>	<u>35,435,187</u>

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2023

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2023 and 2022 were \$33,484,473 and \$32,948,211 respectively. The total cost of all programs and services was \$29,506,534 and \$27,386,307. The following table presents a summary of the changes in net position for the fiscal year ended June 30:

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues	\$ 22,616,643	22,282,088
General revenues	<u>11,134,404</u>	<u>10,666,123</u>
Total revenues	<u>33,751,047</u>	<u>32,948,211</u>
Expenses:		
Governmental Activities	10,563,528	9,844,284
Business-type Activities	<u>18,943,006</u>	<u>17,542,023</u>
Total expenses	<u>29,506,534</u>	<u>27,386,307</u>
Prior period adjustment	(6,750)	-
Increase (decrease) in net position	<u>\$ 4,237,763</u>	<u>5,561,904</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 Costs	Net Costs/(Revenue)
General Government	\$ 2,715,227	1,905,664
Public Safety	4,263,315	3,466,587
Public Works	2,573,980	1,238,455
Culture and Recreation	719,924	668,426
Cemetery	617	(6,663)
Miscellaneous expenses	6,232	6,232
Utilities	18,943,006	(673,043)
Interest on long-term debt	284,233	284,233

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.

CITY OF WEST POINT, MISSISSIPPI
Management's Discussion and Analysis
For the year ended June 30, 2023

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 \$10,849,175, an increase of \$5,956,614 from the prior year. Of this increase, \$(6,750) of a prior period adjustment was included due to error in rollover balance in the software.

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 \$1,233,201. There is a prior period adjustment of (\$6,750) inside of the General Fund due to an error in the rollover balance from the software. The fund balance in the Urban Renewal Bonds Fund (Major Fund) increased by \$4,454,088. The fund balance in the ARPA Fund (Major Fund) increased \$3,041 from the previous year. The fund balance in the Other Governmental Funds (Non-Major funds) increase by \$273,034 from the previous year.

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and ARPA Fund is provided in this report as Required Supplementary Information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the City's total net capital assets were \$57,305,713 including land, buildings, improvements, infrastructure, vehicles, and furniture and equipment. This amount represents an increase of \$1,790,535 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, 2023, the City had \$19,788,096 in long-term debt outstanding –of which \$2,644,943 is due within one year. In addition, the liability for compensated absences decreased \$2,735 from the previous year.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF WEST POINT, MISSISSIPPI
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,473,522	4,381,490	11,855,012
Cash - restricted	5,760,310	1,508,605	7,268,915
Investments	-	49,595	49,595
Accounts receivable, net	291,690	2,619,959	2,911,649
Intergovernmental receivables	308,969	-	308,969
Other receivables, net	-	117,538	117,538
Prepaid expenses	-	5,476	5,476
Inventories	30,734	616,624	647,358
Internal balance	170,230	(170,230)	-
Land and construction in progress	1,514,091	2,094,049	3,608,140
Other capital assets, net	16,395,477	37,302,096	53,697,573
Total Assets	<u>31,945,023</u>	<u>48,525,202</u>	<u>80,470,225</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Loss on debt defeasance	-	2,381	2,381
Deferred debt expense	-	39,962	39,962
Pension plan related	1,689,344	1,014,449	2,703,793
Total Deferred Outflows of Resources	<u>1,689,344</u>	<u>1,056,792</u>	<u>2,746,136</u>
<u>LIABILITIES</u>			
Accounts payable	1,480,846	1,286,287	2,767,133
Retainage payable	21,454	-	21,454
Accrued interest payable	97,167	9,491	106,658
Other liabilities	162,171	130,700	292,871
Customer deposits	-	877,312	877,312
Unearned revenue	2,142,765	-	2,142,765
Long-term liabilities, due within one year:			
Capital related debt	999,300	1,635,345	2,634,645
Lease liabilities	12,824	-	12,824
Long-term liabilities, due beyond one year:			
Capital related debt	8,771,530	8,355,420	17,126,950
Lease liabilities	29,764	-	29,764
Non-capital related debt	303,611	-	303,611
Net pension liability	11,103,021	5,252,327	16,355,348
Total Liabilities	<u>\$ 25,124,453</u>	<u>17,546,882</u>	<u>42,671,335</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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan related	\$ 591,759	280,317	872,076
Total Deferred Inflows of Resources	<u>591,759</u>	<u>280,317</u>	<u>872,076</u>
<u>NET POSITION</u>			
Net investment in capital assets	8,096,150	29,406,673	37,502,823
Restricted for:			
Expendable:			
Debt service	4,454,088	1,508,605	5,962,693
Capital projects	2,213,721	-	2,213,721
Culture and recreation	1,121,230	-	1,121,230
Public safety	172,407	-	172,407
Economic development and assistance	260,747	-	260,747
Nonexpendable	30,734	-	30,734
Unrestricted	<u>(8,430,922)</u>	<u>839,517</u>	<u>(7,591,405)</u>
Total Net Position	\$ <u><u>7,918,155</u></u>	<u><u>31,754,795</u></u>	<u><u>39,672,950</u></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, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental Activities:					
General government	\$ 2,715,227	394,555	-	415,008	(1,905,664)
Public safety	4,263,315	733,089	63,639	-	(3,466,587)
Public works	2,573,980	935,525	-	400,000	(1,238,455)
Culture and recreation	719,924	51,498	-	-	(668,426)
Cemetery	617	7,280	-	-	6,663
Miscellaneous expenses	6,232	-	-	-	(6,232)
Interest/fees on long-term debt	284,233	-	-	-	(284,233)
Total Governmental Activities	10,563,528	2,121,947	63,639	815,008	(7,562,934)
Business-type Activities:					
Electric department	12,879,791	13,129,230	-	-	249,439
Water and sewer department	6,063,215	6,486,819	-	-	423,604
Total Business-type Activities	18,943,006	19,616,049	-	-	673,043
Total Primary Government	\$ 29,506,534	21,737,996	63,639	815,008	(6,889,891)
			Governmental Activities	Business-type Activities	Total
Changes in Net Position:					
Net (expense) / revenue			\$ (7,562,934)	673,043	(6,889,891)
General revenues					
Taxes					
Property taxes			3,056,713	-	3,056,713
Sales and tourism taxes			3,185,602	-	3,185,602
Other taxes			1,958,523	-	1,958,523
Investment income			270,153	85,431	355,584
Other			2,396,839	181,143	2,577,982
Total General Revenues			10,867,830	266,574	11,134,404
Changes in Net Position			3,304,896	939,617	4,244,513
Net Position, Beginning, as previously stated			4,620,009	30,815,178	35,435,187
Prior Period Adjustment			(6,750)	-	(6,750)
Net Position, Beginning, as restated			4,613,259	30,815,178	35,428,437
Net Position, Ending			\$ 7,918,155	31,754,795	39,672,950

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, 2023

	Major Funds			Other	Total
	General	Urban Renewal	ARPA	Governmental	Governmental
	Fund	Bonds Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 1,447,883	-	2,146,595	3,759,230	7,353,708
Cash - restricted	-	4,454,088	-	1,306,222	5,760,310
Accounts receivable	247,050	-	-	21,336	268,386
Intergovernmental receivables	212,345	-	-	96,624	308,969
Inventories	30,734	-	-	-	30,734
Due from other funds	2,967,210	-	-	180,789	3,147,999
Total assets	\$ 4,905,222	4,454,088	2,146,595	5,364,201	16,870,106
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,433,374	-	-	15,567	1,448,941
Retainage payable	-	-	-	21,454	21,454
Due to other funds	267,262	-	-	1,978,338	2,245,600
Unearned revenue	-	-	2,142,765	-	2,142,765
Other liabilities	162,171	-	-	-	162,171
Total Liabilities	1,862,807	-	2,142,765	2,015,359	6,020,931
Fund Balances:					
Nonspendable					
Inventories	30,734	-	-	-	30,734
Restricted:					
Debt service	-	4,454,088	-	-	4,454,088
Capital projects	-	-	3,830	2,209,891	2,213,721
Culture and recreation	-	-	-	1,121,230	1,121,230
Public safety	-	-	-	172,407	172,407
Economic development and assistance	-	-	-	260,747	260,747
Unassigned					
Unassigned	3,011,681	-	-	(415,433)	2,596,248
Total Fund Balances	3,042,415	4,454,088	3,830	3,348,842	10,849,175
Total Liabilities and Fund Balances	\$ 4,905,222	4,454,088	2,146,595	5,364,201	16,870,106

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, 2023

Fund Balances - Total Governmental Funds **\$ 10,849,175**

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		11,033,554		
Infrastructure		5,320,375		
Construction in Progress		829,352		
Right of Use Asset, net of amortization		<u>41,548</u>		17,909,568

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

General obligation bonds	\$	(3,381,000)		
Revenue bonds		(4,308,000)		
Premium on G.O. refunding bonds		(14,794)		
Tax Increment financing bonds		(590,470)		
Obligations under capital lease		(1,438,498)		
Notes payable		(38,068)		
Lease liabilities		(42,588)		
Compensated absences		(303,611)		
Pension liability		(11,103,021)		
Deferred outflows of resources		1,689,344		
Deferred inflows of resources		(591,759)		
Accrued interest payable		<u>(97,167)</u>		(20,219,632)

Internal service fund assets and liabilities reported on governmental funds balance sheet				<u>(620,956)</u>
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Total Net Position - Governmental Activities **\$ 7,918,155**

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, 2023

	Major Funds			Other	Total
	General	Urban Renewal	ARPA	Governmental	Governmental
	Fund	Bonds Fund	Fund	Funds	Funds
Revenues:					
Property taxes	\$ 2,687,520	-	-	369,193	3,056,713
Franchise taxes	196,399	-	-	-	196,399
In lieu of taxes	1,672,024	-	-	-	1,672,024
Penalties and interest	81,889	-	-	-	81,889
Licenses and permits	27,799	-	-	-	27,799
Fines and forfeitures	169,219	-	-	-	169,219
Intergovernmental revenues					
Federal revenue	14,593	-	415,008	59,394	488,995
State shared:					
Gas tax refund	10,265	-	-	-	10,265
Heavy duty and rail tax	61,126	-	-	-	61,126
Sales tax	2,832,690	-	-	-	2,832,690
Tourism tax	-	-	-	352,912	352,912
TVA in lieu	90,100	-	-	-	90,100
General municipal aid	5,051	-	-	-	5,051
Homestead reimbursement	228,858	-	-	-	228,858
Fire insurance refund	-	-	-	65,286	65,286
Liquor Privilege tax	14,325	-	-	-	14,325
EMA county reimbursement	37,988	-	-	-	37,988
Street Paving Grant	-	-	-	400,000	400,000
Other	355,361	-	-	650,911	1,006,272
Charges for services	1,952,728	-	-	-	1,952,728
Interest income	148,768	62,688	3,041	55,656	270,153
Miscellaneous revenues	725,842	-	-	119,790	845,632
Total Revenues	11,312,545	62,688	418,049	2,073,142	13,866,424
Expenditures:					
General government	2,487,486	-	-	46,537	2,534,023
Public safety:					
Police	2,341,074	-	-	-	2,341,074
Fire	1,552,828	-	-	-	1,552,828
EMA	103,710	-	-	-	103,710
Public works:					
Administration	467,640	-	-	41,924	509,564
Highways and streets	1,104,769	-	-	57,273	1,162,042
Sanitation	763,134	-	-	8,773	771,907
Cemetery	180	-	-	-	180
Culture and recreation	288,787	108,600	49,500	222,520	669,407
Miscellaneous	6,232	-	-	-	6,232
Capital outlay	2,017,931	-	365,508	580,522	2,963,961
Debt service:					
Principal	269,976	-	-	637,914	907,890
Interest	16,459	-	-	201,239	217,698
Other	-	-	-	5,535	5,535
Total Expenditures	11,420,206	108,600	415,008	1,802,237	13,746,051
 Excess of Revenues over (under) Expenditures	 \$ (107,661)	 (45,912)	 3,041	 270,905	 120,373

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, 2023

	Major Funds			Other	Total
	General	Urban Renewal	ARPA	Governmental	Governmental
	Fund	Bonds Fund	Fund	Funds	Funds
Other Financing Sources (Uses):					
Proceeds of bonds	\$ -	4,500,000	-	-	4,500,000
Proceeds from financed purchases	1,287,518	-	-	-	1,287,518
Leases issued	52,973	-	-	-	52,973
Proceeds from sale of capital assets	2,500	-	-	-	2,500
Operating transfers in	33,899	-	-	36,028	69,927
Operating transfers out	(36,028)	-	-	(33,899)	(69,927)
Total Other Financing Sources and Uses	<u>1,340,862</u>	<u>4,500,000</u>	<u>-</u>	<u>2,129</u>	<u>5,842,991</u>
Net Changes in Fund Balances	<u>1,233,201</u>	<u>4,454,088</u>	<u>3,041</u>	<u>273,034</u>	<u>5,963,364</u>
Fund Balances:					
Fund Balances- Beginning, as previously reported	1,815,964	-	789	3,075,808	4,892,561
Prior period adjustments	(6,750)	-	-	-	(6,750)
Fund Balances- Beginning, as restated	<u>1,809,214</u>	<u>-</u>	<u>789</u>	<u>3,075,808</u>	<u>4,885,811</u>
Fund Balances- Ending	<u>\$ 3,042,415</u>	<u>4,454,088</u>	<u>3,830</u>	<u>3,348,842</u>	<u>10,849,175</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, 2023

Net Changes in Fund Balances - Total Governmental Funds **\$ 5,963,364**

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

Capital outlay	\$	2,963,961	
Asset retirements		(500)	
Depreciation expense		<u>(557,872)</u>	2,405,589

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Proceeds of loans	(1,340,491)		
Proceeds of bonds	(4,500,000)		
Payments of debt principal	<u>907,890</u>		(4,932,601)
Payments held by QSCB debt escrow agent			
Payments to QSCB escrow agent			

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	2,735		
Change in unfunded pension liability	(2,234,167)		
Change in deferred outflows of resources	(577,879)		
Change in deferred inflows of resources	2,702,878		
Change in accrued interest payable	<u>(61,000)</u>		(167,433)

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

35,977

Change in Net Position of Governmental Activities **\$ 3,304,896**

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

CITY OF WEST POINT, MISSISSIPPI
Statement of Fund Net Position - Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Electric Department	Water & Sewer Department	Total	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,411,563	2,969,927	4,381,490	119,814
Accounts receivables, net	2,619,959	-	2,619,959	23,304
Other receivables	113,908	3,630	117,538	-
Prepaid expenses	5,476	-	5,476	-
Inventories	452,573	164,051	616,624	-
Due from other funds	86,562	1,781,147	1,867,709	-
Total Current Assets	<u>4,690,041</u>	<u>4,918,755</u>	<u>9,608,796</u>	<u>143,118</u>
Noncurrent assets:				
Bond funds: cash and cash equivalents	25,487	1,483,118	1,508,605	-
Other investments	49,595	-	49,595	-
Total Noncurrent Assets	<u>75,082</u>	<u>1,483,118</u>	<u>1,558,200</u>	<u>-</u>
Capital assets:				
Land	140,942	871,031	1,011,973	-
Construction in progress	511,198	570,878	1,082,076	-
Other capital assets	20,747,207	59,551,029	80,298,236	54,000
Less accumulated depreciation	(10,899,420)	(32,096,720)	(42,996,140)	(54,000)
Total Capital Assets	<u>10,499,927</u>	<u>28,896,218</u>	<u>39,396,145</u>	<u>-</u>
Total Assets	<u>15,265,050</u>	<u>35,298,091</u>	<u>50,563,141</u>	<u>143,118</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on debt defeasance	-	2,381	2,381	-
Deferred debt expense	10,641	29,321	39,962	-
Deferred outflows - pensions	567,872	446,577	1,014,449	-
Total Deferred Outflows of Resources	<u>578,513</u>	<u>478,279</u>	<u>1,056,792</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>15,843,563</u>	<u>35,776,370</u>	<u>51,619,933</u>	<u>143,118</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	1,102,775	183,512	1,286,287	31,905
Due to other funds	726,864	1,311,075	2,037,939	732,169
Customer deposits	877,312	-	877,312	-
Accrued interest payable	1,131	8,360	9,491	-
Sales tax payable	13,031	-	13,031	-
Other current liabilities	69,429	48,240	117,669	-
Bonds, notes and loans payable	150,308	1,485,037	1,635,345	-
Total Current Liabilities	<u>\$ 2,940,850</u>	<u>3,036,224</u>	<u>5,977,074</u>	<u>764,074</u>

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Electric Department	Water & Sewer Department	Total	Internal Service Fund
Noncurrent liabilities:				
Bonds, notes and loans payable	\$ 595,532	7,759,888	8,355,420	-
Unfunded pension liability	2,950,253	2,302,074	5,252,327	-
Total Noncurrent Liabilities	3,545,785	10,061,962	13,607,747	-
Total Liabilities	6,486,635	13,098,186	19,584,821	764,074
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows - pensions	214,965	65,352	280,317	-
Total Deferred Inflows of Resources	214,965	65,352	280,317	-
Total Liabilities and Deferred Inflows of Resources	6,701,600	13,163,538	19,865,138	764,074
<u>Net Position</u>				
Net investment in capital assets	9,754,087	19,652,586	29,406,673	-
Restricted for:				
Debt service	25,487	1,483,118	1,508,605	-
Unrestricted	(637,611)	1,477,128	839,517	(620,956)
Total Net Position	\$ 9,141,963	22,612,832	31,754,795	(620,956)
Total Liabilities and Net Position	\$ 15,843,563	35,776,370	51,619,933	143,118

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Electric Department	Water & Sewer Department	Total Proprietary Funds	Internal Service Fund
<u>Operating Revenues</u>				
Charges for services	\$ 13,129,230	6,486,819	19,616,049	405,741
Total Operating Revenues	13,129,230	6,486,819	19,616,049	405,741
<u>Operating Expenses</u>				
Purchased power	9,869,832	-	9,869,832	-
Operating and maintenance	1,552,060	3,848,131	5,400,191	369,764
Capital outlay	-	-	-	4,120
Depreciation	511,951	1,475,186	1,987,137	-
Miscellaneous	926,004	480,000	1,406,004	-
Total Operating Expenses	12,859,847	5,803,317	18,663,164	373,884
Operating Income (Loss)	269,383	683,502	952,885	31,857
<u>Nonoperating Revenues (Expenses)</u>				
Federal grant income	-	22,343	22,343	-
Interest income	50,552	34,879	85,431	-
Interest expense	(19,113)	(231,368)	(250,481)	-
Construction in aid funds	158,800	-	158,800	-
Amortization	(831)	(20,310)	(21,141)	-
Loss on meter retirement	-	(8,220)	(8,220)	-
Total Nonoperating Revenue (Expenses)	189,408	(202,676)	(13,268)	-
Change in Net Position	458,791	480,826	939,617	31,857
Net Position, Beginning	8,683,172	22,132,006	30,815,178	(652,813)
Net Position, Ending	\$ 9,141,963	22,612,832	31,754,795	(620,956)

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Electric Department	Water & Sewer Department	Total Proprietary Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 13,129,230	6,486,819	19,616,049	405,741
Payments to suppliers	(11,654,587)	(2,825,544)	(14,480,131)	(135,170)
Payments to employees	(1,109,954)	(827,282)	(1,937,236)	(146,637)
Other receipts (payments)	-	(480,000)	(480,000)	-
Net Cash Flows Provided by Operating Activities	<u>364,689</u>	<u>2,353,993</u>	<u>2,718,682</u>	<u>123,934</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(425,456)	(937,397)	(1,362,853)	(4,120)
Federal grant revenue	-	22,343	22,343	-
Proceeds from debt	158,533	-	158,533	-
Principal payment on capital debt	(137,284)	(1,684,593)	(1,821,877)	-
Interest payment on capital debt	(19,298)	(245,694)	(264,992)	-
Other receipts (payments)	158,800	1,287,518	1,446,318	-
Net Cash Flows Used by Capital and Related Financing Activities	<u>(264,705)</u>	<u>(1,557,823)</u>	<u>(1,822,528)</u>	<u>(4,120)</u>
Cash Flows from Investing Activities				
Interest revenue	50,552	34,879	85,431	-
Other property and investments	(9,515)	-	(9,515)	-
Net Cash Flows Provided by Investing Activities	<u>41,037</u>	<u>34,879</u>	<u>75,916</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	141,021	831,049	972,070	119,814
Cash and Cash Equivalents at Beginning of Year	<u>1,296,029</u>	<u>3,621,996</u>	<u>4,918,025</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,437,050</u>	<u>4,453,045</u>	<u>5,890,095</u>	<u>119,814</u>
Cash and Cash Equivalents:				
Unrestricted	\$ 1,411,563	2,969,927	4,381,490	119,814
Restricted	25,487	1,483,118	1,508,605	-
Total	<u>\$ 1,437,050</u>	<u>4,453,045</u>	<u>5,890,095</u>	<u>119,814</u>

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, 2023

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 27,409
Fines Receivables	<u>7,496</u>
Total Assets	<u><u>34,905</u></u>
Liabilities	
Intergovernmental Payables	12,643
Due to other governments	<u>22,262</u>
Total Liabilities	\$ <u><u>34,905</u></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. No component units existed as of June 30, 2023.

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.

Urban Renewal Bonds Fund – This fund is a capital projects fund which is used for costs associated with infrastructure improvements within the City.

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.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

b) Basis of Presentation (Continued)

Additionally, the City reports the following fund types:

Governmental Funds

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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)

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

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

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

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

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

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

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

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

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

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

d) Encumbrances

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

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

1. Cash and Cash Equivalents

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

Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested. West Point Electric Department has investment with Central Service Association of \$49,595 at June 30, 2023.

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.

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)

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. 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. Leases

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 report by governments. GASB 87 was implemented during fiscal year 2022.

11. 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.

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)

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

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

Unassigned fund balance is the residual classification for the general fund. This classification 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.

12. Accounting Standards Update

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023 fiscal year. Prior to the issuance of this statement, there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs. The City assessed its information technology arrangements and had no SBITAs meeting GASB Statement No. 96 recognition criteria as of June 30, 2023.

f) Use of Estimates

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

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

g) Economic Dependency

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

Note 2 – Cash and Cash Equivalents

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the City to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (3)m Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations; not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects) bond sinking funds (Debt Service Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund. The carrying amount of the City's deposits with financial institutions at June 30, 2023, reported in the governmental funds and proprietary funds was \$13,114,018 and \$5,890,095, 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, 2023, the City's total bank balance is \$19,515,006. \$12,505,097 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, 2023:

	<u>Due From</u>	<u>Due To</u>
<u>Governmental</u>		
Major Funds		
General Fund	2,967,210	267,262
Non-major Funds		
McCharen Field Fund		81,577
Homeland Security Grant Fund	159	
Urban Youth Fund	10,320	
Eshman Avenue Overlay Fund	18,133	79,026
BCBS Fund		2,525
Churchhill Road		15,000
Nature's TIF Bond Fund		125,470
Modernization Revenue Fund	350	
Northside School Improvements Fund		39,755
Tourism Tax Fund		405,140
Bond and Interest Fund	151,827	1,229,845
<u>Total Governmental</u>	<u>3,147,999</u>	<u>2,245,600</u>
<u>Proprietary Funds</u>		
West Point Electric Department	86,562	726,864
West Point Water and Sewer Fund	1,781,147	1,311,075
<u>Total Proprietary Funds</u>	<u>1,867,709</u>	<u>2,037,939</u>
<u>Internal Service Funds</u>		
City Maintenance Shop Fund		732,169
	<u>5,015,708</u>	<u>5,015,708</u>

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

Transfers In/Out:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental</u>		
Major funds		
General Fund	33,899	36,028
Non-major funds		
Bond and Interest Fund	36,028	
Northside School Improvements Fund		33,899
<u>Total Governmental</u>	<u>69,927</u>	<u>69,927</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 4 – Intergovernmental Receivables

Intergovernmental receivables at June 30, 2023, consisted of the following:

Mississippi Bureau of Revenue	\$ 305,089
U.S. Department of Justice	3,880
	<u>\$ 308,969</u>

Note 5 – Capital Assets

The following is a summary of capital assets activity for the year ended June 30, 2023:

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2023</u>
Governmental Activities				
Land	\$ 684,739	-	-	684,739
Buildings and equipment	20,209,122	2,085,756	(5,000)	22,289,878
Infrastructure	5,164,247	156,128	-	5,320,375
Construction in progress	156,128	829,352	(156,128)	829,352
Less: Accumulated Depreciation	<u>(10,714,377)</u>	<u>(546,447)</u>	<u>4,500</u>	<u>(11,256,324)</u>
Governmental Activities Capital Assets	<u>\$ 15,499,859</u>	<u>2,524,789</u>	<u>(156,628)</u>	<u>17,868,020</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,010,972	1,001	-	1,011,973
Construction in progress	<u>8,076,146</u>	<u>561,578</u>	<u>(7,555,648)</u>	<u>1,082,076</u>
Total Capital Assets Not Being Depreciated	<u>9,087,118</u>	<u>562,579</u>	<u>(7,555,648)</u>	<u>2,094,049</u>
Depreciable Capital Assets:				
Distribution and collection systems	66,400,814	1,551,213	(13,329)	67,938,698
Buildings and equipment	<u>5,560,650</u>	<u>6,818,246</u>	<u>(19,358)</u>	<u>12,359,538</u>
Total Depreciable Capital Assets	<u>71,961,464</u>	<u>8,369,459</u>	<u>(32,687)</u>	<u>80,298,236</u>
Less: Accumulated Depreciation	<u>(41,033,263)</u>	<u>(1,987,136)</u>	<u>24,259</u>	<u>(42,996,140)</u>
Total Depreciable Capital Assets, Net	<u>30,928,201</u>	<u>6,382,323</u>	<u>(8,428)</u>	<u>37,302,096</u>
Total Business-type Activities Capital Assets	<u>\$ 40,015,319</u>	<u>6,944,902</u>	<u>(7,564,076)</u>	<u>39,396,145</u>

Lease assets, net (Note 7) \$ 41,548

Total capital assets, net, as reported in the statement of net position \$ 57,305,713

Depreciation expenses was charged to the following functions:

Governmental Activities:	
General Government	\$ 172,448
Public Safety - Police	103,507
Public Safety - EMA	11,402
Public Safety - Fire	99,716
Public Works	121,411
Culture and Recreation	<u>37,963</u>
Total governmental activities depreciation expense	<u>\$ 546,447</u>
Business-type Activities:	
Electric	\$ 511,951
Water and Sewer	<u>1,475,185</u>
Total business-type depreciation expense	<u>\$ 1,987,136</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 6 – 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 7 – Long-term Liabilities

The government has pledged specific revenue sources to secure the repayment of its outstanding urban renewal revenue bonds and tax increment financing (TIF) bonds. The urban renewal revenue bonds are secured by and payable solely from revenues generated within the designated urban renewal area, which may include lease payments, project-generated revenues, or other legally dedicated funds. The TIF bonds are secured by the incremental increase in ad valorem (property) tax revenues derived from the designated tax increment district, as established under state law. These pledged revenues are committed for the repayment of principal and interest on the respective bonds until maturity and may not be used for other purposes while the bonds remain outstanding. The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 3,789,000	-	(408,000)	3,381,000	426,000
Add: Premiums	-	14,794	-	14,794	1,233
TIF Bonds Payable	628,384	-	(37,914)	590,470	39,363
Revenue Bonds	-	4,500,000	(192,000)	4,308,000	391,000
Financed Purchases	378,322	1,287,518	(227,342)	1,438,498	112,588
Other loans payable	70,317	-	(32,249)	38,068	29,116
Compensated absences	306,346	-	(2,735)	303,611	-
Total Governmental Activities	<u>5,172,369</u>	<u>5,802,312</u>	<u>(900,240)</u>	<u>10,074,441</u>	<u>999,300</u>
Business-type Activities					
Bonds payable:					
Water and Sewer Department	1,326,942	-	(592,363)	734,579	468,754
Add: Premiums	3,362	-	(2,069)	1,293	1,293
Financed Purchases:					
Electric Department	724,575	158,533	(137,268)	745,840	150,308
Water and Sewer Department	1,921,154	-	(289,908)	1,631,246	296,299
Notes payable:					
Water and Sewer Department	7,680,129	-	(802,322)	6,877,807	718,691
Total Business-type Activities	<u>11,656,162</u>	<u>158,533</u>	<u>(1,823,930)</u>	<u>9,990,765</u>	<u>1,635,345</u>
Total Government-wide	<u>\$ 16,828,531</u>	<u>5,960,845</u>	<u>(2,724,170)</u>	<u>20,065,206</u>	<u>2,634,645</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 7 – Long-term Liabilities (Continued)

	Origination Date	Maturity Date	Rate	Balance 6/30/2023
Governmental Activities:				
General Obligation Bonds:				
2009 Road and Street Bonds	10/1/2009	10/01/2024	4.00–4.25%	\$ 345,000
McClure Building Bonds	3/06/2014	2/01/2029	4.13–4.63%	225,000
2017 Street Bonds	5/15/2017	3/15/2032	3.40%	936,000
Series 2020	6/30/2020	6/01/2035	1.50-2.00%	1,875,000
Total General Obligation Bonds				3,381,000
Tax Increment Financing Bonds:				
Nature's Golf TIF Bonds	4/01/2020	4/01/2035	3.95%	590,470
Total Tax Increment Financing Bonds				590,470
Revenue Bonds:				
Urban Renewal Revenue Bonds, Series 2022	2/15/2023	2/15/2033	3.40%	4,308,000
Total Revenue Bonds				4,308,000
Financed Purchases:				
Lease Purchase - Equipment	12/19/2016	8/19/2028	2.21%	78,763
Lease Purchase - 1 Dodge Charger	10/01/2019	10/01/2023	3.38%	1,772
Lease Purchase - LED Streetlights	6/02/2023	6/02/2033	6.05%	1,287,518
Lease Purchase - 4 Dodge Durangos	9/08/2021	9/08/2025	1.28%	70,445
Total Financed Purchases				1,438,498
Other Loans Payable:				
Note Payable - 2 Police Cars	6/01/2020	4/01/2024	2.72%	11,463
Note Payable - Fire Rescue Truck	12/20/2016	12/01/2020	2.10%	26,605
Total Other Loans Payable				38,068
Total Governmental Activities				9,756,036
Business-type Activities:				
Revenue Bonds:				
Waterworks - USDA revenue bonds	6/01/2003	6/01/2035	5.00%	284,579
Waterworks - G.O. refunding bonds	12/15/2011	9/15/2023	2.50–3.50%	450,000
Total Revenue Bonds				734,579
Financed Purchases:				
Electric department - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	615,235
Electric department - Equipment lease purchase	12/26/2022	9/26/2026	3.69%	130,605
Waterworks - Equipment lease purchase	12/19/2016	8/19/2028	2.21%	1,631,246
Total Financed Purchases				2,377,086
Notes Payable:				
Waterworks - State of MS	4/01/2004	9/01/2023	3.00%	8,684
Waterworks - State of MS	7/05/2005	3/05/2025	1.75%	302,413
Waterworks - State of MS	3/15/2007	11/15/2026	1.75%	158,087
Waterworks - State of MS	11/17/2012	6/17/2032	1.75%	647,918
Waterworks - State of MS	6/09/2014	2/04/2034	1.75%	2,958,326
Waterworks - State of MS	7/22/2013	6/01/2036	2.00%	1,907,974
Waterworks - U.S. Dept. of Agriculture	6/24/2009	4/06/2049	4.13%	555,471
Waterworks - U.S. Dept. of Agriculture	12/15/2016	12/15/2056	1.88%	239,796
Waterworks - U.S. Dept. of Agriculture	2/09/1994	3/06/2033	5.13%	79,783
Note Payable-Cadence Bank	7/24/2020	7/24/2024	2.21%	19,355
Total Notes Payable				6,877,807
Total Business-type Activities				9,989,472
Total Government-wide				\$ 19,745,508

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 7 – Long-term Liabilities (Continued)

The annual debt service requirements of bonds, notes and capital leases are as follows:

Governmental Activities:

General Obligation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	334,000	26,718	360,718
2029-2033	1,260,000	52,018	1,312,018
2034-2035	365,000	7,350	372,350
Total	<u>\$ 3,381,000</u>	<u>253,966</u>	<u>3,634,966</u>

Urban Renewal Revenue Bond:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	391,000	143,174	534,174
2025	405,000	129,761	534,761
2026	419,000	115,872	534,872
2027	433,000	101,507	534,507
2028	448,000	86,666	534,666
2029-2033	2,212,000	192,270	2,404,270
Total	<u>\$ 4,308,000</u>	<u>769,250</u>	<u>5,077,250</u>

TIF Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	39,363	24,821	64,184
2025	41,011	23,372	64,383
2026	42,586	21,724	64,310
2027	44,268	20,149	64,417
2028	45,982	16,753	62,735
2029-2033	258,851	73,575	332,426
2034-2036	118,409	7,061	125,470
Total	<u>590,470</u>	<u>187,455</u>	<u>777,925</u>

Financed Purchases:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 146,932	79,764	226,696
2025	154,328	72,488	226,816
2026	124,589	65,339	189,928
2027	131,776	58,153	189,929
2028	139,268	50,666	189,934
2029-2033	741,605	125,158	866,763
Total	<u>\$ 1,438,498</u>	<u>451,568</u>	<u>1,890,066</u>

Other Loans Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,035	618	29,653
2025	9,033	126	9,159
Total	<u>\$ 38,068</u>	<u>744</u>	<u>38,812</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 7 – Long-term Liabilities (Continued)

Business-type Activities:

Revenue Bonds, Lease Obligations, and Notes Payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,634,052	210,195	1,844,247
2025	1,158,133	176,571	1,334,704
2026	1,032,442	153,892	1,186,334
2027	994,945	131,411	1,126,356
2028	985,540	110,222	1,095,762
2029-2033	2,918,917	328,771	3,247,688
2034-2038	883,060	102,540	985,600
2039-2043	191,401	55,079	246,480
2044-2048	157,637	22,975	180,612
2049	33,345	628	33,973
Total	\$ 9,989,472	1,292,284	11,281,756

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

Legal Debt Margin – The amount of debt—excluding specific exempted debt—that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of June 30, 2023, the amount of outstanding debt was equal to 9% of the latest property assessments.

Note 8 – Intangible Right-to-Use Leases

A summary of lease asset activity during the year ended June 30, 2023 is as follows:

Governmental Activities:

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>Balance 6/30/2023</u>
<u>Lease assets:</u>					
Office Equipment	\$ -	52,973	-	-	52,973
Total lease assets	-	52,973	-	-	52,973
<u>Less accumulated amortization for:</u>					
Lease assets:					
Office Equipment	-	11,425	-	-	11,425
Total accumulated amortization	-	11,425	-	-	11,425
Total lease assets, net	-	41,548	-	-	41,548
Total governmental activities lease assets, net	\$ -	41,548	-	-	41,548

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 8 – Intangible Right-to-Use Leases (Continued)

Amortization expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
Public safety - Police	\$ 693
Public safety - EMA	1,666
Highways and streets	247
General government	8,819
Total governmental activities amortization expense	<u>\$ 11,425</u>

A summary of lease liabilities during the year ended June 30, 2023 is as follows:

	<u>Balance</u>				<u>Balance</u>
	<u>6/30/2022</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>6/30/2023</u>
Lease liabilities	\$ -	52,973	-	10,385	42,588
Total	<u>\$ -</u>	<u>52,973</u>	<u>-</u>	<u>10,385</u>	<u>42,588</u>

The City is a lessee for various non-cancellable leases of office equipment. For leases that have a maximum possible term of 12 months or less at commencement, the City recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the City recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The City generally uses the federal prime rate as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a city or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the City and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 8 – Intangible Right-to-Use Leases (Continued)

As Lessee:

The City has entered into multiple lease agreements with Enterprise Fleet Management for the lease of vehicles owned by Enterprise Fleet Management. Lease terms range from January 2022 through December 2027. The lease agreements can only be cancelled if both parties agree. There is an option to extend the lease agreements on a month-to-month basis for an unlimited period. There are no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
JT Ray Company	6.00%	46 mos	7/15/2022	4/15/2026	64	2,025
JT Ray Company	6.00%	48 mos	11/15/2022	11/15/2026	40	1,469
JT Ray Company	6.00%	46 mos	7/15/2022	4/15/2026	662	20,795
JT Ray Company	6.00%	46 mos	7/15/2022	4/15/2026	155	4,869
JT Ray Company	6.00%	23 mos	7/15/2022	5/15/2024	40	432
JT Ray Company	5.00%	48 mos	1/15/2022	1/15/2027	27	1,066
JT Ray Company	6.00%	48 mos	3/15/2023	3/15/2027	49	1,981
JT Ray Company	6.00%	48 mos	3/15/2023	3/15/2027	54	2,183
Pitney Bowes	6.00%	60 mos	12/30/2022	12/15/2027	164	7,768
					\$ 1,255	\$ 42,588

The following is a schedule by years of total payments due as of June 30, 2023:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2024	\$ 12,824	2,336
2025	13,153	2,155
2026	12,423	1,378
2027	3,169	597
2028	1,019	153
Total	\$ 42,588	6,619

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 9 – Contingencies

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

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

Note 10 – Defined Benefit Pension Plan

The Public Employee's Retirement System of Mississippi (PERS) assigns a proportionate share of the collective net pension liability to each participating employer based on the employer's contributions to the plan. The City of West Point participates in PERS under three separate employer accounts: one covering all activities of the City excluding the Electric and Water departments, one covering the Electric department, and one covering the Water department. These allocations are reported separately.

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 is available at www.PERS.ms.gov.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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, 2023 and 2022 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, 2023, 2022 and 2021 were \$718,770, \$670,572 and \$694,106, respectively, which equaled the required contributions for each year. The Electric Department's contributions for fiscal years ending June 30, 2023, 2022 and 2021 were \$193,132, \$171,692, and \$159,623, which equaled the required contributions for each year. The Water Department's contributions for fiscal years ending June 30, 2023, 2022 and 2021 were \$133,043, \$133,969, and \$135,175, 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, 2023, the City, Electric Department, and Water Department reported liabilities of \$11,103,021, \$2,950,253, and \$2,302,074, respectively, for its proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023, the City, Electric Department, and Water department's proportions were 0.053941 percent, 0.014333 percent, and 0.011184 percent, respectively.

For the year ended June 30, 2023, the City, Electric department, and Water department recognized pension expense of \$804,907, \$199,081, and \$279,585, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,951	-
Net difference between projected and actual earnings on pension plan investments	377,450	-
Changes of assumptions	427,173	-
Change in proportion percentage	24,031	591,759
City contributions subsequent to the measurement date	695,739	-
	<u>\$ 1,689,344</u>	<u>591,759</u>

At June 30, 2023, the Electric department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,774	-
Net difference between projected and actual earnings on pension plan investments	154,961	-
Changes of assumptions	102,038	-
Change in proportion percentage	75,967	214,965
City contributions subsequent to the measurement date	193,132	-
	<u>\$ 567,872</u>	<u>214,965</u>

At June 30, 2023, the Water department 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	\$ 32,595	-
Net difference between projected and actual earnings on pension plan investments	120,916	-
Changes of assumptions	79,620	-
Change in proportion percentage	80,403	65,352
City contributions subsequent to the measurement date	133,043	-
	<u>\$ 446,577</u>	<u>65,352</u>

\$695,739, \$193,132, and \$133,043 reported as deferred outflows of resources related to pensions resulting from the City, Electric department, and Water department's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		City	Electric Department	Water Department
Year Ended June 30,				
	2024	\$ 108,207	10,774	104,613
	2025	15,972	(6,043)	54,681
	2026	(324,814)	(5,044)	(36,029)
	2027	602,481	160,088	124,917
Thereafter		-	-	-
		<u>\$ 401,846</u>	<u>159,775</u>	<u>248,182</u>

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are 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 for service retirees were based on 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 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	<u>100.00 %</u>	

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 10 – Defined Benefit Pension Plan (Continued)

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 14,490,576	\$ 11,103,021	\$ 8,310,154
Electric department's proportionate share of the net pension liability	\$ 3,850,381	\$ 2,950,253	\$ 2,208,143
Water department's proportionate share of the net pension liability	\$ 3,004,442	\$ 2,302,074	\$ 1,723,008

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	60,893
State Street Grant	15,000
Street Paving Fund	20,269
Airport Fund	11,579
Dunlap Bridge Construction Fund	198
City Bond and Interest Fund	177,468
TIF Bond Debt Service	125,024

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, 2023; therefore, no liability has been accrued at this time.

Note 13 – Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(8,430,922) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$695,739 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The \$993,605 balance of deferred outflows of resources related to pensions at June 30, 2023, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position of \$(8,430,922) includes the effect of deferred inflows related to pensions. The \$591,759 balance of the deferred inflows of resources related to pensions at June 30, 2023, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$839,517 includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$326,175 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The \$688,274 balance of deferred outflows of resources related to pensions at June 30, 2023, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$839,517 includes the effect of deferred outflows of resources related to deferred debt expense from issuance of bonds. The \$39,962 balance of deferred outflows of resources related to deferred debt expense at June 30, 2023, will be recognized as amortized expense over the next two years.

The business-type activities unrestricted net position amount of \$839,517 includes the effect of deferred outflows of resources related to loss on debt defeasance. The \$2,381 balance of deferred outflows related to loss on debt defeasance at June 30, 2023, will be recognized as expense next year.

The business-type activities' unrestricted net position amount of \$839,517 includes the effect of deferred inflows of resources related to pensions. The \$280,317 balance of the deferred inflows of resources related to pensions at June 30, 2023, will be recognized in pension expense over the next four years.

CITY OF WEST POINT, MISSISSIPPI
Notes to Financial Statements

Note 14 – Prior Period Adjustment

Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds

Explanation	Amount
System processing flaw in the accounting software for prior period account balances	\$ (6,750)
Total prior period adjustment	<u>\$ (6,750)</u>

Statement of Activities- Governmental Activities

Explanation	Amount
System processing flaw in the accounting software for prior period account balances	\$ (6,750)
Total prior period adjustment	<u>\$ (6,750)</u>

Note 15 – 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 October 31, 2025, which is the date the financial statements were available to be issued and the following subsequent events follows:

- On July 6, 2023, the City entered into a lease purchase agreement with Cadence Equipment Finance for Wastewater UV Lighting in the amount of \$453,669.44. The terms are 48 months at 5.39% interest.
- On November 15, 2023, the City sold 3.2104 Acres of land for \$43,263.50 to B. Bryan Farms, Inc.
- 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST POINT, MISSISSIPPI
Budgetary Comparison Schedule -
General Fund
For the Year Ended June 30, 2023

		Budgeted Amounts		Actual (Modified Accrual Basis)	Variances	
					Favorable (Unfavorable)	
		Original	Final	Original to Final	Final to Actual	
Revenues:						
Property taxes	\$	2,681,232	2,806,100	2,687,520	124,868	(118,580)
Licenses and permits		23,000	23,000	27,799	-	4,799
Franchise taxes		142,000	160,000	196,399	18,000	36,399
In lieu of taxes		1,220,396	1,391,780	1,672,024	171,384	280,244
Intergovernmental revenues		2,830,024	2,790,344	3,650,357	(39,680)	860,013
Charges for services		1,370,013	1,458,213	1,952,728	88,200	494,515
Penalties and interest		75,000	75,000	81,889	-	6,889
Fines and forfeitures		172,400	163,682	169,219	(8,718)	5,537
Interest income		55,000	35,000	148,768	(20,000)	113,768
Miscellaneous		30,000	40,000	725,842	10,000	685,842
Total Revenues		8,599,065	8,943,119	11,312,545	344,054	2,369,426
Expenditures:						
General government		1,630,712	1,782,158	2,487,486	151,446	(705,328)
Public safety		3,903,334	4,153,313	3,997,612	249,979	155,701
Public works		2,240,292	2,203,016	2,335,543	(37,276)	(132,527)
Culture and recreation		354,301	349,201	288,787	(5,100)	60,414
Cemetery		-	100	180	100	(80)
Miscellaneous				6,232	-	(6,232)
Capital Outlay		28,105	28,100	2,017,931	(5)	(1,989,831)
Debt service:						-
Principal		216,118	286,784	269,976	70,666	16,808
Interest			9,339	16,459	9,339	(7,120)
Total Expenditures		8,372,862	8,812,011	11,420,206	439,149	(2,608,195)
Excess (Deficiency) of Revenues over (under) Expenditures						
		226,203	131,108	(107,661)	(95,095)	(238,769)
Other Financing Sources (Uses):						
Leases issued		-	-	52,973	-	52,973
Proceeds from financed purchases		-	-	1,287,518	-	1,287,518
Proceeds from sale of capital assets		-	-	2,500	-	2,500
Operating transfers in		-	-	33,899	-	33,899
Operating transfers out		-	-	(36,028)	-	(36,028)
Total Other Financing Sources (Uses)		-	-	1,287,889	-	1,287,889
Net Change in Fund Balances						
		226,203	131,108	1,180,228	(95,095)	1,049,120
Fund Balances:						
July 1, 2022, as previously reported		1,815,964	1,815,964	1,815,964	-	-
Prior period adjustment		-	-	(6,750)	-	(6,750)
July 1, 2022, as restated		1,815,964	1,815,964	1,809,214	-	(6,750)
June 30, 2023	\$	2,042,167	1,947,072	2,989,442	(95,095)	1,042,370

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

CITY OF WEST POINT, MISSISSIPPI
Budgetary Comparison Schedule -
ARPA Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Intergovernmental revenues	\$ -	-	415,008	-	415,008
Interest income	-	-	3,041	-	3,041
Total Revenues	-	-	418,049	-	418,049
Expenditures:					
Culture and recreation	-	-	49,500	-	49,500
Capital Outlay		-	365,508	-	365,508
Total Expenditures	-	-	415,008	-	415,008
Excess (Deficiency) of Revenues over (under) Expenditures					
	-	-	3,041	-	3,041
Net Change in Fund Balances					
	-	-	3,041	-	3,041
Fund Balances:					
July 1, 2021	-	-	789	-	789
June 30, 2022	\$ -	-	3,830	-	3,830

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
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<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)	0.053941%	0.060004%	0.059908%	0.060107%	0.057927%	0.057927%	0.056200%	0.057397%	0.059822%
City's proportionate share of the net pension liability (asset)	\$ 11,103,021	\$ 8,868,854	11,597,493	12,160,233	10,170,364	9,375,924	10,038,723	10,188,488	7,261,296
City's covered-employee payroll	\$ 3,853,862	\$ 3,989,115	3,543,391	3,920,622	3,856,483	3,622,813	3,597,225	4,127,917	3,645,629
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	288%	222%	327%	310%	264%	259%	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	60%	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
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<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	718,770	670,572	694,106	616,550	617,498	607,396	570,593	566,563	650,147
Contributions in relation to the contractually required contribution	718,770	670,572	694,106	616,550	617,498	607,396	570,593	566,563	650,147
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	4,130,862	3,853,862	3,989,115	3,543,391	3,920,622	3,856,483	3,622,813	3,597,225	4,127,917
Contributions as a percentage of covered-employee payroll	17.40%	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
Schedule of West Point Electric Department's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Electric Department's proportion of the net pension liability (asset)	0.014333%	0.013797%	0.016223%	0.016037%	0.015593%	0.015593%	0.014206%	0.015106%	0.016550%
Electric Department's proportionate share of the net pension liability (asset)	\$ 2,950,253	\$ 2,039,257	3,140,584	2,821,225	2,593,579	2,592,086	2,537,546	2,335,090	2,008,867
Electric Department's covered-employee payroll	\$ 986,736	\$ 917,374	1,080,224	1,044,419	995,780	998,336	906,825	943,721	1,011,314
Electric Department's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299%	222%	291%	270%	260%	260%	280%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	60%	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 Electric 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
Schedule of West Point Electric Department's Contributions
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<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	193,132	171,692	159,623	187,959	164,496	156,835	157,238	142,825	148,636
Contributions in relation to the contractually required contribution	193,132	171,692	159,623	187,959	164,496	156,835	157,238	142,825	148,636
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Electric Department's covered-employee payroll	1,109,954	986,736	917,374	1,080,224	1,044,419	995,780	998,336	906,825	943,721
Contributions as a percentage of covered-employee payroll	17.40%	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 Electric 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
Schedule of West Point Water Department's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Water Department's proportion of the net pension liability (asset)	0.011184%	0.011684%	0.011085%	0.010225%	0.009577%	0.009213%	0.010797%	0.012540%	0.013222%
Water Department's proportionate share of the net pension liability (asset)	\$ 2,302,074	\$ 1,726,946	2,145,927	1,798,779	1,592,940	1,531,513	1,928,614	1,938,437	1,604,909
Water Department's covered-employee payroll	\$ 769,937	\$ 776,868	738,092	665,911	606,629	591,022	690,698	783,429	807,917
Water Department's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299%	222%	291%	270%	263%	259%	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	60%	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 Water 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
Schedule of West Point Water Department's Contributions
For the Year Ended June 30, 2023
Last 10 Fiscal Years*

	<u>2023</u>	<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	133,043	133,969	135,175	128,428	104,881	95,544	93,086	108,785	123,390
Contributions in relation to the contractually required contribution	133,043	133,969	135,175	128,428	104,881	95,544	93,086	108,785	123,390
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Water Department's covered-employee payroll	764,615	769,937	776,868	738,092	665,911	606,629	591,022	690,698	783,429
Contributions as a percentage of covered-employee payroll	17.40%	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 Water 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 Mayor and Board of Selectmen and filed with the taxing authority. Amendments can be made on the approval of the Mayor and Board of Selectmen. By statute, final budget revisions must be approved on or before September 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.

(3) Unbudgeted Funds

The following funds were not budgeted for the year ended June 30, 2023:

Street Grant Fund
Eshman Ave. Overlay Fund
Northside School Improvements Fund
McCharen Field Fund
BCBS Grant Fund
ARPA Fund
Urban Renewal Bonds Fund

The unbudgeted funds are in violation of state law. However, the City has no liability associated with the violation.

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%.

CITY OF WEST POINT, MISSISSIPPI
Notes to Required Supplementary Information

Note 2: Pension Schedules (Continued)

(1) Changes of Assumptions

- 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.
 - 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%.

CITY OF WEST POINT, MISSISSIPPI
Notes to Required Supplementary Information

Note 2: Pension Schedules (Continued)

(1) Changes of Assumptions

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

(2) Changes in Benefit Provisions

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

(3) Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increases	3.00 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, 2023

Name	Position	Bond #	Amount
Rod Bobo	Mayor	65529910	50,000.00
Leta Turner	Selectwoman - Ward 1	107428942	100,000.00
William Binder	Selectman - Ward 2	107428943	100,000.00
Ken Poole	Selectman - Ward 3	107428945	100,000.00
Keith McBrayer	Selectman - Ward 4	60010897	100,000.00
Jasper Pittman	Selectman - Ward 5	107428944	100,000.00
Randy Jones	City Administrator	104897977	50,000.00
Natasha Rose	City Accountant	107758760	50,000.00
Delores Doss	City Clerk	3009447	50,000.00
Rita Mattix	Deputy Clerk	3009442	50,000.00
Avery Cook	Police Chief	106815911	50,000.00
Carla Golden	Clerk Bond	107246157	10,000.00
Yalunka Shields	Court Clerk	60010866	10,000.00
John Langford	Police Officer	60008165	10,000.00
Carl Carter	Police Officer	106309453	10,000.00
Arnie Cade	Police Officer	107042746	10,000.00
Michael Banks	Police Officer	107428448	10,000.00
Lealon Cook	Police Officer	107409259	10,000.00
Parrish Petty	Police Officer	107407823	10,000.00
Alex Jackson	Police Officer	107409257	10,000.00

CITY OF WEST POINT, MISSISSIPPI
Schedule Reconciling Original Ad Valorem Tax Rolls
to Fund Collections
For The Year Ended June 30, 2023

<u>Assessed Valuation</u>		<u>Municipal</u>	<u>School</u>	
Real	\$	77,503,496	59,043,069	
Personal		31,120,073	39,519,271	
Personal-auto		9,162,177	18,599,520	
Utilities		1,810,152	9,784,778	
Total Municipal at 93.55 Mills		<u>119,595,898</u>		\$ 10,827,471
Total School at 56.50 Mills			<u>126,946,638</u>	4,052,675
<u>Adjustments:</u>				
Add:	Homestead Reimbursement			
	Prior year tax collection			
	Special tax			
	Interest and Penalties		<u>41,540</u>	41,540
Less:	Regular Homestead Exemptions		(265,218)	
	Additional Homestead Exemptions		<u>(1,139,132)</u>	(1,404,350)
	Net additions/delections		<u>(1,404,350)</u>	
Total to be Accounted For				\$ <u>13,517,336</u>

<u>Collection Credits to Funds:</u>	<u>Taxes</u>	<u>Interest & Penalties</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Municipal General Fund	\$ 2,687,520		228,858	\$ 2,916,378
City Bond & Interest	369,193			369,193
Library	149,269			149,269
School District Maintenance	9,622,511			9,622,511
School Debt Service	416,910			416,910
Total	<u>\$ 13,245,403</u>	<u>-</u>	<u>202,091</u>	<u>\$ 13,474,261</u>

<u>Balance Represented By:</u>				
Unpaid: Real		\$	12,763	
Personal			51,382	
Unaccounted for (undersettled)			<u>(21,070)</u>	\$ 43,075
Total Accounted For				\$ <u>13,517,336</u>

SPECIAL REPORTS



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

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

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

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 West Point, Mississippi, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of West Point, Mississippi's basic financial statements and have issued our report thereon dated October 31, 2025.

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 **2023-01, 2023-04, 2023-05, and 2023-06** 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 **2023-02 and 2023-03** 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 **2023-05 and 2023-06**.

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
October 31, 2025

Watkins Ward and Stafford, PLLC



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

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Dana R. Estes, CPA
April W. Posey, CPA
Lauren M. Bowen, 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, 2023, 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 October 31, 2025.

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 our tests indicate, with respect to the items tested, the City of West Point complied with the provisions referred to in the preceding paragraph, except as described below:

Finding 2023-01

The City of West Point failed to meet the requirements of preparing a budget for each fund. The City only prepared a budget for the general fund. Mississippi Code Section 21-35-5 requires budgets to reflect all revenues, expenses, and working cash balances estimated for the next fiscal year, for each fund.

Recommendation

The City of West Point should implement procedures to ensure compliance with Miss. Code Section 21-35-5 by adopting budgets for each fund that anticipates to have revenues, expenses, and working cash balances.

Response

The City of West Point will follow proper budget laws, including Miss. Code Section 21-35-5, for all future fiscal years.

Finding 2023-02

The City of West Point failed to have the required surety bond coverage for multiple public officials, including the court clerk and one or more deputy clerks. This is in violation of Miss. Code Ann. Section 25-1-15, which requires the stated positions to have coverage no less than \$50,000.

Recommendation

The City of West Point should ensure that the court clerk and all deputy clerks are bonded for at least \$50,000 in accordance with Miss. Code Ann. 25-1-15.

Response

Management acknowledges the finding and will obtain the required bond coverage to comply with state law.

Finding 2023-03

The City of West Point failed to submit a timely annual depositor's report to the State Treasurer. Miss. Code Ann. Section 27-105-1 states the report should be submitted no later than 30 days after the start of the fiscal year. The report was submitted on August 28, 2023.

Recommendation

The City of West Point should implement controls to ensure that the Annual Depositor's report is submitted timely for future years.

Response

Management acknowledges the finding and will submit the report by the deadline for all future fiscal years.

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
October 31, 2025

Watkins Ward and Stafford, PUC

SCHEDULE OF FINDINGS AND RESPONSES

**CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023**

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*.

Material Weakness

2023-01 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.

CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023

Significant Deficiency

2023-02 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.

Significant Deficiency

2023-03 Inadequate Segregation of Duties and Conflict of Interest Related to a Contracted Former Employee

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework and the Government Finance Officers Association (GFOA) recommend proper segregation of duties to reduce the risk of error or fraud. Adequate segregation ensures that no one individual has responsibility for authorizing, processing, recording, and reconciling the same transaction.

Additionally, Mississippi Code Annotated § 25-4-105(1) prohibits public officials and employees from using their position to obtain pecuniary benefit for themselves or others, and requires avoidance of both actual and perceived conflicts of interest.

CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023

Significant Deficiency

2023-03 Inadequate Segregation of Duties and Conflict of Interest Related to a Contracted Former Employee (Continued)

Condition: During our audit, we noted that a former employee of the City, who was subsequently contracted to assist in the accounting department, had access to the accounting system and the City's check stock. This individual was permitted to both prepare and print checks, including checks payable to themselves for contracted services.

Cause: The City did not implement sufficient oversight and segregation of duties when reengaging the former employee as a contractor. As a result, the individual was granted inappropriate access and authority to perform multiple conflicting functions within the disbursement process.

Effect: Allowing an individual to prepare and print their own check creates an opportunity for unauthorized or inappropriate disbursements and exposes the City to potential misuse of public funds. This condition constitutes a significant deficiency in internal control over financial reporting and compliance. If uncorrected, it could result in a material weakness or lead to violations of state ethics laws.

Recommendation: The City should immediately segregate key duties related to check preparation, approval, and issuance. Specifically:

No individual—employee or contractor—should have the ability to both initiate and process payments to themselves.

Management should periodically review access permissions within the accounting system and ensure appropriate oversight of all contracted personnel involved in financial functions.

Views of Responsible Officials of the Auditee

Management concurs with the finding. The City has implemented additional internal control procedures to prevent any individual from preparing or printing checks payable to themselves. Effective immediately, all disbursements are subject to dual review and approval prior to issuance. Access to the accounting system has been restricted to City employees only.

Material Weakness

2023-04 Internal Control over Financial Reporting

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: During the audit, significant adjustments were identified and proposed by the auditors that were necessary for the financial statements to be presented fairly in accordance with generally accepted accounting principles (GAAP). These adjustments were accepted and posted by management.

Cause: The municipality's internal control system did not detect or prevent material misstatements in the financial statements prior to the audit.

**CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023**

Material Weakness

2023-04 Internal Control over Financial Reporting (Continued)

Effect: Without the auditor's proposed adjustments, the financial statements would have been materially misstated. This indicates a deficiency in the municipality's financial reporting controls.

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 and Material Weakness

2023-05 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
ARPA Fund	415,008
Urban Renewal Bonds Fund	108,600

**CITY OF WEST POINT, MISSISSIPPI
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023**

Material Non-Compliance and Material Weakness

2023-06 Bank Account Not Under Municipal Control

Criteria: Mississippi Code Annotated § 21-39-3 requires all municipal funds to be deposited in a depository selected and approved by the governing authority. Further, the Municipal Audit and Accounting Guide issued by the Mississippi Office of the State Auditor requires that all municipal bank accounts be approved by the board, recorded in the official accounting records, and reconciled monthly to ensure accurate reporting and accountability.

The COSO internal control framework and Government Auditing Standards require that all assets be subject to the entity's internal controls and financial reporting process to prevent misstatement or misappropriation.

Condition: During our audit, we identified a bank account held in the name of the City's police department that was not included in the City's general ledger or otherwise subject to its established accounting controls. The account was opened and maintained outside the oversight of the City's governing authority and was not reconciled or reported as part of the City's financial statements.

Cause: The existence of an unrecorded bank account indicates that the City's internal controls over cash management and financial reporting were not adequately designed or implemented to ensure that all financial activities are properly authorized, recorded, and reported.

Effect: Failure to maintain control over all bank accounts creates a risk that public funds may be misused, misappropriated, or excluded from the City's financial records. This condition constitutes material noncompliance with state law and represents a significant deficiency in internal control over financial reporting.

Recommendation: The City should immediately close or formally assume control of any bank accounts not previously under its accounting system. All bank accounts should be: Approved by the governing authority in the official minutes; included in the City's general ledger; reconciled monthly; and subject to review and oversight by management and the governing body.

The City should also review all departments and programs to ensure no other off-book or unauthorized accounts exist.

Views of Responsible Officials of the Auditee

Management concurs with the finding. The City has taken steps to bring the account under municipal control and include it in the accounting records. Procedures have been implemented to require governing authority approval prior to opening or maintaining any bank accounts.