



MAULDIN & JENKINS

CPAs & ADVISORS

City of West Point, Georgia

Annual Financial Report

Fiscal Year Ended December 31, 2020



Annual Financial Report

Fiscal Year Ended December 31, 2020

**Prepared by: City of West Point, Georgia Finance Department
730 1st Avenue, West Point, Georgia 31833**

**CITY OF WEST POINT, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020**

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DECEMBER 31, 2020**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of West Point, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of West Point, Georgia** (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of West Point, Georgia'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 of America. 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Point, Georgia as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance 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 Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Pension Contributions, 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 and other auditors 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax ("TSPLOST"), as required by the O.C.G.A. §48-8-260 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the Schedules of Expenditures of SPLOST proceeds, and the Schedule of Expenditures of TSPLOST (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 March 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 5, 2024

CITY OF WEST POINT, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 7,538,413	\$ 8,414,113	\$ 15,952,526	\$ 698,204
Restricted cash and cash equivalents	-	941,262	941,262	-
Investments	-	5,163,770	5,163,770	-
Accounts receivable, net of allowances	-	1,740,849	1,740,849	-
Taxes receivable, net of allowances	224,605	-	224,605	54,774
Intergovernmental receivables	265,641	-	265,641	-
Due from other funds	540,964	(540,964)	-	-
Inventory	-	403,188	403,188	-
Other receivables	758,479	-	758,479	-
Advances to other funds	-	-	-	100,000
Capital assets:				
Nondepreciable	1,775,478	53,096	1,828,574	2,545,050
Depreciable, net of accumulated depreciation	16,430,536	32,486,590	48,917,126	-
Total assets	27,534,116	48,661,904	76,196,020	3,398,028
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	1,416,103	934,071	2,350,174	-
Total deferred outflows of resources	1,416,103	934,071	2,350,174	-
LIABILITIES				
Accounts payable	56,117	66,844	122,961	-
Accrued liabilities	15,051	7,619	22,670	-
Accrued interest payable	15,055	112,858	127,913	-
Customer deposits payable	-	151,228	151,228	-
Advances from other funds	-	-	-	100,000
Financed purchases due within one year	7,470	-	7,470	-
Financed purchases due in more than one year	-	-	-	-
Notes payable due within one year	114,398	195,080	309,478	-
Notes payable due in more than one year	1,720,957	1,597,940	3,318,897	-
Bonds payable due within one year	-	733,592	733,592	-
Bonds payable due in more than one year	-	17,242,044	17,242,044	-
Net pension liability due in more than one year	3,194,563	1,749,698	4,944,261	-
Total liabilities	5,123,611	21,856,903	26,980,514	100,000
DEFERRED INFLOWS OF RESOURCES				
Pension related items	84,861	23,625	108,486	-
Total deferred inflows of resources	84,861	23,625	108,486	-
NET POSITION				
Net investment in capital assets	16,363,189	12,771,030	29,134,219	2,545,050
Restricted for:				
Debt service	-	941,262	941,262	-
Capital construction	3,286,060	-	3,286,060	-
Public safety	43,338	-	43,338	-
Tourism	30,179	-	30,179	-
Housing and development	534,490	-	534,490	-
Unrestricted	3,484,491	14,003,155	17,487,646	752,978
Total net position	\$ 23,741,747	\$ 27,715,447	\$ 51,457,194	\$ 3,298,028

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	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	\$ 993,832	\$ 239,549	\$ -	\$ -	\$ (754,283)	\$ -	\$ (754,283)	\$ -
Judicial	-	120,381	-	-	120,381	-	120,381	-
Public safety	4,381,960	227,376	195,623	-	(3,958,961)	-	(3,958,961)	-
Public works	965,522	-	-	662,971	(302,551)	-	(302,551)	-
Culture and recreation	302,204	7,179	-	409,678	114,653	-	114,653	-
Housing and development	741,441	-	-	-	(741,441)	-	(741,441)	-
Interest and fiscal charges	69,586	-	-	-	(69,586)	-	(69,586)	-
Total governmental activities	<u>7,454,545</u>	<u>594,485</u>	<u>195,623</u>	<u>1,072,649</u>	<u>(5,591,788)</u>	<u>-</u>	<u>(5,591,788)</u>	<u>-</u>
Business-Type activities:								
Water and sewer	3,467,086	3,381,115	-	-	-	(85,971)	(85,971)	-
Electric	5,248,233	6,179,953	-	-	-	931,720	931,720	-
Gas	890,750	1,232,283	-	-	-	341,533	341,533	-
Sanitation	492,632	390,733	-	-	-	(101,899)	(101,899)	-
Total Business-Type activities	<u>10,098,701</u>	<u>11,184,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,085,383</u>	<u>1,085,383</u>	<u>-</u>
Total primary government	<u>\$ 17,553,246</u>	<u>\$ 11,778,569</u>	<u>\$ 195,623</u>	<u>\$ 1,072,649</u>	<u>\$ (5,591,788)</u>	<u>\$ 1,085,383</u>	<u>\$ (4,506,405)</u>	<u>\$ -</u>
Component units:								
West Point Development Authority	\$ 123,885	\$ -	\$ 120,000	\$ 15,400	\$ -	\$ -	\$ -	\$ 11,515
Downtown Development Authority	39,284	-	-	-	-	-	-	(39,284)
Total component units	<u>\$ 163,169</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 15,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,769)</u>
General revenues:								
Property taxes					\$ 2,394,277	\$ -	\$ 2,394,277	\$ 54,774
Franchise taxes					579,946	-	579,946	-
Insurance premium taxes					278,119	-	278,119	-
Sales and use taxes					840,403	-	840,403	-
Beer, wine, and liquor taxes					257,840	-	257,840	-
Hotel/Motel taxes					8,890	-	8,890	-
Other taxes					240,946	-	240,946	-
Unrestricted investment earnings					10,803	143,011	153,814	8,105
Miscellaneous					307,880	-	307,880	2,244
Transfers					819,795	(819,795)	-	-
Total general revenues and transfers					<u>5,738,899</u>	<u>(676,784)</u>	<u>5,062,115</u>	<u>65,123</u>
Change in net position					147,111	408,599	555,710	37,354
Net position, beginning of fiscal year, as restated					23,594,636	27,306,848	50,901,484	3,260,674
Net position, end of fiscal year					<u>\$ 23,741,747</u>	<u>\$ 27,715,447</u>	<u>\$ 51,457,194</u>	<u>\$ 3,298,028</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

ASSETS	General Fund	2019 Troup SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 4,282,248	\$ 1,595,017	\$ 1,661,148	\$ 7,538,413
Taxes receivable, net of allowances	221,961	-	2,644	224,605
Other receivables	297,835	-	460,644	758,479
Intergovernmental receivables	82,528	161,034	22,079	265,641
Due from other funds	544,114	-	30,063	574,177
Total assets	<u>\$ 5,428,686</u>	<u>\$ 1,756,051</u>	<u>\$ 2,176,578</u>	<u>\$ 9,361,315</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 54,375	\$ -	\$ 1,742	\$ 56,117
Accrued liabilities	15,051	-	-	15,051
Due to other funds	-	3,150	30,063	33,213
Total liabilities	<u>69,426</u>	<u>3,150</u>	<u>31,805</u>	<u>104,381</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>102,334</u>	<u>-</u>	<u>-</u>	<u>102,334</u>
Total deferred inflows of resources	<u>102,334</u>	<u>-</u>	<u>-</u>	<u>102,334</u>
FUND BALANCES				
Fund balances:				
Restricted for:				
Capital construction	-	1,752,901	1,533,159	3,286,060
Public safety	-	-	43,338	43,338
Housing and development	-	-	534,490	534,490
Tourism	-	-	30,179	30,179
Assigned for:				
Public safety	-	-	3,607	3,607
Unassigned	<u>5,256,926</u>	<u>-</u>	<u>-</u>	<u>5,256,926</u>
Total fund balances	<u>5,256,926</u>	<u>1,752,901</u>	<u>2,144,773</u>	<u>9,154,600</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,428,686</u>	<u>\$ 1,756,051</u>	<u>\$ 2,176,578</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.				18,206,014
Some revenues are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.				102,334
The net pension liability and related deferred outflows of resources and deferred inflows of resources are not current financial resources and therefore, are not reported in the governmental funds.				(1,863,321)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.				<u>(1,857,880)</u>
Net position of governmental activities				<u>\$ 23,741,747</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	2019 Troup SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 4,657,046	\$ -	\$ 8,890	\$ 4,665,936
Licenses and permits	177,287	-	-	177,287
Intergovernmental	195,623	952,196	120,080	1,267,899
Fines and forfeitures	120,381	-	15,000	135,381
Charges for services	164,713	-	94,585	259,298
Interest income	1,418	-	9,758	11,176
Miscellaneous revenue	330,399	-	-	330,399
Total revenues	<u>5,646,867</u>	<u>952,196</u>	<u>248,313</u>	<u>6,847,376</u>
Expenditures				
Current:				
General government	920,343	-	-	920,343
Public safety	3,023,599	5,499	615,363	3,644,461
Public works	745,054	-	-	745,054
Culture and recreation	53,390	-	-	53,390
Housing and development	706,795	-	-	706,795
Capital outlay	75,843	38,180	-	114,023
Debt service:				
Principal retirements	139,019	-	-	139,019
Interest and fiscal charges	70,495	-	-	70,495
Total expenditures	<u>5,734,538</u>	<u>43,679</u>	<u>615,363</u>	<u>6,393,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,671)</u>	<u>908,517</u>	<u>(367,050)</u>	<u>453,796</u>
Other financing sources (uses):				
Transfers in	935,690	-	406,293	1,341,983
Transfers out	<u>(522,188)</u>	<u>-</u>	<u>-</u>	<u>(522,188)</u>
Total other financing sources	<u>413,502</u>	<u>-</u>	<u>406,293</u>	<u>819,795</u>
Net change in fund balances	325,831	908,517	39,243	1,273,591
Fund balances, beginning of fiscal year, as restated	<u>4,931,095</u>	<u>844,384</u>	<u>2,105,530</u>	<u>7,881,009</u>
Fund balances, end of fiscal year	<u>\$ 5,256,926</u>	<u>\$ 1,752,901</u>	<u>\$ 2,144,773</u>	<u>\$ 9,154,600</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balances - total governmental funds	\$	1,273,591
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 depreciation expense exceeded capital outlay in the current period - see footnote 2 for detail of amount.		(839,979)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(65,515)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has; however has any effect on net position.		139,019
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.		(360,005)
Change in net position - governmental activities	\$	<u>147,111</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 2,117,236	\$ 2,200,497	\$ 2,459,792	\$ 259,295
Sales taxes	700,000	831,416	840,403	8,987
Franchise taxes	795,000	670,674	579,946	(90,728)
Insurance premium taxes	185,000	278,119	278,119	-
Intergovernmental	50,000	195,623	195,623	-
Other taxes	399,000	351,407	498,786	147,379
Licenses and permits	148,500	177,287	177,287	-
Fines and forfeitures	162,400	120,565	120,381	(184)
Interest income	700	1,418	1,418	-
Charges for services	369,562	111,151	164,713	53,562
Miscellaneous	268,730	280,660	330,399	49,739
Total revenues	<u>5,196,128</u>	<u>5,218,817</u>	<u>5,646,867</u>	<u>428,050</u>
Expenditures				
Current:				
General government	993,164	926,677	920,343	6,334
Public safety - Police	1,727,200	1,690,454	1,632,051	58,403
Public safety - Fire	1,425,500	1,443,591	1,391,548	52,043
Public works administration	840,750	957,456	745,054	212,402
Culture and recreation	98,000	53,340	53,390	(50)
Housing and development	785,150	711,499	706,795	4,704
Capital outlay	64,000	75,843	75,843	-
Debt service:				
Principal retirements	110,000	109,918	139,019	(29,101)
Interest and fiscal charges	71,500	70,495	70,495	-
Total expenditures	<u>6,115,264</u>	<u>6,039,273</u>	<u>5,734,538</u>	<u>304,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(919,136)</u>	<u>(820,456)</u>	<u>(87,671)</u>	<u>732,785</u>
Other financing sources (uses)				
Financed purchases	6,000	8,596	-	(8,596)
Transfers in	913,136	-	935,690	935,690
Transfers out	-	-	(522,188)	(522,188)
Total other financing sources	<u>919,136</u>	<u>8,596</u>	<u>413,502</u>	<u>404,906</u>
Net change in fund balances	-	(811,860)	325,831	1,137,691
Fund balance, beginning of fiscal year, as restated	<u>4,931,095</u>	<u>4,931,095</u>	<u>4,931,095</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 4,931,095</u>	<u>\$ 4,119,235</u>	<u>\$ 5,256,926</u>	<u>\$ 1,137,691</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

ASSETS	Business-Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Nonmajor Sanitation Enterprise Fund	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 5,391,893	\$ -	\$ 3,022,220	\$ -	\$ 8,414,113
Restricted cash and cash equivalents	941,262	-	-	-	941,262
Investments	-	5,163,770	-	-	5,163,770
Accounts receivable, net of allowances	500,106	917,612	250,002	73,129	1,740,849
Due from other funds	67,825	-	67,825	-	135,650
Inventory	77,003	245,457	80,728	-	403,188
Total current assets	<u>6,978,089</u>	<u>6,326,839</u>	<u>3,420,775</u>	<u>73,129</u>	<u>16,798,832</u>
CAPITAL ASSETS					
Nondepreciable	48,096	5,000	-	-	53,096
Depreciable, net of accumulated depreciation	29,252,246	634,665	2,593,933	5,746	32,486,590
Total capital assets	<u>29,300,342</u>	<u>639,665</u>	<u>2,593,933</u>	<u>5,746</u>	<u>32,539,686</u>
Total assets	<u>36,278,431</u>	<u>6,966,504</u>	<u>6,014,708</u>	<u>78,875</u>	<u>49,338,518</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	363,540	371,013	116,479	83,039	934,071
Total deferred outflows of resources	<u>363,540</u>	<u>371,013</u>	<u>116,479</u>	<u>83,039</u>	<u>934,071</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	33,289	23,436	5,177	4,942	66,844
Accrued liabilities	2,821	3,206	1,047	545	7,619
Accrued interest payable	112,091	-	767	-	112,858
Due to other funds	524,858	135,650	16,106	-	676,614
Customer deposits	36,078	83,383	31,767	-	151,228
Notes payable	-	-	195,080	-	195,080
Revenue bonds payable	733,592	-	-	-	733,592
Total current liabilities	<u>1,442,729</u>	<u>245,675</u>	<u>249,944</u>	<u>5,487</u>	<u>1,943,835</u>
NONCURRENT LIABILITIES					
Notes payable	-	-	1,597,940	-	1,597,940
Revenue bonds payable	17,242,044	-	-	-	17,242,044
Net pension liability	680,982	694,980	218,187	155,549	1,749,698
Total noncurrent liabilities	<u>17,923,026</u>	<u>694,980</u>	<u>1,816,127</u>	<u>155,549</u>	<u>20,589,682</u>
Total liabilities	<u>19,365,755</u>	<u>940,655</u>	<u>2,066,071</u>	<u>161,036</u>	<u>22,533,517</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related items	9,195	9,384	2,946	2,100	23,625
Total deferred outflows of resources	<u>9,195</u>	<u>9,384</u>	<u>2,946</u>	<u>2,100</u>	<u>23,625</u>
NET POSITION					
Net investment in capital assets	11,324,706	639,665	800,913	5,746	12,771,030
Restricted for debt service	941,262	-	-	-	941,262
Unrestricted (deficit)	5,001,053	5,747,813	3,261,257	(6,968)	14,003,155
Total net position (deficit)	<u>\$ 17,267,021</u>	<u>\$ 6,387,478</u>	<u>\$ 4,062,170</u>	<u>\$ (1,222)</u>	<u>\$ 27,715,447</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Nonmajor Sanitation Enterprise Fund	Total
OPERATING REVENUES					
Charges for sales and services	\$ 3,381,003	\$ 6,179,953	\$ 1,228,122	\$ 390,733	\$ 11,179,811
Miscellaneous income	112	-	4,161	-	4,273
Total operating revenues	<u>3,381,115</u>	<u>6,179,953</u>	<u>1,232,283</u>	<u>390,733</u>	<u>11,184,084</u>
OPERATING EXPENSES					
Cost of sales and services	537,567	3,921,185	370,970	92,055	4,921,777
General operating expenses	1,355,173	1,274,332	352,731	382,298	3,364,534
Depreciation	883,478	52,716	107,415	18,279	1,061,888
Total operating expenses	<u>2,776,218</u>	<u>5,248,233</u>	<u>831,116</u>	<u>492,632</u>	<u>9,348,199</u>
Operating income (loss)	<u>604,897</u>	<u>931,720</u>	<u>401,167</u>	<u>(101,899)</u>	<u>1,835,885</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	812	142,199	-	-	143,011
Interest expense	(690,868)	-	(59,634)	-	(750,502)
Total non-operating revenues (expenses)	<u>(690,056)</u>	<u>142,199</u>	<u>(59,634)</u>	<u>-</u>	<u>(607,491)</u>
Income (loss) before capital contributions and transfers	<u>(85,159)</u>	<u>1,073,919</u>	<u>341,533</u>	<u>(101,899)</u>	<u>1,228,394</u>
Transfers in	-	-	-	115,895	115,895
Transfers out	-	(935,690)	-	-	(935,690)
Total capital contributions and transfers	<u>-</u>	<u>(935,690)</u>	<u>-</u>	<u>115,895</u>	<u>(819,795)</u>
Change in net position	<u>(85,159)</u>	<u>138,229</u>	<u>341,533</u>	<u>13,996</u>	<u>408,599</u>
Net position (deficit), beginning of fiscal year, as restated	<u>17,352,180</u>	<u>6,249,249</u>	<u>3,720,637</u>	<u>(15,218)</u>	<u>27,306,848</u>
Net position (deficit), end of fiscal year	<u>\$ 17,267,021</u>	<u>\$ 6,387,478</u>	<u>\$ 4,062,170</u>	<u>\$ (1,222)</u>	<u>\$ 27,715,447</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Nonmajor Sanitation Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,349,943	\$ 6,065,680	\$ 1,229,767	\$ 376,961	\$ 11,022,351
Payments to suppliers	(1,207,927)	(4,619,373)	(532,785)	(356,982)	(6,717,067)
Payments to employees	(578,468)	(652,816)	(191,397)	(135,874)	(1,558,555)
Net cash provided by (used in) operating activities	<u>1,563,548</u>	<u>793,491</u>	<u>505,585</u>	<u>(115,895)</u>	<u>2,746,729</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers out to other funds	-	(935,690)	-	-	(935,690)
Transfers in from other funds	-	-	-	115,895	115,895
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>(935,690)</u>	<u>-</u>	<u>115,895</u>	<u>(819,795)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(53,581)	-	-	-	(53,581)
Principal payment on notes payable	-	-	(189,180)	-	(189,180)
Principal payment on bonds payable	(706,828)	-	-	-	(706,828)
Interest payments	(698,240)	-	(58,857)	-	(757,097)
Net cash used in capital and related financing activities	<u>(1,458,649)</u>	<u>-</u>	<u>(248,037)</u>	<u>-</u>	<u>(1,706,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	812	142,199	-	-	143,011
Net cash provided by (used in) investing activities	<u>812</u>	<u>142,199</u>	<u>-</u>	<u>-</u>	<u>143,011</u>
Net increase in cash and cash equivalents	105,711	-	257,548	-	363,259
Cash and cash equivalents, beginning of fiscal year (1)	6,227,444	-	2,764,672	-	8,992,116
Cash and cash equivalents, end of fiscal year	<u>\$ 6,333,155</u>	<u>\$ -</u>	<u>\$ 3,022,220</u>	<u>\$ -</u>	<u>\$ 9,355,375</u>
Classified as:					
Cash and cash equivalents	\$ 5,391,893	\$ -	\$ 3,022,220	\$ -	\$ 8,414,113
Restricted cash and cash equivalents	941,262	-	-	-	941,262
	<u>\$ 6,333,155</u>	<u>\$ -</u>	<u>\$ 3,022,220</u>	<u>\$ -</u>	<u>\$ 9,355,375</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 604,897	\$ 931,720	\$ 401,167	\$ (101,899)	\$ 1,835,885
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	883,478	52,716	107,415	18,279	1,061,888
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(31,172)	(114,273)	(2,516)	(13,772)	(161,733)
Deferred outflows for pension items	(184,875)	(219,962)	(56,778)	(38,277)	(499,892)
Inventory	2,377	37,591	(2,194)	-	37,774
Investments	-	(149,924)	-	-	(149,924)
Increase (decrease) in:					
Accounts payable	(38,812)	(62)	1,898	359	(36,617)
Due to other funds	191,198	(1)	16,106	-	207,303
Accrued liabilities	(15,149)	(16,825)	(4,733)	(3,200)	(39,907)
Deferred inflows for pension items	(14,320)	(10,496)	(4,911)	(3,792)	(33,519)
Net pension liability	165,540	259,203	45,955	26,407	497,105
Customer deposits	386	23,804	4,176	-	28,366
Net cash provided by (used in) operating activities	<u>\$ 1,563,548</u>	<u>\$ 793,491</u>	<u>\$ 505,585</u>	<u>\$ (115,895)</u>	<u>\$ 2,746,729</u>

(1) The Electric Fund classified investments as cash as of December 31, 2019.

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2020

	<u>West Point Development Authority</u>	<u>Downtown Development Authority</u>	<u>Total Component Units</u>
ASSETS			
Cash and cash equivalents	\$ 602,997	\$ 95,207	\$ 698,204
Taxes receivable	-	54,774	54,774
Advances to downtown development authority	100,000	-	100,000
Capital assets, nondepreciable	1,285,750	1,259,300	2,545,050
Total assets	<u>\$ 1,988,747</u>	<u>\$ 1,409,281</u>	<u>\$ 3,398,028</u>
LIABILITIES			
Advances from development authority	\$ -	\$ 100,000	\$ 100,000
Total liabilities	<u>\$ 1,988,747</u>	<u>\$ 1,509,281</u>	<u>\$ 3,498,028</u>
NET POSITION			
Investment in capital assets	\$ 1,285,750	\$ 1,259,300	\$ 2,545,050
Unrestricted	702,997	49,981	752,978
Total net position	<u>\$ 1,988,747</u>	<u>\$ 1,309,281</u>	<u>\$ 3,298,028</u>

CITY OF WEST POINT, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				West Point Development Authority	Downtown Development Authority	Total Component Units
Component units:						
West Point Development Authority	\$ 123,885	\$ 120,000	\$ 15,400	\$ 11,515	\$ -	\$ 11,515
Downtown Development Authority	39,284	-	-	-	(39,284)	(39,284)
Total component units	<u>\$ 163,169</u>	<u>\$ 120,000</u>	<u>\$ 15,400</u>	<u>\$ 11,515</u>	<u>\$ (39,284)</u>	<u>\$ (27,769)</u>
General revenues:						
Property taxes				\$ -	\$ 54,774	\$ 54,774
Unrestricted investment earnings				8,105	-	8,105
Miscellaneous				2,244	-	2,244
Total general revenues and transfers				<u>10,349</u>	<u>54,774</u>	<u>65,123</u>
Change in net position				21,864	15,490	37,354
Net position, beginning of fiscal year, as restated				1,966,883	1,293,791	3,260,674
Net position, end of fiscal year				<u>\$ 1,988,747</u>	<u>\$ 1,309,281</u>	<u>\$ 3,298,028</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WEST POINT, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Component Units		
	West Point Development Authority	Downtown Development Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 151,775	\$ 46,394	\$ 198,169
Payments to suppliers	(123,885)	(39,284)	(163,169)
Net cash provided by operating activities	<u>27,890</u>	<u>7,110</u>	<u>35,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(47,450)	(10,800)	(58,250)
Net cash used in capital and related financing activities	<u>(47,450)</u>	<u>(10,800)</u>	<u>(58,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	8,105	-	8,105
Net cash provided by (used in) investing activities	<u>8,105</u>	<u>-</u>	<u>8,105</u>
Net decrease in cash and cash equivalents	(11,455)	(3,690)	(15,145)
Cash and cash equivalents, beginning of fiscal year	614,452	98,897	713,349
Cash and cash equivalents, end of fiscal year	<u>\$ 602,997</u>	<u>\$ 95,207</u>	<u>\$ 698,204</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 13,759	\$ 15,490	\$ 29,249
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in:			
Note receivable	14,131	-	14,131
Taxes receivable	-	(8,380)	(8,380)
Net cash provided by operating activities	<u>\$ 27,890</u>	<u>\$ 7,110</u>	<u>\$ 35,000</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**CITY OF WEST POINT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of West Point, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant of the City’s accounting policies are described below.

A. Reporting Entity

The City of West Point, Georgia was incorporated in 1828 under the provisions of the State of Georgia. The City is a Georgia municipal corporation and operates under a charter adopted in 1900 and is a City Administrator/Mayor and Council form of government.

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America 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 more significant accounting policies of the City are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the “primary government”) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City.

Based upon criteria set forth by GASB Statement 14 and as amended by GASB Statement 39 and 61, the City was determined to have the following component units as of December 31, 2020:

The West Point Development Authority (the “Authority”) is a discretely presented component unit of the City. The Authority consists of a board appointed by the governing authority of the City. The Authority promotes the industrial and economic development of the City. Separate financial statements for the Authority are not available.

The West Point Downtown Development Authority (the “DDA”). The DDA consists of a board appointed by the governing authority of the City. The DDA promotes the growth of the Downtown area of the City. Although it is legally separate from the City, the Council appoints all of the DDA’s board members and a substantial portion of the DDA’s funding is collected by the City through an additional downtown tax levy. Separate financial statements for the DDA are not available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government including its component units. (For the most part, the effect of interfund activity has been removed from the government-wide financial statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 fiscal 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to financed purchases, notes payable, and general obligation bonds are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for services, 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, if the availability criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual 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 **2019 Troup SPLOST Fund** accounts for proceeds and expenditure of special purpose local option sales tax proceeds (SPLOST), Series 2019, received from Troup County.

The City reports the following major enterprise (or proprietary) funds:

The **Water and Sewer Fund** accounts for the activities of the City's water and sewer system which renders services to the residents and businesses located within the City.

The **Electric Fund** accounts for the operations of the City's electric system.

The **Gas Fund** accounts for operations of the City's natural gas system.

The City reports the following nonmajor proprietary fund:

The **Sanitation Fund** accounts for the activities of the City's sanitation operations.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are restricted or committed to expenditure for specific purposes.

The **Capital Projects Fund** accounts for financial resources to be used for the acquisition and construction of major capital projects.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's proprietary funds' function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. 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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control device for the governmental funds of the City. The governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted each year through passage of an annual budget ordinance and amended as required for the general fund and special revenue funds. Project length budgets are adopted for the capital projects funds. During the year ended December 31, 2020, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Deposits and Investments

The City's nonparticipating interest-earning investment contracts (certificates of deposit) are recorded at cost. The City's remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds (if any), as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The General Fund may report nonspendable fund balance related to interfund advances.

I. Inventories

Inventories are valued at cost, using the first-in, first-out method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Inventories reported in the governmental funds are equally offset by nonspendable fund balance, which indicates that they do not constitute “available, spendable resources”.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City maintains a capitalization threshold of \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the fair market value at the date of donation. Infrastructure (e.g., roads, bridges, and water and sewer lines.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements *	40 - 50
Infrastructure	25 - 40
Machinery and Equipment	7 - 25
Vehicles	7 - 25

* Includes Water and Sewer Lines

K. Unearned Revenue

Unearned revenue (if any) arise in both the governmental fund level and government-wide level when resources are received by the City before it has a legal claim to them. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 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 (if any) are expensed when incurred.

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

M. Fund Equity and Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets, deferred inflows of resources, and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote and passage of an ordinance of the City Council. Only the City Council may modify or rescind the commitment by passage of a subsequent ordinance.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council established a policy through a unanimous vote and passage of a resolution which expressly delegated to the City Manager the authority to assign funds for particular purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Only deficits in fund balances may be reported as unassigned fund balance in other governmental funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the previous section. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and State laws.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

P. 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 period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows of resources related to changes in its net pension liability as described below.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before fiscal year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. These items are reported in the government-wide financial statements and also in the fund level statements for the City's proprietary funds.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees' Benefit System (GMEBS) and additions to/deductions from GMEBS fiduciary net position have been determined on the same basis as they are reported by the GMEBS. The City of West Point's employer contributions are recognized when due and the City of West Point has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of GMEBS. Investments are reported at fair value.

R. Compensated Absences

Vacation leave must be used in the fiscal year in which it is earned. Accordingly, there is no liability for vacation leave at year end. Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “The net pension liability and related deferred outflows of resources and deferred inflows of resources are not current financial resources are therefore, are not reported in the governmental funds”. The details of this \$1,863,321 difference are as follows:

Deferred outflows of resources - pension related items	\$	1,416,103
Net pension liability		(3,194,563)
Deferred inflows of resources - pension related items		(84,861)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	(1,863,321)

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$1,857,880 difference are as follows:

Accrued interest payable	\$	(15,055)
Financed purchases payable		(7,470)
Notes payable		(1,835,355)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	(1,857,880)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$839,979 difference are as follows:

Capital outlay	\$	120,633
Depreciation and amortization expense		(960,612)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	(839,979)

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position”. The details of this \$130,019 difference are as follows:

Principal payments - financed purchases	\$ 29,101
Principal payments - notes payable	<u>109,918</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 139,019</u>

Another element of that reconciliation states that “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”. The details of this \$360,005 difference are as follows:

Accrued interest	\$ 909
Pension expense	<u>(360,914)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (360,005)</u>

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for the general fund, each special revenue fund, and each enterprise fund. A project budget is adopted for each project’s fund. The budget resolution reflects the total of each department’s appropriation of each fund.

The governmental fund’s budgets are adopted on basis consistent with GAAP, except that outstanding encumbrances at year end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year end are reported as budgetary expenses.

The level of control does not allow expenditures to legally exceed budgeted appropriations at the department level with the provisions that the City Manager may transfer funds from one object or purpose to another within the same department and the City Council may amend the budget by motion during the fiscal year. Formal budgetary integration is employed as management control device during the year for all budgeted funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level (e.g., administration). For the fiscal year ended December 31, 2020, the following item and fund, had excesses of actual expenditures over appropriations:

General Fund:		
Culture and recreation	\$	50
Debt service - Principal retirements		29,101

These expenditures in excess of appropriations were funded by greater than anticipated revenues and savings in other departments.

C. Fund Deficit

The Sanitation Fund has a deficit fund balance at December 31, 2020 of \$1,222. The fund deficit will be reduced through transfers from the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

As of December 31, 2020, the City had the following investments:

Investment	Maturities / Weighted Average Maturity	Fair Value
Certificates of deposit	March 3, 2021	\$ 252,864
Municipal Competitive Trust - intermediate	1.44	1,435,064
Municipal Competitive Trust - short-term portfolio	0.16	3,728,706
Total		\$ 5,416,634

Below is a reconciliation of cash and cash equivalents and investments to the Statement of Net Position.

As reported in the Statement of Net Position	
Cash and cash equivalents- primary government	\$ 15,952,526
Cash and cash equivalents- component units	698,204
Restricted cash and cash equivalents	941,262
Investments	5,163,770
	\$ 22,755,762
Cash deposited with financial institutions	\$ 17,339,128
Certificates of deposit	252,864
Municipal Competitive Trust - intermediate	1,435,064
Municipal Competitive Trust - short-term portfolio	3,728,706
	\$ 22,755,762

Interest rate risk. The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2020, the City's investments in the Municipal Competitive Trust were rated between AA+ - AAA.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized at 110% by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of December 31, 2020, the City had no bank balances that were exposed to custodial credit risk.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2020.

Investment	Level 1	Level 2	Level 3	Fair Value
Municipal Competitive Trust - intermediate	\$ -	\$ 1,435,064	\$ -	\$ 1,435,064
Municipal Competitive Trust - short-term portfolio	-	3,728,706	-	3,728,706
Total investments measured at fair value	<u>\$ -</u>	<u>\$ 5,163,770</u>	<u>\$ -</u>	<u>5,163,770</u>
Investments recorded at cost:				
Certificates of deposit				<u>252,864</u>
Total investments				<u>\$ 5,416,634</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on October 1 and are mailed by October 31 to the taxpayers. The billings are considered due upon receipt by the taxpayer; however, the actual due date is December 15. After this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and unavailable revenues when levied. Revenues are recognized in the governmental funds when available (received within 60 days of fiscal year end).

Receivables at December 31, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	2019 Troup SPLOST Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Receivables:				
Taxes	\$ 233,643	\$ -	\$ 2,644	\$ -
Accounts receivables	-	-	-	658,561
Other receivables	297,835	-	460,644	-
Intergovernmental	82,528	161,034	22,079	-
Gross receivables	614,006	161,034	485,367	658,561
Less allowance for uncollectibles	(11,682)	-	-	(158,455)
Net total receivables	\$ 602,324	\$ 161,034	\$ 485,367	\$ 500,106
	Electric Fund	Gas Fund	Nonmajor Enterprise Fund	Total
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 236,287
Accounts receivables	1,194,770	308,524	97,926	2,259,781
Other receivables	-	-	-	758,479
Intergovernmental	-	-	-	265,641
Gross receivables	1,194,770	308,524	97,926	3,520,188
Less allowance for uncollectibles	(277,158)	(58,522)	(24,797)	(530,614)
Net total receivables	\$ 917,612	\$ 250,002	\$ 73,129	\$ 2,989,574

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2020, is as follows:

	Restated Beginning Balance (1)	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,737,298	\$ -	\$ -	\$ -	\$ 1,737,298
Construction in process	-	38,180	-	-	38,180
Total	<u>1,737,298</u>	<u>38,180</u>	<u>-</u>	<u>-</u>	<u>1,775,478</u>
Capital assets, being depreciated:					
Building and improvements	12,535,770	-	-	-	12,535,770
Infrastructure	8,839,516	-	-	-	8,839,516
Machinery and equipment	1,820,954	82,453	-	-	1,903,407
Vehicles	3,416,396	-	-	-	3,416,396
Total	<u>26,612,636</u>	<u>82,453</u>	<u>-</u>	<u>-</u>	<u>26,695,089</u>
Less accumulated depreciation for:					
Building and improvements	(3,025,470)	(302,529)	-	-	(3,327,999)
Infrastructure	(2,872,058)	(264,013)	-	-	(3,136,071)
Machinery and equipment	(1,222,423)	(190,852)	-	-	(1,413,275)
Vehicles	(2,183,990)	(203,218)	-	-	(2,387,208)
Total	<u>(9,303,941)</u>	<u>(960,612)</u>	<u>-</u>	<u>-</u>	<u>(10,264,553)</u>
Total capital assets, being depreciated, net	<u>17,308,695</u>	<u>(878,159)</u>	<u>-</u>	<u>-</u>	<u>16,430,536</u>
Governmental activities capital assets, net	<u>\$ 19,045,993</u>	<u>\$ (839,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,206,014</u>

(1) See Note 17 for detailed discussion of restatement.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Restated Beginning Balance (1)	Increases	Decreases	Transfers	Ending Balance
Business-Type activities:					
Capital assets, not being depreciated:					
Land	\$ 53,096	\$ -	\$ -	\$ -	\$ 53,096
Total	<u>53,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,096</u>
Capital assets, being depreciated:					
Infrastructure	39,391,021	-	-	-	39,391,021
Machinery and Equipment	782,924	14,233	-	-	797,157
Vehicles	365,534	39,348	-	-	404,882
Total	<u>40,539,479</u>	<u>53,581</u>	<u>-</u>	<u>-</u>	<u>40,593,060</u>
Less accumulated depreciation for:					
Infrastructure	(6,242,451)	(961,082)	-	-	(7,203,533)
Machinery and Equipment	(540,407)	(64,690)	-	-	(605,097)
Vehicles	(261,724)	(36,116)	-	-	(297,840)
Total	<u>(7,044,582)</u>	<u>(1,061,888)</u>	<u>-</u>	<u>-</u>	<u>(8,106,470)</u>
Total capital assets, being depreciated, net	<u>33,494,897</u>	<u>(1,008,307)</u>	<u>-</u>	<u>-</u>	<u>32,486,590</u>
Business-Type activities capital assets, net	<u>\$ 33,547,993</u>	<u>\$ (1,008,307)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,539,686</u>

(1) See Note 17 for detailed discussion of restatement.

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

Governmental activities:	
General government	\$ 73,489
Public safety	383,195
Public works	220,468
Culture and recreation	248,814
Planning and development	34,646
Total depreciation expense - governmental activities	<u>\$ 960,612</u>
Business-Type activities:	
Water and sewer	\$ 883,478
Electric	52,716
Education complex	107,415
Stormwater	18,279
Total depreciation expense - business-type activities	<u>\$ 1,061,888</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Units

Capital asset activity for the fiscal year ended December 31, 2020, is as follows:

	Restated Beginning Balance (1)	Increases	Decreases	Transfers	Ending Balance
West Point Development Authority					
Capital assets, not being depreciated:					
Land	\$ 1,238,300	\$ 47,450	\$ -	\$ -	\$ 1,285,750
Capital assets	<u>\$ 1,238,300</u>	<u>\$ 47,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285,750</u>
Downtown Development Authority					
Capital assets, not being depreciated:					
Land	\$ 1,248,500	\$ 10,800	\$ -	\$ -	\$ 1,259,300
Capital assets	<u>\$ 1,248,500</u>	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259,300</u>

(1) See Note 17 for detailed discussion of restatement.

NOTE 7. LONG-TERM DEBT

Long-term liability and obligation activity for the fiscal year ended December 31, 2020, was as follows:

	Restated Beginning Balance (1)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 1,945,273	\$ -	\$ (109,918)	\$ 1,835,355	\$ 114,398
Financed purchases	36,571	-	(29,101)	7,470	7,470
Net pension liability	2,116,748	1,505,690	(427,875)	3,194,563	-
Governmental activities Long-term liabilities	<u>\$ 4,098,592</u>	<u>\$ 1,505,690</u>	<u>\$ (566,894)</u>	<u>\$ 5,037,388</u>	<u>\$ 121,868</u>
Business-Type activities:					
Revenue bonds	\$ 18,682,464	\$ -	\$ (706,828)	\$ 17,975,636	\$ 733,592
Notes payable	1,982,200	-	(189,180)	1,793,020	195,080
Net pension liability	1,252,593	708,560	(211,455)	1,749,698	-
Business-Type activity Long-term liabilities	<u>\$ 21,917,257</u>	<u>\$ 708,560</u>	<u>\$ (1,107,463)</u>	<u>\$ 21,518,354</u>	<u>\$ 928,672</u>

(1) See Note 17 for detailed discussion of restatement.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

All of the City's revenue bonds are direct placement bonds.

For governmental funds, the net pension liability, financed purchases from direct borrowings, and the note payable from direct borrowings is liquidated by the General Fund. For business-type activities, and the net pension liability is liquidated by the Water and Sewer Fund, Electric Fund, Gas Fund, and Sanitation Fund.

Direct Borrowings – Governmental Activities

Financed Purchase

The City has entered into a financed purchase agreement for the acquisition of a vehicle used in public safety governmental activities. The agreement qualifies as a financed purchase for accounting purposes as the title to the property transfers to the City at the end of the agreement terms and therefore, the liability has been recorded at the present value of the future minimum financed purchase payments as of the date of its inception. Lease payments are due in quarterly installments.

The original cost of the City's asset under the financed purchase arrangement at December 31, 2020 is \$57,600 and there has been \$53,169 of accumulated depreciation as of year end. Annual depreciation of this asset is included in governmental depreciation expense.

Debt service requirements to maturity on the City's financed purchases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 7,470	\$ 80	\$ 7,550

Notes Payable

In March 2009, the City entered into an agreement with the United States Department of Agriculture (USDA), a federal agency, to finance the acquisition of a fire engine. The total estimated cost for the fire engine was \$850,000 which the City reports as a fixed note payable, bearing an interest rate of 4.375%, due in monthly principal and interest installments of \$6,452, maturing in March 2024.

In September 2012, the City entered into an agreement with the United States Department of Agriculture (USDA), a federal agency, to finance the acquisition of land and construction of a new fire station. The total estimated cost for the project was \$1,882,174 which the City reports as a fixed note payable, bearing an interest rate of 3.5%, due in annual principal and interest installments of \$101,889, maturing in September 2043.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Debt service requirements on the City's notes payable are as follows:

Year Ending December 31,	Principal	Interest	Total Debt Service
2021	\$ 114,398	\$ 64,915	\$ 179,313
2022	119,063	60,250	179,313
2023	123,921	55,392	179,313
2024	69,080	51,219	120,299
2025	52,578	49,311	101,889
2026-2030	291,815	217,630	509,445
2031-2035	346,584	162,861	509,445
2036-2040	411,633	97,812	509,445
2041-2043	306,283	22,475	328,758
Total	\$ 1,835,355	\$ 781,865	\$ 2,617,220

Direct Placement Revenue Refunding Bonds – Business-type activities

On June 1, 2001, the City issued Series 2001A for \$769,850 and 2001B for \$4,393,830 for the purpose of acquiring, constructing, equipping and installing certain improvements or extensions to the water and sewer elements of the City's combined electric and water and sewerage system, and paying the costs of issuing the Series 2001 Bonds. The Bonds were issued with an interest rate of 4.50% with monthly principal and interest payments through 2042.

The City issued Series 2008A for \$8,108,241 and 2008B for \$428,764 for the purpose of acquiring, constructing, equipping and installing certain improvements or extensions to the water and sewer elements of the City's combined electric and water and sewerage system, and paying the costs of issuing the Series 2008 Bonds. The Bonds were issued with an interest rates ranging from 2.50% to 4.125% with monthly principal and interest payments through 2049.

The City issued Series 2014 for \$7,850,000 for the purpose of refunding the Georgia Environmental Finance Authority note which was for acquiring, constructing, equipping and installing certain improvements or extensions to the water and sewer elements of the City's combined electric and water and sewerage system, and paying the costs of issuing the Series 2014 Bond. The Bonds were issued with an interest rate of 3.03% with monthly principal and interest payments through 2031.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue bonds (Series 2001, 2008, and 2014) currently outstanding mature as follows:

Year Ending December 31,	Principal	Interest	Total Debt Service
2021	\$ 733,592	\$ 673,455	\$ 1,407,047
2022	758,881	647,697	1,406,578
2023	785,657	620,997	1,406,654
2024	820,406	593,134	1,413,540
2025	840,768	564,675	1,405,443
2026-2030	4,660,955	2,356,888	7,017,843
2031-2035	2,596,647	1,660,260	4,256,907
2036-2040	2,695,223	1,140,397	3,835,620
2041-2045	2,372,168	570,398	2,942,566
2046-2049	1,711,339	138,956	1,850,295
Total	<u>\$ 17,975,636</u>	<u>\$ 8,966,857</u>	<u>\$ 26,942,493</u>

Notes Payable – Business-type activities - The City has executed a note payable agreement with JP Morgan Chase. The note allowed the City to borrow \$2,717,580 for gas line replacement throughout the City. Quarterly payments of principal and interest commenced in December 2015 in varying amounts and will continue until the note matures on March 26, 2029. The note bears interest at 3.08%. As of December 31, 2020, the outstanding balance on this note is \$1,793,020.

The City's total financed purchases debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 195,080	\$ 52,972	\$ 248,052
2022	201,160	46,894	248,054
2023	207,420	40,625	248,045
2024	213,890	34,162	248,052
2025	220,550	27,498	248,048
2026-2029	754,920	40,788	795,708
Total	<u>\$ 1,793,020</u>	<u>\$ 242,939</u>	<u>\$ 2,035,959</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2020 is as follows:

Due to/from other funds:

Due From	Due To	Amount
2019 Troup SPLOST Fund	General Fund	\$ 3,150
Water and Sewer Fund	General Fund	524,858
Gas Fund	General Fund	16,106
Electric Fund	Water and Sewer Fund	67,825
Electric Fund	Gas Fund	67,825
Nonmajor Governmental Funds	Nonmajor Governmental Funds	30,063

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The above interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund balance owed to the General Fund by the SPLOST Fund is for allowable SPLOST expenditures. The interfund balance owed between the nonmajor governmental funds is for allowable SPLOST expenditures.

Interfund transfers:

Transfer from	Transfer to	Amount
General Fund	Nonmajor Governmental Funds	\$ 406,293
General Fund	Nonmajor Proprietary Fund	115,895
Electric Fund	General Fund	935,690

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to move unrestricted service revenues to the General Fund to supplant property taxes.

The West Point Development Authority has advanced \$100,000 to the West Point Downtown Development Authority. Under terms of an intergovernmental agreement, the advance will be paid back through January 2028.

NOTE 9. PENSION PLAN

Plan Description. The City, as authorized by the City Council, has established a defined benefit pension plan (The City of West Point Retirement Plan) covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for Georgia Municipal Employees Benefit System (GMEBS). That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

Plan Membership. At July 1, 2020, the date of the most recent actuarial valuation, there were 146 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	42
Inactive plan members entitled to but not receiving benefits	18
Active plan members	86
Total plan membership	146

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. The City's contributions to GMEBS For the year ended December 31, 2020, the City's recommended contribution rate was 14.15% of annual payroll; actual contributions came to 14.38%. City contributions to the Plan were \$496,362 for the year ended December 31, 2020.

Net pension liability of the City. The City's net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. This was a decrease from the 7.50% rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Actuarial Assumptions. The total pension liability in the actuarial valuation as July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 8.50%, depending on length of service, including inflation
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for the July 1, 2020 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree, Disabled Retiree, and Employee Mortality Tables, with rates multiplied by 1.25. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019. Cost of living adjustments were considered not applicable to the Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued). The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 (see the discussion of the pension plan's investment policy) are summarized in the table in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Domestic fixed income	20%	1.96
Real estate	10%	4.76
Global fixed income	5%	3.06
Cash	—%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 3/31/2019 (reported at 12/31/2019)	\$ 10,740,364	\$ 7,371,023	\$ 3,369,341
Changes for the year:			
Service cost	240,356	-	240,356
Interest	792,540	-	792,540
Differences between expected and actual experience	263,531	-	263,531
Changes of assumptions	403,536	-	403,536
Contributions—employer	-	459,743	(459,743)
Contributions—employee	-	179,587	(179,587)
Net investment income	-	(488,100)	488,100
Benefit payments, including refunds of Administrative expense	(827,028)	(827,028)	-
	-	(26,187)	26,187
Net changes	872,935	(701,985)	1,574,920
Balances at 3/31/2020 (reported at 12/31/2020)	\$ 11,613,299	\$ 6,669,038	\$ 4,944,261

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability or asset.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Sensitivity of the Net pension liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 6,179,208	\$ 4,944,261	\$ 3,916,032

Changes in the Net pension liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2020 and the current sharing pattern of costs between employer and employee.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2020, the City recognized pension expense of \$844,807. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 643,148	\$ (108,486)
Changes in assumptions	386,992	-
Net difference between projected and actual earnings on pension plan investments	817,406	-
City contributions subsequent to the measurement date	502,628	-
Total	\$ 2,350,174	\$ (108,486)

City contributions subsequent to the measurement date of \$502,628 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2021	\$ 391,539
2022	557,183
2023	450,344
2024	339,994
Total	\$ 1,739,060

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage and provide for these risks, the City carries commercial insurance coverage for these risks to the extent deemed prudent by City management. There was no significant reduction in insurance coverage during the year. Losses and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City participates in the Georgia Municipal Association Worker's Compensation Self-insurance Fund. The Fund was established to insure members for liabilities imposed under workers' compensation and employers' liability laws. The Fund is obligated to provide for the cost of claims and related interest incurred by the City under the Workers' Compensation Law of Georgia along with the cost of investigating, negotiation, and defending such claims. The Fund is intended to be self-sustaining through member premiums. Accordingly, the City is required to pay an annual premium to the Fund.

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other Cities and Counties in the Atlanta, Georgia area, is a member of the Chattahoochee-Flint Regional Development Commission (RDC). Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from RDC, P.O. Box 1600, Franklin, Georgia 30217.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits insure to the benefit of the public.

The City of West Point is a participant in the Municipal Electric Authority of Georgia (MEAG Power) and has a contractual agreement to purchase a portion of its power requirements from Southeastern Power Administration (SEPA). All power requirements that are in excess of that provided by SEPA are purchased from MEAG Power at prices intended to cover the operating costs of the system and to retire any debt service incurred by MEAG on the City's behalf. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$3,921,187 during fiscal year ended December 31, 2020.

At December 31, 2020, the outstanding debt of MEAG was approximately \$6.4 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$52 million at December 31, 2020.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended December 31, 2020, the City received \$8,890 in hotel/motel taxes. For the same year then ended, the Hotel/Motel Tax Fund reported fund balance of \$30,179 and will be used for the promotion of tourism in the next year.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENTS

The City entered into an intergovernmental agreement with Troup County and Harris County, under which taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

For the year ended December 31, 2020, City abated property tax revenues totaling \$751,165, including the following tax abatement agreement that exceeded 10% of the total amount abated:

- A 75% abatement and a 50% abatement on real property taxes and personal property taxes to automobile manufacturers amounting to \$601,332. In exchange for the tax incentives, the companies have committed to investing \$450,000,000 in the local economy and creating 1,800 new full-time jobs.

For the above agreements, the mechanism by which the taxes are being abated is a reduction of assessed value. Furthermore, if the companies fail to meet the economic investment targets, the percentage of assessed value being reduced will be changed based on a sliding scale. For any period in which the actual amount of abated taxes exceeds the adjusted amount per the sliding scale, a payment-in-lieu-of-tax (PILOT) payment will be required to be made for the difference. No recapture penalties exist for failing to meet the commitments.

NOTE 15. SUBSEQUENT EVENT

On December 14, 2020, the City Council authorized the West Point Development Authority to issue, through formal resolution, \$17,903,000 in Series 2021 refunding revenue bonds. The bonds were issued in January 2021, and subsequently used to refund the Water System Revenue Bond Series 2001A, the Water System Revenue Bond Series 2001B, the Water System Revenue Bond Series 2009A, the Water System Revenue Bond Series 2009B, and the City of West Point Water and Sewer Refunding Revenue Bond Series 2014. The Series 2021 bonds mature on January 1, 2041.

NOTE 16. CHANGE IN REPORTING ENTITY

In previous years, the City reported its asset confiscation activity within the General Fund. The uniform chart of accounts requires the funds to be receipted in a separate special revenue fund. In accordance with the uniform chart of accounts, the following change in reporting entity has been recorded:

	General Fund	Confiscated Assets Fund
Fund balance at December 31, 2019		
as previously reported	\$ 5,129,225	\$ -
To establish Confiscated Assets Fund	(28,456)	28,456
Fund balance at December 31, 2019		
as restated (See Note 17)	\$ 5,100,769	\$ 28,456

NOTES TO FINANCIAL STATEMENTS

NOTE 17. PRIOR PERIOD ADJUSTMENT

The City has determined the following restatements to beginning fund balance and net position were required to the individual funds noted below as well as governmental activities, business-type activities, and the discretely presented component units opinion units. The restatements resulted from the following errors (1) taxes receivable which were not properly recorded, (2) allowance for doubtful accounts which were not properly recorded, (3) unavailable revenues which were not properly recorded, (4) intergovernmental receivables which were not properly recorded, (5) reduced cash accounts for amount not properly recorded and bank accounts which were closed, (6) recorded accrued interest payable on long-term debt and adjusted long-term debt to annual statements, (7) adjusted the net pension liability and related deferred inflows and outflows of resources to actuarial reports and accounting records, (8) adjusted utility receivables which were not properly recorded, (9) adjusted utility inventories which were not properly recorded, (10) recorded accrued payroll which was not properly recorded, (11) adjusted capital assets to agree with subsidiary ledgers, and (12) adjust accounts payable to agree with subsidiary ledgers or supporting documents and schedules.

The restatements are summarized as follows:

Governmental Funds and Governmental Activities:

	General Fund	2019 Troup SPLOST Fund	Nonmajor Governmental Funds	Governmental Activities
Fund balance/Net position at				
December 31, 2019 as previously reported	\$ 5,129,225	\$ 689,809	\$ 2,089,494	\$ 21,754,798
Restatements to adjust:				
Cash balances	(86,274)	-	(26,461)	(112,735)
Taxes receivable, net of allowance	(36,538)	-	3,490	(33,048)
Unavailable property tax revenue	(167,849)	-	-	-
Intergovernmental receivables	-	154,575	10,359	164,934
Interfund balances	(10,161)	-	10,161	-
Capital assets	-	-	-	1,891,422
Accounts payable	252,395	-	-	252,395
Accrued payroll	(121,247)	-	(9,969)	(131,216)
Accrued interest	-	-	-	(15,964)
Long term debt	-	-	-	17,480
Net pension liability and related deferred outflows and deferred inflows	-	-	-	(193,430)
Change in reporting entity (See Note 16)	(28,456)	-	28,456	-
Total restatements	(198,130)	154,575	16,036	1,839,838
Fund balance/Net position at				
December 31, 2019 as restated	<u>\$ 4,931,095</u>	<u>\$ 844,384</u>	<u>\$ 2,105,530</u>	<u>\$ 23,594,636</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 17. PRIOR PERIOD ADJUSTMENT (CONTINUED)

Business-Type Funds and Business-Type Activities:

	Water and Sewer Fund	Electric Fund	Gas Fund	Sanitation Fund	Business-Type Activities
Net position at December 31, 2019 as previously reported	\$ 18,006,343	\$ 5,701,243	\$ 3,768,679	\$ 142,373	\$ 27,618,638
Restatements to adjust:					
Cash balances	(122,100)	-	-	-	(122,100)
Accounts receivable	(244,826)	700,897	(59,999)	1,126	397,198
Inventory	(14,852)	(10,144)	-	-	(24,996)
Capital assets	(232,614)	(313,153)	(33,828)	(230,477)	(810,072)
Accounts payable	(7,958)	22,351	21,252	789	36,434
Accrued payroll	1,195	(11,981)	4,083	2,028	(4,675)
Accrued interest	(119,455)	-	-	-	(119,455)
Long term debt	2,240	-	-	-	2,240
Net pension liability and related deferred outflows and deferred inflows	84,207	160,036	20,450	68,943	333,636
Total restatements	(654,163)	548,006	(48,042)	(157,591)	(311,790)
Net position at December 31, 2019 as restated	<u>\$ 17,352,180</u>	<u>\$ 6,249,249</u>	<u>\$ 3,720,637</u>	<u>\$ (15,218)</u>	<u>\$ 27,306,848</u>

Discretely Presented Component Units:

	West Point Development Authority	Downtown Development Authority	Discretely Presented Component Units
Net position at December 31, 2019 as previously reported	\$ 1,843,462	\$ 633,589	\$ 2,477,051
Restatements to adjust:			
Taxes receivable	-	46,394	46,394
Capital assets	123,421	613,808	737,229
Total restatements	123,421	660,202	783,623
Net position at December 31, 2019 as restated	<u>\$ 1,966,883</u>	<u>\$ 1,293,791</u>	<u>\$ 3,260,674</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST POINT, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
CITY OF WEST POINT RETIREMENT PLAN

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 240,356	\$ 222,035	\$ 209,603	\$ 240,942	\$ 212,460	\$ 243,041
Interest on total pension liability	792,540	758,621	689,528	709,411	679,094	657,284
Differences between expected and actual experience	263,531	265,060	683,218	(542,429)	135,262	10,695
Changes of assumptions	403,536	-	160,412	-	35	794
Benefit payments, including refunds of employee contributions	(827,028)	(796,520)	(697,454)	(631,510)	(639,824)	(620,963)
Net change in total pension liability	<u>872,935</u>	<u>449,196</u>	<u>1,045,307</u>	<u>(223,586)</u>	<u>387,027</u>	<u>290,851</u>
Total pension liability - beginning	<u>10,740,364</u>	<u>10,291,168</u>	<u>9,245,861</u>	<u>9,469,447</u>	<u>9,082,420</u>	<u>8,791,569</u>
Total pension liability - ending (a)	<u>\$ 11,613,299</u>	<u>\$ 10,740,364</u>	<u>\$ 10,291,168</u>	<u>\$ 9,245,861</u>	<u>\$ 9,469,447</u>	<u>\$ 9,082,420</u>
Plan fiduciary net position						
Contributions - employer	\$ 459,743	\$ 356,176	\$ 397,546	\$ 400,948	\$ 390,248	\$ 336,934
Contributions - employee	179,587	171,013	154,471	145,625	142,852	146,066
Net investment income	(488,100)	257,821	826,044	754,725	18,926	552,753
Benefit payments, including refunds of member contributions	(827,028)	(796,520)	(697,454)	(631,510)	(639,824)	(620,963)
Administrative expenses	(26,187)	(24,569)	(24,244)	(24,610)	(17,864)	(16,448)
Net change in plan fiduciary net position	<u>(701,985)</u>	<u>(36,079)</u>	<u>656,363</u>	<u>645,178</u>	<u>(105,662)</u>	<u>398,342</u>
Plan fiduciary net position - beginning	<u>7,371,023</u>	<u>7,407,102</u>	<u>6,750,739</u>	<u>6,105,561</u>	<u>6,211,223</u>	<u>5,812,881</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,669,038</u>	<u>\$ 7,371,023</u>	<u>\$ 7,407,102</u>	<u>\$ 6,750,739</u>	<u>\$ 6,105,561</u>	<u>\$ 6,211,223</u>
City's net pension liability - ending (a) - (b)	<u>\$ (4,944,261)</u>	<u>\$ (3,369,341)</u>	<u>\$ (2,884,066)</u>	<u>\$ (2,495,122)</u>	<u>\$ (3,363,886)</u>	<u>\$ (2,871,197)</u>
Plan fiduciary net position as a percentage of the total pension liability	57.43%	68.63%	71.98%	73.01%	64.48%	68.39%
Covered payroll	\$ 3,453,638	\$ 3,399,693	\$ 3,132,998	\$ 2,974,282	\$ 3,226,487	\$ 2,286,434
City's net pension liability as a percentage of covered payroll	143.16%	99.11%	92.05%	83.89%	104.26%	125.58%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

**CITY OF WEST POINT, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
CITY OF WEST POINT RETIREMENT PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 496,362	\$ 447,762	\$ 327,009	\$ 416,738	\$ 401,471	\$ 367,250
Contributions in relation to the actuarially determined contribution	496,362	447,471	324,102	421,254	401,471	367,250
Contribution deficiency (excess)	\$ -	\$ 291	\$ 2,907	\$ (4,516)	\$ -	\$ -
Covered payroll	\$ 3,451,711	\$ 3,459,419	\$ 3,220,515	\$ 2,870,446	\$ 3,285,790	\$ 3,048,579
Contributions as a percentage of covered payroll	14.38%	12.93%	10.06%	14.68%	12.22%	12.05%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	July 1, 2020
Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-living Adjustment	N/A

(2) The schedule will present 10 years of information once it is accumulated.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

CITY OF WEST POINT, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Revolving Loan Fund – to account for loans made to various local businesses.

E911 Fund – to account for revenue collected under Georgia law by the telephone companies on behalf of the City which are used for providing emergency 911 services to residents of the City.

Confiscated Assets Fund – To account for the City's share of excess funds received from confiscated capital and equipment. These monies must be used for police related expenditures and are restricted by federal law.

Hotel Motel Tax Fund – To account for the collection of the restricted portion of hotel/motel taxes as required by the Official Code of Georgia Annotated (OCGA) §48-13-51.

CAPITAL PROJECT FUNDS

2004 Harris SPLOST Fund – To account for proceeds and expenditures of special purpose local option sales tax (SPLOST), Series 2004, received from Harris County.

Harris TSPLOST Fund– To account for proceeds and expenditures of transportation special purpose local option sales tax (SPLOST), received from Harris County.

2012 Troup SPLOST Fund– To account for proceeds and expenditures of special purpose local option sales tax (SPLOST), Series 2012, received from Troup County.

2014 Harris SPLOST Fund– To account for proceeds and expenditures of special purpose local option sales tax (SPLOST), Series 2014, received from Troup County.

2019 Harris SPLOST Fund– To account for proceeds and expenditures of special purpose local option sales tax (SPLOST), Series 2019, received from Harris County.

CITY OF WEST POINT, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue Funds			
	Revolving Loan Fund	E911 Fund	Confiscated Assets Fund	Hotel/ Motel Tax Fund
ASSETS				
Cash and cash equivalents	\$ 78,463	\$ 732	\$ 43,338	\$ 27,535
Taxes receivable	-	-	-	2,644
Accounts receivable	-	4,617	-	-
Intergovernmental receivable	-	-	-	-
Other receivables	456,027	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 534,490</u>	<u>\$ 5,349</u>	<u>\$ 43,338</u>	<u>\$ 30,179</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	1,742	-	-
Total liabilities	<u>-</u>	<u>1,742</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Housing and development	534,490	-	-	-
Capital construction	-	-	-	-
Public safety	-	-	43,338	-
Tourism	-	-	-	30,179
Assigned for:				
Public safety	-	3,607	-	-
Total fund balances	<u>534,490</u>	<u>3,607</u>	<u>43,338</u>	<u>30,179</u>
Total liabilities, deferred inflows of resources, Total liabilities and fund balances	<u>\$ 534,490</u>	<u>\$ 5,349</u>	<u>\$ 43,338</u>	<u>\$ 30,179</u>

Capital Project Funds

2004 Harris SPLOST Fund	Harris TSPLOST Fund	2012 Troup SPLOST Fund	2014 Harris SPLOST Fund	2019 Harris SPLOST Fund	Total Nonmajor Governmental Funds
\$ 106,432	\$ 52,089	\$ 568,210	\$ 639,664	\$ 144,685	\$ 1,661,148
-	-	-	-	-	2,644
-	-	-	-	-	4,617
-	2,289	-	-	19,790	22,079
-	-	-	-	-	456,027
-	-	-	-	30,063	30,063
<u>\$ 106,432</u>	<u>\$ 54,378</u>	<u>\$ 568,210</u>	<u>\$ 639,664</u>	<u>\$ 194,538</u>	<u>\$ 2,176,578</u>
\$ -	\$ -	\$ -	\$ 30,063	\$ -	\$ 30,063
-	-	-	-	-	1,742
-	-	-	30,063	-	31,805
-	-	-	-	-	534,490
106,432	54,378	568,210	609,601	194,538	1,533,159
-	-	-	-	-	43,338
-	-	-	-	-	30,179
-	-	-	-	-	3,607
<u>106,432</u>	<u>54,378</u>	<u>568,210</u>	<u>609,601</u>	<u>194,538</u>	<u>2,144,773</u>
<u>\$ 106,432</u>	<u>\$ 54,378</u>	<u>\$ 568,210</u>	<u>\$ 639,664</u>	<u>\$ 194,538</u>	<u>\$ 2,176,578</u>

CITY OF WEST POINT, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds			
	Revolving Loan Fund	E911 Fund	Confiscated Assets Fund	Hotel/ Motel Tax Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 8,890
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	15,000	-
Charges for services	-	94,585	-	-
Interest	9,376	9	-	-
Total revenues	<u>9,376</u>	<u>94,594</u>	<u>15,000</u>	<u>8,890</u>
EXPENDITURES				
Current				
Public safety	-	345,909	118	-
Total expenditures	<u>-</u>	<u>345,909</u>	<u>118</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,376</u>	<u>(251,315)</u>	<u>14,882</u>	<u>8,890</u>
Other financing sources:				
Transfers in	-	406,293	-	-
Total other financing sources	<u>-</u>	<u>406,293</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,376	154,978	14,882	8,890
FUND BALANCES (DEFICITS), beginning of fiscal year, as restated	525,114	(151,371)	28,456	21,289
FUND BALANCES, end of fiscal year	<u>\$ 534,490</u>	<u>\$ 3,607</u>	<u>\$ 43,338</u>	<u>\$ 30,179</u>

Capital Project Funds					
2004 Harris SPLOST Fund	Harris TSPLOST Fund	2012 Troup SPLOST Fund	2014 Harris SPLOST Fund	2019 Harris SPLOST Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,890
-	24,079	-	-	96,001	120,080
-	-	-	-	-	15,000
-	-	-	-	-	94,585
55	-	-	318	-	9,758
<u>55</u>	<u>24,079</u>	<u>-</u>	<u>318</u>	<u>96,001</u>	<u>248,313</u>
-	100,000	169,336	-	-	615,363
-	100,000	169,336	-	-	615,363
55	(75,921)	(169,336)	318	96,001	(367,050)
-	-	-	-	-	406,293
-	-	-	-	-	406,293
55	(75,921)	(169,336)	318	96,001	39,243
106,377	130,299	737,546	609,283	98,537	2,105,530
<u>\$ 106,432</u>	<u>\$ 54,378</u>	<u>\$ 568,210</u>	<u>\$ 609,601</u>	<u>\$ 194,538</u>	<u>\$ 2,144,773</u>

**CITY OF WEST POINT, GEORGIA
REVOLVING LOAN FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ 37,278	\$ 78,462	\$ 9,376	\$ (69,086)
Total revenues	37,278	78,462	9,376	(69,086)
EXPENDITURES				
Planning and development	37,278	78,462	-	78,462
Net change in fund balance	-	-	9,376	9,376
FUND BALANCE, beginning of fiscal year	525,114	525,114	525,114	-
FUND BALANCE, end of fiscal year	\$ 525,114	\$ 525,114	\$ 534,490	\$ 9,376

CITY OF WEST POINT, GEORGIA

E911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 87,500	\$ 94,585	\$ 94,585	\$ -
Investment income	25	9	9	-
Total revenues	87,525	94,594	94,594	-
EXPENDITURES				
Public safety	333,780	354,691	345,909	8,782
Total expenditures	333,780	354,691	345,909	8,782
Deficiency of revenues under expenditures	(246,255)	(260,097)	(251,315)	8,782
Other financing sources:				
Transfers in	245,255	406,293	406,293	-
Total other financing sources	245,255	406,293	406,293	-
Net change in fund balance	(1,000)	146,196	154,978	8,782
FUND DEFICIT, beginning of fiscal year, as restated	(151,371)	(151,371)	(151,371)	-
FUND BALANCE (DEFICIT), end of fiscal year	\$ (152,371)	\$ (5,175)	\$ 3,607	\$ 8,782

**CITY OF WEST POINT, GEORGIA
CONFISCATED ASSETS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 15,000	\$ 10,000
Total revenues	5,000	5,000	15,000	10,000
EXPENDITURES				
Public safety	5,000	5,000	118	4,882
Total expenditures	5,000	5,000	118	4,882
Net change in fund balance	-	-	14,882	5,118
FUND BALANCE, beginning of fiscal year, as restated	28,456	28,456	28,456	-
FUND BALANCE, end of fiscal year	<u>\$ 28,456</u>	<u>\$ 28,456</u>	<u>\$ 43,338</u>	<u>\$ 5,118</u>

CITY OF WEST POINT, GEORGIA

HOTEL/MOTEL TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,000	\$ 7,000	\$ 8,890	\$ 1,890
Total revenues	7,000	7,000	8,890	1,890
EXPENDITURES				
Tourism	7,000	7,000	-	7,000
Total expenditures	7,000	7,000	-	7,000
Net change in fund balance	-	-	8,890	8,890
FUND BALANCE, beginning of fiscal year, as restated	21,289	21,289	21,289	-
FUND BALANCE, end of fiscal year	\$ 21,289	\$ 21,289	\$ 30,179	\$ 8,890

CITY OF WEST POINT, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>SPLOST Issue Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Percentage Complete</u>
2004 Harris County SPLOST						
Recreation	\$ 276,000	\$ 276,000	\$ 170,114	\$ -	\$ 170,114	61.64 %
Total 2004 Harris County SPLOST	<u>\$ 276,000</u>	<u>\$ 276,000</u>	<u>\$ 170,114</u>	<u>\$ -</u>	<u>\$ 170,114</u>	
2014 Harris County SPLOST						
Public Safety	\$ 347,628	\$ 361,766	\$ 361,766	\$ -	\$ 361,766	100.00 %
Total 2004 Harris County SPLOST	<u>\$ 347,628</u>	<u>\$ 361,766</u>	<u>\$ 361,766</u>	<u>\$ -</u>	<u>\$ 361,766</u>	
2019 Harris County SPLOST						
Public Works	\$ 459,000	\$ 459,000	\$ -	\$ -	\$ -	- %
Recreation	200,000	200,000	-	-	-	-
Total 2004 Harris County SPLOST	<u>\$ 659,000</u>	<u>\$ 659,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
2012 Troup County SPLOST						
Recreation	\$ 4,722,021	\$ 5,200,000	\$ 5,028,648	\$ 169,336	\$ 5,197,984	99.96 %
Total 2012 Troup County SPLOST	<u>\$ 4,722,021</u>	<u>\$ 5,200,000</u>	<u>\$ 5,028,648</u>	<u>\$ 169,336</u>	<u>\$ 5,197,984</u>	
2019 Troup County SPLOST						
Public Works	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 43,679	\$ 43,679	2.18 %
Recreation	1,500,000	1,500,000	13,424	-	13,424	0.89
Total 2019 Troup County SPLOST	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 13,424</u>	<u>\$ 43,679</u>	<u>\$ 57,103</u>	

CITY OF WEST POINT, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>TSPLOST Issue</u> <u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Percentage Complete</u>
2012 Harris County TSPLOST						
Public Works	\$ 18,000	\$ 100,000	-	\$ 100,000	\$ 100,000	100.00 %
Total 2012 Harris County TSPLOST	<u>\$ 18,000</u>	<u>\$ 100,000</u>	<u>-</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	

COMPLIANCE SECTION



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

**To the Honorable Mayor and Members
of the City Council
City of West Point, Georgia**

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Point, Georgia (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 5, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 5, 2024

**CITY OF WEST POINT, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? X yes no

Significant deficiencies identified yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

There was not an audit of major federal programs as of December 31, 2020 due to the total amount of federal awards expended being less than \$750,000.

**CITY OF WEST POINT, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION II
FINANCIAL STATEMENT FINDINGS**

2020-001 Financial Close and Maintenance of General Ledger and Subsidiary Ledgers

Criteria: Internal controls should be in place to ensure that the City can properly and timely maintain its general ledger, subsidiary ledgers, and to properly and timely close its books for the end of the year.

Condition: The City does not have adequate controls to ensure that the subsidiary ledgers and the general ledger are properly and timely maintained. The City also does not have adequate controls surrounding the financial close process at year end.

Context/Cause: Due to the lack of controls noted above the following were noted:

- The City initially provided trial balances that were not complete in August of 2021. A consultant was hired to assist with the financial close process and a second version of the trial balance was required and received on October 19, 2023.
- Various and numerous entries were required to all accounting areas (including the thirty (30) prior period adjustments noted in footnote 17 to the financial statements). Adjusting entries were received from the City consultant through January 2024.

Effects: Failure to properly and timely maintain the general ledger, subsidiary ledgers, and to properly close out the year required significant audit delays and timely reporting of financial information.

Recommendation: We recommend the City implement monthly reconciliations to ensure that the general ledger and the subsidiary ledgers are being properly updated with the City's activity. Additionally, we recommend the City implement a financial year-end close checklist in order to ensure that all steps are followed to properly and timely report the City's financial position.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the finding above as presented in the annual audited financial statements for the year ended December 31, 2020. The City has reevaluated its financial situation and processes over the last several months. The City created and hired a finance director as well as an outside consultant to assist in alleviating this finding. The City management strongly believes this will ensure the City's financial close processes and maintenance of the general ledger and all subsidiary ledgers are properly reconciled, presented accurately and timely.

**CITY OF WEST POINT, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION II
FINANCIAL STATEMENT FINDINGS (continued)**

2020-002 Balanced Budget - Compliance

Criteria: State of Georgia law (OCGA 36-81-3) states: a) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article; b) a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Condition: State law requires local governments to adopt annual appropriated budgets for the general fund, each special revenue fund, and each debt service fund. We noted, during our audit, the beginning fund balance for the E-911 Fund was not sufficient to provide the original and final budgeted use of reserves, and thus a deficit of \$152,371 was approved.

Context/Cause: During our inquiry review of the financial statements, it was determined that for the E-911 Fund the sum of estimated revenues and appropriated fund balances did not equal to appropriations for the original budget and final budget; therefore, causing the City to be out of compliance with State law for adopting annual balanced budgets for this fund.

Effects: Lack of an annual balanced budget resulted in a compliance violation with State law.

Recommendation: We recommend the City adopt annual balanced budgets as required by State law.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the finding above as presented in the annual audited financial statements for the year ended December 31, 2020. The City has reevaluated its financial situation and processes over the last several months. The City created and hired a finance director as well as an outside consultant to assist in alleviating this finding. The City management strongly believes this will ensure the City's budgets prepared in accordance with State Law in the future.