

# West Point City

## Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2021





# West Point City

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension related schedules, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Point City's basic financial statements. The prior year comparative general fund information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget to actual statements on major capital projects, budget to actual statements on major debt service funds, and prior year comparative general fund information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* , we have also issued our report dated November 9, 2021 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Point City's internal control over financial reporting and compliance.

*Wright & Associates, P.C.*

Ogden, UT  
November 9, 2021

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# West Point City

## Management's Discussion and Analysis

June 30, 2021

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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, 2021.

### Financial Highlights

- ◆ The City's total net position of \$57,415,138 is made up of \$42,175,137 in capital assets and other net position of \$15,240,001. Of this amount, \$9,354,886 may be used to meet the ongoing obligations of the City, while \$5,885,115 is restricted for specific purposes.
- ◆ The City's net position increased by \$7,489,374, or 15% (\$49,925,764 to \$57,415,138).
- ◆ The City's governmental funds reported a combined ending fund balance of \$10,903,284, an increase of \$2,610,399 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 \$1,885,522 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).

**West Point City**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

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 an 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 \$57,415,138, an increase of \$7,489,374 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**  
**June 30, 2021**

Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2020	2021	2020	2021
<b>Assets</b>				
Current and other assets	\$ 11,685,923	12,944,490	4,950,638	5,218,231
Capital assets	27,092,894	29,796,666	11,597,822	13,101,471
Total assets	38,778,817	42,741,156	16,548,460	18,319,702
<b>Deferred Outflows</b>				
Deferred outflows related to pensions	88,668	93,311	62,480	64,525
Total deferred outflows	88,668	93,311	62,480	64,525
<b>Liabilities</b>				
Long-term debt outstanding	1,015,037	807,013	-	60,448
Other liabilities	2,701,891	1,431,950	703,612	564,259
Net pension liability	166,206	3,104	107,943	36,090
Total Liabilities	3,883,134	2,242,067	811,555	660,797
<b>Deferred Inflows</b>				
Unavailable revenue-property taxes	695,405	612,156	-	-
Deferred inflows relating to pensions	104,595	192,040	57,971	96,494
Total Deferred Inflows	800,000	804,196	57,971	96,494
<b>Net Position</b>				
Net investment in capital assets	26,155,894	29,073,666	11,597,822	13,101,471
Restricted	3,071,126	4,036,111	1,449,753	1,849,004
Unrestricted	4,957,330	6,678,425	2,693,839	2,676,461
Total net position	\$ 34,184,350	\$ 39,788,202	\$ 15,741,414	\$ 17,626,936

**West Point City**  
**Management's Discussion and Analysis**  
**June 30, 2021**

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2020	2021	2020	2021
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 522,102	695,426	3,654,787	3,826,903
Operating grants & contributions	410,916	908,942	-	-
Capital grants & contributions	1,478,327	3,466,110	488,961	1,552,249
General revenues				
Property taxes	581,185	659,861	-	-
General sales & use tax	1,918,090	2,248,638	-	-
Energy & telecom tax	490,187	478,348	-	-
Loss on sale of capital assets	-	204,059	-	-
Impact Fees	1,237,317	1,486,709	440,715	425,516
Interest income	155,538	43,365	76,776	19,291
<b>Total revenues</b>	<b>6,793,662</b>	<b>10,191,458</b>	<b>4,661,239</b>	<b>5,823,959</b>
<b>Expenses</b>				
General government	888,798	1,319,347	-	-
Public safety/court	669,928	666,249	-	-
Highways/public works	926,742	1,169,541	-	-
Parks & recreation	1,102,826	1,196,818	-	-
Interest long-term debt	33,799	27,986	-	-
Waste utility	-	-	1,986,149	2,095,455
Water utility	-	-	1,595,397	1,747,088
Storm water utility	-	-	327,162	303,559
<b>Total expenses</b>	<b>3,622,093</b>	<b>4,379,941</b>	<b>3,908,708</b>	<b>4,146,102</b>
Transfers	-	(207,665)	-	207,665
<b>Increase (decrease) in net position</b>	<b>3,171,569</b>	<b>5,603,852</b>	<b>752,531</b>	<b>1,885,522</b>
Net position beginning of year	31,012,781	34,184,350	14,988,883	15,741,414
<b>Net position end of year</b>	<b>\$ 34,184,350</b>	<b>\$ 39,788,202</b>	<b>\$ 15,741,414</b>	<b>\$ 17,626,936</b>

**West Point City**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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, 2021, the City's general fund reported a fund balance of \$1,528,042. This represents an increase of \$590,784 from last year's ending balance. The transfer from the General Fund to the Capital Projects Fund was \$885,500.

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 66% of total general fund revenues, which is consistent with prior years. The largest element of tax revenue is sales tax. Sales tax is 63%, property tax is 21.5%, and energy & franchise tax is 15.5% of general fund tax revenue.

Once again, the City collected more sales tax than at any other point in its history, collecting \$1,937,040 in Fiscal Year 2021, a 19.1% increase from Fiscal Year 2020.

General Fund Budget Amendments

During Fiscal Year 2021, General Fund budgeted expenditures were amended from the original budget of \$2,744,380 to \$3,208,522.

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 \$2,703,772. Capital assets, net of accumulated depreciation, in business-type activities increased by \$1,503,649.

	<u>Government Activities 2021</u>	<u>Business-Type Activities 2021</u>
Capital Assets (net of accumulated depreciation)		
Land	\$ 3,924,790	\$ 158,040
Water rights	\$ -	88,000
Construction in progress	123,968	2,980
Buildings	909,112	23,730
Improvements	1,880,976	12,718,329
Machinery and equipment	376,726	110,392
Infrastructure	22,581,094	-
Total	<u>\$ 29,796,666</u>	<u>\$ 13,101,471</u>
Total FY2020	\$ 27,092,894	\$ 11,597,822
Increase	\$ 2,703,772	\$ 1,503,649

**West Point City**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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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. On June 30, 2021, the City had total bonded debt outstanding of \$723,000.

West Point City's Long-Term Debt

	<u>All Activities</u> <u>2021</u>
Excise tax revenue bonds	\$ 723,000
Net Pension Liability	39,194
Compensated absences	144,459
	<u>\$ 906,653</u>

The City's total long-term debt decreased by \$434,520 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 2022 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 2022 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, 2021

	<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	\$ 7,725,573	4,880,112	12,605,685
Restricted cash and cash equivalents	4,036,112	-	4,036,112
Accounts receivable - net	1,180,325	338,119	1,518,444
Prepaid expenses	2,480	-	2,480
Capital assets (net of accumulated depreciation)			
Land	3,924,790	158,040	4,082,830
Water rights	-	88,000	88,000
Construction in progress	123,968	2,980	126,948
Buildings	909,112	23,730	932,842
Improvements	1,880,976	12,718,329	14,599,305
Machinery and equipment	376,726	110,392	487,118
Infrastructure	22,581,094	-	22,581,094
<b>Total assets</b>	<b>42,741,156</b>	<b>18,319,702</b>	<b>61,060,858</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows relating to pensions	93,311	64,525	157,836
Total deferred outflows of resources	93,311	64,525	157,836
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	330,998	410,809	741,807
Unearned revenue	182,030	-	182,030
Other current liabilities	918,922	153,450	1,072,372
Noncurrent liabilities			
Due within one year	305,013	-	305,013
Due in more than one year	502,000	60,448	562,448
Net pension liability	3,104	36,090	39,194
<b>Total liabilities</b>	<b>2,242,067</b>	<b>660,797</b>	<b>2,902,864</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue-			
property taxes	612,156	-	612,156
Deferred inflows relating to pensions	192,040	96,494	288,534
Total deferred inflows of resources	804,196	96,494	900,690
<b><u>Net Position</u></b>			
Net invested in capital assets	29,073,666	13,101,471	42,175,137
Restricted for impact fees	2,782,663	1,849,004	4,631,667
Restricted for debt service	117,920	-	117,920
Restricted for Class C road	1,135,528	-	1,135,528
Unrestricted	6,678,425	2,676,461	9,354,886
<b>Total net position</b>	<b>\$ 39,788,202</b>	<b>17,626,936</b>	<b>57,415,138</b>

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, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 1,319,347	621,961	-	-	\$ (697,386)		(697,386)
Public safety	666,249	-	454,694	-	(211,555)		(211,555)
Streets and public works	1,169,541	-	454,248	3,466,110	2,750,817		2,750,817
Parks and recreation	1,196,818	73,465	-	-	(1,123,353)		(1,123,353)
Interest on long-term debt	27,986	-	-	-	(27,986)		(27,986)
Total governmental activities	4,379,941	695,426	908,942	3,466,110	690,537		690,537
Business-type activities							
Waste utility	2,095,455	1,962,919	-	776,246		643,710	643,710
Water utility	1,747,088	1,671,338	-	-		(75,750)	(75,750)
Storm water utility	303,559	192,646	-	776,003		665,090	665,090
Total business-type activities	4,146,102	3,826,903	-	1,552,249		1,233,050	1,233,050
Total primary government	\$ 8,526,043	4,522,329	908,942	5,018,359	690,537	1,233,050	1,923,587
General revenues							
					659,861	-	659,861
					2,248,638	-	2,248,638
					478,348	-	478,348
					204,059	-	204,059
					1,486,709	425,516	1,912,225
					43,365	19,291	62,656
					(207,665)	207,665	-
					4,913,315	652,472	5,565,787
					5,603,852	1,885,522	7,489,374
					34,184,350	15,741,414	49,925,764
					\$ 39,788,202	17,626,936	57,415,138

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, 2021**

	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	\$ 2,171,446	902,959	4,605,440	-	45,728	7,725,573
Restricted cash and cash equivalents	-	3,918,191	-	117,921	-	4,036,112
Receivables						
Property, sales, & energy tax	427,452	31,062	-	-	-	458,514
Class C roads	104,532	-	-	-	-	104,532
Telecommunications	5,123	-	-	-	-	5,123
Deferred property taxes	598,455	-	-	-	13,701	612,156
Prepaid expense	2,480	-	-	-	-	2,480
<b>Total assets</b>	<b>\$ 3,309,488</b>	<b>4,852,212</b>	<b>4,605,440</b>	<b>117,921</b>	<b>59,429</b>	<b>12,944,490</b>
<b><u>Liabilities</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 82,038	226,651	19,408	-	-	328,097
Accrued liabilities	918,922	-	-	-	-	918,922
Unearned revenue	182,030	-	-	-	-	182,030
<b>Total liabilities</b>	<b>1,182,990</b>	<b>226,651</b>	<b>19,408</b>	<b>-</b>	<b>-</b>	<b>1,429,049</b>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable revenue- property taxes	598,455	-	-	-	13,701	612,156
<b>Total deferred inflows of resources</b>	<b>598,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,701</b>	<b>612,156</b>
<b><u>Fund Balances</u></b>						
Nonspendable	2,480	-	-	-	-	2,480
Restricted						
Class C roads	-	1,135,528	-	-	-	1,135,528
Impact fees	-	2,782,663	-	-	-	2,782,663
Debt service	-	-	-	117,920	-	117,920
Committed	-	-	4,586,032	-	-	4,586,032
Assigned	-	707,371	-	-	-	707,371
Unassigned	1,525,562	-	-	-	45,728	1,571,290
<b>Total fund balances</b>	<b>1,528,042</b>	<b>4,625,562</b>	<b>4,586,032</b>	<b>117,920</b>	<b>45,728</b>	<b>10,903,284</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 3,309,487</b>	<b>4,852,213</b>	<b>4,605,440</b>	<b>117,920</b>	<b>59,429</b>	<b>12,944,489</b>

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, 2021**

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

Total fund balances - governmental fund types		\$ 10,903,284
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	Cost of capital assets	36,723,379	
	Accumulated depreciation	<u>(6,926,712)</u>	
			29,796,667

Deferred outflows of resources, a consumption to net position that applies to future period, is not shown in the fund statements.		93,310
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Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		(3,104)
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Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements.		(192,040)
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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	(2,901)		
Bonds payable	(723,000)		
Compensated absences	<u>(84,013)</u>		
			<u>(809,914)</u>

Net position of government activities		<u>\$ 39,788,203</u>
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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, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<b><u>Revenues</u></b>						
Taxes	\$ 3,075,249	161,651	-	-	149,947	3,386,847
Licenses and permits	498,022	-	-	-	-	498,022
Charges for services	128,292	-	-	-	-	128,292
Impact fees	-	1,486,709	-	-	-	1,486,709
Intergovernmental	908,942	-	-	-	-	908,942
Grants	-	560,964	-	-	-	560,964
Interest	8,431	16,942	17,357	476	159	43,365
Miscellaneous revenue	17,803	-	51,309	-	-	69,112
<b>Total revenues</b>	<b>4,636,739</b>	<b>2,226,266</b>	<b>68,666</b>	<b>476</b>	<b>150,106</b>	<b>7,082,253</b>
<b><u>Expenditures</u></b>						
<b>Current</b>						
General government	1,163,555	-	-	-	25	1,163,580
Public safety	686,047	-	-	-	-	686,047
Streets and public works	309,633	624,668	-	-	-	934,301
Parks and recreation	439,972	695,207	-	-	-	1,135,179
Capital outlay	-	-	312,039	-	-	312,039
<b>Debt service</b>						
Principal retirement	-	-	-	103,000	111,000	214,000
Interest and fiscal charges	-	-	-	3,208	26,135	29,343
<b>Total expenditures</b>	<b>2,599,207</b>	<b>1,319,875</b>	<b>312,039</b>	<b>106,208</b>	<b>137,160</b>	<b>4,474,489</b>
Excess revenues over (under) expenditures	2,037,532	906,391	(243,373)	(105,732)	12,946	2,607,764
<b><u>Other financing sources (uses)</u></b>						
Proceeds from sale of capital asset	-	-	210,300	-	-	210,300
Transfers in	-	454,248	885,500	107,000	-	1,446,748
Transfers (out)	(1,446,748)	(207,665)	-	-	-	(1,654,413)
<b>Total other financing sources and uses</b>	<b>(1,446,748)</b>	<b>246,583</b>	<b>1,095,800</b>	<b>107,000</b>	<b>-</b>	<b>2,635</b>
Net change in fund balances	590,784	1,152,974	852,427	1,268	12,946	2,610,399
Fund balance - beginning of year	937,258	3,472,588	3,733,605	116,652	32,782	8,292,885
Fund balance - end of year	<u>\$ 1,528,042</u>	<u>4,625,562</u>	<u>4,586,032</u>	<u>117,920</u>	<u>45,728</u>	<u>10,903,284</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, 2021

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

Net changes in fund balances - total governmental funds \$ 2,610,399

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	498,321	
Depreciation expense	<u>(693,454)</u>	
		(195,133)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. (6,241)

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. 2,905,146

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.

Retirement of long-term debt	<u>214,000</u>	
		214,000

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	(5,976)	
Accrued interest	1,357	
Pension benefit expense	<u>80,301</u>	
		<u>75,682</u>

Change in net position of governmental activities \$ 5,603,853

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes				
Property tax - real estate	\$ 509,283	579,685	618,708	39,023
Property tax - vehicles	35,000	35,000	41,153	6,153
Sales and use taxes	1,300,000	1,700,000	1,937,040	237,040
Energy and franchise taxes	455,000	455,000	478,348	23,348
Total taxes	<u>2,299,283</u>	<u>2,769,685</u>	<u>3,075,249</u>	<u>305,564</u>
Licenses and permits				
Business licenses	2,000	2,000	25,758	23,758
Building permits	200,000	400,000	472,264	72,264
Total licenses and permits	<u>202,000</u>	<u>402,000</u>	<u>498,022</u>	<u>96,022</u>
Intergovernmental				
Class C roads	200,000	200,000	454,248	254,248
Grants	-	400,000	454,694	54,694
Total intergovernmental revenue	<u>200,000</u>	<u>600,000</u>	<u>908,942</u>	<u>308,942</u>
Charges for services				
Zoning and subdivision fees	8,000	8,000	14,775	6,775
Recreation fees	90,000	90,000	73,465	(16,535)
Cemetery	15,000	15,000	14,700	(300)
Miscellaneous	18,000	18,000	25,352	7,352
Total charges for services	<u>131,000</u>	<u>131,000</u>	<u>128,292</u>	<u>(2,708)</u>
Miscellaneous				
Donations	2,000	2,000	4,866	2,866
Miscellaneous	1,000	1,000	12,937	11,937
Interest	5,000	5,000	8,431	3,431
Total miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>26,234</u>	<u>18,234</u>
Total revenues	<u>\$ 2,840,283</u>	<u>3,910,685</u>	<u>4,636,739</u>	<u>726,054</u>

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (continued)**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Expenditures</u></b>				
General government				
Mayor and council	\$ 65,386	65,386	68,786	(3,400)
Finance	260,100	260,100	211,278	48,822
Administrative	612,551	1,012,551	883,491	129,060
Total general government	<u>938,037</u>	<u>1,338,037</u>	<u>1,163,555</u>	<u>174,482</u>
Public safety				
Public safety	395,720	395,720	352,264	43,456
Engineering	-	-	851	(851)
Planning and development	453,434	517,576	332,932	184,644
Total public safety	<u>849,154</u>	<u>913,296</u>	<u>686,047</u>	<u>227,249</u>
Streets and public works				
Public works	424,280	424,280	309,633	114,647
Total streets and public works	<u>424,280</u>	<u>424,280</u>	<u>309,633</u>	<u>114,647</u>
Parks and recreation				
Parks and cemetery	206,613	206,613	170,400	36,213
Recreation	326,296	326,296	269,572	56,724
Total parks and recreation	<u>532,909</u>	<u>532,909</u>	<u>439,972</u>	<u>92,937</u>
Total expenditures	<u>2,744,380</u>	<u>3,208,522</u>	<u>2,599,207</u>	<u>609,315</u>
Excess revenues over (under) expenditures	<u>95,903</u>	<u>702,163</u>	<u>2,037,532</u>	<u>1,335,369</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers (out)	<u>(895,903)</u>	<u>(1,499,033)</u>	<u>(1,446,748)</u>	<u>52,285</u>
Total other financing sources and uses	<u>(895,903)</u>	<u>(1,499,033)</u>	<u>(1,446,748)</u>	<u>52,285</u>
Net change in fund balance	(800,000)	(796,870)	590,784	1,387,654
Fund balances - beginning of year	937,258	937,258	937,258	-
Fund balances - end of year	<u>\$ 137,258</u>	<u>140,388</u>	<u>1,528,042</u>	<u>1,387,654</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Impact fees	\$ 547,841	547,841	1,486,709	938,868
Grants	1,912,500	1,912,500	560,964	(1,351,536)
Sales and use taxes	100,000	100,000	161,651	61,651
Interest income	-	-	16,942	16,942
Total revenues	<u>2,560,341</u>	<u>2,560,341</u>	<u>2,226,266</u>	<u>(334,075)</u>
<b><u>Expenditures</u></b>				
Class C road expenditures	519,155	519,155	238,032	281,123
Streets and public works	2,117,877	2,117,877	386,636	1,731,241
Intergovernmental	254,601	254,601	695,207	(440,606)
Parks and recreation	1,648	1,648	-	1,648
Total expenditures	<u>2,893,281</u>	<u>2,893,281</u>	<u>1,319,875</u>	<u>1,573,406</u>
Excess revenues over (under) expenditures	<u>(332,940)</u>	<u>(332,940)</u>	<u>906,391</u>	<u>1,239,331</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers in	200,000	200,000	454,248	254,248
Transfers (out)	-	-	(207,665)	(207,665)
Total other financing sources and uses	<u>200,000</u>	<u>200,000</u>	<u>246,583</u>	<u>46,583</u>
Net change in fund balance	(132,940)	(132,940)	1,152,974	1,285,914
Fund balances - beginning of year	<u>3,472,588</u>	<u>3,472,588</u>	<u>3,472,588</u>	<u>-</u>
Fund balances - end of year	<u>\$ 3,339,648</u>	<u>3,339,648</u>	<u>4,625,562</u>	<u>1,285,914</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, 2021**

	<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>				
Taxes	\$ 140,000	140,000	149,947	9,947
Interest income	-	-	159	159
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>150,106</u>	<u>10,106</u>
<b><u>Expenditures</u></b>				
Debt service				
Principal retirement	111,000	111,000	111,000	-
Interest	<u>29,000</u>	<u>29,000</u>	<u>26,135</u>	<u>2,865</u>
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>137,160</u>	<u>2,840</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>12,946</u>	<u>12,946</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	12,946	12,946
Fund balances - beginning of year	<u>32,782</u>	<u>32,782</u>	<u>32,782</u>	<u>-</u>
Fund balances - end of year	<u>\$ 32,782</u>	<u>32,782</u>	<u>45,728</u>	<u>12,946</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, 2021**

	Business-Type Activities - Enterprise Funds			Total
	Waste Utility	Water Utility	Storm Utility	
<b><u>Assets</u></b>				
Current assets				
Cash and cash equivalents	\$ 770,801	2,063,438	2,045,873	4,880,112
Accounts receivable - net	174,424	134,685	29,010	338,119
Total current assets	945,225	2,198,123	2,074,883	5,218,231
Noncurrent assets				
Land, equipment, buildings, and improvements	5,754,091	5,383,438	6,098,200	17,235,729
Less: Accumulated depreciation	(1,794,839)	(1,325,845)	(1,013,573)	(4,134,257)
Total noncurrent assets	3,959,252	4,057,593	5,084,627	13,101,472
Total assets	4,904,477	6,255,716	7,159,510	18,319,703
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows related to pensions	25,715	27,327	11,483	64,525
Total deferred outflows of resources	25,715	27,327	11,483	64,525
<b><u>Liabilities</u></b>				
Current liabilities				
Accounts payable	283,375	111,997	1,953	397,325
Accrued liabilities	5,200	5,978	2,307	13,485
Customer deposits	21,300	132,150	-	153,450
Total current liabilities	309,875	250,125	4,260	564,260
Noncurrent liabilities				
Compensated absences	23,092	26,331	11,025	60,448
Net pension liability	13,734	9,083	13,273	36,090
Total noncurrent liabilities	36,826	35,414	24,298	96,538
Total liabilities	346,701	285,539	28,558	660,798
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows related to pensions	38,658	44,005	13,831	96,494
Total deferred inflows of resources	38,658	44,005	13,831	96,494
<b><u>Net Position</u></b>				
Net invested in capital assets	3,959,252	4,057,593	5,084,627	13,101,472
Restricted - impact fees	338,432	388,134	1,122,438	1,849,004
Unrestricted	247,149	1,507,772	921,539	2,676,460
Total net position	\$ 4,544,833	5,953,499	7,128,604	17,626,936

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, 2021**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Operating Revenues</b>				
Charges for services	\$ 1,927,582	1,670,710	192,576	3,790,868
Connections, penalties, and other fees	1,677	628	70	2,375
Other income	33,660	-	-	33,660
Total operating revenues	<u>1,962,919</u>	<u>1,671,338</u>	<u>192,646</u>	<u>3,826,903</u>
<b>Operating Expenses</b>				
Personnel services	243,142	273,431	117,247	633,820
Contractual services	1,627,683	920,277	16,252	2,564,212
Maintenance and supplies	120,636	403,951	49,021	573,608
Depreciation and amortization	103,994	149,429	121,039	374,462
Total operating expenses	<u>2,095,455</u>	<u>1,747,088</u>	<u>303,559</u>	<u>4,146,102</u>
Operating income (loss)	<u>(132,536)</u>	<u>(75,750)</u>	<u>(110,913)</u>	<u>(319,199)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest revenue	2,996	8,296	7,999	19,291
Impact fees	169,891	32,248	223,377	425,516
Transfers in	-	151,457	56,208	207,665
Developer contributions	776,246	-	776,003	1,552,249
Total nonoperating revenues (expenses)	<u>949,133</u>	<u>192,001</u>	<u>1,063,587</u>	<u>2,204,721</u>
Change in net position	816,597	116,251	952,674	1,885,522
Total net position - beginning	<u>3,728,236</u>	<u>5,837,248</u>	<u>6,175,930</u>	<u>15,741,414</u>
Total net position - ending	<u>\$ 4,544,833</u>	<u>5,953,499</u>	<u>7,128,604</u>	<u>17,626,936</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, 2021**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,956,767	1,653,597	183,870	3,794,234
Payments to suppliers	(1,792,057)	(1,268,218)	(141,786)	(3,202,061)
Payments to employees	(254,202)	(286,297)	(120,235)	(660,734)
Net cash provided (used) by operating activities	<u>(89,492)</u>	<u>99,082</u>	<u>(78,151)</u>	<u>(68,561)</u>
<b>Cash flows from noncapital financing activities</b>				
Impact fees	169,891	32,248	223,377	425,516
Transfers from other funds	-	151,457	56,208	207,665
Net cash provided (used) by noncapital financing activities	<u>169,891</u>	<u>183,705</u>	<u>279,585</u>	<u>633,181</u>
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	(15,131)	(251,607)	(59,129)	(325,867)
Net cash provided (used) by capital and related financing activities	<u>(15,131)</u>	<u>(251,607)</u>	<u>(59,129)</u>	<u>(325,867)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	2,996	8,296	8,000	19,292
Net cash provided (used) by investing activities	<u>2,996</u>	<u>8,296</u>	<u>8,000</u>	<u>19,292</u>
Net increase (decrease) in cash and cash equivalents	68,264	39,476	150,305	258,045
Cash and cash equivalents - beginning	<u>702,537</u>	<u>2,023,962</u>	<u>1,895,566</u>	<u>4,622,065</u>
Cash and cash equivalents - ending	<u>\$ 770,801</u>	<u>2,063,438</u>	<u>2,045,871</u>	<u>4,880,110</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	<u>\$ (132,536)</u>	<u>(75,750)</u>	<u>(110,913)</u>	<u>(319,199)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	103,994	149,429	121,039	374,462
(Increase) decrease in accounts receivable	(9,752)	(20,501)	(8,776)	(39,029)
(Increase) decrease in prepaid expenses	13,742	13,242	2,499	29,483
(Increase) decrease in deferred outflows	(825)	(948)	(272)	(2,045)
Increase (decrease) in accounts payable	(59,001)	41,011	(79,851)	(97,841)
Increase (decrease) in net pension liability	(28,960)	(33,331)	(9,562)	(71,853)
Increase (decrease) in deferred inflows	15,526	17,870	5,127	38,523
Increase (decrease) in customer deposits	3,600	2,760	-	6,360
Increase (decrease) in compensated absences	3,199	3,543	1,719	8,461
Increase (decrease) in accrued liabilities	1,521	1,757	839	4,117
Total adjustments	<u>43,044</u>	<u>174,832</u>	<u>32,762</u>	<u>250,638</u>
Net cash provided (used) by operating activities	<u>\$ (89,492)</u>	<u>99,082</u>	<u>(78,151)</u>	<u>(68,561)</u>
<b>Noncash capital and financing activities:</b>				
Contribution of capital assets from private developers	\$ 776,246	-	776,003	1,552,249

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, 2021**

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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.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

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**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 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 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.

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**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

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**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 a 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.

**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 1. 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 30. During the current year, there were not any supplemental appropriations made to the general fund expenditures.

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 \$1,525,562 which is 32.90% 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, 2021, \$2,252,798 of the local government's bank balances of \$2,502,798 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, 2021**

**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	\$ -	14,171,128	-
Total investments measured at fair value	\$ -	14,171,128	-

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 31 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, 2021**

**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, 2021, 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	\$ 14,171,128	-	-
Total investments measured at fair value	\$ 14,171,128	-	-

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	\$ -	-	14,171,128
Total investments measured at fair value	\$ -	-	14,171,128

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, 2021**

**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:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Accounts	\$ -	352,083	352,083
Less: Allowance for uncollectable	-	(13,964)	(13,964)
Property tax	7,902	-	7,902
Sales and energy tax	392,878	-	392,878
B & C road revenue	104,532	-	104,532
Deferred property tax revenue	612,156	-	612,156
Franchise tax	57,734	-	57,734
Telecommunications	5,123	-	5,123
	<u>\$ 1,180,325</u>	<u>338,119</u>	<u>1,518,444</u>

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 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:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 612,156	-
CARES Act Grant	-	182,030
Total deferred / unearned revenue for governmental funds	<u>\$ 612,156</u>	<u>\$ 182,030</u>

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

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

**C. Capital assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

<b>Primary government</b>	Beginning			Ending
<b>Governmental activities</b>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 3,924,790	-	-	3,924,790
Construction in progress	879,943	364,065	(1,120,040)	123,968
Total capital assets not being depreciated	4,804,733	364,065	(1,120,040)	4,048,758
Capital assets being depreciated				
Buildings	2,163,653	-	-	2,163,653
Improvements	2,583,594	-	-	2,583,594
Machinery and equipment	1,499,268	128,835	-	1,628,103
Intangibles	8,987	-	(8,987)	-
Infrastructure	22,268,663	4,030,607	-	26,299,270
Total capital assets being depreciated	28,524,165	4,159,442	(8,987)	32,674,620
Less accumulated depreciation for				
Buildings	1,184,309	70,232	-	1,254,541
Improvements	651,400	51,218	-	702,618
Machinery and equipment	1,126,285	125,092	-	1,251,377
Intangibles	2,746	-	(2,746)	-
Infrastructure	3,271,264	446,912	-	3,718,176
Total accumulated depreciation	6,236,004	693,454	(2,746)	6,926,712
Total capital assets, being depreciated, net	22,288,161	3,465,988	(6,241)	25,747,908
Governmental activities capital assets, net	\$ 27,092,894	3,830,053	(1,126,281)	29,796,666
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Water rights	-	88,000	-	88,000
Construction in progress	9,693	2,980	(9,693)	2,980
Total capital assets not being depreciated	167,733	90,980	(9,693)	249,020
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	14,506,395	1,759,914	-	16,266,309
Machinery and equipment	623,490	36,910	-	660,400
Total capital assets being depreciated	15,189,885	1,796,824	-	16,986,709
Less accumulated depreciation for				
Buildings	34,365	1,905	-	36,270
Improvements	3,213,865	334,115	-	3,547,980
Machinery and equipment	511,566	38,442	-	550,008
Total accumulated depreciation	3,759,796	374,462	-	4,134,258
Total capital assets, being depreciated, net	11,430,089	1,422,362	-	12,852,451
Business-type activities capital assets, net	\$ 11,597,822	1,513,342	(9,693)	13,101,471

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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	\$ 246,664
Public works	363,596
Parks and community services	<u>83,194</u>
Total depreciation expense - governmental activities	<u>693,454</u>
Business-type activities	
Waste Utility	103,994
Water Utility	149,429
Storm Water Utility	<u>121,039</u>
Total depreciation expense - business-type activities	<u>374,462</u>
Total depreciation expense	<u><u>\$ 1,067,916</u></u>

Davis County contributed a portion of walking trail that was within city limits to West Point City. The value of the property was not determinable at that time. In March 2021, Utah Department of Transportation offered to buy the property that was along the new West Davis Highway for \$210,300. The trail will be relocated and contributed back to the City.

D. Interfund transfers

Transfers In	Transfers Out					Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Storm Water Fund	Water Fund	
Special Revenue Fund	\$ 454,248	-	-	56,208	151,457	661,913
Capital projects	885,500	-	-	-	-	885,500
Debt service	107,000	-	-	-	-	107,000
Total transfer in	<u>\$ 1,446,748</u>	<u>-</u>	<u>-</u>	<u>56,208</u>	<u>151,457</u>	<u>1,654,413</u>

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, 2021**

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

**E. Long-term debt**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 937,000	-	(214,000)	723,000	221,000
Net pension liability	166,206	-	(163,102)	3,104	-
Compensated absences	78,037	121,663	(115,687)	84,013	67,210
Total long-term liabilities	<u>\$ 1,181,243</u>	<u>121,663</u>	<u>(492,789)</u>	<u>810,117</u>	<u>288,210</u>
<b>Business-type activities</b>					
Net pension liability	\$ 107,943	-	(71,853)	36,090	-
Compensated absences	51,987	48,103	(39,644)	60,446	33,850
Total long-term liabilities	<u>\$ 159,930</u>	<u>48,103</u>	<u>(111,497)</u>	<u>96,536</u>	<u>33,850</u>

Revenue bonds issued at June 30, 2021 consist of the following:

Series	Purpose	Amount	Range	Date	Outstanding
2014	Refunding bonds for series 2001 excise tax bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 751,000	1.990%	2022	\$ 106,000
2016	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 1,136,000	3.590%	2026	617,000
					<u>\$ 723,000</u>

Years Ending June 30	Tax Revenue Bonds	
	Principal	Interest
2023	\$ 221,000	23,205
2024	119,000	18,022
2025	123,000	13,750
2026	128,000	9,334
2027	132,000	4,739
Total	<u>\$ 723,000</u>	<u>69,049</u>

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

Advance and current refunding

In 2014, the government issued \$751,000 of excise tax revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$725,000 on excise tax revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding originally reduced total debt service payments \$46,344. The outstanding principal balance of the defeased bond as of June 30, 2021 was \$105,000.

**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.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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

*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, 2021 are as follows:

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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	15.80	0.89
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	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, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 100,889	N/A
Tier 2 Public Employees System	71,401	-
Tier 2 DC Only System	4,531	N/A
Total Contributions	\$ 176,821	\$ -

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.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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, 2021, we reported a net pension asset of \$0 and a net pension liability of \$39,194.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/18	Change (decrease)
Noncontributory System	\$ -	35,221	0.06866380%	0.07089050%	-0.0022267%
Tier 2 Public Employees System	\$ -	3,973	0.02762490%	0.03100040%	-0.0033755%
	\$ -	39,194			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021 we recognized pension expense of \$60,977.

At June 30, 2021 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	\$ 50,908	1,819
Changes in assumptions	5,026	4,752
Net difference between projected and actual earnings on pension plan investments	-	268,797
Changes in proportion and differences between contributions and proportionate share of contributions	8,456	13,166
Contributions subsequent to the measurement date	93,446	-
Total	\$ 157,836	288,534

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**Note 4 - Other Information - continued**

**B. Pension plans - continued**

\$93,446 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, 2020. 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
2021	\$ (65,362)
2022	(29,404)
2023	(93,003)
2024	(43,503)
2025	1,276
Thereafter	5,851

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

For the year ended June 30, 2021 we recognized pension expense of \$22,157.

At June 30, 2021 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	\$ 47,251	-
Changes in assumptions	-	4,607
Net difference between projected and actual earnings on pension plan investments	-	257,183
Changes in proportion and differences between contributions and proportionate share of contributions	3,383	13,166
Contributions subsequent to the measurement date	53,849	-
Total	\$ 104,483	274,956

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**Note 4 - Other Information - continued**

B. Pension plans - continued

\$53,849 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, 2020. 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
2021	\$ (63,300)
2022	(28,158)
2023	(90,227)
2024	(42,637)
2025	-
Thereafter	-

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

For the year ended June 30, 2021 we recognized pension expense of \$38,820.

At June 30, 2021 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	\$ 3,657	1,819
Changes in assumptions	5,026	145
Net difference between projected and actual earnings on pension plan investments	-	11,614
Changes in proportion and differences between contributions and proportionate share of contributions	5,073	-
Contributions subsequent to the measurement date	39,598	-
Total	\$ 53,354	13,578

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**Note 4 - Other Information - continued**

B. Pension plans - continued

\$39,598 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, 2020. 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
2021	\$ (2,062)
2022	(1,246)
2023	(2,777)
2024	(866)
2025	1,276
Thereafter	5,851

*Actuarial Assumptions*

The total pension liability in the December 31, 2020, 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 - 9.75 percent average, including inflation
Investment rate of return	6.95 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,

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Equity Securities	37%	6.30%	2.33%
Debt Securities	20%	-	-
Real Assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and cash equivalents	-	-	-
<b>Totals</b>	<b>100%</b>		<b>4.84%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 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 remained unchanged at 6.95 percent.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2021**

**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 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.90%)
Noncontributory System	\$ 610,621	35,221	(444,462)
Tier 2 Public Employees System	66,858	3,973	(44,132)
<b>Total</b>	<b>677,479</b>	<b>39,194</b>	<b>(488,594)</b>

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:

	2021	2020	2019
401(k) Plan			
Employer contributions	\$ 28,373	\$ 27,979	22,169
Employee contributions	25,315	25,545	21,393
457 Plan			
Employer contributions	2,585	2,572	2,389
Employee contributions	8,343	8,127	8,170
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	3,683	1,154	1,124

**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, and determined that there have been the following events after the fiscal year end have occurred that would require disclosures.

In July 2021, the City applied for funding through American Rescue Plan Act to assist their community with the continued impact of COVID-19. The City has been awarded \$1,296,768 in funding for which they have received \$648,384 in July 2021.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the City and financial results of our operations will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate. At this point, the extent to which COVID-19 may impact the City is uncertain.

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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2014	2015	2016	2017	2018	2019	2020
<b><u>Noncontributory System</u></b>							
Proportion of the net pension liability (asset)	0.2324696%	0.0779062%	0.7723480%	0.0744414%	0.0691477%	0.0708905%	0.0686638%
Proportionate share of the net pension liability (asset)	\$ 337,616	\$ 440,831	\$ 495,942	\$ 326,150	\$ 509,185	\$ 267,177	\$ 35,221
Covered payroll	\$ 640,863	\$ 631,314	\$ 623,998	\$ 565,058	\$ 517,093	\$ 534,446	\$ 506,360
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%
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%
<b><u>Tier 2 Public Employees System</u></b>							
Proportion of the net pension liability (asset)	0.0299416%	0.0278119%	0.0306174%	0.0359252%	0.0330625%	0.0310004%	2.7624900%
Proportionate share of the net pension liability (asset)	\$ (907)	\$ (61)	\$ 3,415	\$ 3,167	\$ 14,160	\$ 6,972	\$ 3,973
Covered payroll	\$ 146,853	\$ 179,683	\$ 251,086	\$ 351,714	\$ 386,141	\$ 430,797	\$ 441,832
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%
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%

\* 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\***

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Noncontributory System</u></b>										
Contractually required contribution	95,930	112,862	116,067	114,507	117,121	112,038	96,453	95,840	97,591	100,889
Contributions in relation to the contractually required contribution	(95,930)	(112,862)	(116,067)	(114,507)	(117,121)	(112,038)	(96,453)	(95,840)	(97,591)	(100,889)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	696,660	689,146	634,182	627,436	634,114	606,593	522,216	518,898	528,378	546,233
Contributions as a percentage of covered payroll	13.77%	16.38%	18.30%	18.25%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	2,743	13,312	10,170	23,875	31,012	45,965	55,583	62,728	71,031	71,401
Contributions in relation to the contractually required contribution	(2,743)	(13,312)	(10,170)	(23,875)	(31,012)	(45,965)	(55,583)	(62,728)	(71,031)	(71,401)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	36,138	159,805	119,645	159,805	207,993	308,281	367,858	403,654	453,583	451,903
Contributions as a percentage of covered payroll	0.00%	8.33%	8.50%	14.94%	14.91%	14.91%	15.11%	15.54%	15.66%	15.80%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	-	-	-	-	-	-	-	115	1,773	4,531
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	(115)	(1,773)	(4,531)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	-	-	-	1,721	26,496	67,727
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.68%	6.69%	6.69%

\* 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.

NA Information not available

**West Point City**  
**Notes to Required Supplemental Information**  
**June 30, 2021**

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**Changes in Assumptions**

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at [newsroom.urs.org](http://newsroom.urs.org) under the "Retirement Office" column using the "Reports and Stats" tab.

## **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, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	17,357	17,357
Miscellaneous	200,282	200,282	51,309	(148,973)
Total revenues	<u>200,282</u>	<u>200,282</u>	<u>68,666</u>	<u>(131,616)</u>
<b><u>Expenditures</u></b>				
Capital outlay	2,327,482	2,329,782	312,039	2,017,743
Total expenditures	<u>2,327,482</u>	<u>2,329,782</u>	<u>312,039</u>	<u>2,017,743</u>
Excess revenues over (under) expenditures	<u>(2,127,200)</u>	<u>(2,129,500)</u>	<u>(243,373)</u>	<u>1,886,127</u>
<b><u>Other financing sources (uses)</u></b>				
Proceeds from sale of capital asset	-	-	210,300	210,300
Transfers in	588,903	595,163	885,500	290,337
Total other financing sources and uses	<u>588,903</u>	<u>595,163</u>	<u>1,095,800</u>	<u>500,637</u>
Net change in fund balance	(1,538,297)	(1,534,337)	852,427	2,386,764
Fund balances - beginning of year	<u>3,733,605</u>	<u>3,733,605</u>	<u>3,733,605</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 2,195,308</u></u>	<u><u>2,199,268</u></u>	<u><u>4,586,032</u></u>	<u><u>2,386,764</u></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, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	476	476
Total revenues	-	-	476	476
<b><u>Expenditures</u></b>				
Debt service				
Principal retirement	103,000	103,000	103,000	-
Interest and fiscal charges	4,000	4,000	3,208	792
Total expenditures	107,000	107,000	106,208	792
Excess revenues over (under) expenditures	(107,000)	(107,000)	(105,732)	1,268
<b><u>Other financing sources (uses)</u></b>				
Transfers in	107,000	107,000	107,000	-
Total other financing sources and uses	107,000	107,000	107,000	-
Net change in fund balance	-	-	1,268	1,268
Fund balances - beginning of year	116,652	116,652	116,652	-
Fund balances - end of year	<u>\$ 116,652</u>	<u>116,652</u>	<u>117,920</u>	<u>1,268</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, 2021 and 2020**

	June 30, 2021	June 30, 2020	<u>Variance</u> Increase (Decrease) Over PY
<b><u>Revenues</u></b>			
Taxes			
Property tax - real estate	\$ 618,708	542,498	76,210
Property tax - vehicles	41,153	38,687	2,466
Sales and use taxes	1,937,040	1,626,927	310,113
Energy & telecom taxes	478,348	490,187	(11,839)
Total taxes	<u>3,075,249</u>	<u>2,698,299</u>	<u>376,950</u>
Licenses and permits			
Business licenses	25,758	9,317	16,441
Building permits	472,264	310,374	161,890
Total licenses and permits	<u>498,022</u>	<u>319,691</u>	<u>178,331</u>
Intergovernmental			
Class "C" roads	454,248	410,916	43,332
Grants	454,694	-	454,694
Total intergovernmental revenue	<u>908,942</u>	<u>410,916</u>	<u>498,026</u>
Charges for services			
Zoning & subdivision fees	14,775	34,125	(19,350)
Recreation fees	73,465	49,426	24,039
Cemetery	14,700	22,850	(8,150)
Public safety	-	137	(137)
Miscellaneous	25,352	11,250	14,102
Total charges for services	<u>128,292</u>	<u>117,788</u>	<u>10,504</u>
Miscellaneous			
Donations	4,866	2,895	1,971
Miscellaneous	12,937	3,030	9,907
Interest	8,431	37,144	(28,713)
Total miscellaneous	<u>26,234</u>	<u>43,069</u>	<u>(16,835)</u>
Total revenues	<u>\$ 4,636,739</u>	<u>3,589,763</u>	<u>1,046,976</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, 2021 and 2020**

	June 30, 2021	June 30, 2020	Variance Increase (Decrease) Over PY
<b><u>Expenditures</u></b>			
General government			
Mayor and council	\$ 68,786	53,971	14,815
Finance	211,278	204,490	6,788
Administrative	883,491	507,880	375,611
Total general government	<u>1,163,555</u>	<u>766,341</u>	<u>397,214</u>
Public safety			
Public safety	352,264	364,268	(12,004)
Engineering	851	-	851
Planning and development	332,932	306,814	26,118
Total public safety	<u>686,047</u>	<u>671,082</u>	<u>14,965</u>
Streets and public works			
Public works	309,633	320,597	(10,964)
Total streets and public works	<u>309,633</u>	<u>320,597</u>	<u>(10,964)</u>
Parks and recreation			
Parks and cemetery	170,400	146,956	23,444
Recreation	269,572	258,437	11,135
Total parks and recreation	<u>439,972</u>	<u>405,393</u>	<u>34,579</u>
Total expenditures	<u>2,599,207</u>	<u>2,163,413</u>	<u>435,794</u>
Excess revenues over (under) expenditures	<u>2,037,532</u>	<u>1,426,350</u>	<u>611,182</u>
<b><u>Other financing sources (uses)</u></b>			
Transfers in (out)	(1,446,748)	(1,403,416)	43,332
Total other financing sources and uses	<u>(1,446,748)</u>	<u>(1,403,416)</u>	<u>43,332</u>
Net change in fund balance	590,784	22,934	567,850
Fund balances - beginning of year	<u>937,258</u>	<u>914,325</u>	<u>22,933</u>
Fund balances - end of year	<u>\$ 1,528,042</u>	<u>937,259</u>	<u>590,783</u>

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

## **OTHER REPORTS**

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

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, 2021, 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 November 9, 2021.

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 as a basis for designing our auditing procedures 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 the 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 may exist that have not been identified.

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

### 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.

*Wlich & Associates, P.C.*

November 9, 2021

**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, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance  
Fund Balance  
Restricted Taxes and Other Restricted Revenue  
Fraud Risk Assessment  
Governmental Fees

***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on West Point City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of West Point City's compliance with those requirements.

### ***Opinion on General State Compliance Requirements***

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, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance.

### **Report On Internal Control Over Compliance**

Management of West Point City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Point City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Point City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or 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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Wright & Associates, P.C.*

Ogden, Utah  
November 9, 2021