

West Point City

Annual Financial Statements

With Auditors' Report Thereon

For the Year Ended June 30, 2014

West Point City

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
West Point City
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, 2014, 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, 2014, 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 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, 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 December 2, 2014 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* and should be considered in assessing the results of our audit.

Ulrich & Associates, P.C.

Ogden, UT
December 2, 2014

West Point City

Management's Discussion and Analysis

June 30, 2014

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, 2014.

Financial Highlights

- ◆ The City's net position of \$29,521,603 is made up of \$23,098,331 in capital assets and other net position of \$6,423,272. Of this amount, \$3,916,681 may be used to meet the ongoing obligations of the City, while \$2,506,591 is restricted for specific purposes.
- ◆ The City's total net position increased by 4.03% (\$28,375,687 to \$29,521,603).
- ◆ The City's governmental funds reported a combined ending fund balance of \$4,403,663, an increase of \$257,895 over the prior year. Of the total fund balance, \$503,106 (unassigned fund balance) is available to spend at the government's discretion.
- ◆ In the enterprise funds, total net position increased by \$479,884 during the fiscal year.
- ◆ The City refinanced debt on the City Hall to reduce the interest rate from 4.75% to 1.99%.

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 comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

The statements of net position presents 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, you will also need to consider other non-financial factors.

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, and the debt service 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 fund 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 exceeded liabilities by \$29,521,604, an increase of \$1,145,918 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	
	2013	2014	2013	2014
Assets				
Current and other assets	\$ 4,616,039	4,984,725	2,503,883	2,355,265
Capital assets	15,685,882	15,910,788	7,888,355	8,066,504
Total assets	20,301,921	20,895,513	10,392,238	10,421,769
Liabilities				
Long-term debt outstanding	1,093,742	924,908	-	-
Other liabilities	149,480	227,143	737,280	286,927
Deferred Inflows - Property Tax	337,970	356,700	-	-
Total liabilities & deferred inflows	1,581,192	1,508,751	737,280	286,927
Net Position				
Invested in capital assets, net of debt	14,636,444	15,031,828	7,888,355	8,066,504
Restricted	2,473,695	2,506,591	-	-
Unrestricted	1,630,260	1,848,343	1,766,603	2,068,338
Total Net Position	\$ 18,720,729	\$ 19,386,762	\$ 9,654,958	\$ 10,134,842

Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2013	2014	2013	2014
Revenues				
Program revenues				
Charges for services	\$ 911,217	1,137,862	2,706,328	2,918,435
Operating grants & contributions	305,138	293,289	-	-
Capital grants & contributions	838,539	80,641	716,701	-
General revenues				
Property taxes	376,534	398,646	-	-
General sales & use tax	896,250	940,523	-	-
Energy & telecom tax	498,640	511,985	-	-
Interest income	14,897	15,978	6,860	7,780
Transfers/Misc.	(12,679)	(51,939)	-	51,939
Total revenues	3,828,536	3,326,985	3,429,889	2,978,154

Changes in Net Position (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Expenses				
General government	\$ 732,610	610,793	-	-
Public safety/court	259,084	262,315	-	-
Highways/public works	817,854	1,086,521	-	-
Parks & recreation	474,537	645,247	-	-
Interest long-term debt	52,712	56,076	-	-
Waste utility	-	-	1,093,051	1,172,155
Water utility	-	-	1,188,418	1,206,393
Storm water utility	-	-	127,884	119,722
Total expenses	<u>2,336,797</u>	<u>2,660,952</u>	<u>2,409,353</u>	<u>2,498,270</u>
Increase (decrease) in net position	1,491,739	666,033	1,020,536	479,884
Net position beginning of year	<u>17,248,660</u>	<u>18,720,729</u>	<u>8,634,422</u>	<u>9,654,958</u>
Net position end of year	<u>\$ 18,740,399</u>	<u>\$ 19,386,762</u>	<u>\$ 9,654,958</u>	<u>\$ 10,134,842</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, 2014, the City's general fund reported a fund balance of \$539,999. This represents an increase of \$51,655 from last year's ending balance. The increase is due, in part, to increased sales tax and other revenue along with expenditures coming in below budget.

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 75% of total general fund revenues, which is consistent with prior years. The largest element of tax revenue is sales tax. Sales tax is 38%, property tax is 16%, and energy & telecommunication tax is 21% of general fund revenue.

Licenses and Permits revenue in the General Fund is up 62% compared to Fiscal Year 2013. Impact fee revenues in the Special Revenue Fund increased by 29%.

General Fund Budget Amendments

During Fiscal Year 2014, General Fund budgeted expenditures were amended from an original budget of \$1,809,399 to a final budget of \$1,878,865 for an increase of \$69,466 or 3.8%. The budget increase was approved by the City Council following a public hearing.

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 \$224,306. Capital assets, net of accumulated depreciation, in business-type activities increased by \$178,149. Major capital expenditures in Fiscal Year 2014 include installation of a new waterline on 2000 West, construction of a new restroom at Loy Blake Park, purchase of two public works trucks, installation of a new sidewalk on 300 North, and \$232,000 of road maintenance in the City.

	<u>Government Activities 2014</u>	<u>Type Activities 2014</u>
Capital Assets (net of accumulated depreciation)		
Land	\$ 3,909,352	\$ 158,040
Buildings	1,393,668	37,063
Improvements	1,166,215	7,755,038
Machinery and equipment	310,656	116,363
Infrastructure	9,130,897	-
Total	<u>\$ 15,910,788</u>	<u>\$ 8,066,504</u>
Total FY2013	\$ 15,685,882	\$ 7,888,355
Increase	\$ 224,906	\$ 178,149

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

Long-term Debt

In Fiscal Year 2014 the City refinanced outstanding debt on the City Hall facility in order to secure a lower interest rate. At June 30, 2014, the City had total bonded debt outstanding of \$751,000. The City also has a note payable outstanding of \$127,960.

	<u>Government Activities 2014</u>
Excise tax revenue bonds	\$ 751,000
Note payable	127,960
Compensated absences	45,948
	<u>\$ 924,908</u>

The City's total debt decreased by \$168,834 during the fiscal year.

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

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BASIC FINANCIAL STATEMENTS

West Point City
Statement of Net Position
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 1,662,385	2,094,367	3,756,752
Restricted cash and cash equivalents	2,647,727	-	2,647,727
Accounts receivable - net	637,720	260,898	898,618
Prepaid expenses	36,893	-	36,893
Capital assets (net of accumulated depreciation)			
Land	3,909,352	158,040	4,067,392
Buildings	1,393,668	37,063	1,430,731
Improvements	1,166,215	7,755,038	8,921,253
Machinery and equipment	310,656	116,363	427,019
Infrastructure	9,130,897	-	9,130,897
Total assets	20,895,513	10,421,769	31,317,282
<u>Liabilities</u>			
Accounts payable and accrued liabilities	179,059	286,927	465,986
Other current liabilities	48,084	-	48,084
Noncurrent liabilities:			
Due within one year	228,908	-	228,908
Due in more than one year	696,000	-	696,000
Total liabilities	1,152,051	286,927	1,438,978
<u>Deferred Inflows of Resources</u>			
Unavailable revenue-			
property taxes	356,700	-	356,700
Total deferred inflows of resources	356,700	-	356,700
<u>Net Position</u>			
Net invested in capital assets	15,031,828	8,066,504	23,098,332
Restricted for impact fees	1,771,144	-	1,771,144
Restricted for Class C road	735,447	-	735,447
Unrestricted	1,848,343	2,068,338	3,916,681
Total net position	\$ 19,386,762	10,134,842	29,521,604

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, 2014

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
Primary government							
Governmental activities							
General government	\$ 610,793	276,857	-	-	\$ (333,936)		(333,936)
Public safety	262,315	-	5,832	-	(256,483)		(256,483)
Streets and public works	1,086,521	773,349	287,457	80,641	54,926		54,926
Parks and recreation	645,247	87,656	-	-	(557,591)		(557,591)
Interest on long-term debt	56,076	-	-	-	(56,076)		(56,076)
Total governmental activities	<u>2,660,952</u>	<u>1,137,862</u>	<u>293,289</u>	<u>80,641</u>	<u>(1,149,160)</u>		<u>(1,149,160)</u>
Business-type activities							
Waste utility	1,172,155	1,238,441	-	-		66,286	66,286
Water utility	1,206,393	1,502,759	-	-		296,366	296,366
Storm water utility	119,722	177,235	-	-		57,513	57,513
Total business-type activities	<u>2,498,270</u>	<u>2,918,435</u>	<u>-</u>	<u>-</u>		<u>420,165</u>	<u>420,165</u>
Total primary government	<u>\$ 5,159,222</u>	<u>4,056,297</u>	<u>293,289</u>	<u>80,641</u>	<u>(1,149,160)</u>	<u>420,165</u>	<u>(728,995)</u>
		General revenues					
		Property taxes			398,646	-	398,646
		General sales and use tax			940,523	-	940,523
		Energy and franchise tax			511,985	-	511,985
		Net interest earnings (expense)			15,978	7,780	23,758
		Transfers			(51,939)	51,939	-
		Total general revenues			<u>1,815,193</u>	<u>59,719</u>	<u>1,874,912</u>
		Change in net position			666,033	479,884	1,145,917
		Net position - beginning as adjusted			<u>18,720,729</u>	<u>9,654,958</u>	<u>28,375,687</u>
		Net position - ending			<u>\$ 19,386,762</u>	<u>10,134,842</u>	<u>29,521,604</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, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 339,301	72,080	1,251,004	-	1,662,385
Restricted cash and cash equivalents	-	2,506,591	-	141,136	2,647,727
Receivables					
Property, sales, & energy tax	195,986	-	-	-	195,986
Class C roads	53,069	-	-	-	53,069
Telecommunications	9,109	-	-	-	9,109
Grants	-	22,856	-	-	22,856
Deferred property taxes	356,700	-	-	-	356,700
Prepaid expense	36,893	-	-	-	36,893
Total assets	<u>991,058</u>	<u>2,601,527</u>	<u>1,251,004</u>	<u>141,136</u>	<u>4,984,725</u>
<u>Liabilities</u>					
Liabilities					
Accounts payable	46,275	94,936	33,067	2,000	176,278
Accrued liabilities	48,084	-	-	-	48,084
Total liabilities	<u>94,359</u>	<u>94,936</u>	<u>33,067</u>	<u>2,000</u>	<u>224,362</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue- property taxes	356,700	-	-	-	356,700
Total deferred inflows of resources	<u>356,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,700</u>
<u>Fund Balances</u>					
Nonspendable	36,893	-	-	-	36,893
Restricted:					
Class C roads	-	735,447	-	-	735,447
Impact fees	-	1,771,144	-	-	1,771,144
Committed	-	-	1,217,937	-	1,217,937
Assigned	-	-	-	139,136	139,136
Unassigned	503,106	-	-	-	503,106
Total fund balances	<u>539,999</u>	<u>2,506,591</u>	<u>1,217,937</u>	<u>139,136</u>	<u>4,403,663</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 991,058</u>	<u>2,601,527</u>	<u>1,251,004</u>	<u>141,136</u>	<u>4,984,725</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, 2014

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

Total fund balances - governmental fund types		\$ 4,403,663
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	19,321,448	
Cost of capital assets		
Accumulated depreciation	(3,410,660)	
		15,910,788

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:

	(2,781)	
Bond interest payable		
Bonds payable	(751,000)	
Notes payable	(127,960)	
Compensated absences	(45,948)	
		(927,689)

Net position of government activities		\$ <u>19,386,762</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, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 1,851,154	-	-	-	1,851,154
Licenses and permits	163,645	-	-	-	163,645
Charges for services	169,745	-	-	-	169,745
Impact fees	-	773,349	-	-	773,349
Intergovernmental	293,289	-	-	-	293,289
Grants	-	80,641	-	-	80,641
Interest	2,443	9,203	3,816	516	15,978
Miscellaneous revenue	1,308	-	29,815	-	31,123
Total revenues	<u>2,481,584</u>	<u>863,193</u>	<u>33,631</u>	<u>516</u>	<u>3,378,924</u>
<u>Expenditures</u>					
Current					
General government	663,040	-	-	-	663,040
Public safety	262,315	-	-	-	262,315
Streets and public works	382,741	531,582	-	-	914,323
Parks and recreation	361,005	244,927	-	-	605,932
Capital outlay	-	-	382,528	-	382,528
Debt service					
Principal retirement	-	122,478	-	74,000	196,478
Interest and fiscal charges	-	12,522	-	32,767	45,289
Issuance costs on refunding bonds	-	-	-	15,400	15,400
Total expenditures	<u>1,669,101</u>	<u>911,509</u>	<u>382,528</u>	<u>122,167</u>	<u>3,085,305</u>
Excess revenues over (under) expenditures	<u>812,483</u>	<u>(48,316)</u>	<u>(348,897)</u>	<u>(121,651)</u>	<u>293,619</u>
<u>Other financing sources (uses)</u>					
Refunding bonds issued	-	-	-	751,000	751,000
Payment of refunded bond escrow agent	-	-	-	(734,785)	(734,785)
Transfers in	-	287,457	406,105	106,766	800,328
Transfers (out)	(760,828)	(68,439)	(23,000)	-	(852,267)
Total other financing sources and uses	<u>(760,828)</u>	<u>219,018</u>	<u>383,105</u>	<u>122,981</u>	<u>(35,724)</u>
Net change in fund balances	51,655	170,702	34,208	1,330	257,895
Fund balance - beginning of year	<u>488,344</u>	<u>2,335,889</u>	<u>1,183,729</u>	<u>137,806</u>	<u>4,145,768</u>
Fund balance - end of year	<u>\$ 539,999</u>	<u>2,506,591</u>	<u>1,217,937</u>	<u>139,136</u>	<u>4,403,663</u>

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

West Point City

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities For the Year Ended June 30, 2014

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

Net changes in fund balances - total governmental funds \$ 257,895

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	595,967	
Depreciation expense	<u>(371,061)</u>	
		224,906

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

Issuance of long-term debt	(751,000)	
Retirement of long-term debt	<u>921,478</u>	
		170,478

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	(1,644)	
Accrued interest	<u>14,398</u>	
		<u>12,754</u>

Change in net position of governmental activities \$ 666,033

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes				
Property tax - real estate	\$ 337,970	337,970	363,277	25,307
Property tax - vehicles	35,000	35,000	35,369	369
Sales and use taxes	815,000	851,000	940,523	89,523
Energy and franchise taxes	455,000	455,000	511,985	56,985
	1,642,970	1,678,970	1,851,154	172,184
Licenses and permits				
Business licenses	12,000	12,000	12,270	270
Building permits	70,000	100,000	151,375	51,375
	82,000	112,000	163,645	51,645
Intergovernmental				
Class C roads	250,000	290,000	287,457	(2,543)
State liquor fund allotment	4,500	4,500	5,832	1,332
	254,500	294,500	293,289	(1,211)
Charges for services				
Zoning and subdivision fees	2,000	2,000	8,317	6,317
Administrative fee - other funds	50,000	50,000	22,000	(28,000)
Recreation fees	99,000	85,000	87,656	2,656
Cemetery	6,000	6,000	16,200	10,200
Miscellaneous	30,500	30,500	35,572	5,072
	187,500	173,500	169,745	(3,755)
Miscellaneous				
Donations	-	-	730	730
Miscellaneous	-	16,215	578	(15,637)
Interest	1,000	1,000	2,443	1,443
	1,000	17,215	3,751	(13,464)
	\$ 2,167,970	2,276,185	2,481,584	205,399

West Point City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Expenditures</u>				
General government				
Mayor and council	\$ 57,789	57,789	55,815	1,974
Finance	272,337	272,337	221,999	50,338
Administrative	428,376	453,091	385,226	67,865
Total general government	758,502	783,217	663,040	120,177
Public safety				
Public safety	144,791	144,791	132,306	12,485
Planning and development	158,681	158,681	130,009	28,672
Total public safety	303,472	303,472	262,315	41,157
Streets and public works				
Public works	419,855	424,555	382,741	41,814
Total streets and public works	419,855	424,555	382,741	41,814
Parks and recreation				
Parks and cemetery	117,173	149,773	143,534	6,239
Recreation	210,397	217,848	217,471	377
Total parks and recreation	327,570	367,621	361,005	6,616
Total expenditures	1,809,399	1,878,865	1,669,101	209,764
Excess revenues over (under) expenditures	358,571	397,320	812,483	415,163
<u>Other financing sources (uses)</u>				
Transfers (out)	(356,766)	(396,766)	(760,828)	(364,062)
Total other financing sources and uses	(356,766)	(396,766)	(760,828)	(364,062)
Net change in fund balance	1,805	554	51,655	51,101
Fund balances - beginning of year	488,344	488,344	488,344	-
Fund balances - end of year	\$ 490,149	488,898	539,999	51,101

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Impact fees	\$ 110,320	667,080	773,349	106,269
Grants	58,000	58,000	80,641	22,641
Interest income	-	-	9,203	9,203
Total revenues	<u>168,320</u>	<u>725,080</u>	<u>863,193</u>	<u>138,113</u>
<u>Expenditures</u>				
Class C road expenditures	250,000	586,497	407,203	179,294
Streets and public works	92,030	207,231	124,379	82,852
Parks and recreation	-	22,906	-	22,906
Intergovernmental	32,190	213,300	244,927	(31,627)
Capital outlay	20,290	101,850	-	101,850
Debt service:				
Principal retirement	10,810	182,000	122,478	59,522
Interest and fiscal charges	13,000	13,000	12,522	478
Total expenditures	<u>418,320</u>	<u>1,326,784</u>	<u>911,509</u>	<u>415,275</u>
Excess revenues over (under) expenditures	<u>(250,000)</u>	<u>(601,704)</u>	<u>(48,316)</u>	<u>553,388</u>
<u>Other financing sources (uses)</u>				
Transfers in	250,000	290,000	287,457	(2,543)
Transfers (out)	-	-	(68,439)	(68,439)
Total other financing sources and uses	<u>250,000</u>	<u>290,000</u>	<u>219,018</u>	<u>(70,982)</u>
Net change in fund balance	-	(311,704)	170,702	482,406
Fund balances - beginning of year	<u>2,335,889</u>	<u>2,335,889</u>	<u>2,335,889</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,335,889</u>	<u>2,024,185</u>	<u>2,506,591</u>	<u>482,406</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, 2014

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 600,217	880,438	613,712	2,094,367
Accounts receivable - net	115,260	128,153	17,485	260,898
Due from other funds	-	-	-	-
Total current assets	<u>715,477</u>	<u>1,008,591</u>	<u>631,197</u>	<u>2,355,265</u>
Noncurrent assets				
Land, equipment, buildings and improvements	3,518,520	3,555,343	3,210,208	10,284,071
Less: Accumulated depreciation	<u>(1,158,002)</u>	<u>(662,893)</u>	<u>(396,672)</u>	<u>(2,217,567)</u>
Total noncurrent assets	<u>2,360,518</u>	<u>2,892,450</u>	<u>2,813,536</u>	<u>8,066,504</u>
Total assets	<u>3,075,995</u>	<u>3,901,041</u>	<u>3,444,733</u>	<u>10,421,769</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	131,323	123,844	-	255,167
Accrued liabilities	<u>13,471</u>	<u>13,471</u>	<u>4,818</u>	<u>31,760</u>
Total current liabilities	<u>144,794</u>	<u>137,315</u>	<u>4,818</u>	<u>286,927</u>
Total liabilities	<u>144,794</u>	<u>137,315</u>	<u>4,818</u>	<u>286,927</u>
<u>Net Position</u>				
Net invested in capital assets	2,360,518	2,892,450	2,813,536	8,066,504
Unrestricted	<u>570,683</u>	<u>871,276</u>	<u>626,379</u>	<u>2,068,338</u>
Total net position	<u>\$ 2,931,201</u>	<u>3,763,726</u>	<u>3,439,915</u>	<u>10,134,842</u>

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

West Point City
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			
	Waste Utility	Water Utility	Storm Utility	Total
Operating Revenues				
Charges for services	\$ 1,209,267	1,456,955	169,523	2,835,745
Connection, penalties and other fees	16,934	45,804	2,814	65,552
Other income	12,240	-	4,898	17,138
Total operating revenues	1,238,441	1,502,759	177,235	2,918,435
Operating Expenses				
Personnel services	180,148	169,522	37,145	386,815
Contractual services	878,352	764,182	13,809	1,656,343
Maintenance and supplies	31,873	198,425	6,000	236,298
Depreciation and amortization	81,782	74,264	62,768	218,814
Total operating expenses	1,172,155	1,206,393	119,722	2,498,270
Operating income (loss)	66,286	296,366	57,513	420,165
Nonoperating Revenues (Expenses)				
Interest revenue	2,550	3,066	2,164	7,780
Transfers in	65,596	47,554	-	113,150
Transfers (out)	-	(28,000)	(33,211)	(61,211)
Total nonoperating revenues (expenses)	68,146	22,620	(31,047)	59,719
Change in net position	134,432	318,986	26,466	479,884
Total net position - beginning	2,796,769	3,444,740	3,413,449	9,654,958
Total net position - ending	\$ 2,931,201	3,763,726	3,439,915	10,134,842

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, 2014

	Waste Utility	Water Utility	Storm Utility	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,233,456	1,497,212	174,557	2,905,225
Payments to suppliers	(1,311,974)	(1,004,600)	(26,420)	(2,342,994)
Payments to employees	(180,148)	(169,522)	(37,145)	(386,815)
Net cash provided (used) by operating activities	<u>(258,666)</u>	<u>323,090</u>	<u>110,992</u>	<u>175,416</u>
Cash flows from noncapital financing activities				
Transfers from other funds	65,596	47,554	-	113,150
Transfers to other funds	-	(28,000)	(33,211)	(61,211)
Net cash provided (used) by noncapital financing activities	<u>65,596</u>	<u>19,554</u>	<u>(33,211)</u>	<u>51,939</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	-	-
Purchases of capital assets	(75,318)	(321,644)	-	(396,962)
Net cash provided (used) by capital and related financing activities	<u>(75,318)</u>	<u>(321,644)</u>	<u>-</u>	<u>(396,962)</u>
Cash flows from investing activities				
Interest and dividends received	2,550	3,066	2,164	7,780
Net cash provided (used) by investing activities	<u>2,550</u>	<u>3,066</u>	<u>2,164</u>	<u>7,780</u>
Net increase (decrease) in cash and cash equivalents	(265,838)	24,066	79,945	(161,827)
Cash and cash equivalents - beginning	<u>866,055</u>	<u>856,373</u>	<u>533,767</u>	<u>2,256,195</u>
Cash and cash equivalents - ending	<u>\$ 600,217</u>	<u>880,439</u>	<u>613,712</u>	<u>2,094,368</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 66,286	296,366	57,513	420,165
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	81,782	74,264	62,768	218,814
(Increase) decrease in accounts receivable	(4,985)	(5,547)	(2,678)	(13,210)
Increase (decrease) in accounts payable	(402,268)	(42,512)	(7,347)	(452,127)
Increase (decrease) in accrued liabilities	519	519	736	1,774
Total adjustments	<u>(324,952)</u>	<u>26,724</u>	<u>53,479</u>	<u>(244,749)</u>
Net cash provided (used) by operating activities	<u>\$ (258,666)</u>	<u>323,090</u>	<u>110,992</u>	<u>175,416</u>

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, 2014

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 (RDA)

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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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).

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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, 2014

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

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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. The City has only one type of deferred inflow of resources. 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.

Note 1 - Summary of Significant Accounting Policies - continued

7. 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.

8. 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.

9. 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:

Invested in capital assets, net of related debt - 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 "invested in capital assets, net of related debt."

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies - continued

9. 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 regulations or 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.

Note 1 - Summary of Significant Accounting Policies - continued

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.

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 320 hours may carryover into the next year and is paid upon termination.

One-third of all sick leave accrued between December 1st and November 30th of the preceding year, may be converted to annual leave, provided that any sick leave used during the year will be deducted from that one-third. Annual leave may be converted to sick leave to offset any sick leave used during the year.

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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies - continued

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 year, supplemental appropriations were made increasing general fund expenditures by \$69,466.

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.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 2 - Stewardship, Compliance, and Accountability - continued

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 general fund balance was \$503,106 which is 20.27% of current year revenue.

Note 3 - Detailed Notes on all Funds

Deposits and investments

The City maintains cash accounts with local institutions and investment pools with the Utah Public Treasurers' Investment Fund.

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 City follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City 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.

As of June 30, 2014, the City had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair value</u>
Cash on deposit	\$ 2,476,612
State Treasurer's Investment fund	<u>5,174,314</u>
Total cash and investments	<u><u>\$ 7,650,926</u></u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 3 - Detailed Notes on all Funds - continued

Deposits and investments - continued

Custodial credit risk - Deposits. This is the risk that in the event of a bank failure, the government's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2014, \$1,999,722 of the \$2,476,612 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

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. For the year ended June 30, 2014, the City had investments of \$5,174,314 with the PTIF at fair value. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Credit Risk - Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits or qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations, and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 3 - Detailed Notes on all Funds - continued

Deposits and investments - continued

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Entity'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 270-365 days or less. In addition, variable rate negotiable deposits, and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Concentration of credit risk - 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, as applicable. 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.

Components of cash and investments (including interest earning deposits) at June 30, 2014, are as follows:

Cash on deposit	\$ 1,230,166
Utah State Treasurer's investment pool account	<u>5,174,314</u>
Total cash and investments	<u><u>\$ 6,404,480</u></u>

Components of cash and investments (including interest earning deposits) at June 30, 2014, are as follows:

Cash and cash equivalents	\$ 3,756,752
Restricted cash and cash equivalents and investments	<u>2,647,727</u>
Total cash and investments	<u><u>\$ 6,404,479</u></u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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	\$ -	268,176	268,176
Less: Allowance for uncollectable	-	(7,278)	(7,278)
Grants	22,856		22,856
Property tax	3,002	-	3,002
Sales and energy tax	192,984	-	192,984
B & C road revenue	53,069	-	53,069
Deferred property tax revenue	356,700	-	356,700
Franchise tax	9,109	-	9,109
	<u>\$ 637,720</u>	<u>260,898</u>	<u>898,618</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	\$ 356,700	-
Total deferred / unearned revenue for	<u>\$ 356,700</u>	<u>-</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 3 - Detailed Notes on all Funds - continued

Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary government	Beginning			Ending
Governmental activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 3,909,352	-	-	3,909,352
Total capital assets not being depreciated	3,909,352	-	-	3,909,352
Capital assets being depreciated				
Buildings	1,963,614	194,991	-	2,158,605
Improvements	1,423,478	113,368	-	1,536,846
Machinery and equipment	1,045,687	197,158	(112,193)	1,130,652
Infrastructure	10,495,543	90,450	-	10,585,993
Total capital assets being depreciated	14,928,322	595,967	(112,193)	15,412,096
Less accumulated depreciation for				
Buildings	\$ 696,757	68,180	-	764,937
Improvements	340,424	30,207	-	370,631
Machinery and equipment	871,746	60,443	(112,193)	819,996
Infrastructure	1,242,865	212,231	-	1,455,096
Total accumulated depreciation	3,151,792	371,061	(112,193)	3,410,660
Total capital assets, being depreciated, net	11,776,530	224,906	-	12,001,436
Governmental activities capital assets, net	<u>\$ 15,685,882</u>	<u>224,906</u>	<u>-</u>	<u>15,910,788</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 158,040	-	-	158,040
Total capital assets not being depreciated	158,040	-	-	158,040
Capital assets being depreciated				
Buildings	60,000	-	-	60,000
Improvements	9,304,154	315,391	-	9,619,545
Machinery and equipment	364,915	81,571	-	446,486
Total capital assets being depreciated	9,729,069	396,962	-	10,126,031
Less accumulated depreciation for				
Buildings	21,032	1,905	-	22,937
Improvements	1,674,925	189,582	-	1,864,507
Machinery and equipment	302,796	27,327	-	330,123
Total accumulated depreciation	1,998,753	218,814	-	2,217,567
Total capital assets, being depreciated, net	7,730,316	178,148	-	7,908,464
Business-type activities capital assets, net	<u>\$ 7,888,356</u>	<u>178,148</u>	<u>-</u>	<u>8,066,504</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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	\$ 159,423
Public works	172,198
Parks and community services	39,315
Total depreciation expense - governmental activities	370,936

Business-type activities

Waste Utility	81,782
Water Utility	74,264
Storm Water Utility	62,768
Total depreciation expense - business-type activities	218,814

Total depreciation expense	\$ 589,750
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Interfund transfers

Transfers Out	Transfers In					Total
	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Waste Utility Fund	Water Fund	
General Fund	\$ 287,457	366,605	106,766	-	-	760,828
Special Revenue Fund	-	-	-	20,885	47,554	68,439
Capital projects	-	-	-	23,000	-	23,000
Water Utility	-	14,000	-	14,000	-	28,000
Storm Water Utility	-	25,500	-	7,711	-	33,211
Total transfer	\$ 287,457	406,105	106,766	65,596	47,554	913,478

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, 2014

Note 3 - Detailed Notes on all Funds - continued

Long-term debt

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental type activities					
Excise tax revenue bonds	\$ 799,000	-	(799,000)	-	-
Excise tax refunding					
Revenue bonds	-	751,000	-	751,000	55,000
Notes payable	250,438	-	(122,478)	127,960	127,960
Compensated absences	44,304	72,500	(70,856)	45,948	25,731
Total long-term liabilities	<u>\$ 1,093,742</u>	<u>823,500</u>	<u>(992,334)</u>	<u>924,908</u>	<u>208,691</u>

Excise tax revenue issues at June 30, 2014 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	<u>\$ 751,000</u>

Notes payable issues at June 30, 2014 consist of the following:

Series	Purpose	Amount	Range	Date	Outstanding
2007	Used to finance the acquisition of park facility.	\$ 980,000	5.000%	2015	<u>\$ 127,960</u>

Years Ending June 30	Excise Tax Revenue		Note Payable	
	Principal	Interest	Principal	Interest
2015	\$ 55,000	9,707	127,960	6,398
2016	94,000	12,915	-	-
2017	96,000	11,025	-	-
2018	97,000	9,104	-	-
2019	99,000	7,154	-	-
2020-2022	310,000	9,353	-	-
Total	<u>\$ 751,000</u>	<u>59,258</u>	<u>127,960</u>	<u>6,398</u>

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

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, 2014 was \$725,000.

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.

Retirement plans

Plan Description

The City contributes to the following cost-sharing multiple-employer defined benefit pension plans (the Systems) administered by the Utah Retirement Systems (the URS).

- Tier 2 Public Employees' Contributory Retirement System
- Tier 1 Public Employees' Noncontributory Retirement System

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 4 - Other Information - continued

Retirement plans - continued

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Title 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board. The contribution rates are actuarially determined rates. Plan members in the Tier 1 Public Employees' Contributory Retirement System are required to contribute a percentage of their annual covered salary and the City is required to contribute a percentage of the employee's annual covered salary (currently the City pays both the employee and employer rate.) The City is required to contribute a percentage of salary for members in the noncontributory systems; currently no contribution is required of the employee.

The 2014 contribution rates and employer contributions required and paid (in dollars for the years ending June 30, 2014, 2013, and 2012 are outlined below:

	Percent of Covered Payroll		Employer Contributions		
	Employee Contribution Paid by City	City's Contribution	2014	2013	2012
	<i>Tier 1 Retirement Systems</i>				
Public Employees					
Noncontributory	n/a	17.29%	\$ 116,067	\$ 112,862	\$ 95,930
<i>Tier 2 Retirement Systems</i>					
Public Employees					
Contributory	n/a	13.99%	\$ 10,170	\$ 4,757	\$ 2,743

The City's contributions in dollars to each of the systems for the years ending June 30, 2014, 2013, and 2012 were equal to the required contributions for each year.

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 4 - Other Information - continued

Retirement plans - continued

Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$671 for the year ended June 30, 2014.

Defined Contribution Plan

The 401(k) plan is a multiple-employer defined contribution plan. All employees of the City who participate in the Utah Retirement System contributory or noncontributory are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are determined by the City Council and are intended to standardize a minimum retirement contribution of 13% for all full-time employees participating in the Utah Retirement System. Plan provisions and contribution requirements are established and may be amended by the West Point City Council. The City's contributions to the 401(k) plan were \$15,193 for the year ended June 30, 2014.

Commitments and Contingencies

The City has commitments related to capital improvements, capital purchases and other contractual agreements at June 30, 2014, for the following:

Fund	Capital Purchases	Improve- ments	Other	Total
Capital Projects				
Playground equipment	\$ 25,347	-		25,347
200 S. Trail	-	351,719		351,719
3000 West Road	-	85,000		85,000
	\$ 25,347	436,719	-	462,066

West Point City
Notes to Financial Statements-continued
For the Year Ended June 30, 2014

Note 4 - Other Information - continued

Prior period adjustments

The City has implemented GASB 65 *Items Previously Reported as Assets and Liabilities* . Standards require that costs of issuance no longer be amortized over the term of the debt, but are expensed in the period incurred. As a result, the net position reported of the governmental activities on the government -wide financial statements has decreased by \$19,670.

Subsequent events

Subsequent events have been evaluated through December 2, 2014, 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.

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Interest income	\$ -	-	3,816	3,816
Miscellaneous	-	173,839	29,815	(144,024)
Total revenues	-	173,839	33,631	(140,208)
<u>Expenditures</u>				
Capital outlay	200,000	963,750	382,528	581,222
Debt service:				
Principal retirement	122,478	-	-	-
Interest and fiscal charges	12,522	-	-	-
Total expenditures	335,000	963,750	382,528	581,222
Excess revenues over (under) expenditures	(335,000)	(789,911)	(348,897)	441,014
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	39,500	406,105	366,605
Transfers (out)	(33,000)	(23,000)	(23,000)	-
Total other financing sources and uses	(33,000)	16,500	383,105	366,605
Net change in fund balance	(368,000)	(773,411)	34,208	807,619
Fund balances - beginning of year	1,183,729	1,183,729	1,183,729	-
Fund balances - end of year	\$ 815,729	410,318	1,217,937	807,619

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Interest income	\$ -	-	516	516
Total revenues	-	-	516	516
<u>Expenditures</u>				
Debt service:				
Principal retirement	74,000	74,000	74,000	-
Interest and fiscal charges	32,766	32,766	32,767	(1)
Issuance costs on refunding bonds	-	-	15,400	(15,400)
Total expenditures	106,766	106,766	122,167	(15,401)
Excess revenues over (under) expenditures	(106,766)	(106,766)	(121,651)	(14,885)
<u>Other financing sources (uses)</u>				
Refunding bonds issued	-	-	751,000	751,000
Payment of refunded bond escrow agent	-	-	(734,785)	(734,785)
Transfers in	106,766	106,766	106,766	-
Total other financing sources and uses	106,766	106,766	122,981	16,215
Net change in fund balance	-	-	1,330	1,330
Fund balances - beginning of year	137,806	137,806	137,806	-
Fund balances - end of year	\$ 137,806	137,806	139,136	1,330

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, 2014 and 2013

	June 30, 2014	June 30, 2013	<u>Variance</u> Increase (Decrease) Over PY
<u>Revenues</u>			
Taxes			
Property tax - real estate	\$ 363,277	334,893	28,384
Property tax - vehicles	35,369	41,641	(6,272)
Sales and use taxes	940,523	896,250	44,273
Energy & telecom taxes	511,985	498,640	13,345
Total taxes	<u>1,851,154</u>	<u>1,771,424</u>	<u>79,730</u>
Licenses and permits			
Business licenses	12,270	10,837	1,433
Building permits	151,375	90,473	60,902
Total licenses and permits	<u>163,645</u>	<u>101,310</u>	<u>62,335</u>
Intergovernmental			
Class "C" roads	287,457	299,667	(12,210)
State liquor fund allotment	5,832	5,471	361
Grants	-	-	-
Total intergovernmental revenue	<u>293,289</u>	<u>305,138</u>	<u>(11,849)</u>
Charges for services			
Zoning & subdivision fees	8,317	9,246	(929)
Administrative fee - other funds	22,000	50,000	(28,000)
Recreation fees	87,656	76,828	10,828
Cemetery	16,200	9,800	6,400
Miscellaneous	35,572	24,677	10,895
Total charges for services	<u>169,745</u>	<u>170,551</u>	<u>(806)</u>
Miscellaneous			
Donations	730	1,700	(970)
Miscellaneous	578	5,020	(4,442)
Interest	2,443	2,680	(237)
Total miscellaneous	<u>3,751</u>	<u>9,400</u>	<u>(5,649)</u>
Total revenues	<u>2,481,584</u>	<u>2,357,823</u>	<u>123,761</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, 2014 and 2013

	June 30, 2014	June 30, 2013	Variance Increase (Decrease) Over PY
<u>Expenditures</u>			
General government			
Mayor and council	\$ 55,815	49,132	6,683
Finance	221,999	214,128	7,871
Administrative	385,226	341,789	43,437
Total general government	<u>663,040</u>	<u>605,049</u>	<u>57,991</u>
Public safety			
Public safety	132,306	120,308	11,998
Planning and development	130,009	138,776	(8,767)
Total public safety	<u>262,315</u>	<u>259,084</u>	<u>3,231</u>
Streets and public works			
Public works	382,741	381,396	1,345
Total streets and public works	<u>382,741</u>	<u>381,396</u>	<u>1,345</u>
Parks and recreation			
Parks and cemetery	143,534	117,126	26,408
Recreation	217,471	176,674	40,797
Total parks and recreation	<u>361,005</u>	<u>293,800</u>	<u>67,205</u>
Total expenditures	<u>1,669,101</u>	<u>1,539,329</u>	<u>129,772</u>
Excess revenues over (under) expenditures	<u>812,483</u>	<u>818,494</u>	<u>(6,011)</u>
<u>Other financing sources (uses)</u>			
Transfers in (out)	<u>(760,828)</u>	<u>(702,282)</u>	<u>58,546</u>
Total other financing sources and uses	<u>(760,828)</u>	<u>(702,282)</u>	<u>58,546</u>
Net change in fund balance	51,655	116,212	(64,557)
Fund balances - beginning of year	<u>488,344</u>	<u>372,132</u>	<u>116,212</u>
Fund balances - end of year	<u>\$ 539,999</u>	<u>488,344</u>	<u>51,655</u>

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

OTHER REPORTS

**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, 2014, and the related notes to the financial statements, which collectively comprise West Point City's, basic financial statements and have issued our report thereon dated December 2, 2014.

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 over financial reporting.

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*.

We noted certain matters that we reported to management of West Point City in a separate letter dated December 2, 2014.

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.

Ulrich & Associates, P.C.

December 2, 2014

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE *STATE COMPLIANCE AUDIT GUIDE* ON:**

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- COMPLIANCE FOR EACH MAJOR STATE PROGRAM
- INTERNAL CONTROL OVER COMPLIANCE

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

Report On Compliance with General State Compliance Requirements and for Each Major State Program

We have audited West Point City's compliance with the applicable general state and major state program 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 the West Point City or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Transfers from Utility Enterprise Funds
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website
- Budget Notices and Format

West Point City received state funding from the following programs classified as major programs for the year ended June 30, 2014.

- B & C Road Funds (Department of Transportation)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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 or on each major state program 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 for each major state program 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.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of West Point City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, West Point City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on West Point City or on each of its major state programs for the year ended June 30, 2014.

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 or on each major state program 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 for each major state program 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 or major state program 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 or major state program 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 or major state program 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 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.

Ulrich & Associates, P.C.

Ogden, Utah
December 2, 2014