

West Point City

Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2022



West Point City

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Point City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Point City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Point City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Point City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Point City's basic financial statements. The budget to actual comparison statements and general fund prior year comparative statements are presented for purposes of additional

analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget to actual comparison statements and prior year comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of West Point City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Point City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Point City's internal control over financial reporting and compliance.

Wlich & Associates, P.C.

Ogden, UT
December 6, 2022

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West Point City
Management's Discussion and Analysis
June 30, 2022

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, 2022.

Financial Highlights

- ◆ The City's total net position of \$69,783,731 is made up of \$51,285,247 in capital assets and other net position of \$18,498,485. Of this amount, \$11,199,636 may be used to meet the ongoing obligations of the City, while \$7,298,849 is restricted for specific purposes.
- ◆ The City's net position increased by \$12,368,593, or 21.5% (\$57,415,138 to \$69,783,731).
- ◆ The City's governmental funds reported a combined ending fund balance of \$13,385,065, an increase of \$2,481,781 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 \$4,076,095 during the fiscal year.

Reporting the City As a Whole

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

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

The statements of net position present information on all of West Point City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of West Point City is improving or deteriorating. However, other non-financial factors should also be considered.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

West Point City
Management's Discussion and Analysis - Continued
June 30, 2022

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 \$69,783,731, an increase of \$12,368,593 over the prior year. By far, the largest portion of West Point City's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

West Point City
Management's Discussion and Analysis - Continued
June 30, 2022

Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2021	2022	2021	2022
Assets				
Current and other assets	\$ 12,944,490	17,064,491	5,218,231	5,758,499
Capital assets	29,796,666	35,583,158	13,101,471	16,680,062
Total assets	42,741,156	52,647,649	18,319,702	22,438,561
Deferred Outflows				
Deferred outflows related to pensions	93,311	141,563	64,525	101,639
Total deferred outflows	93,311	141,563	64,525	101,639
Liabilities				
Long-term debt outstanding	807,013	598,084	60,448	-
Other liabilities	1,431,950	2,974,301	564,259	602,780
Net pension liability	3,104	-	36,090	-
Total Liabilities	2,242,067	3,572,385	660,797	602,780
Deferred Inflows				
Unavailable revenue- property taxes	612,156	706,626	-	-
Deferred inflows relating to pensions	192,040	429,499	96,494	234,391
Total Deferred Inflows	804,196	1,136,125	96,494	234,391
Net Position				
Net investment in capital assets	29,073,666	34,780,047	13,101,471	16,505,200
Restricted	4,036,111	4,993,007	1,849,004	2,305,842
Unrestricted	6,678,425	8,307,647	2,676,461	2,891,989
Total net position	\$ 39,788,202	\$ 48,080,700	\$ 17,626,936	\$ 21,703,031

West Point City
Management's Discussion and Analysis - Continued
June 30, 2022

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2021	2022	2021	2022
Revenues				
Program revenues				
Charges for services	\$ 695,426	854,110	3,826,903	4,080,889
Operating grants & contributions	908,942	674,812	-	-
Capital grants & contributions	3,466,110	5,621,604	1,552,249	3,728,426
General revenues				
Property taxes	659,861	857,583	-	-
General sales & use tax	2,248,638	2,349,283	-	-
Energy & telecom tax	478,348	539,723	-	-
Loss on sale of capital assets	204,059	125,000	-	-
Impact Fees	1,486,709	1,735,177	425,516	611,869
Interest income	43,365	61,286	19,291	22,897
Total revenues	10,191,458	12,818,578	5,823,959	8,444,081
Expenses				
General government	1,319,347	1,211,076	-	-
Public safety/court	666,249	717,756	-	-
Highways/public works	1,169,541	1,665,514	-	-
Parks & recreation	1,196,818	902,464	-	-
Interest long-term debt	27,986	21,835	-	-
Waste utility	-	-	2,095,455	2,274,257
Water utility	-	-	1,747,088	1,815,031
Storm water utility	-	-	303,559	286,133
Total expenses	4,379,941	4,518,645	4,146,102	4,375,421
Transfers	(207,665)	(7,435)	207,665	7,435
Increase (decrease) in net position	5,603,852	8,292,498	1,885,522	4,076,095
Net position beginning of year	34,184,350	39,788,202	15,741,414	17,626,936
Net position end of year	\$ 39,788,202	\$ 48,080,700	\$ 17,626,936	\$ 21,703,031

West Point City
Management's Discussion and Analysis - Continued
June 30, 2022

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, 2022, the City's general fund reported a fund balance of \$1,723,597. This represents an increase of \$195,555 from last year's ending balance. The transfer from the General Fund to the Capital Projects Fund was \$1,510,000.

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

Taxes continue to be the largest source of revenue in the general fund and represent 69% of total general fund revenues, which is consistent with prior years. The largest element of tax revenue is sales tax. Sales tax is 64%, property tax is 20%, and energy & franchise tax is 16% of general fund tax revenue.

Once again, the City collected more sales tax than at any other point in its history, collecting \$2,166,784 in Fiscal Year 2022, an 11.9% increase from Fiscal Year 2021.

General Fund Budget Amendments

During Fiscal Year 2022, General Fund budgeted expenditures were not amended from the original budget of \$4,351,386.

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 \$5,485,381. Capital assets, net of accumulated depreciation, in business-type activities increased by \$3,403,729.

West Point City
Management's Discussion and Analysis - Continued
June 30, 2022

<u>West Point City's Capital Assets</u>		
	Government Activities <u>2022</u>	Business-Type Activities <u>2022</u>
Capital Assets (net of accumulated depreciation)		
Land	\$ 4,447,331	\$ 158,040
Water rights	-	138,000
Construction in progress	1,425,791	20,894
Buildings	838,879	21,825
Improvements	1,829,758	16,077,443
Machinery and equipment	284,735	88,998
Infrastructure	<u>26,455,553</u>	<u>-</u>
Total	<u>\$ 35,282,047</u>	<u>\$ 16,505,200</u>
Total FY2022	\$ 29,796,666	\$ 13,101,471
Increase	\$ 5,485,381	\$ 3,403,729

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, 2022, the City had total bonded debt outstanding of \$502,000.

<u>West Point City's Long-Term Debt</u>	
	<u>All Activities</u> <u>2022</u>
Excise tax revenue bonds	\$ 502,000
Compensated absences	165,411
	<u>\$ 667,411</u>

The City's total long-term debt decreased by \$239,242 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 2023 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 2023 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, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 10,743,350	3,113,947	13,857,297
Restricted cash and cash equivalents	4,993,008	2,305,842	7,298,850
Accounts receivable - net	1,299,990	338,710	1,638,700
Prepaid expenses	28,143	-	28,143
Capital assets (net of accumulated depreciation)			
Land	4,447,331	158,040	4,605,371
Construction in progress	1,425,791	20,894	1,446,685
Buildings	838,879	21,825	860,704
Improvements	1,829,758	16,077,443	17,907,201
Machinery and equipment	284,735	88,998	373,733
Water rights	-	138,000	138,000
Infrastructure	26,455,553	-	26,455,553
Net pension asset	301,111	174,862	475,973
	<u>52,647,649</u>	<u>22,438,561</u>	<u>75,086,210</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows relating to pensions	141,563	101,639	243,202
Total deferred outflows of resources	<u>141,563</u>	<u>101,639</u>	<u>243,202</u>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	157,369	602,780	760,149
Unearned revenue	640,949	-	640,949
Other current liabilities	2,175,983	-	2,175,983
Noncurrent liabilities			
Due within one year	317,084	-	317,084
Due in more than one year	281,000	-	281,000
	<u>3,572,385</u>	<u>602,780</u>	<u>4,175,165</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue-			
property taxes	706,626	-	706,626
Deferred inflows relating to pensions	429,499	234,391	663,890
Total deferred inflows of resources	<u>1,136,125</u>	<u>234,391</u>	<u>1,370,516</u>
<u>Net Position</u>			
Net invested in capital assets	34,780,047	16,505,200	51,285,247
Restricted for impact fees	3,630,455	2,305,842	5,936,297
Restricted for debt service	11,123	-	11,123
Restricted for Class C road	1,351,429	-	1,351,429
Unrestricted	8,307,647	2,891,989	11,199,636
	<u>\$ 48,080,700</u>	<u>21,703,031</u>	<u>69,783,731</u>

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

West Point City
Statement of Activities
For the Year Ended June 30, 2022

Function/Programs Primary government	Program Revenues			Net (Expense) Revenues & Changes in Net Position		
	Expenses	Operating		Governmental Activities	Primary Government	
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-type Activities
Governmental activities						
General government	\$ 1,211,076	745,864	-	\$ (465,212)		(465,212)
Public safety	717,756	-	189,465	(528,291)		(528,291)
Streets and public works	1,665,514	-	485,347	4,441,437		4,441,437
Parks and recreation	902,464	108,246	-	(794,218)		(794,218)
Interest on long-term debt	21,835	-	-	(21,835)		(21,835)
Total governmental activities	4,518,645	854,110	674,812	2,631,881		2,631,881
Business-type activities						
Waste utility	2,274,257	2,062,095	-		1,360,418	1,360,418
Water utility	1,815,031	1,826,834	-		406,558	406,558
Storm water utility	286,133	191,960	-		1,666,918	1,666,918
Total business-type activities	4,375,421	4,080,889	-		3,433,894	3,433,894
Total primary government	\$ 8,894,066	4,934,999	674,812	2,631,881	3,433,894	6,065,775
General revenues						
Property taxes				857,583	-	857,583
General sales and use tax				2,349,283	-	2,349,283
Energy and franchise tax				539,723	-	539,723
Loss on sale of capital assets				125,000	-	125,000
Impact fees				1,735,177	611,869	2,347,046
Net interest earnings (expense)				61,286	22,897	84,183
Transfers				(7,435)	7,435	-
Total general revenues				5,660,617	642,201	6,302,818
Change in net position				8,292,498	4,076,095	12,368,593
Net position - beginning				39,788,202	17,626,936	57,415,138
Net position - ending				\$ 48,080,700	21,703,031	69,783,731

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<u>Assets</u>						
Cash and cash equivalents	\$ 3,997,829	982,076	5,661,287	-	102,158	10,743,350
Restricted cash and cash equivalents	-	4,981,884	-	11,124	-	4,993,008
Receivables						
Property, sales, & energy tax	446,136	32,657	-	-	-	478,793
Class C roads	110,138	-	-	-	-	110,138
Telecommunications	4,433	-	-	-	-	4,433
Deferred property taxes	693,155	-	-	-	13,471	706,626
Prepaid expense	28,143	-	-	-	-	28,143
	<u>28,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,143</u>
Total assets	<u>\$ 5,279,834</u>	<u>5,996,617</u>	<u>5,661,287</u>	<u>11,124</u>	<u>115,629</u>	<u>17,064,491</u>
<u>Liabilities</u>						
Liabilities						
Accounts payable	\$ 46,150	87,708	22,009	-	-	155,867
Accrued liabilities	2,175,983	-	-	-	-	2,175,983
Unearned revenue	640,949	-	-	-	-	640,949
	<u>640,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,949</u>
Total liabilities	<u>2,863,082</u>	<u>87,708</u>	<u>22,009</u>	<u>-</u>	<u>-</u>	<u>2,972,799</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue- property taxes	693,155	-	-	-	13,471	706,626
	<u>693,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,471</u>	<u>706,626</u>
Total deferred inflows of resources	<u>693,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,471</u>	<u>706,626</u>
<u>Fund Balances</u>						
Nonspendable	28,143	-	-	-	-	28,143
Restricted						
Class C roads	-	1,351,429	-	-	-	1,351,429
Impact fees	-	3,630,455	-	-	-	3,630,455
Debt service	-	-	-	11,123	-	11,123
Committed	-	-	5,639,278	-	-	5,639,278
Assigned	-	927,025	-	-	-	927,025
Unassigned	1,695,454	-	-	-	102,158	1,797,612
	<u>1,695,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,158</u>	<u>1,797,612</u>
Total fund balances	<u>1,723,597</u>	<u>5,908,909</u>	<u>5,639,278</u>	<u>11,123</u>	<u>102,158</u>	<u>13,385,065</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,279,834</u>	<u>5,996,617</u>	<u>5,661,287</u>	<u>11,123</u>	<u>115,629</u>	<u>17,064,490</u>

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

West Point City
Reconciliation of the Balance Sheet to Governmental Funds
To the Statement of Net Position
June 30, 2022

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

Total fund balances - governmental fund types		\$ 13,385,065
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
	Cost of capital assets	43,014,122
	Accumulated depreciation	<u>(7,732,074)</u>
		35,282,048
Deferred outflows of resources, a consumption to net position that applies to future period, is not shown in the fund statements.		
		141,562
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		
		-
Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements.		
		(429,499)
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	(1,502)
	Bonds payable	(502,000)
	Compensated absences	<u>(96,084)</u>
		<u>(599,586)</u>
Net position of government activities		<u>\$ 48,080,701</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
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 3,370,839	182,499	-	-	193,251	3,746,589
Licenses and permits	609,344	-	-	-	-	609,344
Charges for services	193,372	-	-	-	-	193,372
Impact fees	-	1,735,177	-	-	-	1,735,177
Intergovernmental	674,812	-	-	-	-	674,812
Interest	13,927	23,951	22,792	287	329	61,286
Miscellaneous revenue	4,820	-	46,574	-	-	51,394
Total revenues	<u>4,867,114</u>	<u>1,941,627</u>	<u>69,366</u>	<u>287</u>	<u>193,580</u>	<u>7,071,974</u>
<u>Expenditures</u>						
Current						
General government	1,022,715	-	-	-	-	1,022,715
Public safety	749,547	-	-	-	-	749,547
Streets and public works	357,416	312,308	-	-	-	669,724
Parks and recreation	539,101	831,317	-	-	-	1,370,418
Capital outlay	-	-	651,120	-	-	651,120
Debt service						
Principal retirement	-	-	-	106,000	115,000	221,000
Interest and fiscal charges	-	-	-	1,084	22,150	23,234
Total expenditures	<u>2,668,779</u>	<u>1,143,625</u>	<u>651,120</u>	<u>107,084</u>	<u>137,150</u>	<u>4,707,758</u>
Excess revenues over (under) expenditures	<u>2,198,335</u>	<u>798,002</u>	<u>(581,754)</u>	<u>(106,797)</u>	<u>56,430</u>	<u>2,364,216</u>
<u>Other financing sources (uses)</u>						
Proceeds from sale of capital asset	-	-	125,000	-	-	125,000
Transfers in	-	485,345	1,510,000	-	-	1,995,345
Transfers (out)	<u>(2,002,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,002,780)</u>
Total other financing sources and uses	<u>(2,002,780)</u>	<u>485,345</u>	<u>1,635,000</u>	<u>-</u>	<u>-</u>	<u>117,565</u>
Net change in fund balances	195,555	1,283,347	1,053,246	(106,797)	56,430	2,481,781
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 1,723,597</u>	<u>5,908,909</u>	<u>5,639,278</u>	<u>11,123</u>	<u>102,158</u>	<u>13,385,065</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, 2022

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

Net changes in fund balances - total governmental funds \$ 2,481,781

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	669,139	
Depreciation expense	<u>(805,362)</u>	
		(136,223)

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>221,000</u>	
		221,000

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

Compensated absences	(12,071)	
Accrued interest	1,399	
Pension benefit expense	<u>115,008</u>	
		<u>104,336</u>

Change in net position of governmental activities \$ 8,292,498

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes				
Property tax - real estate	\$ 598,886	598,886	623,661	24,775
Property tax - vehicles	35,000	35,000	40,671	5,671
Sales and use taxes	1,500,000	1,500,000	2,166,784	666,784
Energy and franchise taxes	445,000	445,000	539,723	94,723
Total taxes	2,578,886	2,578,886	3,370,839	791,953
Licenses and permits				
Business licenses	10,000	10,000	15,877	5,877
Building permits	400,000	400,000	593,467	193,467
Total licenses and permits	410,000	410,000	609,344	199,344
Intergovernmental				
Class C roads	400,000	400,000	485,347	85,347
Grants	-	-	189,465	189,465
Total intergovernmental revenue	400,000	400,000	674,812	274,812
Charges for services				
Zoning and subdivision fees	20,000	20,000	40,315	20,315
Recreation fees	90,000	90,000	108,246	18,246
Cemetery	15,000	15,000	14,950	(50)
Miscellaneous	14,500	14,500	29,861	15,361
Total charges for services	139,500	139,500	193,372	53,872
Miscellaneous				
Donations	2,000	2,000	3,115	1,115
Miscellaneous	1,000	1,000	1,705	705
Interest	20,000	20,000	13,927	(6,073)
Total miscellaneous	23,000	23,000	18,747	(4,253)
Total revenues	\$ 3,551,386	3,551,386	4,867,114	1,315,728

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Expenditures</u>				
General government				
Mayor and council	\$ 66,788	66,788	76,075	(9,287)
Finance	265,643	268,675	226,974	41,701
Administrative	834,549	842,324	719,666	122,658
Total general government	<u>1,166,980</u>	<u>1,177,787</u>	<u>1,022,715</u>	<u>155,072</u>
Public safety				
Public safety	418,010	418,010	378,067	39,943
Engineering	106,767	107,411	77,292	30,119
Planning and development	462,541	463,287	294,188	169,099
Total public safety	<u>987,318</u>	<u>988,708</u>	<u>749,547</u>	<u>239,161</u>
Streets and public works				
Public works	435,197	437,637	357,416	80,221
Total streets and public works	<u>435,197</u>	<u>437,637</u>	<u>357,416</u>	<u>80,221</u>
Parks and recreation				
Parks and cemetery	206,613	208,826	181,063	27,763
Recreation	357,040	359,416	358,038	1,378
Total parks and recreation	<u>563,653</u>	<u>568,242</u>	<u>539,101</u>	<u>29,141</u>
Total expenditures	<u>3,153,148</u>	<u>3,172,374</u>	<u>2,668,779</u>	<u>503,595</u>
Excess revenues over (under) expenditures	<u>398,238</u>	<u>379,012</u>	<u>2,198,335</u>	<u>1,819,323</u>
<u>Other financing sources (uses)</u>				
Transfers (out)	<u>(1,198,238)</u>	<u>(1,179,012)</u>	<u>(2,002,780)</u>	<u>(823,768)</u>
Total other financing sources and uses	<u>(1,198,238)</u>	<u>(1,179,012)</u>	<u>(2,002,780)</u>	<u>(823,768)</u>
Net change in fund balance	(800,000)	(800,000)	195,555	995,555
Fund balances - beginning of year	<u>1,528,042</u>	<u>1,528,042</u>	<u>1,528,042</u>	<u>-</u>
Fund balances - end of year	<u>\$ 728,042</u>	<u>728,042</u>	<u>1,723,597</u>	<u>995,555</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Impact fees	\$ 757,454	757,454	1,735,177	977,723
Grants	-	26,296,768	-	(26,296,768)
Sales and use taxes	125,000	125,000	182,499	57,499
Interest income	-	-	23,951	23,951
Total revenues	<u>882,454</u>	<u>27,179,222</u>	<u>1,941,627</u>	<u>(25,237,595)</u>
<u>Expenditures</u>				
Class C road expenditures	540,480	558,049	269,445	288,604
Streets and public works	531,570	546,570	42,863	503,707
Intergovernmental	366,468	366,468	831,317	(464,849)
Capital outlay	-	26,296,768	-	26,296,768
Parks and recreation	1,648	1,648	-	1,648
Total expenditures	<u>1,440,166</u>	<u>27,769,503</u>	<u>1,143,625</u>	<u>26,625,878</u>
Excess revenues over (under) expenditures	<u>(557,712)</u>	<u>(590,281)</u>	<u>798,002</u>	<u>1,388,283</u>
<u>Other financing sources (uses)</u>				
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>485,345</u>	<u>85,345</u>
Total other financing sources and uses	<u>400,000</u>	<u>400,000</u>	<u>485,345</u>	<u>85,345</u>
Net change in fund balance	(157,712)	(190,281)	1,283,347	1,473,628
Fund balances - beginning of year	<u>4,625,562</u>	<u>4,625,562</u>	<u>4,625,562</u>	<u>-</u>
Fund balances - end of year	<u>\$ 4,467,850</u>	<u>4,435,281</u>	<u>5,908,909</u>	<u>1,473,628</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 140,000	140,000	193,251	53,251
Interest income	-	-	329	329
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>193,580</u>	<u>53,580</u>
<u>Expenditures</u>				
Debt service				
Principal retirement	115,000	115,000	115,000	-
Interest	25,000	25,000	22,150	2,850
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>137,150</u>	<u>2,850</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>56,430</u>	<u>56,430</u>
<u>Other financing sources (uses)</u>				
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	-	-	56,430	56,430
Fund balances - beginning of year	45,728	45,728	45,728	-
Fund balances - end of year	<u>\$ 45,728</u>	<u>45,728</u>	<u>102,158</u>	<u>56,430</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, 2022

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 871,281	2,208,731	2,339,777	5,419,789
Accounts receivable - net	180,081	136,375	22,254	338,710
Total current assets	1,051,362	2,345,106	2,362,031	5,758,499
Noncurrent assets				
Land, equipment, buildings, and improvements	7,340,770	5,837,837	7,872,751	21,051,358
Less: Accumulated depreciation	(1,915,659)	(1,480,649)	(1,149,850)	(4,546,158)
Net pension asset	68,694	81,796	24,372	174,862
Total noncurrent assets	5,493,805	4,438,984	6,747,273	16,680,062
Total assets	6,545,167	6,784,090	9,109,304	22,438,561
<u>Deferred Outflows of Resources</u>				
Deferred outflows related to pensions	40,003	44,800	16,836	101,639
Total deferred outflows of resources	40,003	44,800	16,836	101,639
<u>Liabilities</u>				
Current liabilities				
Accounts payable	304,074	209,291	2,724	516,089
Accrued liabilities	32,918	38,124	15,649	86,691
Total current liabilities	336,992	247,415	18,373	602,780
Noncurrent liabilities				
Net pension liability	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	336,992	247,415	18,373	602,780
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to pensions	92,830	108,510	33,051	234,391
Total deferred inflows of resources	92,830	108,510	33,051	234,391
<u>Net Position</u>				
Net invested in capital assets	5,425,111	4,357,188	6,722,901	16,505,200
Restricted - impact fees	433,492	493,662	1,378,688	2,305,842
Unrestricted	296,746	1,622,115	973,128	2,891,989
Total net position	\$ 6,155,349	6,472,965	9,074,717	21,703,031

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, 2022

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
Operating Revenues				
Charges for services	\$ 2,018,850	1,736,857	191,809	3,947,516
Connections, penalties, and other fees	1,510	1,359	151	3,020
Other income	41,735	88,618	-	130,353
Total operating revenues	<u>2,062,095</u>	<u>1,826,834</u>	<u>191,960</u>	<u>4,080,889</u>
Operating Expenses				
Personnel services	257,520	300,848	110,557	668,925
Contractual services	1,763,816	974,254	25,003	2,763,073
Maintenance and supplies	132,101	385,124	14,296	531,521
Depreciation and amortization	120,820	154,805	136,277	411,902
Total operating expenses	<u>2,274,257</u>	<u>1,815,031</u>	<u>286,133</u>	<u>4,375,421</u>
Operating income (loss)	<u>(212,162)</u>	<u>11,803</u>	<u>(94,173)</u>	<u>(294,532)</u>
Nonoperating Revenues (Expenses)				
Interest revenue	3,661	9,492	9,744	22,897
Impact fees	239,003	103,416	269,450	611,869
Transfers in	7,435	-	-	7,435
Developer contributions	1,572,580	394,755	1,761,091	3,728,426
Total nonoperating revenues (expenses)	<u>1,822,679</u>	<u>507,663</u>	<u>2,040,285</u>	<u>4,370,627</u>
Change in net position	1,610,517	519,466	1,946,112	4,076,095
Total net position - beginning	<u>4,544,832</u>	<u>5,953,499</u>	<u>7,128,605</u>	<u>17,626,936</u>
Total net position - ending	<u>\$ 6,155,349</u>	<u>6,472,965</u>	<u>9,074,717</u>	<u>21,703,031</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, 2022

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
Cash flows from operating activities				
Receipts from customers	\$ 2,056,438	1,825,144	198,716	4,080,298
Payments to suppliers	(1,891,895)	(1,388,421)	(36,211)	(3,316,527)
Payments to employees	(300,064)	(344,695)	(134,335)	(779,094)
Net cash provided (used) by operating activities	<u>(135,521)</u>	<u>92,028</u>	<u>28,170</u>	<u>(15,323)</u>
Cash flows from noncapital financing activities				
Impact fees	239,003	103,416	269,450	611,869
Transfers from other funds	7,435	-	-	7,435
Transfers to other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>246,438</u>	<u>103,416</u>	<u>269,450</u>	<u>619,304</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	-	-
Purchases of capital assets	(14,097)	(59,640)	(13,460)	(87,197)
Net cash provided (used) by capital and related financing activities	<u>(14,097)</u>	<u>(59,640)</u>	<u>(13,460)</u>	<u>(87,197)</u>
Cash flows from investing activities				
Interest and dividends received	3,661	9,492	9,745	22,898
Net cash provided (used) by investing activities	<u>3,661</u>	<u>9,492</u>	<u>9,745</u>	<u>22,898</u>
Net increase (decrease) in cash and cash equivalents	100,481	145,296	293,905	539,682
Cash and cash equivalents - beginning	770,801	2,063,438	2,045,873	4,880,112
Cash and cash equivalents - ending	<u>\$ 871,282</u>	<u>2,208,734</u>	<u>2,339,778</u>	<u>5,419,794</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (212,162)	11,803	(94,173)	(294,532)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	120,820	154,805	136,277	411,902
(Increase) decrease in accounts receivable	(5,657)	(1,690)	6,756	(591)
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in net pension asset	(68,694)	(81,796)	(24,372)	(174,862)
(Increase) decrease in deferred outflows	(14,288)	(17,473)	(5,353)	(37,114)
Increase (decrease) in accounts payable	(604)	(34,858)	769	(34,693)
Increase (decrease) in net pension liability	(13,734)	(9,083)	(13,273)	(36,090)
Increase (decrease) in deferred inflows	54,172	64,505	19,220	137,897
Increase (decrease) in accrued liabilities	4,626	5,815	2,319	12,760
Total adjustments	<u>76,641</u>	<u>80,225</u>	<u>122,343</u>	<u>279,209</u>
Net cash provided (used) by operating activities	<u>\$ (135,521)</u>	<u>92,028</u>	<u>28,170</u>	<u>(15,323)</u>
Noncash capital and financing activities:				
Contribution of capital assets from private developers	\$ 1,572,580	394,755	1,761,091	3,728,426

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, 2022

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, 2022

Note 1 - Summary of Significant Accounting Policies - continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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

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

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

Note 1 - Summary of Significant Accounting Policies - continued

2. Prepaid items

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

3. Receivables

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

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

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

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

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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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary information

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

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

Utah State law allows for the accumulation of a fund balance in the general fund in an amount equal to 35% of the total current year revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. At year end, the City's unassigned general fund balance was \$1,695,454 which is 34.83% 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, 2022, \$3,311,054 of the local government's bank balances of \$3,561,054 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, 2022

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	\$ -	17,610,306	-
Total investments measured at fair value	\$ -	17,610,306	-

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

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

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

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, 2022, 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	\$ 17,610,306	-	-
Total investments measured at fair value	\$ 17,610,306	-	-

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	\$ -	-	17,610,306
Total investments measured at fair value	\$ -	-	17,610,306

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, 2022

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	\$ -	350,542	350,542
Less: Allowance for uncollectable	-	(11,832)	(11,832)
Grants	-	-	-
Property tax	6,014	-	6,014
Sales and energy tax	416,886	-	416,886
B & C road revenue	110,138	-	110,138
Deferred property tax revenue	706,626	-	706,626
Franchise tax	55,894	-	55,894
Telecommunications	4,433	-	4,433
	<u>\$ 1,299,991</u>	<u>338,710</u>	<u>1,638,701</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	\$ 706,626	-
ARPA Act Grant	-	640,949
Total deferred / unearned revenue for governmental funds	<u>\$ 706,626</u>	<u>640,949</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 3 - Detailed Notes on all Funds - continued

C. Capital assets

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary government	Beginning			Ending
Governmental activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 3,924,790	522,541	-	4,447,331
Construction in progress	123,967	1,301,824	-	1,425,791
Total capital assets not being depreciated	<u>4,048,757</u>	<u>1,824,365</u>	<u>-</u>	<u>5,873,122</u>
Capital assets being depreciated				
Buildings	2,163,653	-	-	2,163,653
Improvements	2,583,594	-	-	2,583,594
Machinery and equipment	1,628,103	14,058	-	1,642,161
Intangibles	-	-	-	-
Infrastructure	26,299,271	4,452,320	-	30,751,591
Total capital assets being depreciated	<u>32,674,621</u>	<u>4,466,378</u>	<u>-</u>	<u>37,140,999</u>
Less accumulated depreciation for				
Buildings	1,254,542	70,232	-	1,324,774
Improvements	702,618	51,218	-	753,836
Machinery and equipment	1,251,376	106,050	-	1,357,426
Intangibles	-	-	-	-
Infrastructure	3,718,176	577,862	-	4,296,038
Total accumulated depreciation	<u>6,926,712</u>	<u>805,362</u>	<u>-</u>	<u>7,732,074</u>
Total capital assets, being depreciated, net	<u>25,747,909</u>	<u>3,661,016</u>	<u>-</u>	<u>29,408,925</u>
Governmental activities capital assets, net	<u>\$ 29,796,666</u>	<u>5,485,381</u>	<u>-</u>	<u>35,282,047</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Water rights	88,000	50,000	-	138,000
Construction in progress	2,980	20,894	(2,980)	20,894
Total capital assets not being depreciated	<u>249,020</u>	<u>70,894</u>	<u>(2,980)</u>	<u>316,934</u>
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	16,266,309	3,728,426	-	19,994,735
Machinery and equipment	660,400	19,288	-	679,688
Total capital assets being depreciated	<u>16,986,709</u>	<u>3,747,714</u>	<u>-</u>	<u>20,734,423</u>
Less accumulated depreciation for				
Buildings	36,270	1,905	-	38,175
Improvements	3,547,979	369,313	-	3,917,292
Machinery and equipment	550,006	40,684	-	590,690
Total accumulated depreciation	<u>4,134,255</u>	<u>411,902</u>	<u>-</u>	<u>4,546,157</u>
Total capital assets, being depreciated, net	<u>12,852,454</u>	<u>3,335,812</u>	<u>-</u>	<u>16,188,266</u>
Business-type activities capital assets, net	<u>\$ 13,101,474</u>	<u>3,406,706</u>	<u>(2,980)</u>	<u>16,505,200</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

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	\$	219,761
Public works		501,634
Parks and community services		83,967
Total depreciation expense - governmental activities		805,362
Business-type activities		
Waste Utility		120,820
Water Utility		154,805
Storm Water Utility		136,277
Total depreciation expense - business-type activities		411,902
Total depreciation expense	\$	1,217,264

D. Interfund transfers

	Transfers Out					Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Waste Utility Fund	Water Fund	
Transfers In						
Special Revenue Fund	\$ 485,345	-	-	-	-	485,345
Capital projects	1,510,000	-	-	-	-	1,510,000
Waste Utility	7,435	-	-	-	-	7,435
Total transfer in	\$ 2,002,780	-	-	-	-	2,002,780

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, 2022

Note 3 - Detailed Notes on all Funds - continued

E. Long-term debt

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 723,000	-	(221,000)	502,000	221,000
Net pension liability	3,104	-	(3,104)	-	-
Compensated absences	84,013	77,143	(65,072)	96,084	76,867
Total long-term liabilities	<u>\$ 810,117</u>	<u>77,143</u>	<u>(289,176)</u>	<u>598,084</u>	<u>297,867</u>
Business-type activities					
Net pension liability	\$ 36,090	-	(36,090)	-	-
Compensated absences	60,446	51,097	(42,216)	69,327	55,462
Total long-term liabilities	<u>\$ 96,536</u>	<u>51,097</u>	<u>(78,306)</u>	<u>69,327</u>	<u>55,462</u>

Revenue bonds issued at June 30, 2022 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	\$ -
2016	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 1,136,000	3.590%	2026	502,000
					<u>\$ 502,000</u>

Years Ending June 30	Tax Revenue Bonds	
	Principal	Interest
2023	\$ 119,000	18,022
2024	123,000	13,750
2025	128,000	9,334
2026	132,000	4,739
Total	<u>\$ 502,000</u>	<u>45,844</u>

Note 4 - Other Information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

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

B. Pension plans

General Information about the Pension Plan

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

Defined benefit plans:

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

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

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

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.

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, 2022 are as follows:

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 4 - Other Information - continued

B. Pension plans - continued

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
111- Local Governmental Division Tier 2	N/A	16.07	0.62
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, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 111,188	N/A
Tier 2 Public Employees System	90,739	-
Tier 2 DC Only System	3,391	N/A
Total Contributions	\$ 205,318	\$ -

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, 2022

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, 2022, we reported a net pension asset of \$475,973 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/20	Change (decrease)
Noncontributory System	\$ 463,736.00	-	0.08097210%	0.06866380%	0.0123083%
Tier 2 Public Employees System	\$ 12,237.00	-	0.02891270%	0.02762490%	0.0012878%
	475,973	-			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 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, 2022 we recognized pension expense of (\$19,905).

At June 30, 2022 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	\$ 54,516	1,577
Changes in assumptions	54,933	3,109
Net difference between projected and actual earnings on pension plan investments	-	654,594
Changes in proportion and differences between contributions and proportionate share of contributions	37,465	4,610
Contributions subsequent to the measurement date	96,287	-
Total	\$ 243,201	663,890

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 4 - Other Information - continued

B. Pension plans - continued

\$96,287 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, 2021. 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
2022	\$ (96,477)
2023	(171,607)
2024	(155,086)
2025	(106,813)
2026	2,336
Thereafter	10,671

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

For the year ended June 30, 2022 we recognized pension expense of (\$62,365).

At June 30, 2022 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	\$ 48,571	-
Changes in assumptions	43,523	2,993
Net difference between projected and actual earnings on pension plan investments	-	624,358
Changes in proportion and differences between contributions and proportionate share of contributions	31,302	4,610
Contributions subsequent to the measurement date	52,007	-
Total	\$ 175,403	631,961

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 4 - Other Information - continued

B. Pension plans - continued

\$52,007 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, 2021. 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
2022	\$ (90,763)
2023	(164,292)
2024	(149,770)
2025	(103,739)
2026	-
Thereafter	-

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

For the year ended June 30, 2022 we recognized pension expense of \$42,460.

At June 30, 2022 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	\$ 5,945	1,577
Changes in assumptions	11,410	116
Net difference between projected and actual earnings on pension plan investments	-	30,236
Changes in proportion and differences between contributions and proportionate share of contributions	6,163	-
Contributions subsequent to the measurement date	44,280	-
Total	\$ 67,798	31,929

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 4 - Other Information - continued

B. Pension plans - continued

\$44,280 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, 2021. 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
2022	\$ (5,713)
2023	(7,315)
2024	(5,315)
2025	(3,074)
2026	2,336
Thereafter	10,671

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2021, 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, 2022

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	-0.28%	-0.06%
Real Assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash and cash equivalents	-	-1.01%	-
Totals	100%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

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

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2022

Note 4 - Other Information - continued

B. Pension plans - continued

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 249,365	(463,736)	(1,058,679)
Tier 2 Public Employees System	72,910	(12,237)	(77,612)
Total	322,275	(475,973)	(1,136,291)

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:

	2022	2021	2020
401(k) Plan			
Employer contributions	\$ 28,909	\$ 28,373	27,979
Employee contributions	28,915	25,315	25,545
457 Plan			
Employer contributions	2,743	2,585	2,572
Employee contributions	9,119	8,343	8,127
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	2,312	3,683	1,154

Note 4 - Other Information - continued

C. Commitments

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

D. Subsequent events

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

E. Rounding convention

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

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REQUIRED SUPPLEMENTARY INFORMATION

West Point City
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems

Last Eight Fiscal Years Ending December 31*

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

* 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*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Noncontributory System</u>										
Contractually required contribution	\$ 112,862	116,067	114,507	117,121	112,038	96,453	95,840	97,591	100,889	111,188
Contributions in relation to the contractually required contribution	(112,862)	(116,067)	(114,507)	(117,121)	(112,038)	(96,453)	(95,840)	(97,591)	(100,889)	(111,188)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	689,146	634,182	627,436	634,114	606,593	522,216	518,898	528,378	546,233	601,991
Contributions as a percentage of covered-employee payroll	16.38%	18.30%	18.25%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%	18.47%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	13,312	10,170	23,875	31,012	45,965	55,583	62,728	71,031	71,401	90,739
Contributions in relation to the contractually required contribution	(13,312)	(10,170)	(23,875)	(31,012)	(45,965)	(55,583)	(62,728)	(71,031)	(71,401)	(90,739)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	159,805	119,645	159,805	207,993	308,281	367,858	403,654	453,583	451,903	564,648
Contributions as a percentage of covered-employee payroll	8.33%	8.50%	14.94%	14.91%	14.91%	15.11%	15.54%	15.66%	15.80%	16.07%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	-	-	-	-	-	-	115	1,773	4,531	3,391
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	(115)	(1,773)	(4,531)	(3,391)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	-	-	-	1,721	26,496	67,727	50,681
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.68%	6.69%	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.

West Point City
Notes to Required Supplemental Information
June 30, 2022

Changes in Assumptions

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest income	\$ -	-	22,792	22,792
Miscellaneous	147,057	147,057	46,574	(100,483)
Total revenues	<u>147,057</u>	<u>147,057</u>	<u>69,366</u>	<u>(77,691)</u>
<u>Expenditures</u>				
Capital outlay	<u>2,340,504</u>	<u>2,263,066</u>	<u>651,120</u>	<u>1,611,946</u>
Total expenditures	<u>2,340,504</u>	<u>2,263,066</u>	<u>651,120</u>	<u>1,611,946</u>
Excess revenues over (under) expenditures	<u>(2,193,447)</u>	<u>(2,116,009)</u>	<u>(581,754)</u>	<u>1,534,255</u>
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital asset	-	-	125,000	125,000
Transfers in	<u>691,183</u>	<u>691,183</u>	<u>1,510,000</u>	<u>818,817</u>
Total other financing sources and uses	<u>691,183</u>	<u>691,183</u>	<u>1,635,000</u>	<u>943,817</u>
Net change in fund balance	(1,502,264)	(1,424,826)	1,053,246	2,478,072
Fund balances - beginning of year	<u>4,586,032</u>	<u>4,586,032</u>	<u>4,586,032</u>	<u>-</u>
Fund balances - end of year	<u>\$ 3,083,768</u>	<u>3,161,206</u>	<u>5,639,278</u>	<u>2,478,072</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Interest income	\$ -	-	287	287
Total revenues	-	-	287	287
<u>Expenditures</u>				
Debt service				
Principal retirement	106,000	106,000	106,000	-
Interest and fiscal charges	1,055	1,055	1,084	(29)
Total expenditures	107,055	107,055	107,084	(29)
Excess revenues over (under) expenditures	(107,055)	(107,055)	(106,797)	258
<u>Other financing sources (uses)</u>				
Transfers in	107,055	107,055	-	(107,055)
Total other financing sources and uses	107,055	107,055	-	(107,055)
Net change in fund balance	-	-	(106,797)	(106,797)
Fund balances - beginning of year	117,920	117,920	117,920	-
Fund balances - end of year	\$ 117,920	117,920	11,123	(106,797)

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, 2022 and 2021

	June 30, 2022	June 30, 2021	<u>Variance</u> Increase (Decrease) Over PY
<u>Revenues</u>			
Taxes			
Property tax - real estate	\$ 623,661	618,708	4,953
Property tax - vehicles	40,671	41,153	(482)
Sales and use taxes	2,166,784	1,937,040	229,744
Energy & telecom taxes	539,723	478,348	61,375
Total taxes	<u>3,370,839</u>	<u>3,075,249</u>	<u>295,590</u>
Licenses and permits			
Business licenses	15,877	25,758	(9,881)
Building permits	593,467	472,264	121,203
Total licenses and permits	<u>609,344</u>	<u>498,022</u>	<u>111,322</u>
Intergovernmental			
Class "C" roads	485,347	454,248	31,099
Grants	189,465	454,694	(265,229)
Total intergovernmental revenue	<u>674,812</u>	<u>908,942</u>	<u>(234,130)</u>
Charges for services			
Zoning & subdivision fees	40,315	14,775	25,540
Recreation fees	108,246	73,465	34,781
Cemetery	14,950	14,700	250
Miscellaneous	29,861	25,352	4,509
Total charges for services	<u>193,372</u>	<u>128,292</u>	<u>65,080</u>
Miscellaneous			
Donations	3,115	4,866	(1,751)
Miscellaneous	1,705	12,937	(11,232)
Interest	13,927	8,431	5,496
Total miscellaneous	<u>18,747</u>	<u>26,234</u>	<u>(7,487)</u>
Total revenues	<u>\$ 4,867,114</u>	<u>4,636,739</u>	<u>230,375</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, 2022 and 2021

	June 30, 2022	June 30, 2021	Variance Increase (Decrease) Over PY
<u>Expenditures</u>			
General government			
Mayor and council	\$ 76,075	68,786	7,289
Finance	226,974	211,278	15,696
Administrative	719,666	883,491	(163,825)
Total general government	<u>1,022,715</u>	<u>1,163,555</u>	<u>(140,840)</u>
Public safety			
Public safety	378,067	352,264	25,803
Engineering	77,292	851	76,441
Planning and development	294,188	332,932	(38,744)
Total public safety	<u>749,547</u>	<u>686,047</u>	<u>63,500</u>
Streets and public works			
Public works	357,416	309,633	47,783
Total streets and public works	<u>357,416</u>	<u>309,633</u>	<u>47,783</u>
Parks and recreation			
Parks and cemetery	181,063	170,400	10,663
Recreation	358,038	269,572	88,466
Total parks and recreation	<u>539,101</u>	<u>439,972</u>	<u>99,129</u>
Total expenditures	<u>2,668,779</u>	<u>2,599,207</u>	<u>69,572</u>
Excess revenues over (under) expenditures	<u>2,198,335</u>	<u>2,037,532</u>	<u>160,803</u>
<u>Other financing sources (uses)</u>			
Transfers in (out)	(2,002,780)	(1,446,748)	556,032
Total other financing sources and uses	<u>(2,002,780)</u>	<u>(1,446,748)</u>	<u>556,032</u>
Net change in fund balance	195,555	590,784	(395,229)
Fund balances - beginning of year	<u>1,528,042</u>	<u>937,259</u>	<u>590,783</u>
Fund balances - end of year	<u>\$ 1,723,597</u>	<u>1,528,043</u>	<u>195,554</u>

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

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Point City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Point City's internal control. Accordingly, we do not express an opinion on the effectiveness of West Point City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Point City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wright & Associates, P.C.

Ogden, Utah

December 6, 2022

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, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

Budgetary Compliance
Fund Balance
Restricted Taxes
Fraud Risk Assessment
Governmental Fees
Cash Management
Impact Fees
Utah Retirement Systems
Public Treasurer's Bond

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, 2022.

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 audit 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.

Whitlock & Associates, P.C.

Ogden, Utah
December 6, 2022

West Point City
Schedule of Findings
State Legal Compliance
For the Year Ended June 30, 2022

Statement of Condition - 2022-1

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

Criteria

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

Cause

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

Effect

The City is not in compliance with impact fee requirements.

Recommendation

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

Response

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