

# West Point City

## Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2019



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# West Point City

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City as of June 30, 2019, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of West Point City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Point City's internal control over financial reporting and compliance.

*Wich & Associates, P.C.*

Ogden, UT  
November 19, 2019

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# West Point City

## Management's Discussion and Analysis

### June 30, 2019

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As management of West Point City, we offer readers of the West Point City financial statements this narrative overview and analysis of the financial activities of West Point City for the fiscal year ended June 30, 2019.

#### Financial Highlights

- ◆ The City's total net position of \$46,001,664 is made up of \$35,538,343 in capital assets and other net position of \$10,463,321. Of this amount, \$7,019,485 may be used to meet the ongoing obligations of the City, while \$3,443,836 is restricted for specific purposes.
- ◆ The City's net position increased by \$5,157,552, or 12.63% (\$40,844,112 to \$46,001,664).
- ◆ The City's governmental funds reported a combined ending fund balance of \$6,739,752, an increase of \$923,495 from the prior year. The increase is primarily the result of continued high sales tax revenue and low expenditures.
- ◆ In the proprietary funds, the total net position increased by \$1,553,040 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

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.

## 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 \$46,001,664, an increase of \$5,157,552 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.

Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
Assets				
Current and other assets	\$ 7,352,635	9,113,369	4,062,562	4,449,730
Capital assets	23,192,621	25,688,057	9,857,186	11,052,325
Net pension asset	-	-	-	-
Total assets	<u>30,545,256</u>	<u>34,801,426</u>	<u>13,919,748</u>	<u>15,502,055</u>
Deferred Outflows				
Deferred outflows related to pensions	<u>184,139</u>	<u>179,927</u>	<u>94,904</u>	<u>92,531</u>
Total deferred outflows	<u>184,139</u>	<u>179,927</u>	<u>94,904</u>	<u>92,531</u>
Liabilities				
Long-term debt outstanding	1,412,249	1,223,516	-	-
Other liabilities	1,069,285	1,725,025	381,306	408,064
Net pension liability	<u>215,038</u>	<u>339,194</u>	<u>114,280</u>	<u>184,151</u>
Total Liabilities	<u>2,696,572</u>	<u>3,287,735</u>	<u>495,586</u>	<u>592,215</u>
Deferred Inflows				
Unavailable revenue- property taxes	473,968	654,175	-	-
Deferred inflows relating to pensions	<u>150,582</u>	<u>26,662</u>	<u>83,227</u>	<u>13,488</u>
Total Deferred Inflows	<u>624,550</u>	<u>680,837</u>	<u>83,227</u>	<u>13,488</u>
Net Position				
Net investment in capital assets	21,845,621	24,486,018	9,857,186	11,052,325
Restricted	2,152,501	2,285,506	973,732	1,158,330
Unrestricted	<u>3,410,151</u>	<u>4,241,257</u>	<u>2,604,921</u>	<u>2,778,228</u>
Total net position	<u>\$ 27,408,273</u>	<u>\$ 31,012,781</u>	<u>\$ 13,435,839</u>	<u>\$ 14,988,883</u>

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
Revenues				
Program revenues				
Charges for services	\$ 447,456	658,210	3,545,926	3,608,618
Operating grants & contributions	390,212	417,262	-	-
Capital grants & contributions	608,488	2,220,521	867,106	1,299,735
General revenues				
Property taxes	497,075	532,450	-	-
General sales & use tax	1,513,241	1,717,837	-	-
Energy & telecom tax	521,051	456,720	-	-
Loss on sale of capital assets	10,062	(2,920)	-	(54,041)
Impact Fees	677,741	505,098	148,197	164,800
Interest income	87,108	169,030	61,322	93,115
Transfers/Misc.	-	-	-	-
Total revenues	<u>4,752,434</u>	<u>6,674,208</u>	<u>4,622,551</u>	<u>5,112,227</u>
Expenses				
General government	925,769	952,385	-	-
Public safety/court	445,725	478,184	-	-
Highways/public works	981,873	1,471,959	-	-
Parks & recreation	644,855	127,651	-	-
Interest long-term debt	45,093	39,520	-	-
Waste utility	-	-	2,419,985	1,830,480
Water utility	-	-	1,555,420	1,510,802
Storm water utility	-	-	182,782	217,905
Total expenses	<u>3,043,314</u>	<u>3,069,700</u>	<u>4,158,187</u>	<u>3,559,187</u>
Increase (decrease) in net position	1,709,120	3,604,508	464,364	1,553,040
Net position beginning of year, as adjusted	<u>25,699,153</u>	<u>27,408,273</u>	<u>12,971,475</u>	<u>13,435,839</u>
Net position end of year	<u>\$ 27,408,273</u>	<u>\$ 31,012,780</u>	<u>\$ 13,435,839</u>	<u>\$ 14,988,879</u>

## 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, 2019, the City's general fund reported a fund balance of \$914,322. This represents an increase of \$78,951 from last year's ending balance. The transfer from the General Fund to the Capital Projects Fund was \$956,911.

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 70% of total general fund revenues, which is consistent with prior years. The largest element of tax revenue is sales tax. Sales tax is 60%, property tax is 21.5%, and energy & franchise tax is 18.5% of general fund tax revenue.

Once again, the City collected more sales tax than at any other point in its history, collecting \$1,467,656 in Fiscal Year 2019, a 4.3% increase from Fiscal Year 2018.

## General Fund Budget Amendments

During Fiscal Year 2019, General Fund budgeted expenditures were not amended from the original budget of \$3,765,682.

## 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 \$3,273,419. Capital assets, net of accumulated depreciation, in business-type activities increased by \$2,291,505.

	<u>West Point City's Capital Assets</u>	
	Government Activities 2019	Business-Type Activities 2019
Capital Assets (net of accumulated depreciation)		
Land	\$ 3,924,790	\$ 158,040
Construction in progress	\$ 57,039	\$ -
Buildings	1,049,576	27,539
Improvements	1,983,412	10,745,218
Machinery and equipment	344,172	121,528
Infrastructure	18,329,068	-
Total	<u>\$ 25,688,057</u>	<u>\$ 11,052,325</u>
Total FY2018	\$ 22,414,638	\$ 8,760,820
Increase	\$ 3,273,419	\$ 2,291,505

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, 2019, the City had total bonded debt outstanding of \$1,145,000.

West Point City's Long-Term Debt

	<u>Government Activities 2019</u>
Excise tax revenue bonds	\$ 1,145,000
Net Pension Liability	523,345
Compensated absences	<u>78,516</u>
	<u>\$ 1,746,861</u>

The City's total long-term debt increased by \$5,294 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 2019 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 2019 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, 2019

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 5,704,647	4,104,141	9,808,788
Restricted cash and cash equivalents	2,181,423	-	2,181,423
Accounts receivable - net	1,086,635	316,543	1,403,178
Prepaid expenses	140,664	29,046	169,710
Capital assets (net of accumulated depreciation)			
Land	3,924,790	158,040	4,082,830
Construction in progress	57,039	-	57,039
Buildings	1,049,576	27,539	1,077,115
Improvements	1,983,412	10,745,218	12,728,630
Machinery and equipment	344,172	121,528	465,700
Infrastructure	18,329,068	-	18,329,068
<b>Total assets</b>	<b>34,801,426</b>	<b>15,502,055</b>	<b>50,303,481</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows relating to pensions	179,927	92,531	272,458
Total deferred outflows of resources	179,927	92,531	272,458
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	77,705	408,064	485,769
Other current liabilities	1,647,320	-	1,647,320
Noncurrent liabilities			
Due within one year	286,516	-	286,516
Due in more than one year	937,000	-	937,000
Net pension liability	339,194	184,151	523,345
<b>Total liabilities</b>	<b>3,287,735</b>	<b>592,215</b>	<b>3,879,950</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue- property taxes	654,175	-	654,175
Deferred inflows relating to pensions	26,662	13,488	40,150
Total deferred inflows of resources	680,837	13,488	694,325
<b><u>Net Position</u></b>			
Net invested in capital assets	24,486,018	11,052,325	35,538,343
Restricted for impact fees	1,386,605	1,158,330	2,544,935
Restricted for debt service	114,681	-	114,681
Restricted for Class C road	784,220	-	784,220
Unrestricted	4,241,257	2,778,228	7,019,485
<b>Total net position</b>	<b>\$ 31,012,781</b>	<b>14,988,883</b>	<b>46,001,664</b>

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

**West Point City**  
**Statement of Activities**  
For the Year Ended June 30, 2019

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 952,385	563,026	-	-	\$ (389,359)		(389,359)
Public safety	478,184	-	-	-	(478,184)		(478,184)
Streets and public works	1,471,959	-	417,262	2,220,521	1,165,823		1,165,823
Parks and recreation	127,651	95,184	-	-	(32,467)		(32,467)
Interest on long-term debt	39,520	-	-	-	(39,520)		(39,520)
Total governmental activities	<u>3,069,700</u>	<u>658,210</u>	<u>417,262</u>	<u>2,220,521</u>	<u>226,293</u>		<u>226,293</u>
Business-type activities							
Waste utility	1,830,480	1,809,453	-	329,795		308,768	308,768
Water utility	1,510,802	1,615,787	-	300,561		405,546	405,546
Storm water utility	217,905	183,378	-	669,379		634,852	634,852
Total business-type activities	<u>3,559,187</u>	<u>3,608,618</u>	<u>-</u>	<u>1,299,735</u>		<u>1,349,166</u>	<u>1,349,166</u>
Total primary government	<u>\$ 6,628,887</u>	<u>4,266,828</u>	<u>417,262</u>	<u>3,520,256</u>	<u>226,293</u>	<u>1,349,166</u>	<u>1,575,459</u>
General revenues							
					532,450	-	532,450
					1,717,837	-	1,717,837
					456,720	-	456,720
					(2,920)	(54,041)	(56,961)
					505,098	164,800	669,898
					169,030	93,115	262,145
					<u>3,378,215</u>	<u>203,874</u>	<u>3,582,089</u>
					<u>3,604,508</u>	<u>1,553,040</u>	<u>5,157,548</u>
					<u>27,408,273</u>	<u>13,435,842</u>	<u>40,844,115</u>
					<u>\$ 31,012,781</u>	<u>14,988,882</u>	<u>46,001,663</u>

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 2,160,835	383,253	3,149,083	-	11,476	5,704,647
Restricted cash and cash equivalents	-	2,170,825	-	10,598	-	2,181,423
Receivables						-
Property, sales, & energy tax	318,430	19,360	-	-	-	337,790
Class C roads	86,474	-	-	-	-	86,474
Telecommunications	8,196	-	-	-	-	8,196
Deferred property taxes	509,283	-	-	-	144,892	654,175
Prepaid expense	36,581	-	-	104,083	-	140,664
Total assets	<u>\$ 3,119,799</u>	<u>2,573,438</u>	<u>3,149,083</u>	<u>114,681</u>	<u>156,368</u>	<u>9,113,369</u>
<b><u>Liabilities</u></b>						
Liabilities						
Accounts payable	\$ 48,874	22,908	340	-	-	72,122
Accrued liabilities	1,647,320	-	-	-	-	1,647,320
Total liabilities	<u>1,696,194</u>	<u>22,908</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>1,719,442</u>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable revenue- property taxes	509,283	-	-	-	144,892	654,175
Total deferred inflows of resources	<u>509,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,892</u>	<u>654,175</u>
<b><u>Fund Balances</u></b>						
Nonspendable	36,581	-	-	-	-	36,581
Restricted						-
Class C roads	-	784,220	-	-	-	784,220
Impact fees	-	1,386,605	-	-	-	1,386,605
Debt service	-	-	-	114,681	-	114,681
Committed	-	-	3,148,743	-	-	3,148,743
Assigned	-	379,705	-	-	-	379,705
Unassigned	877,741	-	-	-	11,476	889,217
Total fund balances	<u>914,322</u>	<u>2,550,530</u>	<u>3,148,743</u>	<u>114,681</u>	<u>11,476</u>	<u>6,739,752</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,119,799</u>	<u>2,573,438</u>	<u>3,149,083</u>	<u>114,681</u>	<u>156,368</u>	<u>9,113,369</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, 2019**

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

Total fund balances - governmental fund types		\$ 6,739,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
	Cost of capital assets	31,277,790
	Accumulated depreciation	<u>(5,589,732)</u>
		25,688,058
Deferred outflows of resources, a consumption to net position that applies to future period, is not shown in the fund statements.		
		179,926
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		
		(339,194)
Deferred inflows of resources, pension related, is a liability that relates to future periods and, therefore, is not included in the fund statements.		
		(26,662)
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	(5,583)
	Bonds payable	(1,145,000)
	Compensated absences	<u>(78,516)</u>
		<u>(1,229,099)</u>
Net position of government activities		<u>\$ 31,012,781</u>

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

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	CDRA Fund	Total Governmental Funds
<b><u>Revenues</u></b>						
Taxes	\$ 2,456,826	100,719	-	-	149,462	2,707,007
Licenses and permits	189,829	-	-	-	-	189,829
Charges for services	378,039	-	-	-	-	378,039
Impact fees	-	505,098	-	-	-	505,098
Intergovernmental	417,262	-	-	-	-	417,262
Grants	-	39,237	-	-	-	39,237
Interest	42,527	57,588	68,528	251	136	169,030
Miscellaneous revenue	26,571	-	63,771	-	-	90,342
<b>Total revenues</b>	<b>3,511,054</b>	<b>702,642</b>	<b>132,299</b>	<b>251</b>	<b>149,598</b>	<b>4,495,844</b>
<b><u>Expenditures</u></b>						
<b>Current</b>						
General government	743,923	-	-	-	1,452	745,375
Public safety	476,935	-	-	-	-	476,935
Streets and public works	314,553	559,395	-	-	-	873,948
Parks and recreation	432,219	258,110	-	-	-	690,329
Capital outlay	-	-	542,950	-	-	542,950
<b>Debt service</b>						
Principal retirement	-	-	-	99,000	103,000	202,000
Interest and fiscal charges	-	-	-	7,138	33,674	40,812
<b>Total expenditures</b>	<b>1,967,630</b>	<b>817,505</b>	<b>542,950</b>	<b>106,138</b>	<b>138,126</b>	<b>3,572,349</b>
Excess revenues over (under) expenditures	1,543,424	(114,863)	(410,651)	(105,887)	11,472	923,495
<b><u>Other financing sources (uses)</u></b>						
Transfers in	-	400,562	956,911	107,000	-	1,464,473
Transfers (out)	(1,464,473)	-	-	-	-	(1,464,473)
Proceeds from long-term debt	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(1,464,473)</b>	<b>400,562</b>	<b>956,911</b>	<b>107,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>78,951</b>	<b>285,699</b>	<b>546,260</b>	<b>1,113</b>	<b>11,472</b>	<b>923,495</b>
Fund balance - beginning of year	835,371	2,264,831	2,602,483	113,568	4	5,816,257
<b>Fund balance - end of year</b>	<b>\$ 914,322</b>	<b>2,550,530</b>	<b>3,148,743</b>	<b>114,681</b>	<b>11,476</b>	<b>6,739,752</b>

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, 2019

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

Net changes in fund balances - total governmental funds \$ 923,495

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	919,381	
Depreciation expense	<u>(602,310)</u>	
		317,071

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. (2,920)

Revenues related to contribution of capital assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,181,284

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>202,000</u>	
		202,000

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	(13,267)	
Accrued interest	1,292	
Pension benefit expense	<u>(4,447)</u>	
		<u>(16,422)</u>

Change in net position of governmental activities \$ 3,604,507

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Revenues</u></b>				
Taxes				
Property tax - real estate	\$ 459,682	459,682	495,867	36,185
Property tax - vehicles	35,000	35,000	36,583	1,583
Sales and use taxes	1,300,000	1,300,000	1,467,656	167,656
Energy and franchise taxes	455,000	455,000	456,720	1,720
<b>Total taxes</b>	<b>2,249,682</b>	<b>2,249,682</b>	<b>2,456,826</b>	<b>207,144</b>
Licenses and permits				
Business licenses	2,000	2,000	2,801	801
Building permits	200,000	200,000	187,028	(12,972)
<b>Total licenses and permits</b>	<b>202,000</b>	<b>202,000</b>	<b>189,829</b>	<b>(12,171)</b>
Intergovernmental				
Class C roads	375,000	375,000	417,262	42,262
<b>Total intergovernmental revenue</b>	<b>375,000</b>	<b>375,000</b>	<b>417,262</b>	<b>42,262</b>
Charges for services				
Zoning and subdivision fees	8,000	8,000	25,775	17,775
Recreation fees	90,000	90,000	95,184	5,184
Cemetery	15,000	15,000	22,700	7,700
Miscellaneous	18,000	18,000	234,380	216,380
<b>Total charges for services</b>	<b>131,000</b>	<b>131,000</b>	<b>378,039</b>	<b>247,039</b>
Miscellaneous				
Donations	2,000	2,000	6,490	4,490
Miscellaneous	1,000	1,000	20,081	19,081
Interest	5,000	5,000	42,527	37,527
<b>Total miscellaneous</b>	<b>8,000</b>	<b>8,000</b>	<b>69,098</b>	<b>61,098</b>
<b>Total revenues</b>	<b>\$ 2,965,682</b>	<b>2,965,682</b>	<b>3,511,054</b>	<b>545,372</b>

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (continued)**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>Expenditures</u></b>				
General government				
Mayor and council	\$ 57,828	57,828	55,182	2,646
Finance	242,916	242,916	198,387	44,529
Administrative	541,040	541,040	490,354	50,686
Total general government	<u>841,784</u>	<u>841,784</u>	<u>743,923</u>	<u>97,861</u>
Public safety				
Public safety	258,620	258,620	215,773	42,847
Planning and development	288,628	288,628	261,162	27,466
Total public safety	<u>547,248</u>	<u>547,248</u>	<u>476,935</u>	<u>70,313</u>
Streets and public works				
Public works	386,417	386,417	314,553	71,864
Total streets and public works	<u>386,417</u>	<u>386,417</u>	<u>314,553</u>	<u>71,864</u>
Parks and recreation				
Parks and cemetery	204,862	204,862	164,154	40,708
Recreation	310,660	310,660	268,065	42,595
Total parks and recreation	<u>515,522</u>	<u>515,522</u>	<u>432,219</u>	<u>83,303</u>
Total expenditures	<u>2,290,971</u>	<u>2,290,971</u>	<u>1,967,630</u>	<u>323,341</u>
Excess revenues over (under) expenditures	<u>674,711</u>	<u>674,711</u>	<u>1,543,424</u>	<u>868,713</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers (out)	(1,474,711)	(1,474,711)	(1,464,473)	10,238
Total other financing sources and uses	<u>(1,474,711)</u>	<u>(1,474,711)</u>	<u>(1,464,473)</u>	<u>10,238</u>
Net change in fund balance	(800,000)	(800,000)	78,951	878,951
Fund balances - beginning of year	835,371	835,371	835,371	-
Fund balances - end of year	<u>\$ 35,371</u>	<u>35,371</u>	<u>914,322</u>	<u>878,951</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Impact fees	\$ 365,227	365,227	505,098	139,871
Grants	1,912,500	1,912,500	39,237	(1,873,263)
Sales and use taxes	90,000	90,000	100,719	10,719
Interest income	-	-	57,588	57,588
	<u>2,367,727</u>	<u>2,367,727</u>	<u>702,642</u>	<u>(1,665,085)</u>
<b><u>Expenditures</u></b>				
Class C road expenditures	743,473	743,473	508,060	235,413
Streets and public works	2,109,463	2,109,463	51,335	2,058,128
Intergovernmental	84,867	84,867	258,110	(173,243)
Parks and recreation	1,648	1,648	-	1,648
	<u>2,939,451</u>	<u>2,939,451</u>	<u>817,505</u>	<u>2,121,946</u>
Excess revenues over (under) expenditures	<u>(571,724)</u>	<u>(571,724)</u>	<u>(114,863)</u>	<u>456,861</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers in	<u>375,000</u>	<u>375,000</u>	<u>400,562</u>	<u>25,562</u>
Total other financing sources and uses	<u>375,000</u>	<u>375,000</u>	<u>400,562</u>	<u>25,562</u>
Net change in fund balance	(196,724)	(196,724)	285,699	482,423
Fund balances - beginning of year	<u>2,264,831</u>	<u>2,264,831</u>	<u>2,264,831</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,068,107</u>	<u>2,068,107</u>	<u>2,550,530</u>	<u>482,423</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ -	-	149,462	149,462
Interest income	-	-	136	136
Total revenues	<u>-</u>	<u>-</u>	<u>149,598</u>	<u>149,598</u>
<b><u>Expenditures</u></b>				
CDRA:				
Project expenses	-	-	1,402	(1,402)
Administration	-	-	50	(50)
Debt Service:				
Principal retirement	103,000	103,000	103,000	-
Interest	37,000	37,000	33,674	3,326
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>138,126</u>	<u>1,874</u>
Excess revenues over (under) expenditures	<u>(140,000)</u>	<u>(140,000)</u>	<u>11,472</u>	<u>151,472</u>
<b><u>Other financing sources (uses)</u></b>				
Transfers in (out)	30,000	30,000	-	(30,000)
Total other financing sources and uses	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balance	(110,000)	(110,000)	11,472	121,472
Fund balances - beginning of year	4	4	4	-
Fund balances - end of year	<u>\$ (109,996)</u>	<u>(109,996)</u>	<u>11,476</u>	<u>121,472</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, 2019**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b><u>Assets</u></b>				
Current assets				
Cash and cash equivalents	\$ 740,128	1,640,862	1,723,151	4,104,141
Accounts receivable - net	170,775	125,683	20,085	316,543
Prepaid expenses	13,635	13,056	2,355	29,046
Total current assets	924,538	1,779,601	1,745,591	4,449,730
Noncurrent assets				
Land, equipment, buildings, and improvements	4,455,003	5,128,730	4,878,208	14,461,941
Less: Accumulated depreciation	(1,594,806)	(1,032,477)	(782,333)	(3,409,616)
Total noncurrent assets	2,860,197	4,096,253	4,095,875	11,052,325
Total assets	3,784,735	5,875,854	5,841,466	15,502,055
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows related to pensions	37,101	39,994	15,436	92,531
Total deferred outflows of resources	37,101	39,994	15,436	92,531
<b><u>Liabilities</u></b>				
Current liabilities				
Accounts payable	137,926	193,419	1,644	332,989
Accrued liabilities	28,788	33,537	12,751	75,076
Total current liabilities	166,714	226,956	14,395	408,065
Noncurrent liabilities				
Net pension liability	73,409	77,765	32,977	184,151
Total noncurrent liabilities	73,409	77,765	32,977	184,151
Total liabilities	240,123	304,721	47,372	592,216
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows related to pensions	5,302	5,176	3,010	13,488
Total deferred inflows of resources	5,302	5,176	3,010	13,488
<b><u>Net Position</u></b>				
Net invested in capital assets	2,860,197	4,096,253	4,095,875	11,052,325
Restricted - impact fees	190,104	176,779	791,447	1,158,330
Unrestricted	526,110	1,332,919	919,198	2,778,227
Total net position	\$ 3,576,411	5,605,951	5,806,520	14,988,882

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, 2019**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Operating Revenues</b>				
Charges for services	\$ 1,773,346	1,593,740	180,925	3,548,011
Connections, penalties, and other fees	24,532	22,079	2,453	49,064
Other income	11,575	(32)	-	11,543
Total operating revenues	<u>1,809,453</u>	<u>1,615,787</u>	<u>183,378</u>	<u>3,608,618</u>
<b>Operating Expenses</b>				
Personnel services	236,145	276,948	92,152	605,245
Contractual services	1,441,690	831,515	27,267	2,300,472
Maintenance and supplies	65,080	301,680	4,525	371,285
Depreciation and amortization	87,565	100,659	93,961	282,185
Total operating expenses	<u>1,830,480</u>	<u>1,510,802</u>	<u>217,905</u>	<u>3,559,187</u>
Operating income (loss)	<u>(21,027)</u>	<u>104,985</u>	<u>(34,527)</u>	<u>49,431</u>
<b>Nonoperating Revenues (Expenses)</b>				
Gain/loss on sale of capital asset	(30,076)	(23,965)	-	(54,041)
Interest revenue	16,465	37,375	39,275	93,115
Impact fees	41,862	41,371	81,567	164,800
Developer contributions	329,795	300,561	669,379	1,299,735
Total nonoperating revenues (expenses)	<u>358,046</u>	<u>355,342</u>	<u>790,221</u>	<u>1,503,609</u>
Change in net position	337,019	460,327	755,694	1,553,040
Total net position - beginning	<u>3,239,392</u>	<u>5,145,624</u>	<u>5,050,826</u>	<u>13,435,842</u>
Total net position - ending	<u>\$ 3,576,411</u>	<u>5,605,951</u>	<u>5,806,520</u>	<u>14,988,882</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, 2019**

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,819,924	1,618,131	184,171	3,622,226
Payments to suppliers	(1,506,752)	(1,133,472)	(27,873)	(2,668,097)
Payments to employees	(235,141)	(275,768)	(91,831)	(602,740)
Net cash provided (used) by operating activities	<u>78,031</u>	<u>208,891</u>	<u>64,467</u>	<u>351,389</u>
<b>Cash flows from noncapital financing activities</b>				
Impact fees	41,862	41,371	81,567	164,800
Net cash provided (used) by noncapital financing activities	<u>41,862</u>	<u>41,371</u>	<u>81,567</u>	<u>164,800</u>
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	(40,822)	(148,994)	(41,811)	(231,627)
Net cash provided (used) by capital and related financing activities	<u>(40,822)</u>	<u>(148,994)</u>	<u>(41,811)</u>	<u>(231,627)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	16,465	37,375	39,276	93,116
Net cash provided (used) by investing activities	<u>16,465</u>	<u>37,375</u>	<u>39,276</u>	<u>93,116</u>
Net increase (decrease) in cash and cash equivalents	95,536	138,643	143,499	377,678
Cash and cash equivalents - beginning	644,592	1,502,219	1,579,652	3,726,463
Cash and cash equivalents - ending	<u>\$ 740,128</u>	<u>1,640,862</u>	<u>1,723,151</u>	<u>4,104,141</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (21,027)	104,985	(34,527)	49,431
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	87,565	100,659	93,961	282,185
(Increase) decrease in accounts receivable	10,471	2,344	793	13,608
(Increase) decrease in prepaid expenses	(11,011)	(10,607)	(1,480)	(23,098)
(Increase) decrease in deferred outflows	951	1,118	304	2,373
Increase (decrease) in accounts payable	1,866	(282)	1,472	3,056
Increase (decrease) in net pension liability	28,014	32,897	8,960	69,871
Increase (decrease) in deferred inflows	(27,961)	(32,835)	(8,943)	(69,739)
Increase (decrease) in accrued liabilities	9,163	10,612	3,927	23,702
Total adjustments	<u>99,058</u>	<u>103,906</u>	<u>98,994</u>	<u>301,958</u>
Net cash provided (used) by operating activities	<u>\$ 78,031</u>	<u>208,891</u>	<u>64,467</u>	<u>351,389</u>
<b>Noncash capital and financing activities:</b>				
Contribution of capital assets from private developers	\$ 329,795	300,561	669,379	1,299,735

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, 2019**

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

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

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.

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**

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.

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.

**Measurement focus and basis of accounting**

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

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

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

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

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

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

1. Deposits and investments

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

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

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

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

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

2. Prepaid items

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

3. Receivables

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

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

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

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

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**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**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. 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.

6. 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.

7. 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**

8. 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.

9. 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.

10. 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**

10. 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.

Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

2. Property taxes

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

3. Compensated absences

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

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

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

4. Proprietary funds: operating and nonoperating revenues and expenses

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

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

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by West Point City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and debt service funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the function level. Appropriations lapse at June 30. During the current year, there were not any supplemental appropriations made to the general fund expenditures.

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

Utah State law allows for the accumulation of a fund balance in the general fund in an amount equal to 25% 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 \$877,741 which is 25% of current year revenue.

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

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, 2019, \$1,936,580 of the local government's bank balances of \$2,186,580 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, 2019**

**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	\$ -	9,857,956	-
Total investments measured at fair value	\$ -	9,857,956	-

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31, 2017 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, 2019**

**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, 2019, 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	\$ 9,857,956	-	-
Total investments measured at fair value	\$ 9,857,956	-	-

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	\$ -	-	9,857,956
Total investments measured at fair value	\$ -	-	9,857,956

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, 2019**

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

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	\$ -	320,343	320,343
Less: Allowance for uncollectable	-	(3,800)	(3,800)
Grants	-	-	-
Property tax	4,451	-	4,451
Sales and energy tax	284,433	-	284,433
B & C road revenue	86,474	-	86,474
Deferred property tax revenue	654,175	-	654,175
Franchise tax	48,907	-	48,907
Telecommunications	8,196	-	8,196
	<u>\$ 1,086,635</u>	<u>316,543</u>	<u>1,403,178</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	\$ 654,175	-
Total deferred / unearned revenue for governmental funds	<u>\$ 654,175</u>	<u>-</u>

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

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

Capital assets

Capital asset activity for the year ended June 30, 2019 was as follows:

<b>Primary government</b>	Beginning			Ending
<b>Governmental activities</b>	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 3,924,790	-	-	3,924,790
Construction in progress	-	57,039	-	57,039
Total capital assets not being depreciated	3,924,790	57,039	-	3,981,829
Capital assets being depreciated				
Buildings	2,163,653	-	-	2,163,653
Improvements	2,583,594	-	-	2,583,594
Machinery and equipment	1,265,318	207,142	(96,498)	1,375,962
Infrastructure	18,336,268	2,836,483	-	21,172,751
Total capital assets being depreciated	24,348,832	3,043,626	(96,498)	27,295,960
Less accumulated depreciation for				
Buildings	1,043,845	70,232	-	1,114,077
Improvements	549,033	51,149	-	600,182
Machinery and equipment	1,028,458	96,910	(93,578)	1,031,790
Infrastructure	2,459,665	384,018	-	2,843,683
Total accumulated depreciation	5,081,001	602,309	(93,578)	5,589,732
Total capital assets, being depreciated, net	19,267,831	2,441,316	(2,920)	21,706,228
Governmental activities capital assets, net	\$ 23,192,621	2,498,355	(2,920)	25,688,057
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Construction in progress	334,439	-	(334,439)	-
Total capital assets not being depreciated	492,479	-	(334,439)	158,040
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	11,969,119	1,770,391	(98,491)	13,641,019
Machinery and equipment	519,854	95,412	(12,384)	602,882
Total capital assets being depreciated	12,548,973	1,865,803	(110,875)	14,303,901
Less accumulated depreciation for				
Buildings	30,556	1,905	-	32,461
Improvements	2,697,004	244,560	(45,763)	2,895,801
Machinery and equipment	456,706	35,720	(11,071)	481,354
Total accumulated depreciation	3,184,266	282,184	(56,834)	3,409,616
Total capital assets, being depreciated, net	9,364,707	1,583,619	(54,041)	10,894,285
Business-type activities capital assets, net	\$ 9,857,186	1,583,619	(388,480)	11,052,325

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

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

Capital assets - continued

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

Governmental activities	
General government	\$ 224,842
Public works	306,789
Parks and community services	70,679
Total depreciation expense - governmental activities	602,310
Business-type activities	
Waste Utility	87,565
Water Utility	100,659
Storm Water Utility	93,961
Total depreciation expense - business-type activities	282,184
Total depreciation expense	\$ 884,494

Interfund transfers

	Transfers Out					Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Waste Utility Fund	Water Fund	
Transfers In						
Special Revenue Fund	\$ 400,562	-	-	-	-	400,562
Capital projects	956,911	-	-	-	-	956,911
Debt service	107,000	-	-	-	-	107,000
Total transfer in	\$ 1,464,473	-	-	-	-	1,464,473

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, 2019**

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

Long-term debt

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 1,347,000	-	(202,000)	1,145,000	208,000
Net pension liability	215,038	-	124,156	339,194	-
Compensated absences	65,249	78,516	(65,249)	78,516	43,969
Total long-term liabilities	<u>\$ 1,627,287</u>	<u>78,516</u>	<u>(143,093)</u>	<u>1,562,710</u>	<u>251,969</u>
Business-type activities					
Net pension liability	\$ 114,280	-	69,871	184,151	-
Total long-term liabilities	<u>\$ 114,280</u>	<u>-</u>	<u>69,871</u>	<u>184,151</u>	<u>-</u>

Revenue bonds issued at June 30, 2019 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	\$ 310,000
2016	Sales tax revenue bonds. Used to finance the acquisition and construction of major capital facilities.	\$ 1,136,000	3.590%	2026	835,000
					<u>\$ 1,145,000</u>

Years Ending June 30	Tax Revenue Bonds	
	Principal	Interest
2020	\$ 208,000	35,141
2021	214,000	29,269
2022	221,000	23,205
2023	119,000	18,022
2024	123,000	13,750
2025 - 2026	260,000	14,073
Total	<u>\$ 1,145,000</u>	<u>133,459</u>

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

Advance and current refunding

In 2014, the government issued \$751,000 of excise tax revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$725,000 on excise tax revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding originally reduced total debt service payments \$46,344. The outstanding principal balance of the defeased bond as of June 30, 2019 was \$301,000.

**Note 4 - Other Information**

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.

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, 2019**

**Note 4 - Other Information - continued**

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](http://www.urs.org).

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%

\* With actuarial reductions

\*\* 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, 2019 are as follows:

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**Note 4 - Other Information - continued**

Pension plans - continued

*Utah Retirement Systems*

	Employee	Employer	Employer 401(k)
Contributory System			
111- Local Governmental Division Tier 2	N/A	15.54	1.15
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, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 95,840	N/A
Tier 2 Public Employees System	62,728	-
Tier 2 DC Only System	115	N/A
Total Contributions	\$ 158,683	\$ -

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.

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

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**Note 4 - Other Information - continued**

Pension plans - continued

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$523,345.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/17	Change (decrease)
Noncontributory System	\$ -	509,185	0.06914770%	0.07441400%	-0.0052937%
Tier 2 Public Employees System	\$ -	14,160	0.03306250%	0.03592520%	-0.0028627%
	\$ -	523,345			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019 we recognized pension expense of \$165,637.

At June 30, 2019 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	\$ 6,648	12,424
Changes in assumptions	71,760	254
Net difference between projected and actual earnings on pension plan investments	110,567	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,238	27,471
Contributions subsequent to the measurement date	79,241	-
Total	\$ 272,454	40,149

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**Note 4 - Other Information - continued**

Pension plans - continued

\$79,241 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, 2018. 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
2019	\$ 65,848
2020	21,689
2021	10,033
2022	52,450
2023	415
Thereafter	2,630

Actuarial assumptions: The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 - 9.75 percent average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**Note 4 - Other Information - continued**

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term expected portfolio real rate of return</b>
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100%</b>		<b>4.75%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

**Note 4 - Other Information - continued**

Pension plans - continued

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.90%)
Noncontributory System	\$ 1,043,553	509,185	64,196
Tier 2 Public Employees System	56,728	14,160	(18,692)
<b>Total</b>	<b>1,100,281</b>	<b>523,345</b>	<b>45,504</b>

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

*Defined Contribution Savings Plan*

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

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

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

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

	2019	2018	2017
401(k) Plan			
Employer contributions	\$ 22,169	20,728	19,837
Employee contributions	21,393	19,654	16,139
457 Plan			
Employer contributions	2,389	1,900	-
Employee contributions	8,170	8,163	6,092
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	1,124	914	652

**West Point City**  
**Notes to Financial Statements-continued**  
**For the Year Ended June 30, 2019**

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**Note 4 - Other Information - continued**

Subsequent events

Subsequent events have been evaluated through November 19, 2019 the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2013	2014	2015	2016	2017	2018
<b><u>Noncontributory System</u></b>						
Proportion of the net pension liability (asset)	0.2324696%	0.2324696%	0.0779062%	0.7723480%	0.0744414%	0.0691477%
Proportionate share of the net pension liability (asset)	\$ 419,588	\$ 337,616	\$ 440,831	\$ 495,942	\$ 326,150	\$ 509,185
Covered employee payroll	NA	\$ 640,863	\$ 631,314	\$ 623,998	\$ 565,058	\$ 517,093
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	52.70%	69.83%	79.48%	57.72%	98.47%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.20%	87.80%	87.30%	91.90%	87.00%
<b><u>Tier 2 Public Employees System</u></b>						
Proportion of the net pension liability (asset)	0.0299416%	0.0299416%	0.0278119%	0.0306174%	0.0359252%	0.0330625%
Proportionate share of the net pension liability (asset)	\$ 180	\$ (907)	\$ (61)	\$ 3,415	\$ 3,167	\$ 14,160
Covered employee payroll	NA	\$ 146,853	\$ 179,683	\$ 251,086	\$ 351,714	\$ 386,141
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	-0.60%	-0.03%	1.36%	0.90%	3.67%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%	100.20%	95.10%	97.40%	90.80%

\* 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\***

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>Noncontributory System</u></b>										
Contractually required contribution	80,601	88,656	95,930	112,862	116,067	114,507	117,121	112,038	96,453	95,840
Contributions in relation to the contractually required contribution	(80,601)	(88,656)	(95,930)	(112,862)	(116,067)	(114,507)	(117,121)	(112,038)	(96,453)	(95,840)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	691,261	663,096	696,660	689,146	634,182	627,436	634,114	606,593	522,216	518,898
Contributions as a percentage of covered-employee payroll	11.66%	13.37%	13.77%	16.38%	18.30%	18.25%	18.47%	18.47%	18.47%	18.47%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	-	-	2,743	13,312	10,170	23,875	31,012	45,965	55,583	62,728
Contributions in relation to the contractually required contribution	-	-	(2,743)	(13,312)	(10,170)	(23,875)	(31,012)	(45,965)	(55,583)	(62,728)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	36,138	159,805	119,645	159,805	207,993	308,281	367,858	403,654
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	8.33%	8.50%	14.94%	14.91%	14.91%	15.11%	15.54%
<b><u>Tier 2 Public Employees System</u></b>										
Contractually required contribution	-	-	-	-	-	-	-	-	-	115
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	(115)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	-	-	-	-	1,721
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.68%

\* 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

NA Information not available

**West Point City**  
**Notes to Required Supplemental Information**  
**June 30, 2019**

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**Changes of Assumptions**

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

## **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, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	68,528	68,528
Miscellaneous	47,435	47,435	63,771	16,336
Total revenues	<u>47,435</u>	<u>47,435</u>	<u>132,299</u>	<u>84,864</u>
<b><u>Expenditures</u></b>				
Capital outlay	1,839,626	1,839,626	542,950	1,296,676
Total expenditures	<u>1,839,626</u>	<u>1,839,626</u>	<u>542,950</u>	<u>1,296,676</u>
Excess revenues over (under) expenditures	<u>(1,792,191)</u>	<u>(1,792,191)</u>	<u>(410,651)</u>	<u>1,381,540</u>
<b><u>Other financing sources (uses)</u></b>				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	962,711	962,711	956,911	(5,800)
Total other financing sources and uses	<u>962,711</u>	<u>962,711</u>	<u>956,911</u>	<u>(5,800)</u>
Net change in fund balance	(829,480)	(829,480)	546,260	1,375,740
Fund balances - beginning of year	<u>2,602,483</u>	<u>2,602,483</u>	<u>2,602,483</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,773,003</u>	<u>1,773,003</u>	<u>3,148,743</u>	<u>1,375,740</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, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Interest income	\$ -	-	251	251
Total revenues	-	-	251	251
<b><u>Expenditures</u></b>				
Debt service:				
Principal retirement	99,000	99,000	99,000	-
Interest and fiscal charges	8,000	8,000	7,138	862
Total expenditures	107,000	107,000	106,138	862
Excess revenues over (under) expenditures	(107,000)	(107,000)	(105,887)	1,113
<b><u>Other financing sources (uses)</u></b>				
Transfers in	107,000	107,000	107,000	-
Total other financing sources and uses	107,000	107,000	107,000	-
Net change in fund balance	-	-	1,113	1,113
Fund balances - beginning of year	113,568	113,568	113,568	-
Fund balances - end of year	<u>\$ 113,568</u>	<u>113,568</u>	<u>114,681</u>	<u>1,113</u>

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

**West Point City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Prior Year Comparative**  
**General Fund**  
**For the Years Ended June 30, 2019 and 2018**

	June 30, 2019	June 30, 2018	<u>Variance</u> Increase (Decrease) Over PY
<b><u>Revenues</u></b>			
Taxes			
Property tax - real estate	\$ 495,867	459,634	36,233
Property tax - vehicles	36,583	37,441	(858)
Sales and use taxes	1,467,656	1,407,589	60,067
Energy & telecom taxes	456,720	521,051	(64,331)
Total taxes	<u>2,456,826</u>	<u>2,425,715</u>	<u>31,111</u>
Licenses and permits			
Business licenses	2,801	8,303	(5,502)
Building permits	187,028	244,006	(56,978)
Total licenses and permits	<u>189,829</u>	<u>252,309</u>	<u>(62,480)</u>
Intergovernmental			
Class "C" roads	417,262	390,212	27,050
Total intergovernmental revenue	<u>417,262</u>	<u>390,212</u>	<u>27,050</u>
Charges for services			
Zoning & subdivision fees	25,775	7,858	17,917
Recreation fees	95,184	93,227	1,957
Cemetery	22,700	17,950	4,750
Miscellaneous	234,380	20,515	213,865
Total charges for services	<u>378,039</u>	<u>139,550</u>	<u>238,489</u>
Miscellaneous			
Donations	6,490	2,790	3,700
Miscellaneous	20,081	5,372	14,709
Interest	42,527	20,099	22,428
Total miscellaneous	<u>69,098</u>	<u>28,261</u>	<u>40,837</u>
Total revenues	<u>3,511,054</u>	<u>3,236,047</u>	<u>275,007</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, 2019 and 2018**

	June 30, 2019	June 30, 2018	Variance Increase (Decrease) Over PY
<b><u>Expenditures</u></b>			
General government			
Mayor and council	\$ 55,182	55,464	(282)
Finance	198,387	216,099	(17,712)
Administrative	490,354	426,111	64,243
Total general government	<u>743,923</u>	<u>697,674</u>	<u>46,249</u>
Public safety			
Public safety	215,773	196,251	19,522
Planning and development	261,162	251,361	9,801
Total public safety	<u>476,935</u>	<u>447,612</u>	<u>29,323</u>
Streets and public works			
Public works	314,553	288,744	25,809
Total streets and public works	<u>314,553</u>	<u>288,744</u>	<u>25,809</u>
Parks and recreation			
Parks and cemetery	164,154	125,222	38,932
Recreation	268,065	277,717	(9,652)
Total parks and recreation	<u>432,219</u>	<u>402,939</u>	<u>29,280</u>
Total expenditures	<u>1,967,630</u>	<u>1,836,969</u>	<u>130,661</u>
Excess revenues over (under) expenditures	<u>1,543,424</u>	<u>1,399,078</u>	<u>144,346</u>
<b><u>Other financing sources (uses)</u></b>			
Transfers in (out)	<u>(1,464,473)</u>	<u>(1,278,066)</u>	<u>186,407</u>
Total other financing sources and uses	<u>(1,464,473)</u>	<u>(1,278,066)</u>	<u>186,407</u>
Net change in fund balance	78,951	121,012	(42,061)
Fund balances - beginning of year	<u>835,371</u>	<u>714,359</u>	<u>121,012</u>
Fund balances - end of year	<u>\$ 914,322</u>	<u>835,371</u>	<u>78,951</u>

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

## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise West Point City's basic financial statements and have issued our report thereon dated November 19, 2019.

Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

*Wlich & Associates, P.C.*

November 19, 2019

**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 general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on West Point City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance  
Fund Balance  
Utah Retirement Systems  
Restricted Taxes  
Open and Public Meetings Act  
Treasurer Bond  
Cash Management  
Impact Fees

***Management's Responsibility***

Management is responsible for compliance with the general 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 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 the City 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 with general state compliance requirements. However, our audit does not provide a legal determination of West Point City's compliance.

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

In our opinion, West Point City complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2019.

### ***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 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 compliance requirements that could have a direct and material effect on West Point City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general 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 detect and correct, noncompliance with a general 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 general 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 general 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

*Wright & Associates, P.C.*

Ogden, Utah  
November 19, 2019