

# West Point City

## Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2023





# West Point City

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the City Council  
West Point City, Utah

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Point City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements as listed in the table of 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 West Point City, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Point City 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 West Point City'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.

***Auditor's 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 auditor's 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 West Point City'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 West Point City'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, general and special revenue funds budget to actual statements, and pension schedules, as listed in the table of contents, 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 West Point City's basic financial statements. The accompanying budget to actual

comparison statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and general fund prior year comparative statements 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 budget to actual comparison statements and prior year comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2023, on our consideration of West Point City'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 West Point City'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 West Point City's internal control over financial reporting and compliance.

*Wright & Associates, P.C.*

Ogden, UT  
December 2, 2023

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**West Point City**  
**Management's Discussion and Analysis**  
**June 30, 2023**

As management of West Point City, we offer readers of the West Point City financial statements this narrative overview and analysis of the financial activities of West Point City for the fiscal year ended June 30, 2023.

Financial Highlights

- ◆ The City's total net position of \$76,035,631 is made up of \$55,764,569 in capital assets and other net position of \$20,271,062. Of this amount, \$12,291,695 may be used to meet the ongoing obligations of the City, while \$7,979,367 is restricted for specific purposes.
- ◆ The City's net position increased by \$6,251,900, or 8.96% (\$69,783,731 to \$76,035,631).
- ◆ The City's governmental funds reported a combined ending fund balance of \$13,974,954, an increase of \$589,889 from the prior year. The increase is primarily the result of continued high sales tax revenue and low expenditures.
- ◆ In the proprietary funds, the total net position increased by \$2,258,936 during the fiscal year.

Reporting the City As a Whole

This discussion and analysis is intended to serve as an introduction to West Point City's basic financial statements. West Point City's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

The statements of net position present information on all of West Point 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 West Point City is improving or deteriorating. However, other non-financial factors should also be considered.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. 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 all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of West Point City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on the pages directly following this report.

**West Point City**  
**Management's Discussion and Analysis - continued**  
**June 30, 2023**

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Reporting the City's Most Significant Funds

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. West Point City also 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* - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these 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 other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The major governmental funds (as determined by generally accepted accounting principles) are the general fund, special revenue fund, capital projects fund, debt service fund, and the CDRA fund.

*Proprietary funds* - West Point City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. West Point City uses enterprise funds to account for its waste, water, and storm water utilities.

As determined by generally accepted accounting principles, the utility enterprise funds meet the criteria of major fund classification.

Government-wide Financial Analysis

Net Position, over time, is intended to serve as an indicator of a government's financial position. In the case of West Point City, assets and deferred outflows exceeded liabilities and deferred inflows by \$76,035,631, an increase of \$6,251,900 over the prior year. By far, the largest portion of West Point City's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**West Point City**  
**Management's Discussion and Analysis - continued**  
**June 30, 2023**

Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2022	2023	2022	2023
<b>Assets</b>				
Current and other assets	\$ 17,064,491	16,503,447	5,758,499	6,889,333
Capital assets	35,583,158	44,559,041	16,680,062	17,643,531
<b>Total assets</b>	<b>52,647,649</b>	<b>61,062,488</b>	<b>22,438,561</b>	<b>24,532,864</b>
<b>Deferred Outflows</b>				
Deferred outflows related to pensions	141,563	214,195	101,639	144,457
<b>Total deferred outflows</b>	<b>141,563</b>	<b>214,195</b>	<b>101,639</b>	<b>144,457</b>
<b>Liabilities</b>				
Long-term debt outstanding	598,084	6,522,064	-	-
Other liabilities	2,974,301	1,812,535	602,780	658,811
Net pension liability	-	112,270	-	65,732
<b>Total Liabilities</b>	<b>3,572,385</b>	<b>8,446,869</b>	<b>602,780</b>	<b>724,543</b>
<b>Deferred Inflows</b>				
Unavailable revenue- property taxes	706,626	742,685	-	-
Deferred inflows relating to pensions	429,499	13,465	234,391	(9,189)
<b>Total Deferred Inflows</b>	<b>1,136,125</b>	<b>756,150</b>	<b>234,391</b>	<b>(9,189)</b>
<b>Net Position</b>				
Net investment in capital assets	34,780,047	38,120,136	16,505,200	17,644,433
Restricted	4,993,007	5,846,256	2,305,842	2,133,111
Unrestricted	8,307,647	8,107,272	2,891,989	4,184,423
<b>Total net position</b>	<b>\$ 48,080,700</b>	<b>\$ 52,073,664</b>	<b>\$ 21,703,031</b>	<b>\$ 23,961,967</b>

**West Point City**  
**Management's Discussion and Analysis - continued**  
**June 30, 2023**

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2022	2023	2022	2023
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 854,110	624,972	4,080,889	4,305,767
Operating grants & contributions	674,812	1,812,941	-	-
Capital grants & contributions	5,621,604	777,824	3,728,426	1,078,764
General revenues				
Property taxes	857,583	971,938	-	-
General sales & use tax	2,349,283	2,525,673	-	-
Energy & telecom tax	539,723	650,388	-	-
Loss on sale of capital assets	125,000	-	-	-
Impact Fees	1,735,177	852,748	611,869	285,210
Interest income	61,286	558,914	22,897	211,473
Total revenues	12,818,578	8,775,398	8,444,081	5,881,214
<b>Expenses</b>				
General government	1,211,076	1,176,474	-	-
Public safety/court	717,756	824,458	-	-
Highways/public works	1,665,514	187,660	-	-
Parks & recreation	902,464	1,071,421	-	-
Interest long-term debt	21,835	229,856	-	-
Waste utility	-	-	2,274,257	2,464,938
Water utility	-	-	1,815,031	1,946,386
Storm water utility	-	-	286,133	503,520
Total expenses	4,518,645	3,489,869	4,375,421	4,914,844
Transfers	(7,435)	(1,292,565)	7,435	1,292,565
Increase (decrease) in net position	8,292,498	3,992,964	4,076,095	2,258,935
Net position beginning of year	39,788,202	48,080,700	17,626,936	21,703,031
Net position end of year	\$ 48,080,700	\$ 52,073,664	\$ 21,703,031	\$ 23,961,966

**West Point City**  
**Management's Discussion and Analysis - continued**  
**June 30, 2023**

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Financial Analysis of Governmental Funds

The focus of City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of June 30, 2023, the City's general fund reported a fund balance of \$2,158,148. This represents an increase of \$434,550 from last year's ending balance. The transfer from the General Fund to the Capital Projects Fund was \$1,028,000.

The general fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the general fund and represent 60% of total general fund revenues, which is consistent with prior years. The largest element of tax revenue is sales tax. Sales tax is 62%, property tax is 21%, and energy & franchise tax is 17% of general fund tax revenue.

Once again, the City collected more sales tax than at any other point in its history, collecting \$2,327,596 in Fiscal Year 2023, a 20.2% increase from Fiscal Year 2022.

General Fund Budget Amendments

During Fiscal Year 2023, General Fund budgeted expenditures were amended from the original budget of \$5,165,838 to \$6,422,488.

Capital Asset and Debt Administration

*Capital Assets*

West Point City continues to invest in infrastructure and improvements. Capital assets, net of accumulated depreciation, in governmental activities increased by \$9,276,089. Capital assets, net of accumulated depreciation, in business-type activities increased by \$1,139,236.

**West Point City**  
**Management's Discussion and Analysis - continued**  
**June 30, 2023**

	<u>West Point City's Capital Assets</u>	
	Government Activities <u>2023</u>	Business-Type Activities <u>2023</u>
Capital Assets (net of accumulated depreciation)		
Land	\$ 12,414,743	\$ 158,040
Water rights	\$ -	138,000
Construction in progress	2,927	1,152,276
Buildings	768,647	19,920
Improvements	1,778,540	16,103,239
Machinery and equipment	321,808	72,961
Infrastructure	29,271,471	-
Total	<u>\$ 44,558,136</u>	<u>\$ 17,644,436</u>
Total FY2022	\$ 35,282,047	\$ 16,505,200
Increase	\$ 9,276,089	\$ 1,139,236

Additional information on the City's capital assets can be found in the footnotes of this report.

*Long-term Debt*

West Point City issued revenue bonds on June 30, 2016 for \$1,136,000. In Fiscal Year 2023, the City issued revenue bonds through the CDRA for \$6,055,000. On June 30, 2023, the City had total bonded debt outstanding of \$6,438,000.

West Point City's Long-Term Debt

	<u>2023</u>
Excise tax revenue bonds	\$ 6,438,000
Net Pension Liability	112,270
Compensated absences	84,064
	<u>\$ 6,634,334</u>

The City's total long-term debt increased by \$6,036,250 during the fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the footnotes of this report.

Economic Factors and Next Year's Budget

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rates, and fees that will be charged for the business type activities. The City will see a budget and tax rate increase for FY 2024 to keep up with the rising costs of doing business in the City.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Director.

## **BASIC FINANCIAL STATEMENTS**

**West Point City**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 9,241,341	4,109,937	13,351,278
Restricted cash and cash equivalents	5,846,256	2,133,111	7,979,367
Accounts receivable - net	1,394,398	646,019	2,040,417
Prepaid expenses	21,452	266	21,718
Capital assets (net of accumulated depreciation)			
Land	12,414,743	158,040	12,572,783
Construction in progress	2,927	1,152,276	1,155,203
Buildings	768,647	19,920	788,567
Improvements	1,778,540	16,103,239	17,881,779
Machinery and equipment	321,808	72,961	394,769
Water rights	-	138,000	138,000
Infrastructure	29,271,471	-	29,271,471
Net pension asset	905	(905)	-
Total assets	<u>61,062,488</u>	<u>24,532,864</u>	<u>85,595,352</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows relating to pensions	214,195	144,457	358,652
Total deferred outflows of resources	<u>214,195</u>	<u>144,457</u>	<u>358,652</u>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	185,739	658,811	844,550
Other current liabilities	1,626,796	-	1,626,796
Noncurrent liabilities			
Due within one year	483,064	-	483,064
Due in more than one year	6,039,000	-	6,039,000
Net pension liability	112,270	65,732	178,002
Total liabilities	<u>8,446,869</u>	<u>724,543</u>	<u>9,171,412</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue-			
property taxes	742,685	-	742,685
Deferred inflows relating to pensions	13,465	(9,189)	4,276
Total deferred inflows of resources	<u>756,150</u>	<u>(9,189)</u>	<u>746,961</u>
<b><u>Net Position</u></b>			
Net invested in capital assets	38,120,136	17,644,433	55,764,569
Restricted for impact fees	4,200,721	2,133,111	6,333,832
Restricted for debt service	11,535	-	11,535
Restricted for Class C road	1,634,000	-	1,634,000
Unrestricted	8,107,272	4,184,423	12,291,695
Total net position	<u>\$ 52,073,664</u>	<u>23,961,967</u>	<u>76,035,631</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Function/Programs Primary government	Program Revenues			Net (Expense) Revenues & Changes in Net Position		
	Expenses	Charges for	Operating	Governmental	Primary Government	
		Services	Grants and Contributions		Capital Grants and Contributions	Activities
Governmental activities						
General government	\$ 1,176,474	497,452	-	\$ (679,022)		(679,022)
Public safety	824,458	-	1,289,333	464,875		464,875
Streets and public works	187,660	-	523,608	1,113,772		1,113,772
Parks and recreation	1,071,421	127,520	-	(943,901)		(943,901)
Interest on long-term debt	229,856	-	-	(229,856)		(229,856)
Total governmental activities	3,489,869	624,972	1,812,941	(274,132)		(274,132)
Business-type activities						
Waste utility	2,464,938	2,244,836	-	557,851		557,851
Water utility	1,946,386	1,853,145	-	63,596		63,596
Storm water utility	503,520	207,786	-	(151,760)		(151,760)
Total business-type activities	4,914,844	4,305,767	-	469,687		469,687
Total primary government	\$ 8,404,713	4,930,739	1,812,941	(274,132)		195,555
General revenues						
Property taxes				971,938		971,938
General sales and use tax				2,525,673		2,525,673
Energy and franchise tax				650,388		650,388
Impact fees				852,748	285,210	1,137,958
Net interest earnings (expense)				558,914	211,473	770,387
Transfers				(1,292,565)	1,292,565	-
Total general revenues				4,267,096	1,789,248	6,056,344
Change in net position				3,992,964	2,258,935	6,251,899
Net position - beginning				48,080,700	21,703,032	69,783,732
Net position - ending				\$ 52,073,664	23,961,967	76,035,631

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 3,123,093	1,245,927	4,708,390	-	163,930	9,241,340
Restricted cash and cash equivalents	-	5,834,721	-	11,535	-	5,846,256
Receivables						
Property, sales, & energy tax	485,035	37,085	-	-	-	522,120
Class C roads	124,890	-	-	-	-	124,890
Telecommunications	4,703	-	-	-	-	4,703
Due from other funds	135,587	-	-	-	-	135,587
Deferred property taxes	728,503	-	-	-	14,182	742,685
Prepaid expense	21,452	-	-	-	-	21,452
	<u>21,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,452</u>
Total assets	<u>\$ 4,623,263</u>	<u>7,117,733</u>	<u>4,708,390</u>	<u>11,535</u>	<u>178,112</u>	<u>16,639,033</u>
<b><u>Liabilities</u></b>						
Accounts payable	\$ 109,816	39,351	9,844	-	-	159,011
Accrued liabilities	1,626,796	-	-	-	-	1,626,796
Due to other funds	-	-	-	-	135,587	135,587
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,587</u>	<u>135,587</u>
Total liabilities	<u>1,736,612</u>	<u>39,351</u>	<u>9,844</u>	<u>-</u>	<u>135,587</u>	<u>1,921,394</u>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable revenue- property taxes	728,503	-	-	-	14,182	742,685
	<u>728,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,182</u>	<u>742,685</u>
Total deferred inflows of resources	<u>728,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,182</u>	<u>742,685</u>
<b><u>Fund Balances</u></b>						
Nonspendable	21,452	-	-	-	-	21,452
Restricted						
Class C roads	-	1,634,000	-	-	-	1,634,000
Impact fees	-	4,200,721	-	-	-	4,200,721
Debt service	-	-	-	11,535	-	11,535
Committed	-	-	4,698,546	-	-	4,698,546
Assigned	-	1,243,661	-	-	-	1,243,661
Unassigned	2,136,696	-	-	-	28,343	2,165,039
	<u>2,136,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,343</u>	<u>2,165,039</u>
Total fund balances	<u>2,158,148</u>	<u>7,078,382</u>	<u>4,698,546</u>	<u>11,535</u>	<u>28,343</u>	<u>13,974,954</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,623,263</u>	<u>7,117,733</u>	<u>4,708,390</u>	<u>11,535</u>	<u>178,112</u>	<u>16,639,033</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Reconciliation of the Balance Sheet to Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2023**

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental fund types \$ 13,974,954

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

	Cost of capital assets	53,130,089	
	Accumulated depreciation	<u>(8,571,952)</u>	
			44,558,137

Net pension assets are not financial resources and, therefore, are not reported in the funds. 905

Deferred outflows of resources, a consumption to net position that applies to future periods, is not shown in the fund statements. 214,195

Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements. (112,270)

Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements. (13,465)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail is as follows:

	Bond interest payable	(26,728)	
	Bonds payable	(6,438,000)	
	Compensated absences	<u>(84,064)</u>	
			<u>(6,548,792)</u>

Net position of government activities \$ 52,073,664

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The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<b><u>Revenues</u></b>						
Taxes	\$ 3,748,650	198,077	-	-	201,272	4,147,999
Licenses and permits	333,191	-	-	-	-	333,191
Charges for services	199,483	-	-	-	-	199,483
Impact fees	-	852,748	-	-	-	852,748
Intergovernmental	1,812,941	-	-	-	-	1,812,941
Interest	129,654	236,419	187,607	411	4,823	558,914
Miscellaneous revenue	(15)	-	92,313	-	-	92,298
Total revenues	<u>6,223,904</u>	<u>1,287,244</u>	<u>279,920</u>	<u>411</u>	<u>206,095</u>	<u>7,997,574</u>
<b><u>Expenditures</u></b>						
Current						
General government	999,273	-	-	-	6,011,280	7,010,553
Public safety	842,794	-	-	-	-	842,794
Streets and public works	426,837	256,420	-	-	-	683,257
Parks and recreation	691,028	370,208	-	-	-	1,061,236
Capital outlay	-	-	2,248,651	-	-	2,248,651
Debt service						
Principal retirement	-	-	-	-	119,000	119,000
Interest and fiscal charges	-	-	-	-	153,608	153,608
Issuance costs on refunding bonds	-	-	-	-	51,022	51,022
Total expenditures	<u>2,959,932</u>	<u>626,628</u>	<u>2,248,651</u>	<u>-</u>	<u>6,334,910</u>	<u>12,170,121</u>
Excess revenues over (under) expenditures	<u>3,263,972</u>	<u>660,616</u>	<u>(1,968,731)</u>	<u>411</u>	<u>(6,128,815)</u>	<u>(4,172,547)</u>
<b><u>Other financing sources (uses)</u></b>						
Transfers in	-	508,857	1,028,000	-	-	1,536,857
Transfers (out)	(2,829,422)	-	-	-	-	(2,829,422)
Proceeds from long-term debt	-	-	-	-	6,055,000	6,055,000
Total other financing sources and uses	<u>(2,829,422)</u>	<u>508,857</u>	<u>1,028,000</u>	<u>-</u>	<u>6,055,000</u>	<u>4,762,435</u>
Net change in fund balances	434,550	1,169,473	(940,731)	411	(73,815)	589,888
Fund balance - beginning of year	<u>1,723,598</u>	<u>5,908,909</u>	<u>5,639,277</u>	<u>11,123</u>	<u>102,158</u>	<u>13,385,065</u>
Fund balance - end of year	<u>\$ 2,158,148</u>	<u>7,078,382</u>	<u>4,698,546</u>	<u>11,534</u>	<u>28,343</u>	<u>13,974,953</u>

The notes to the financial statements are an integral part of this statement.

# West Point City

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 589,888

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 9,373,372	
Depreciation expense	<u>(875,105)</u>	
		8,498,267

Revenues related to contribution of capital assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 777,824

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not effect net position. This is the net effect of differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$ (6,055,000)	
Retirement of long-term debt	<u>119,000</u>	
		(5,936,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ 12,020	
Accrued interest	(25,226)	
Pension benefit expense	<u>76,191</u>	
		<u>62,985</u>

Change in net position of governmental activities \$ 3,992,964

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes				
Property tax - real estate	\$ 730,838	693,155	729,729	36,574
Property tax - vehicles	40,000	40,000	40,937	937
Sales and use taxes	2,000,000	2,000,000	2,327,596	327,596
Energy and franchise taxes	455,000	455,000	650,388	195,388
Total taxes	3,225,838	3,188,155	3,748,650	560,495
Licenses and permits				
Business licenses	10,000	10,000	49,686	39,686
Building permits	500,000	500,000	283,505	(216,495)
Total licenses and permits	510,000	510,000	333,191	(176,809)
Intergovernmental				
Class C roads	450,000	450,000	523,608	73,608
Grants	-	1,289,333	1,289,333	-
Total intergovernmental revenue	450,000	1,739,333	1,812,941	73,608
Charges for services				
Zoning and subdivision fees	50,000	50,000	19,311	(30,689)
Recreation fees	90,000	90,000	127,520	37,520
Cemetery	15,000	15,000	10,925	(4,075)
Miscellaneous	17,000	17,000	41,727	24,727
Total charges for services	172,000	172,000	199,483	27,483
Miscellaneous				
Donations	2,000	2,000	-	(2,000)
Miscellaneous	1,000	6,000	(15)	(6,015)
Interest	5,000	5,000	129,654	124,654
Total miscellaneous	8,000	13,000	129,639	116,639
Total revenues	\$ 4,365,838	5,622,488	6,223,904	601,416

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (continued)**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Expenditures</u></b>				
General government				
Mayor and council	\$ 69,320	69,320	78,110	(8,790)
Finance	318,743	318,743	257,180	61,563
Administrative	968,992	768,992	663,983	105,009
Total general government	<u>1,357,055</u>	<u>1,157,055</u>	<u>999,273</u>	<u>157,782</u>
Public safety				
Public safety	556,194	556,194	373,097	183,097
Engineering	152,173	152,173	104,578	47,595
Planning and development	465,103	515,103	365,119	149,984
Total public safety	<u>1,173,470</u>	<u>1,223,470</u>	<u>842,794</u>	<u>380,676</u>
Streets and public works				
Public works	468,342	488,342	426,837	61,505
Total streets and public works	<u>468,342</u>	<u>488,342</u>	<u>426,837</u>	<u>61,505</u>
Parks and recreation				
Parks and cemetery	235,794	235,794	212,293	23,501
Recreation	403,409	447,409	478,735	(31,326)
Total parks and recreation	<u>639,203</u>	<u>683,203</u>	<u>691,028</u>	<u>(7,825)</u>
Total expenditures	<u>3,638,070</u>	<u>3,552,070</u>	<u>2,959,932</u>	<u>592,138</u>
Excess revenues over (under) expenditures	<u>727,768</u>	<u>2,070,418</u>	<u>3,263,972</u>	<u>1,193,554</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers (out)	<u>(1,527,768)</u>	<u>(2,870,418)</u>	<u>(2,829,422)</u>	<u>40,996</u>
Total other financing sources and uses	<u>(1,527,768)</u>	<u>(2,870,418)</u>	<u>(2,829,422)</u>	<u>40,996</u>
Net change in fund balance	(800,000)	(800,000)	434,550	1,234,550
Fund balances - beginning of year	<u>1,723,598</u>	<u>1,723,598</u>	<u>1,723,598</u>	<u>-</u>
Fund balances - end of year	<u>\$ 923,598</u>	<u>923,598</u>	<u>2,158,148</u>	<u>1,234,550</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Impact fees	\$ 757,454	757,454	852,748	95,294
Grants	26,296,768	-	-	-
Sales and use taxes	125,000	125,000	198,077	73,077
Interest income	-	-	236,419	236,419
Total revenues	<u>27,179,222</u>	<u>882,454</u>	<u>1,287,244</u>	<u>404,790</u>
<b><u>Expenditures</u></b>				
Class C road expenditures	607,443	607,443	241,037	366,406
Streets and public works	26,865,540	584,090	15,383	568,707
Intergovernmental	366,468	366,468	368,581	(2,113)
Parks and recreation	1,648	1,648	1,627	21
Total expenditures	<u>27,841,099</u>	<u>1,559,649</u>	<u>626,628</u>	<u>933,021</u>
Excess revenues over (under) expenditures	<u>(661,877)</u>	<u>(677,195)</u>	<u>660,616</u>	<u>1,337,811</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers in	450,000	450,000	508,857	58,857
Total other financing sources and uses	<u>450,000</u>	<u>450,000</u>	<u>508,857</u>	<u>58,857</u>
Net change in fund balance	(211,877)	(227,195)	1,169,473	1,396,668
Fund balances - beginning of year	<u>5,908,909</u>	<u>5,908,909</u>	<u>5,908,909</u>	<u>-</u>
Fund balances - end of year	<u>\$ 5,697,032</u>	<u>5,681,714</u>	<u>7,078,382</u>	<u>1,396,668</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**CDRA Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 140,000	140,000	201,272	61,272
Interest income	-	-	4,823	4,823
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>206,095</u>	<u>66,095</u>
<b><u>Expenditures</u></b>				
CDRA:				
Project expenses	-	6,000,000	6,011,280	(11,280)
Administration	-	51,000	-	51,000
Debt service				
Principal retirement	119,000	119,000	119,000	-
Interest	21,000	161,000	153,608	7,392
Cost of issuance	-	-	51,022	(51,022)
Total expenditures	<u>140,000</u>	<u>6,331,000</u>	<u>6,334,910</u>	<u>(3,910)</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(6,191,000)</u>	<u>(6,128,815)</u>	<u>62,185</u>
<b><u>Other financing sources (uses)</u></b>				
Proceeds from long-term debt	\$ -	6,055,000	6,055,000	-
Transfers in (out)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>6,055,000</u>	<u>6,055,000</u>	<u>-</u>
Net change in fund balance	-	(136,000)	(73,815)	62,185
Fund balances - beginning of year	<u>102,158</u>	<u>102,158</u>	<u>102,158</u>	<u>-</u>
Fund balances - end of year	<u>\$ 102,158</u>	<u>(33,842)</u>	<u>28,343</u>	<u>62,185</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b><u>Assets</u></b>				
Current assets				
Cash and cash equivalents	\$ 1,317,317	2,931,208	1,994,526	6,243,051
Accounts receivable - net	458,409	164,408	23,202	646,019
Prepaid expenses	133	133	-	266
Total current assets	<u>1,775,859</u>	<u>3,095,749</u>	<u>2,017,728</u>	<u>6,889,336</u>
Noncurrent assets				
Land, equipment, buildings, and improvements	8,135,447	6,049,023	8,486,713	22,671,183
Less: Accumulated depreciation	(2,066,909)	(1,641,639)	(1,318,202)	(5,026,750)
Net pension asset	(982)	(726)	803	(905)
Total noncurrent assets	<u>6,067,556</u>	<u>4,406,658</u>	<u>7,169,314</u>	<u>17,643,528</u>
Total assets	<u>7,843,415</u>	<u>7,502,407</u>	<u>9,187,042</u>	<u>24,532,864</u>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows related to pensions	57,103	64,963	22,391	144,457
Total deferred outflows of resources	<u>57,103</u>	<u>64,963</u>	<u>22,391</u>	<u>144,457</u>
<b><u>Liabilities</u></b>				
Current liabilities				
Accounts payable	209,059	291,425	66,432	566,916
Accrued liabilities	35,158	40,555	16,182	91,895
Total current liabilities	<u>244,217</u>	<u>331,980</u>	<u>82,614</u>	<u>658,811</u>
Noncurrent liabilities				
Net pension liability	26,057	30,861	8,814	65,732
Total noncurrent liabilities	<u>26,057</u>	<u>30,861</u>	<u>8,814</u>	<u>65,732</u>
Total liabilities	<u>270,274</u>	<u>362,841</u>	<u>91,428</u>	<u>724,543</u>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows related to pensions	(3,728)	(5,850)	389	(9,189)
Total deferred inflows of resources	<u>(3,728)</u>	<u>(5,850)</u>	<u>389</u>	<u>(9,189)</u>
<b><u>Net Position</u></b>				
Net invested in capital assets	6,068,538	4,407,384	7,168,511	17,644,433
Restricted - impact fees	510,382	592,579	1,030,150	2,133,111
Unrestricted	1,055,052	2,210,416	918,955	4,184,423
Total net position	<u>\$ 7,633,972</u>	<u>7,210,379</u>	<u>9,117,616</u>	<u>23,961,967</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Operating Revenues</b>				
Charges for services	\$ 2,226,523	1,845,492	207,723	4,279,738
Connections, penalties, and other fees	633	569	63	1,265
Other income	17,680	7,084	-	24,764
<b>Total operating revenues</b>	<u>2,244,836</u>	<u>1,853,145</u>	<u>207,786</u>	<u>4,305,767</u>
<b>Operating Expenses</b>				
Personnel services	317,900	365,041	139,185	822,126
Contractual services	1,895,901	1,017,161	30,349	2,943,411
Maintenance and supplies	94,937	398,244	160,684	653,865
Depreciation and amortization	156,200	165,940	173,302	495,442
<b>Total operating expenses</b>	<u>2,464,938</u>	<u>1,946,386</u>	<u>503,520</u>	<u>4,914,844</u>
<b>Operating income (loss)</b>	<u>(220,102)</u>	<u>(93,241)</u>	<u>(295,734)</u>	<u>(609,077)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest revenue	39,775	93,154	78,544	211,473
Impact fees	88,431	80,664	116,115	285,210
Grants	601,559	-	-	601,559
Transfers in	792,565	500,000	-	1,292,565
Developer contributions	176,394	156,837	143,974	477,205
<b>Total nonoperating revenues (expenses)</b>	<u>1,698,724</u>	<u>830,655</u>	<u>338,633</u>	<u>2,868,012</u>
<b>Change in net position</b>	1,478,622	737,414	42,899	2,258,935
<b>Total net position - beginning</b>	<u>6,155,350</u>	<u>6,472,965</u>	<u>9,074,717</u>	<u>21,703,032</u>
<b>Total net position - ending</b>	<u>\$ 7,633,972</u>	<u>7,210,379</u>	<u>9,117,616</u>	<u>23,961,967</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,966,508	1,825,112	206,838	3,998,458
Payments to suppliers	(2,083,747)	(1,330,975)	(126,790)	(3,541,512)
Payments to employees	(335,825)	(386,181)	(145,019)	(867,025)
Net cash provided (used) by operating activities	<u>(453,064)</u>	<u>107,956</u>	<u>(64,971)</u>	<u>(410,079)</u>
<b>Cash flows from noncapital financing activities</b>				
Impact fees	88,431	80,664	116,115	285,210
Local grants	601,559	-	-	601,559
Transfers from other funds	792,565	500,000	-	1,292,565
Net cash provided (used) by noncapital financing activities	<u>1,482,555</u>	<u>580,664</u>	<u>116,115</u>	<u>2,179,334</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sales of capital assets	-	-	-	-
Purchases of capital assets	(623,230)	(59,297)	(474,940)	(1,157,467)
Net cash provided (used) by capital and related financing activities	<u>(623,230)</u>	<u>(59,297)</u>	<u>(474,940)</u>	<u>(1,157,467)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	39,775	93,154	78,545	211,474
Net cash provided (used) by investing activities	<u>39,775</u>	<u>93,154</u>	<u>78,545</u>	<u>211,474</u>
Net increase (decrease) in cash and cash equivalents	446,036	722,477	(345,251)	823,262
Cash and cash equivalents - beginning	871,281	2,208,731	2,339,777	5,419,789
Cash and cash equivalents - ending	<u>\$ 1,317,317</u>	<u>2,931,208</u>	<u>1,994,526</u>	<u>6,243,051</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (220,102)	(93,241)	(295,734)	(609,077)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	156,200	165,940	173,302	495,442
(Increase) decrease in accounts receivable	(278,328)	(28,033)	(948)	(307,309)
(Increase) decrease in prepaid expenses	(133)	(133)	-	(266)
(Increase) decrease in net pension asset	69,676	82,522	23,569	175,767
(Increase) decrease in deferred outflows	(17,100)	(20,163)	(5,555)	(42,818)
Increase (decrease) in accounts payable	(95,016)	82,132	63,710	50,826
Increase (decrease) in net pension liability	26,057	30,861	8,814	65,732
Increase (decrease) in deferred inflows	(96,558)	(114,360)	(32,662)	(243,580)
Increase (decrease) in accrued liabilities	2,240	2,431	533	5,204
Total adjustments	<u>(232,962)</u>	<u>201,197</u>	<u>230,763</u>	<u>198,998</u>
Net cash provided (used) by operating activities	<u>\$ (453,064)</u>	<u>107,956</u>	<u>(64,971)</u>	<u>(410,079)</u>
<b>Noncash capital and financing activities:</b>				
Contribution of capital assets from private developers	\$ 176,394	156,837	143,974	477,205

The notes to the financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**West Point City**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies**

West Point City (the City) was incorporated in 1935. The City operates under a manager/council form of government and provides the following services as authorized by its charter: public safety, streets and highways, public utilities, parks and recreation, and general administrative services. The financial statements of West Point City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**A. Reporting entity**

The City is a municipal corporation governed by an elected mayor and a five member council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

*Blended component units.* The following entities are blended in the accompanying basic financial statements:

West Point City Redevelopment Agency (CRDA)

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the City, the above component unit is blended because they are governed by boards comprised of the City council members. The City retains fiscal responsibility for this entity. This entity is reported as a special revenue fund.

**B. Description of Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Note 1 - Summary of Significant Accounting Policies - continued**

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are: 1) reasonable allocation of costs where the amounts are reasonably equivalent in value to the interfund services provided and 2) other charges between the government's General Fund and utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources, impact fees, that are legally restricted for the construction and maintenance of infrastructure assets of the City.

The *capital projects fund* is used to account for financial resources used in the acquisition and construction of major capital improvements.

The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs (other than those of the proprietary funds).

The *CDRA fund* is used to account for redevelopment agency transactions conducted by the City, including property acquisition, site improvements, preparation, cost, installation of public improvements, and administration cost.

**Note 1 - Summary of Significant Accounting Policies - continued**

The City reports the following major enterprise funds:

The *waste utility fund* accounts for the operations of the City's sewer system.

The *water utility fund* accounts for the operations of the City's water system.

The *storm water utility fund* accounts for the operations of the City's storm drain system.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1 - Summary of Significant Accounting Policies - continued**

The 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. 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 of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

1. Deposits and investments

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.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Certain resources of the City's governmental funds are set aside for repayment of debt, capital projects, impact fees, and cemetery perpetual care.

**Note 1 - Summary of Significant Accounting Policies - continued**

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectable.

Property taxes are collected by the County Treasurer and remitted to the City shortly after collection. Property taxes are levied based on property values as of January 1st of each year, with liens posted as of the same date. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, natural gas and electric utilities, and by cable TV operations and are remitted to the City monthly.

This section intentionally left blank.

**Note 1 - Summary of Significant Accounting Policies - continued**

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Sewer collection system	50
Water distribution system	50
Infrastructure and improvements	20 - 40
Machinery and equipment	5 - 10
Other improvements	10 - 40

**Note 1 - Summary of Significant Accounting Policies - continued**

5. Unearned revenue

Unearned revenue for the City represents amounts received on grants whose purpose restrictions have not been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

6. 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 future periods 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes to be collected in November were unavailable in the current fiscal year. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/ deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 1 - Summary of Significant Accounting Policies - continued**

9. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance/net position policies

Government-wide financial statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

*Net investment in capital assets* - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Note 1 - Summary of Significant Accounting Policies - continued**

11. Fund balance/net position policies - continued

Fund financial statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned, or Unassigned. Descriptions of each follow:

*Nonspendable fund balance* - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. The commitment can only be removed through the same action.

*Assigned fund balance* - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This intent is expressed by either the City Council or delegated by the City Council to the City Manager. This also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, nor committed or in the General Fund, that are intended to be used for specific purposes.

*Unassigned fund balance* - Residual classification of 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 a specific purpose within the General Fund.

It is the City's policy to apply expenditures first to committed fund balance, then assigned, and finally unassigned.

G. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as 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 or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Note 1 - Summary of Significant Accounting Policies - continued**

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. Collections are periodically distributed to the taxing entities, with final settlement due March 31st of the subsequent year. The City records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. Compensated absences

City employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation up to 240 hours may carryover into the next year and is paid upon termination.

Sick leave shall be paid for any unused sick leave if the employee has been employed full-time for 5 years or more. The City will pay one-third the outstanding balance at the employee's last pay rate.

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

4. Proprietary funds: operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

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**Note 2 - Stewardship, Compliance, and Accountability**

A. Budgetary information

Budgets are prepared and adopted, in accordance with State law, by West Point City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and debt service funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1st. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the function level. Appropriations lapse at June 30th.

Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are prepared on the modified accrual basis of accounting. Encumbrances are used only as an internal management control device during the year. Appropriations lapse at year end. Therefore encumbrances are not reflected in the accompanying financial statements. However, encumbrances generally are reappropriated and honored as part of the following year's budget. The Council made several supplemental budgetary appropriations throughout the year. Budget and actual statements for funds reported as major are included in this report. The supplemental budgetary appropriations made in nonmajor funds were not material. During the current year, there were no expenditures that exceeded appropriations.

Utah State law allows for the accumulation of a fund balance in the general fund in an amount equal to 35% of the total current year revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. At year end, the City's unassigned general fund balance was \$2,136,696 which is 34.33% of current year revenue.

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**Note 3 - Detailed Notes on all Funds**

A. Deposits and investments

The City follows the requirements of the Utah Money Management Act (Utah Code , Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Entity funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

*Deposits*

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2023, \$521,693 of the local government's bank balances of \$771,693 were uninsured and uncollateralized.

*Investments*

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 3 - Detailed Notes on all Funds - continued**

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code , Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Investments by fair value level	Total investments measured at fair value		
	Level 1	Level 2	Level 3
Utah Public Treasurers' Investment Fund	\$ -	20,984,921	-
Total investments measured at fair value	\$ -	20,984,921	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31st fair value factor, as calculated by the Utah State Treasurer, to the Entity’s average daily balance in the Fund.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 3 - Detailed Notes on all Funds - continued**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2023, the City's investments had the following maturities:

Investments by fair value level	Investment Maturities (in years)		
	Less than 1	1-5	6 or more
Utah Public Treasurers' Investment Fund	\$ 20,984,921	-	-
Total investments measured at fair value	\$ 20,984,921	-	-

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

Investments by fair value level	Quality Ratings		
	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ -	-	20,984,921
Total investments measured at fair value	\$ -	-	20,984,921

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Custodial Credit Risk - Investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 3 - Detailed Notes on all Funds - continued**

B. Receivables

Receivables as of year end for the government's general and enterprise funds are as follows:

	Governmental	Enterprise	Total
Accounts	\$ -	659,433	659,433
Less: Allowance for uncollectable	-	(13,414)	(13,414)
Property tax	5,406	-	5,406
Sales and energy tax	457,925	-	457,925
B & C road revenue	124,890	-	124,890
Deferred property tax revenue	742,685	-	742,685
Franchise tax	58,789	-	58,789
Telecommunications	4,703	-	4,703
	\$ 1,394,398	646,019	2,040,417

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes	\$ 742,685	-
ARPA Act Grant	-	-
Total deferred / unearned revenue for governmental funds	\$ 742,685	-

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 3 - Detailed Notes on all Funds - continued**

C. Capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

<b>Primary government</b>	Beginning			Ending
<b>Governmental activities</b>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 4,447,331	7,967,412	-	12,414,743
Construction in progress	1,425,791	1,259,581	(2,682,445)	2,927
Total capital assets not being depreciated	<u>5,873,122</u>	<u>9,226,993</u>	<u>(2,682,445)</u>	<u>12,417,670</u>
Capital assets being depreciated				
Buildings	2,163,653	-	-	2,163,653
Improvements	2,583,594	-	-	2,583,594
Machinery and equipment	1,642,159	134,993	(35,227)	1,741,925
Infrastructure	30,751,591	3,471,655	-	34,223,246
Total capital assets being depreciated	<u>37,140,997</u>	<u>3,606,648</u>	<u>(35,227)</u>	<u>40,712,418</u>
Less accumulated depreciation for				
Buildings	1,324,774	70,232	-	1,395,006
Improvements	753,836	51,218	-	805,054
Machinery and equipment	1,357,426	97,918	(35,227)	1,420,117
Infrastructure	4,296,038	655,737	-	4,951,775
Total accumulated depreciation	<u>7,732,074</u>	<u>875,105</u>	<u>(35,227)</u>	<u>8,571,952</u>
Total capital assets, being depreciated, net	<u>29,408,923</u>	<u>2,731,543</u>	<u>-</u>	<u>32,140,466</u>
Governmental activities capital assets, net	<u>\$ 35,282,045</u>	<u>11,958,536</u>	<u>(2,682,445)</u>	<u>44,558,136</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Water rights	138,000	-	-	138,000
Construction in progress	20,894	1,138,817	(7,435)	1,152,276
Total capital assets not being depreciated	<u>316,934</u>	<u>1,138,817</u>	<u>(7,435)</u>	<u>1,448,316</u>
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	19,994,735	477,205	-	20,471,940
Machinery and equipment	679,688	26,091	(14,853)	690,926
Total capital assets being depreciated	<u>20,734,423</u>	<u>503,296</u>	<u>(14,853)</u>	<u>21,222,866</u>
Less accumulated depreciation for				
Buildings	38,175	1,905	-	40,080
Improvements	3,917,292	451,409	-	4,368,701
Machinery and equipment	590,690	42,128	(14,853)	617,965
Total accumulated depreciation	<u>4,546,157</u>	<u>495,442</u>	<u>(14,853)</u>	<u>5,026,746</u>
Total capital assets, being depreciated, net	<u>16,188,266</u>	<u>7,854</u>	<u>-</u>	<u>16,196,120</u>
Business-type activities capital assets, net	<u>\$ 16,505,200</u>	<u>1,146,671</u>	<u>(7,435)</u>	<u>17,644,436</u>

**West Point City**  
**Notes to Financial Statements-continued**  
For the Year Ended June 30, 2023

**Note 3 - Detailed Notes on all Funds - continued**

C. Capital assets - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General government	\$	215,383
Public works		575,712
Parks and community services		84,010
Total depreciation expense - governmental activities		875,105
Business-type activities		
Waste Utility		156,200
Water Utility		165,940
Storm Water Utility		173,302
Total depreciation expense - business-type activities		495,442
Total depreciation expense		\$ 1,370,547

D. Interfund transfers

	Transfers Out					Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Waste Utility Fund	Water Fund	
Transfers In						
Special Revenue Fund	\$ 508,857	-	-	-	-	508,857
Capital projects	1,028,000	-	-	-	-	1,028,000
Waste Utility	792,565	-	-	-	-	792,565
Water Utility	500,000	-	-	-	-	500,000
Total transfer in	\$ 2,829,422	-	-	-	-	2,829,422

Interfund receivables and payables are created when expenditures are paid by one fund on behalf of another. In addition, allocations of expenditures between funds are recorded as due to/from until paid. Transfers between funds are to fund operating expenditures and capital projects.

During the year, transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move general fund resources to provide an annual subsidy to the capital projects fund, and 3) move revenues from the general fund relating to Class C roads to the special revenue fund.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 3 - Detailed Notes on all Funds - continued**

E. Long-term debt

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 502,000	6,055,000	(119,000)	6,438,000	399,000
Net pension liability	-	-	112,270	112,270	-
Compensated absences	96,084	115,819	(127,839)	84,064	67,251
Total long-term liabilities	<u>\$ 598,084</u>	<u>6,170,819</u>	<u>(134,569)</u>	<u>6,634,334</u>	<u>466,251</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Net pension liability	\$ -	-	65,732	65,732	-
Compensated absences	69,327	86,654	(80,592)	75,389	60,311
Total long-term liabilities	<u>\$ 69,327</u>	<u>86,654</u>	<u>(14,860)</u>	<u>141,121</u>	<u>60,311</u>

Revenue bonds issued at June 30, 2023 consist of the following:

Series	Purpose	Amount	Range	Date	Outstanding
2022	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 6,055,000	5.07%	2038	\$ 6,055,000
2016	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 1,136,000	3.590%	2026	<u>383,000</u>
					<u>\$ 6,438,000</u>

Years Ending June 30	Tax Revenue Bonds	
	Principal	Interest
2024	\$ 399,000	313,742
2025	419,000	294,952
2026	438,000	275,223
2027	322,000	254,565
2028	338,000	237,834
2029-2033	1,976,000	906,009
2034-2038	<u>2,546,000</u>	<u>335,735</u>
Total	<u>\$ 6,438,000</u>	<u>2,618,060</u>

**Note 4 - Other Information**

**A. 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; and natural disasters for which the government carries commercial insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**B. Pension plans**

*General Information about the Pension Plan*

*Plan description:* Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined benefit plans:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

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**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

*Summary of Benefits by System*

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Non- contributory	Highest 3 years	30 years any age 25 years any age * 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* Actuarial reductions are applied.

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023 are as follows:

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

*Utah Retirement Systems*

	Employee	Employer	Employer 401(k)
Contributory System			
111- Local Governmental Division Tier 2	N/A	16.01	0.18
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	17.97	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19	10.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 149,222	N/A
Tier 2 Public Employees System	110,413	-
Tier 2 DC Only System	8,159	N/A
Total Contributions	\$ 267,794	\$ -

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

*Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$178,002.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/21	Change (decrease)
Noncontributory System	\$ -	147,314	0.08601030%	0.08097210%	0.0050382%
Tier 2 Public Employees System	\$ -	30,688	0.02818300%	0.02891270%	-0.0007297%
	\$ -	\$ 178,002			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023 we recognized pension expense of \$141,749.

At June 30, 2023 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,332	1,218
Changes in assumptions	34,106	666
Net difference between projected and actual earnings on pension plan investments	109,543	-
Changes in proportion and differences between contributions and proportionate share of contributions	24,682	2,392
Contributions subsequent to the measurement date	129,989	-
Total	\$ 358,652	4,276

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

\$129,989 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2023	\$ (4,538)
2024	10,881
2025	44,926
2026	160,394
2027	2,646
Thereafter	10,078

*Noncontributory System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2023 we recognized pension expense of \$82,916.

At June 30, 2023 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,967	-
Changes in assumptions	24,143	588
Net difference between projected and actual earnings on pension plan investments	97,170	-
Changes in proportion and differences between contributions and proportionate share of contributions	19,282	853
Contributions subsequent to the measurement date	72,177	-
Total	\$ 262,739	1,441

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

B. Pension plans - continued

\$72,177 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (6,301)
2024	7,170
2025	39,029
2026	149,224
2027	-
Thereafter	-

*Tier 2 Public Employees System Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2023 we recognized pension expense of \$58,834.

At June 30, 2023 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,365	1,218
Changes in assumptions	9,963	78
Net difference between projected and actual earnings on pension plan investments	12,373	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,399	1,539
Contributions subsequent to the measurement date	57,812	-
Total	\$ 95,912	2,835

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

B. Pension plans - continued

\$57,812 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2023	\$ 1,763
2024	3,712
2025	5,897
2026	11,170
2027	2,646
Thereafter	10,078

*Actuarial Assumptions*

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.25 percent average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation and age, as appropriate, with adjustments for future improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on study of demographic assumptions as of January 1, 2020, and review of economic assumptions as of January 1, 2021.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2023**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<b>Expected Return Arithmetic Basis</b>		
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Equity Securities	35%	6.58%	2.30%
Debt Securities	20%	1.08%	0.22%
Real Assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute Return	15%	2.91%	0.44%
Cash and cash equivalents	-	-0.11%	-
<b>Totals</b>	<b>100%</b>		<b>5.17%</b>
Inflation			<b>2.50%</b>
Expected arithmetic nominal return			<b>7.67%</b>

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. 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 active and inactive employees. 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

**West Point City**  
**Notes to Financial Statements-continued**  
For the Year Ended June 30, 2023

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 928,422	147,314	(505,343)
Tier 2 Public Employees System	134,091	30,688	(48,970)
Total	1,062,513	178,002	(554,313)

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

*Defined Contribution Savings Plan*

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

West Point City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- \*401(k) Plan
- \*457(b) plan
- \*Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30th, were as follows:

	2023	2022	2021
401(k) Plan			
Employer contributions	\$ 38,607	\$ 28,909	\$ 28,373
Employee contributions	33,705	28,915	25,315
457 Plan			
Employer contributions	3,319	2,743	2,585
Employee contributions	11,023	9,119	8,343
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	4,286	2,312	3,683

**Note 4 - Other Information - continued**

C. Commitments

*Interlocal Agreement* - UIA. The City entered a Fiber Communications Service and Acquisition Contract with Utah Infrastructure Agency (UIA). UIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The City has pledged energy tax revenues to guarantee payment of UIA's bonds. To the extent that there are insufficient net revenues to pay the debt service, West Point City is required to reimburse the UIA debt service fund of any shortfall. Any amount paid by the City to UIA to reimburse the debt service reserve fund will be a loan to be repaid by UIA. It is expected that subscribers will be sufficient to cover UIA debt service requirements for West Point City.

D. Subsequent events

Management has evaluated events and transactions which occurred through the date of the audit report, which is the date the financial statements were available to be issued. No additional disclosures noted.

E. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail items or not. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed, or within the schedules presented in the footnotes to the financial statements. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**West Point City**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**Last Nine Fiscal Years Ending December 31\***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Noncontributory System</b>									
Proportion of the net pension liability (asset)	0.2324696%	0.0779062%	0.7723480%	0.0744414%	0.0691477%	0.0708905%	0.0686638%	0.0809721%	0.0860103%
Proportionate share of the net pension liability (asset)	\$ 337,616	\$ 440,831	\$ 495,942	\$ 326,150	\$ 509,185	\$ 267,177	\$ 35,221	\$ (463,736)	\$ 147,314
Covered payroll	\$ 640,863	\$ 631,314	\$ 623,998	\$ 565,058	\$ 517,093	\$ 534,446	\$ 506,360	\$ 611,966	\$ 684,447
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	52.70%	69.83%	79.48%	57.72%	98.47%	49.99%	6.96%	-75.78%	21.52%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%
<b>Tier 2 Public Employees System</b>									
Proportion of the net pension liability (asset)	0.0299416%	0.0278119%	0.0306174%	0.0359252%	0.0330625%	0.0310004%	0.0276249%	0.0289127%	0.0281830%
Proportionate share of the net pension liability (asset)	\$ (907)	\$ (61)	\$ 3,415	\$ 3,167	\$ 14,160	\$ 6,972	\$ 3,973	\$ (12,237)	\$ 30,688
Covered payroll	\$ 146,853	\$ 179,683	\$ 251,086	\$ 351,714	\$ 386,141	\$ 430,797	\$ 441,832	\$ 536,082	\$ 613,434
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.60%	-0.03%	1.36%	0.90%	3.67%	1.62%	0.90%	-2.28%	5.00%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the employers the fiscal year.

N/A - Information not available.

**West Point City**  
**Schedule of Contributions**

Last 10 Fiscal Years Ending June 30\*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>Noncontributory System</u></b>										
Contractually required contribution	116,067	114,507	117,121	112,038	96,453	95,840	97,591	100,889	111,188	149,222
Contributions in relation to the contractually required contribution	(116,067)	(114,507)	(117,121)	(112,038)	(96,453)	(95,840)	(97,591)	(100,889)	(111,188)	(149,222)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	634,182	627,436	634,114	606,593	522,216	518,898	528,378	546,233	601,991	830,395
Contributions as a percentage of covered-employee payroll	18.30%	18.25%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%	17.97%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	10,170	23,875	31,012	45,965	55,583	62,728	71,031	71,401	90,739	110,413
Contributions in relation to the contractually required contribution	(10,170)	(23,875)	(31,012)	(45,965)	(55,583)	(62,728)	(71,031)	(71,401)	(90,739)	(110,413)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	119,645	159,805	207,993	308,281	367,858	403,654	453,583	451,903	564,648	689,652
Contributions as a percentage of covered-employee payroll	8.50%	14.94%	14.91%	14.91%	15.11%	15.54%	15.66%	15.80%	16.07%	16.01%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	-	-	-	-	-	115	1,773	4,531	3,391	8,159
Contributions in relation to the contractually required contribution	-	-	-	-	-	(115)	(1,773)	(4,531)	(3,391)	(8,159)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	-	1,721	26,496	67,727	50,681	131,812
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	6.68%	6.69%	6.69%	6.69%	6.19%

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011. Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certificate rate due to rounding and other administrative practices.

**West Point City**  
**Notes to Required Supplemental Information**  
**June 30, 2023**

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**Changes in Assumptions**

No changes were made in actuarial assumptions from the prior year's valuation.

## **SUPPLEMENTARY INFORMATION**

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Capital Projects**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	187,607	187,607
Miscellaneous	223,062	223,062	92,313	(130,749)
Total revenues	<u>223,062</u>	<u>223,062</u>	<u>279,920</u>	<u>56,858</u>
<b><u>Expenditures</u></b>				
Capital outlay	<u>17,439,432</u>	<u>17,246,677</u>	<u>2,248,651</u>	<u>14,998,026</u>
Total expenditures	<u>17,439,432</u>	<u>17,246,677</u>	<u>2,248,651</u>	<u>14,998,026</u>
Excess revenues over (under) expenditures	<u>(17,216,370)</u>	<u>(17,023,615)</u>	<u>(1,968,731)</u>	<u>15,054,884</u>
<b><u>Other financing sources (uses)</u></b>				
Proceeds from long-term debt	15,000,000	15,000,000	-	(15,000,000)
Transfers in	<u>970,713</u>	<u>991,853</u>	<u>1,028,000</u>	<u>36,147</u>
Total other financing sources and uses	<u>15,970,713</u>	<u>15,991,853</u>	<u>1,028,000</u>	<u>(14,963,853)</u>
Net change in fund balance	(1,245,657)	(1,031,762)	(940,731)	91,031
Fund balances - beginning of year	<u>5,639,277</u>	<u>5,639,277</u>	<u>5,639,277</u>	<u>-</u>
Fund balances - end of year	<u>\$ 4,393,620</u>	<u>4,607,515</u>	<u>4,698,546</u>	<u>91,031</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Debt Service**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	411	411
Total revenues	-	-	411	411
<b><u>Expenditures</u></b>				
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs on refunding bonds	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	411	411
<b><u>Other financing sources (uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	-	-	411	411
Fund balances - beginning of year	11,123	11,123	11,123	-
Fund balances - end of year	<u>\$ 11,123</u>	<u>11,123</u>	<u>11,534</u>	<u>411</u>

The notes to the financial statements are an integral part of this statement.

**West Point City**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Prior Year Comparative**  
**General Fund**  
**For the Years Ended June 30, 2023 and 2022**

	June 30, 2023	June 30, 2022	<u>Variance</u> Increase (Decrease) Over PY
<b><u>Revenues</u></b>			
Taxes			
Property tax - real estate	\$ 729,729	623,661	106,068
Property tax - vehicles	40,937	40,671	266
Sales and use taxes	2,327,596	2,166,784	160,812
Energy & telecom taxes	650,388	539,723	110,665
Total taxes	<u>3,748,650</u>	<u>3,370,839</u>	<u>377,811</u>
Licenses and permits			
Business licenses	49,686	15,877	33,809
Building permits	283,505	593,467	(309,962)
Total licenses and permits	<u>333,191</u>	<u>609,344</u>	<u>(276,153)</u>
Intergovernmental			
Class "C" roads	523,608	485,347	38,261
Grants	1,289,333	189,465	1,099,868
Total intergovernmental revenue	<u>1,812,941</u>	<u>674,812</u>	<u>1,138,129</u>
Charges for services			
Zoning & subdivision fees	19,311	40,315	(21,004)
Recreation fees	127,520	108,246	19,274
Cemetery	10,925	14,950	(4,025)
Miscellaneous	41,727	29,861	11,866
Total charges for services	<u>199,483</u>	<u>193,372</u>	<u>6,111</u>
Miscellaneous			
Donations	-	3,115	(3,115)
Miscellaneous	(15)	1,705	(1,720)
Interest	129,654	13,927	115,727
Total miscellaneous	<u>129,639</u>	<u>18,747</u>	<u>110,892</u>
Total revenues	<u>\$ 6,223,904</u>	<u>4,867,114</u>	<u>1,356,790</u>

**West Point City**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Prior Year Comparative (continued)**  
**General Fund**  
**For the Years Ended June 30, 2023 and 2022**

	June 30, 2023	June 30, 2022	Variance Increase (Decrease) Over PY
<b><u>Expenditures</u></b>			
General government			
Mayor and council	\$ 78,110	76,075	2,035
Finance	257,180	226,974	30,206
Administrative	663,983	719,666	(55,683)
Total general government	<u>999,273</u>	<u>1,022,715</u>	<u>(23,442)</u>
Public safety			
Public safety	373,097	378,067	(4,970)
Engineering	104,578	77,292	27,286
Planning and development	365,119	294,188	70,931
Total public safety	<u>842,794</u>	<u>749,547</u>	<u>93,247</u>
Streets and public works			
Public works	426,837	357,416	69,421
Total streets and public works	<u>426,837</u>	<u>357,416</u>	<u>69,421</u>
Parks and recreation			
Parks and cemetery	212,293	181,063	31,230
Recreation	478,735	358,038	120,697
Total parks and recreation	<u>691,028</u>	<u>539,101</u>	<u>151,927</u>
Total expenditures	<u>2,959,932</u>	<u>2,668,779</u>	<u>291,153</u>
Excess revenues over (under) expenditures	<u>3,263,972</u>	<u>2,198,335</u>	<u>1,065,637</u>
<b><u>Other financing sources (uses)</u></b>			
Transfers in (out)	(2,829,422)	(2,002,780)	826,642
Total other financing sources and uses	<u>(2,829,422)</u>	<u>(2,002,780)</u>	<u>826,642</u>
Net change in fund balance	434,550	195,555	238,995
Fund balances - beginning of year	<u>1,723,598</u>	<u>1,528,043</u>	<u>195,555</u>
Fund balances - end of year	<u>\$ 2,158,148</u>	<u>1,723,598</u>	<u>434,550</u>

The notes to the financial statements are an integral part of this statement.

## **OTHER REPORTS**

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INDEPENDENT AUDITOR'S 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*

The Honorable Mayor and Members  
of the City Council  
West Point City, Utah

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 West Point City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements, and have issued our report thereon dated December 2, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Point City'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 West Point City's internal control. Accordingly, we do not express an opinion on the effectiveness of West Point City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Point City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions

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

**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.

*Wright & Associates, P.C.*

Ogden, Utah  
December 2, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

The Honorable Mayor and Members  
of the City Council  
West Point City, Utah

**Report On Compliance**

We have audited West Point City's compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

Budgetary Compliance  
Fund Balance  
Restricted Taxes  
Fraud Risk Assessment  
Governmental Fees  
Enterprise Fund Transfers, Reimbursements, Loans, and Services  
Open and Public Meetings

***Opinion on Compliance***

In our opinion, West Point City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide (Guide)*. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Point City and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of West Point City's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Point City's government programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Point City's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Point City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 West Point City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the West Point City' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of West Point City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the West Point City's response to the noncompliance findings identified in our audit described in the accompanying

schedule of findings and recommendations. The West Point City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Wright & Associates, P.C.*

Ogden, Utah  
December 2, 2023

**West Point City**  
**Schedule of Findings**  
**State Legal Compliance**  
**For the Year Ended June 30, 2023**

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Statement of Condition - 2023-1

*Open and Public Meeting Act/ Budgetary Compliance:* Posting of public meeting approved/draft minutes were not made or not made timely.

Criteria

Entities should publicly post pending and approved minutes of public meetings in accordance with Utah Code 52-4-203(4)(f)(i)&(ii) and 52-4-203(g)(i)&(ii). Counties, cities, towns, and metro townships must post pending minutes of a public meeting within 30 days of holding the public meeting. They must post the approved minutes within three business days of the written minutes being approved. Audio files should be posted within three business days.

Cause

Because the City has not posted pending minutes timely they are not in compliance with state law.

Recommendation

We recommend that the City post minutes according to requirements.

Response

The City has implemented a new process for drafting minutes, and so will have final minutes approved, as well as draft minutes created and posted, within two meeting dates. This will result in complete, approved minutes being posted within 30 days. In addition, the audio recording will be posted within the required 3 days.

**West Point City**  
**Schedule of Findings**  
**State Legal Compliance**  
**For the Year Ended June 30, 2023**

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**PRIOR YEAR FINDINGS**

Statement of Condition - 2022-1

*Impact Fees:* Fees collected are unspent and held for more than the six years allowed by law.

Criteria

State Law requires that the entity must expend impact fees collected within six years of collection OR document the compelling reason for holding the funds with an absolute date of when the funds will be expended. Utah Code 11-36a-602 (2).

Cause

The City has previously documented the reason and time period for holding the funds through Resolution 08-04-2015C. This resolution has set the absolute date as June 30, 2022, and has not been extended as of the date of audit.

Effect

The City is not in compliance with impact fee requirements.

Recommendation

We recommend that the City review impact fees held and projects for which they are planned to be spent to determine if another resolution is required or if impact fees must be refunded.

Response

We have reviewed both impact fees held and projects pending. We will establish an additional resolution indicating the reason for holding funds and the absolute date of expending those funds. This resolution will be considered as early as December 2022.

Status

Resolved

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

The Honorable Mayor and Members of the City Council  
West Point City, Utah

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

*Opinion on Each Major Federal Program*

We have audited West Point City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Point City's major federal programs for the year ended June 30, 2023. West Point City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Point City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Point City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Point City's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Point City's federal programs.

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Point City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable

user of the report on compliance about West Point City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 West Point City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Point City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Point City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Whitlock & Associates, P.C.*

Ogden, Utah  
December 2, 2023

**West Point City**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

<b><u>Federal Grantor/Pass-Through Grantor/ Program Title/Program or Cluster Title</u></b>	<b><u>Federal AL Number</u></b>	<b><u>Pass Through Entity Identifying Number</u></b>	<b><u>Passed Through to Subrecipients</u></b>	<b><u>Total Federal Expenditures</u></b>
U.S. Department of the Treasury (USDT)				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	N/A	\$ -	\$ 1,289,333
Total USDT			<u>-</u>	<u>1,289,333</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,289,333</u>

**West Point City**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

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**Note 1 - Purpose of this Schedule**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule of the West Point City's general purpose financial statements and is presented for purposes of additional analysis. Because the schedule presents only a select portion of the activities of West Point City, it is not intended to and does not present the financial position, changes in net position or the revenues or expenditures of West Point City. The schedule is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**Note 2 - Significant Accounting Policies**

**A. Basis of Presentation**

The information is presented in accordance with the Uniform Guidance and in accordance with accrual basis of accounting.

Federal Awards - Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal awards, including federal surplus property, is included in federal awards and, therefore, is reported on the Schedule. Federal awards do not include direct federal cash assistance to individuals.

Type A and Type B Programs - The Uniform Guidance establishes the levels of expenditures or expenses to be used in defining Type A and Type B federal awards programs. Type A program threshold in during the year was \$750,000.

**B. Reporting Entity**

The reporting entity is fully described in the footnotes of West Point City's financial statements. The schedule includes all federal awards programs administered by West Point City for the year ended June 30, 2023.

**C. Basis of Accounting**

The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. The information in the Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**West Point City**  
**Notes to the Schedule of Expenditures of Federal Awards - continued**  
**For the Year Ended June 30, 2023**

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D. Assistance Listing Numbers

Uniform Guidance requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified as Assistance Listing Numbers, formerly (CFDA). Each program is assigned a five-digit program identification number (AL Number).

E. Major Programs

The Uniform Guidance establishes a risk-based approach to be used in defining major federal financial programs. Major programs are identified in the schedule of findings and questioned costs.

F. Indirect Costs

The City does not use an indirect cost allocation.

G. Loan Programs

The City has not received any proceeds from federal loan programs.

**West Point City**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting	
Material weakness(es) identified?	yes    X    no
Significant deficiency(ies) identified not considered to be material weaknesses?	yes    X    no
Noncompliance material of financial statements noted?	yes    X    no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	yes    X    no
Significant deficiency(ies) identified not considered to be material weaknesses?	yes    X    no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards?	yes    X    no

Identification of major programs:

AL Numbers	Name of Federal Programs or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds - ARPA

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	yes    X    no

**West Point City**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**Section II - Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*.**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - Prior Year Findings and Questioned Costs - Financial Statements in Accordance with *Government Auditing Standards*.**

None

**Section V - Prior Year Findings and Questioned Costs - Major Award Programs**

None