

# **WEST POINT CITY**

**June 30, 2010**

**Financial Statements**

**(With Auditors' Report)**

**LITZ &  
COMPANY**

*Certified Public Accountants  
A Professional Corporation*

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# WEST POINT CITY

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**Honorable Mayor and City Council  
West Point City, Utah**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City as of and for the year ended June 30, 2010, which collectively comprise West Point City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Point City's management. Our responsibility is to express opinions on these financial statements based on our audit.

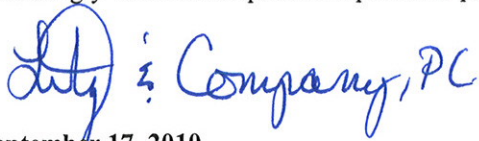
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010, on our consideration of West Point City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information contained in the Required Supplementary Information section be present 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise West Point City's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of West Point City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on it.

  
Litz & Company, PC

September 17, 2010

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3200 West 300 North  
West Point, Utah, 84015  
(801) 776-0971  
Fax (801) 525-9150  
www.westpointcity.org

Enhancing Quality of Life

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## WEST POINT CITY CORPORATION MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) June 30, 2010

As management of West Point City, we offer the readers of West Point City's financial statements this narrative overview and analysis of the financial activities of West Point City for the year ended **June 30, 2010**.

### FINANCIAL HIGHLIGHTS

- The assets of West Point City **exceeded** its liabilities as of the close of the most recent year by **\$24,170,610** (net assets). Of this amount, **\$2,382,747** (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets **increased** by **9.6%** (**\$23,217,058 to \$24,170,610**). The revenues met or exceeded the adopted budgeted amounts, and most expenditures were less than the adopted budgeted amounts.
- At the close of the current year, West Point City's governmental funds reported combined ending fund balances of **\$2,663,238**, an increase of **\$358,030** in comparison with the prior year. Approximately **11%** of this total amount, **\$286,035** is available for spending at the government's discretion (unreserved fund balance). **\$273,270**
- At the end of the current year, unreserved fund balance for the general fund was **\$449,911** or **20%** of total general fund expenditures. **\$273,270**
- West Point City's total debt decreased by **\$165,763** during the current year.
- Business-type activities total assets increased by **\$445,078** during the current year.

WEST POINT CITY  
Multi-Year Comparative Summary of Net Assets

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	3,069,966	2,696,491	1,209,935	993,384	4,279,901	3,689,875
Capital assets	15,159,049	15,174,130	7,118,293	6,893,977	22,277,342	22,068,107
Total Assets	18,229,015	17,870,621	8,328,228	7,887,361	26,557,243	25,757,982
Long-term liabilities						
outstanding	1,575,243	1,713,978	0	0	1,575,243	1,713,978
Other liabilities	582,529	593,874	228,861	233,072	811,390	826,946
Total Liabilities	2,157,772	2,307,852	228,861	233,072	2,386,633	2,540,924
Net assets:						
Invested in capital assets,						
Net of related debt	13,408,005	13,257,561	7,118,293	6,893,977	20,526,298	20,151,538
Restricted	1,261,565	1,158,864	0	0	1,261,565	1,158,864
Unrestricted	1,401,673	1,146,344	981,074	760,312	2,382,747	1,906,656
Total Net Assets	16,071,243	15,562,769	8,099,367	7,654,289	24,170,610	23,217,058

Table 1 (above) represents a Comparative summary of net assets for fiscal years **2009** and **2010** for Governmental and Business-Type Activities.

Net Assets

As illustrated in Table 1, Capital Assets represent the largest asset type for Governmental and Business-Type activities for all comparative years. Capital Assets include: land, buildings, equipment, roads, and infrastructure less outstanding debt issued to purchase or build the asset. Capital Assets are not resources available to fund current year expenditures, nor can they be readily liquidated to satisfy related liabilities. In **2010**, Capital Assets reflect **83%** or **\$15,159,049** of total Governmental Activities assets and **57%** of total Capital Assets for the Primary Government. Business-Type Activities Capital Assets reflect **85%** of Capital Assets and **27%** of total Capital Assets for the Primary Government.

Long-Term Liabilities Outstanding represents the largest liability type for Governmental and Business-Type activities for all comparative years. Long-Term Liabilities Outstanding include: bonds and notes payable and compensated absences. In **2010**, Long-Term Liabilities reflect **9%** or **\$1,575,243** of total Governmental Activities assets and **100%** of total Long-Term Liabilities for the Primary Government. Business-Type Activities Long-Term Liabilities reflect **0%** of Long-Term Liabilities and **0%** of total liabilities for the Primary Government.

Governmental Activities Restricted net assets include **\$445,308** for Class "C" roads, and **\$816,257** for impact fees. Restricted net assets for Governmental Activities represent **7%** of total net assets. Restricted net assets are subject to external restrictions on how they may be used. The remaining **\$1,401,673** or **8%** of Governmental Activities net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens, creditors, or completion of ongoing projects.

Governmental Activities

Governmental activities increased West Point City’s net assets by **\$508,474**. Key elements of this increase are as follows:

WEST POINT CITY Changes in Net Assets				
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
<b>Revenues:</b>				
<b>Program Revenues</b>				
Charges for services	816,110	638,568	2,192,307	2,034,687
Operating grants and contributions	446,748	1,898,487	359,196	1,215,351
<b>General revenues:</b>				
Taxes	1,520,589	1,568,521	0	0
Earnings on investments	6,046	174,236	1,762	4,939
Miscellaneous	21,442			
<b>Total revenues</b>	<b>2,810,935</b>	<b>4,279,810</b>	<b>2,553,265</b>	<b>3,254,977</b>
<b>Expenses:</b>				
General government	625,354	693,393	0	0
Public safety	285,478	322,862	0	0
Highways and public improvements	1,043,023	1,177,022	0	0
Parks and recreation	251,595	269,331	0	0
Interest and fiscal charges	97,011	112,100	0	3,600
Water, sewer, and garage expenses	0	0	2,108,187	2,055,689
<b>Total expenses</b>	<b>2,302,461</b>	<b>2,574,708</b>	<b>2,108,187</b>	<b>2,059,289</b>
Increase in net assets before transfers	508,474	1,705,102	445,078	1,195,688
Transfers				
Increase in net assets	508,474	1,705,102	445,078	1,195,688
Net assets - beginning	15,562,769	13,857,667	7,654,289	6,458,601
Net assets - ending	16,071,243	15,562,769	8,099,367	7,654,289

Financial Analysis of the Government Funds

As noted earlier, West Point City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

At the end of the year, West Point City’s governmental funds (general, special revenue, capital projects, and non-major funds) reported combined ending fund balances of **\$2,663,238** an **increase of \$358,030** in comparison with the prior year. Approximately **17%** of this amount (**\$449,911**) constitutes *unreserved fund balance*, which is available for spending at the government’s discretion. The remaining fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to the Special Revenue Fund **\$816,257** and 2) to capital projects **\$665,727**.

The general fund is the chief operating fund of West Point City. At the end of the current year, unreserved fund balance of the general fund was **\$449,911** while total fund balance reached **\$895,219**. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents **29** percent of total general fund expenditures, while total fund balance represents **57** percent of that same balance.

Taxes continue to be the largest source of revenue in the general fund and represent 73 percent of total general fund revenues. Licenses and permits represent 6 percent of total general fund revenues.

### General Fund Budgetary Highlights

During the year, actual revenues were more than budgeted revenue by \$90,311 and actual expenditures were less than budgeted expenditures by \$791,256 resulting in a net increase in fund balance of \$609,772 after inter-fund transfers out of \$333,416.

### Capital Asset and Debt Administration

#### Capital assets

As of **June 30, 2010** of West Point City's investments in capital assets for its governmental activities was **\$15,159,050**, (net accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and motor vehicles. The total decrease in West Point City's investment in capital assets for the current year was **\$15,080**.

Major capital asset events during the current year included the following:

#### Governmental activities:

- Infrastructure additions of **\$230,625**.
- Improvements of **\$106,154**.

	WEST POINT CITY Capital Assets (net of depreciation)			
	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Land	3,909,352	3,909,351	158,040	158,040
Building and improvements	3,312,285	3,206,130	7,974,802	7,960,692
Equipment	999,671	999,671	382,331	
Infrastructure	9,182,049	8,951,424		
Less accumulated depreciation	(2,244,307)	(1,892,448)	(1,396,881)	(1,224,755)
Total	<u>15,159,050</u>	<u>15,174,128</u>	<u>7,118,292</u>	<u>6,893,977</u>

Additional information on West Point City's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, West Point City's total debt outstanding of **\$1,751,044** . The Government debt is comprised of the following:

WEST POINT CITY		
Capital Assets		
Governmental Activities		
	2010	2009
Bonds and Notes Payable:		
Current	583,976	100,763
Long-term	1,130,000	1,778,978
Compensated absences	37,068	36,829
Total	<u>1,751,044</u>	<u>1,916,570</u>

Additional information on West Point City's debt can be found in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of West Point City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the West Point City Treasurer, Julie Gentry, at 3200 West 300 North, West Point City, Utah 84015.

## **BASIC FINANCIAL STATEMENTS**

**WEST POINT CITY**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,524,972	\$ 1,001,816	\$ 3,526,788
Accounts receivable - net	-	208,119	208,119
Due from other funds	230,710	-	230,710
Due from other governmental units	302,867	-	302,867
Prepaid expenses	11,417	-	11,417
Capital assets			
Land	3,909,352	158,040	4,067,392
Buildings and improvements	3,312,285	8,357,133	11,669,418
Equipment	999,670	-	999,670
Infrastructure	9,182,049	-	9,182,049
Accumulated depreciation	(2,244,307)	(1,396,880)	(3,641,187)
Net capital assets	15,159,049	7,118,293	22,277,342
<b>Total assets</b>	<b>18,229,015</b>	<b>8,328,228</b>	<b>26,557,243</b>
<b>LIABILITIES</b>			
Accounts payable	75,451	208,037	283,488
Accrued liabilities	28,410	-	28,410
Deferred revenue	302,867	-	302,867
Noncurrent liabilities due within one year	175,801	20,824	196,625
Noncurrent liabilities due in more than one year	1,575,243	-	1,575,243
Total liabilities	2,157,772	228,861	2,386,633
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,408,005	7,118,293	20,526,298
Restricted for roads and infrastructure	1,261,565	-	1,261,565
Unrestricted	1,401,673	981,074	2,382,747
Total net assets	16,071,243	8,099,367	24,170,610
<b>Total liabilities and net assets</b>	<b>\$ 18,229,015</b>	<b>\$ 8,328,228</b>	<b>\$ 26,557,243</b>

**WEST POINT CITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 625,354	\$ 163,158	\$ -	\$ -	\$ (462,196)	\$ -	\$ (462,196)
Public safety	285,478	7,500	6,619	-	(271,359)	-	(271,359)
Highways and public works	1,043,023	536,992	440,129	-	(65,902)	-	(65,902)
Parks and recreation	251,595	108,460	-	-	(143,135)	-	(143,135)
Interest on long-term debt	97,011	-	-	-	(97,011)	-	(97,011)
Total governmental activities	2,302,461	816,110	446,748	-	(1,039,603)	-	(1,039,603)
Business-type activities:							
Waste	884,464	939,124	45,515	-	-	100,175	100,175
Water	1,114,456	1,138,113	56,309	-	-	79,966	79,966
Storm	109,267	115,070	257,372	-	-	263,175	263,175
Total business-type activities	2,108,187	2,192,307	359,196	-	-	443,316	443,316
<b>Total primary government</b>	<b>\$ 4,410,648</b>	<b>\$ 3,008,417</b>	<b>\$ 805,944</b>	<b>\$ -</b>	<b>\$ (1,039,603)</b>	<b>\$ 443,316</b>	<b>\$ (596,287)</b>
General revenues:							
Property taxes					339,705	-	339,705
General sales and use tax					724,100	-	724,100
Franchise tax					456,784	-	456,784
Investment earnings					6,046	1,762	7,808
Miscellaneous					21,442	-	21,442
Total general revenues					1,548,077	1,762	1,549,839
Change in net assets					508,474	445,078	953,552
Net assets - beginning					15,562,769	7,654,289	23,217,058
Net assets - ending					\$ 16,071,243	\$ 8,099,367	\$ 24,170,610

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

**WEST POINT CITY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 736,611	\$ 836,599	\$ 665,727	\$ 286,035	\$ 2,524,972
Due from other funds	230,710	-	-	-	230,710
Due from other governmental units	302,867	-	-	-	302,867
Prepaid expense	11,417	-	-	-	11,417
Total assets	<u>1,281,605</u>	<u>836,599</u>	<u>665,727</u>	<u>286,035</u>	<u>3,069,966</u>
<b>LIABILITIES</b>					
Accounts payable	55,109	20,342	-	-	75,451
Accrued liabilities	28,410	-	-	-	28,410
Deferred revenue	302,867	-	-	-	302,867
Total liabilities	<u>386,386</u>	<u>20,342</u>	<u>-</u>	<u>-</u>	<u>406,728</u>
<b>FUND BALANCES</b>					
Fund balances reserved for:					
Class "C" roads	621,949	-	-	-	621,949
Impact fees	-	816,257	-	-	816,257
Designated unreserved:					
Capital projects	-	-	665,727	-	665,727
Debt service	-	-	-	286,035	286,035
Unreserved fund balance	273,270	-	-	-	273,270
Total fund balances	<u>895,219</u>	<u>816,257</u>	<u>665,727</u>	<u>286,035</u>	<u>2,663,238</u>
Total liabilities and fund balances	<u>\$ 1,281,605</u>	<u>\$ 836,599</u>	<u>\$ 665,727</u>	<u>\$ 286,035</u>	<u>\$ 3,069,966</u>

**WEST POINT CITY**  
**Balance Sheet Reconciliation to Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2010**

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Total fund balances - governmental fund types:	\$ 2,663,238
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,159,049
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The detail is as follows:	
Bonds payable	(1,130,000)
Notes payable	(583,976)
Compensated absences	<u>(37,068)</u>
	<u>(1,751,044)</u>
Net assets of government activities	<u>\$ 16,071,243</u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,520,589	\$ -	\$ -	\$ -	\$ 1,520,589
Licenses and permits	122,609	-	-	-	122,609
Charges for services	156,509	-	-	-	156,509
Impact fees	-	536,992	-	-	536,992
Intergovernmental	273,764	9,353	-	-	283,117
Interest income	918	2,596	1,040	1,492	6,046
Miscellaneous revenue	-	-	21,442	-	21,442
Total revenues	<u>2,074,389</u>	<u>548,941</u>	<u>22,482</u>	<u>1,492</u>	<u>2,647,304</u>
<b>Expenditures</b>					
Current:					
General government	529,571	-	-	-	529,571
Public safety	285,478	-	-	-	285,478
Highways and public works	521,102	-	-	-	521,102
Parks and recreation	240,358	-	-	-	240,358
Capital expenditures	-	446,240	3,750	-	449,990
Debt service:					
Principal retirement	-	-	100,763	65,000	165,763
Interest and fiscal charges	-	-	34,237	62,775	97,012
Total expenditures	<u>1,576,509</u>	<u>446,240</u>	<u>138,750</u>	<u>127,775</u>	<u>2,289,274</u>
Excess revenues over (under) expenditures	<u>497,880</u>	<u>102,701</u>	<u>(116,268)</u>	<u>(126,283)</u>	<u>358,030</u>
<b>Other financing sources (uses)</b>					
Transfers in	445,308	-	205,641	127,775	778,724
Transfers out	<u>(333,416)</u>	<u>(445,308)</u>	<u>-</u>	<u>-</u>	<u>(778,724)</u>
Total other financing sources and uses	<u>111,892</u>	<u>(445,308)</u>	<u>205,641</u>	<u>127,775</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	609,772	(342,607)	89,373	1,492	358,030
Fund balances - beginning of year	<u>285,447</u>	<u>1,158,864</u>	<u>576,354</u>	<u>284,543</u>	<u>2,305,208</u>
Fund balances - end of year	<u>\$ 895,219</u>	<u>\$ 816,257</u>	<u>\$ 665,727</u>	<u>\$ 286,035</u>	<u>\$ 2,663,238</u>

**WEST POINT CITY**  
**Statement of Changes Reconciliation to Statement of Activities**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

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

Net changed in fund balances - total governmental funds	\$ 358,030
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(179,190)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	163,631
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.	239
The issuance of long-term debt (e.g., bonds, leases) 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 assets.	<u>165,764</u>
Change in net assets of governmental activities	<u>\$ 508,474</u>

**WEST POINT CITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waste Utilities</b>	<b>Water Utility</b>	<b>Storm Utility</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 377,090	\$ 280,478	\$ 344,248	\$ 1,001,816
Accounts receivable - net	108,219	88,637	11,263	208,119
Due from other funds	65,000	-	-	65,000
Total current assets	<u>550,309</u>	<u>369,115</u>	<u>355,511</u>	<u>1,274,935</u>
Noncurrent assets:				
Land	-	55,500	102,540	158,040
Improvements other than buildings	2,936,358	2,757,146	2,663,629	8,357,133
Less: Accumulated depreciation	<u>(783,569)</u>	<u>(448,285)</u>	<u>(165,026)</u>	<u>(1,396,880)</u>
Total noncurrent assets	<u>2,152,789</u>	<u>2,364,361</u>	<u>2,601,143</u>	<u>7,118,293</u>
Total assets	<u><u>2,703,098</u></u>	<u><u>2,733,476</u></u>	<u><u>2,956,654</u></u>	<u><u>8,393,228</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	111,567	90,589	5,881	208,037
Accrued liabilities	9,083	9,083	2,658	20,824
Due to other funds	-	65,000	-	65,000
Total current liabilities	<u>120,650</u>	<u>164,672</u>	<u>8,539</u>	<u>293,861</u>
Total liabilities	<u>120,650</u>	<u>164,672</u>	<u>8,539</u>	<u>293,861</u>
Net Assets:				
Invested in capital assets, net of related debt	2,152,789	2,364,361	2,601,143	7,118,293
Unrestricted	<u>429,659</u>	<u>204,443</u>	<u>346,972</u>	<u>981,074</u>
Total net assets	<u>2,582,448</u>	<u>2,568,804</u>	<u>2,948,115</u>	<u>8,099,367</u>
Total liabilities and net assets	<u><u>\$ 2,703,098</u></u>	<u><u>\$ 2,733,476</u></u>	<u><u>\$ 2,956,654</u></u>	<u><u>\$ 8,393,228</u></u>

**WEST POINT CITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waste Utilities</b>	<b>Water Utility</b>	<b>Storm Utility</b>	<b>Total Enterprise Funds</b>
<b>Operating revenue:</b>				
Charges for services	\$ 934,649	\$ 1,121,663	\$ 115,070	\$ 2,171,382
Connection and other fees	-	16,450	-	16,450
Other income	4,475	-	-	4,475
Total operating revenues	<u>939,124</u>	<u>1,138,113</u>	<u>115,070</u>	<u>2,192,307</u>
<b>Operating expenses:</b>				
Personnel services	166,501	154,944	29,589	351,034
Contractual services	645,938	828,940	-	1,474,878
Materials and supplies	26,693	53,619	29,841	110,153
Depreciation expense	45,332	76,953	49,837	172,122
Total operating expenses	<u>884,464</u>	<u>1,114,456</u>	<u>109,267</u>	<u>2,108,187</u>
Operating income	<u>54,660</u>	<u>23,657</u>	<u>5,803</u>	<u>84,120</u>
<b>Nonoperating revenue (expense):</b>				
Interest income	707	477	578	1,762
Contributions/grants	45,515	56,309	257,372	359,196
Total nonoperating revenues (expenses)	<u>46,222</u>	<u>56,786</u>	<u>257,950</u>	<u>360,958</u>
Income (loss) before transfers	100,882	80,443	263,753	445,078
<b>Change in net assets</b>	100,882	80,443	263,753	445,078
<b>Net assets - beginning</b>	<u>2,481,566</u>	<u>2,488,361</u>	<u>2,684,362</u>	<u>7,654,289</u>
<b>Net assets - ending</b>	<u>\$ 2,582,448</u>	<u>\$ 2,568,804</u>	<u>\$ 2,948,115</u>	<u>\$ 8,099,367</u>

**WEST POINT CITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waste Utilities</b>	<b>Water Utility</b>	<b>Storm Utility</b>	<b>Total Enterprise Funds</b>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 906,393	\$ 1,160,147	\$ 113,321	\$ 2,179,861
Payments to suppliers	(691,862)	(872,355)	(25,025)	(1,589,242)
Payments to employees and benefits	(166,501)	(154,944)	(29,589)	(351,034)
Net cash provided (used) by operating activities	<u>48,030</u>	<u>132,848</u>	<u>58,707</u>	<u>239,585</u>
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	(7,399)	(29,845)	-	(37,244)
Net cash provided (used) by capital and related financing activities	<u>(7,399)</u>	<u>(29,845)</u>	<u>-</u>	<u>(37,244)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	707	477	578	1,762
Net cash provided (used) by investing activities	<u>707</u>	<u>477</u>	<u>578</u>	<u>1,762</u>
Net increase (decrease) in cash and cash equivalents	41,338	103,480	59,285	204,103
<b>Cash and cash equivalents - beginning</b>	<u>335,752</u>	<u>176,998</u>	<u>284,963</u>	<u>797,713</u>
<b>Cash and cash equivalents (deficit) - end</b>	<u>\$ 377,090</u>	<u>\$ 280,478</u>	<u>\$ 344,248</u>	<u>\$ 1,001,816</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 54,660	\$ 23,657	\$ 5,803	\$ 84,120
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	45,332	76,953	49,837	172,122
(Increase)/decrease in accounts receivable	(32,731)	22,034	(1,751)	(12,448)
Increase/(decrease) in accounts payable	47,953	36,017	5,014	88,984
Increase/(decrease) in accrued liabilities	421	421	(196)	646
Increase/(decrease) in deposits payable	(67,605)	(26,234)	-	(93,839)
Total adjustments	<u>(6,630)</u>	<u>109,191</u>	<u>52,904</u>	<u>155,465</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 48,030</u>	<u>\$ 132,848</u>	<u>\$ 58,707</u>	<u>\$ 239,585</u>
<b>Noncash capital financing activities:</b>				
Contribution by developers	\$ 45,515	\$ 56,309	\$ 257,372	\$ 359,196

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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

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

**A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present West Point City (the primary government) and its component units. The City currently has no component units to report.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB Statement No. 14, "The Financial Reporting Entity". The basic, but not the only, criterion for including a potential component unit within the reporting agency is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

**Blended Component Unit**

The West Point City Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax. The RDA had no activity, nor balance for this fiscal year.

**B. Government-wide and Fund Financial Statements**

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds. The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities and inter-fund services provided.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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

**B. Government-wide and Fund Financial Statements - Continued**

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. 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; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus and Basis of Accounting**

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 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.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements, to the extent that those standards do no conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an "other financing source" in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, rather than expenditures in the governmental fund statements.

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 (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments are recorded when payment is due.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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

**C. Measurement Focus and Basis of Accounting - Continued**

Sales and use taxes, franchise taxes and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied and available only when cash is received by the county treasurer prior to the City's fiscal year end and remitted to the City within sixty days of its fiscal year end.

**The City reports the following major governmental funds:**

General Fund - The General Fund is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources, impact fees that are legally restricted for the construction and maintenance of infrastructure assets of the City.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements (other than those financed by proprietary and special revenue funds).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs (other than those of the proprietary funds).

**The City reports the following major enterprise funds:**

Waste Utility Fund – is used to account for the garbage and sewer services provided.

Water Utility Fund- is used to account for the water services provided.

Storm Utility Fund – is used to account for the storm drain services provided.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Enterprise Funds for providing administrative, billing, and repair services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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

**D. Budgets**

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 18% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

**E. Taxes**

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22<sup>nd</sup> and the City Recorder is to certify the tax rate to the County Auditor before June 22<sup>nd</sup>. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

**F. Capital Assets**

Capital assets, which include land, buildings, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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

**F. Capital Assets - Continued**

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 are carried at cost or estimated historical cost. Depreciation of these assets is computed by use of the straight-line method over their estimated useful lives as follows:

Buildings and improvements	20-50 Years
Sewer collection system	50 Years
Water distribution systems	50 Years
Infrastructure and improvements	20-40 Years
Machinery and equipment	5-10 Years
Other improvements	10-40 Years

**G. Long-Term Obligation**

In the government-wide financial statements and proprietary fund types, 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 assets. Bond premiums, discounts, and issuance are deferred and amortized over the life of the applicable debt.

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

**H. Reservation of Fund Balance/Retained Earnings**

The City is required to reserve part of the fund balance to account for the unexpended portions of certain types of revenue. The reserved fund balance is for class "C" road revenue and impact fees collected which have not been spent on project completion. The City determines on a project by project basis whether to use restricted or unrestricted funds for project completion.

**I. Cash and Cash Equivalents**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the city.

**J. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Deposits and Investments**

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

**Note 2 - Deposits and Investments – Continued**

**A. Custodial Credit Risk**

**Deposits.** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The City’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City’s bank balances at June 30, 2010 were \$3,552,732 of which \$3,302,732 were uninsured and uncollateralized.

**Investments.** Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk of investments. The City currently does not have any investments with the state of Utah PTIF as discussed below.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act. The City is also authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City’s investments at June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 50,940	54 days*	not rated
Total	\$ 50,940		

\* Weighted-average maturity

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

**Note 2 - Deposits and Investments – Continued**

**C. Interest Rate Risk – Continued**

The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

**Note 3 - Accounts Receivable**

Accounts receivables are recorded net of the allowance for doubtful accounts of \$6,254 in the enterprise fund.

**Note 4 - Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,909,352	\$ -	\$ -	\$ 3,909,352
Total	3,909,352	-	-	3,909,352
Capital assets, being depreciated:				
Buildings and improvements	1,921,200	-	-	1,921,200
Other improvements	1,284,931	106,153	-	1,391,084
Machinery and equipment	436,133	-	-	436,133
Infrastructure	8,951,424	230,625	-	9,182,049
Vehicles	563,538	-	-	563,538
Total	13,157,226	336,778	-	13,494,004
Less accumulated depreciation for:				
Buildings and improvements	(453,917)	(60,710)	-	(514,627)
Other improvements	(185,570)	(38,065)	-	(223,635)
Machinery and equipment	(294,080)	(34,731)	-	(328,811)
Infrastructure	(485,622)	(182,609)	-	(668,231)
Vehicles	(473,259)	(35,744)	-	(509,003)
Total	(1,892,448)	(351,859)	-	(2,244,307)
Capital assets, being depreciated, net	11,264,778	(15,081)	-	11,249,697
	<u>\$ 15,174,130</u>	<u>\$ (15,081)</u>	<u>\$ -</u>	<u>\$ 15,159,049</u>

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

**Note 4 – Capital Assets – Continued**

**Business-type activities:**

Capital assets, not being depreciated:

Land	\$ 158,040	\$ -	\$ -	\$ 158,040
Construction in progress	261,607	-	(261,607)	-
Total	<u>419,647</u>	-	<u>(261,607)</u>	<u>158,040</u>

Capital assets, being depreciated:

Buildings	60,000	-	-	60,000
Improvements	7,268,625	646,178	-	7,914,803
Machinery and equipment	370,460	11,871	-	382,331
Total	<u>7,699,085</u>	<u>658,049</u>	-	<u>8,357,134</u>

Less accumulated depreciation for:

Buildings	(13,413)	(1,905)	-	(15,318)
Improvements	(907,504)	(145,455)	-	(1,052,959)
Machinery and equipment	(303,838)	(24,766)	-	(328,604)
Total accumulated depreciation	<u>(1,224,755)</u>	<u>(172,126)</u>	-	<u>(1,396,881)</u>

Capital assets, being depreciated, net

<u>6,474,330</u>	<u>485,923</u>	-	<u>6,960,253</u>
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Business-type activities capital assets, net

<u>\$ 6,893,977</u>	<u>\$ 485,923</u>	<u>\$ (261,607)</u>	<u>\$ 7,118,293</u>
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Depreciation expense was charged to functions of the primary government as follows:

**Governmental activities:**

General government	95,783
Public works	244,839
Parks and community services	11,237
Total depreciation expense - governmental activities	<u>\$ 351,859</u>

**Note 5- Compensated Absences**

Accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). In the governmental funds (using the modified accrual basis of accounting) only the unpaid amounts due retired or terminated employees are recorded as liabilities. The remainder of the liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. The City estimates that all of the compensated absences will be due in the next year.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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**Note 6 - Retirement Plans**

**A. Plan Description**

West Point City contributes to the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System. Public Safety Retirement System for employers with Social Security coverage which are for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirements Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Non-contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems at 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**B. Funding Policy**

In the Local Governmental Non-contributory Retirement System West Point City is required to contribute 11.62% of their annual-covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

West Point City contributions for the Non-contributory Retirement System for June 30, 2010, 2009, and 2008 were \$80,601, \$77,280, and \$64,789 respectively, for the Public Safety Retirement System the contributions for June 30, 2010, 2009, and 2008, were \$0, \$0, and \$0 respectively, for the Non-contributory Public Safety Retirement System the contributions for June 30, 2010, 2009, and 2008 were \$0, \$0, and \$0 respectively, and for the 401(K) Plan the contributions for June 30, 2010, 2009, and 2008, were \$6,863, \$8,571, and \$7,354, respectively. The contributions were equal to the required contributions for each year.

**Note 7 - Deferred Compensation Plan**

The City maintains a section 457 deferred compensation plan that is administered through the Utah State Retirement System. The amount of employee contributions to the deferred compensation plan at the year end was \$0, \$0, and \$0 for the years ended June 30, 2010, 2009, and 2008.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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**Note 8 – Inter-fund Transfers**

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2010 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General	\$ 445,308	\$ 333,416
Capital Projects	205,641	-
Special Revenue	-	445,308
Non-major Governmental	<u>127,775</u>	<u>-</u>
	<u>\$ 778,724</u>	<u>\$ 778,724</u>

The purpose of the inter-fund transfers is to meet the City's ongoing cash needs for capital projects and debt service needs. In addition to the operating transfers, the General Fund charged \$15,000 to the Waste Fund and \$15,000 to the Water Fund for the cost of fleet services during the year.

**Note 9 - Contingent Liabilities**

Amounts received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. The City is also involved in several claims that should be covered by insurance.

**Note 10 - Risk Management**

West Point City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in the Local Governments Trust, a public entity risk pool. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The City carries \$2,000,000 of liability coverage, \$300,000 of fidelity bond coverage.

The City's participates in the public entity risk pool's general liability insurance program. This program requires annual premiums based on the City's level of insurance and previous claims experience. The payment of the premium indemnifies the City for claims that exceed its deductible amount. The risk pool is governed by the inter-local risk pool agreement.

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

**Note 11 – Long-term Debt**

**A. Revenue bonds**

The City has issued bonds where the government pledges income derived from excise tax to pay debt service. During the year no revenue bonds were issued. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Excise tax	5.4%	\$ 1,130,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30, 2010	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	70,000	59,130	129,130
2012	75,000	55,215	130,215
2013	75,000	51,165	126,165
2014	80,000	46,980	126,980
2015	85,000	42,525	127,525
2016-2020	500,000	136,350	636,350
2020-2021	<u>245,000</u>	<u>13,365</u>	<u>258,365</u>
Total	<u>\$ 1,130,000</u>	<u>\$ 404,730</u>	<u>\$ 1,534,730</u>

**B. Notes payable**

Note payable service requirements to maturity are as follows:

Year Ending June 30, 2010	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 105,801	\$ 29,199	\$ 135,000
2012	111,091	23,909	135,000
2013	116,646	18,354	135,000
2014	122,478	12,522	135,000
2015	<u>127,960</u>	<u>6,398</u>	<u>134,358</u>
	<u>\$ 583,976</u>	<u>\$ 90,382</u>	<u>\$ 674,358</u>

**C. Changes in Long-term Debt**

During the year ended June 30, 2010 the following activity occurred in liabilities reported as long-term:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bond payable	\$ 1,195,000	\$ -	\$ (65,000)	\$ 1,130,000	\$ 70,000
Note payable	684,740	-	(100,764)	583,976	105,801
Compensated absences	<u>36,829</u>	<u>36,498</u>	<u>(36,259)</u>	<u>37,068</u>	<u>20,824</u>
Total long-term debt	<u>\$ 1,916,569</u>	<u>\$ 36,498</u>	<u>\$ (202,023)</u>	<u>\$ 1,751,044</u>	<u>\$ 196,625</u>

**WEST POINT CITY**  
**Notes to the Financial Statements**  
**June 30, 2010**

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**Note 12 - Developer Contributions**

The Waste, Water, and Storm Funds regularly receive contributions from developers for the extension of water, sewer and storm lines. Private developers construct water, sewer, and storm transmission systems at their own cost. Occasionally the City replaces existing lines as well. The current year additions by developers totaled \$359,196 for water, sewer, and storm drain systems.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes:				
Property tax - real estate	\$ 295,000	\$ 295,000	\$ 298,064	\$ 3,064
Property tax - vehicles	60,000	60,000	41,641	(18,359)
Sales and use taxes	776,500	711,500	724,100	12,600
Franchise taxes	454,000	454,000	456,784	2,784
Total taxes	<u>1,585,500</u>	<u>1,520,500</u>	<u>1,520,589</u>	<u>89</u>
Licenses and permits:				
Business licenses	15,000	15,000	10,427	(4,573)
Building permits	70,000	85,000	111,582	26,582
Cemetery permits	7,000	7,000	-	(7,000)
Fire protection fee	-	-	600	600
Total licenses and permits	<u>92,000</u>	<u>107,000</u>	<u>122,609</u>	<u>15,609</u>
Intergovernmental revenue:				
Class "C" roads	225,000	211,098	267,145	56,047
State liquor fund allotment	4,400	4,400	6,619	2,219
Total intergovernmental revenue	<u>229,400</u>	<u>215,498</u>	<u>273,764</u>	<u>58,266</u>
Charges for services:				
Administrative fee - other funds	30,000	49,000	41,149	(7,851)
Recreation fees	77,080	79,080	108,460	29,380
Miscellaneous	-	3,000	6,900	3,900
Total charges for services	<u>107,080</u>	<u>131,080</u>	<u>156,509</u>	<u>25,429</u>
Miscellaneous				
Interest	10,000	10,000	918	(9,082)
Total miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>918</u>	<u>(9,082)</u>
Total revenues	<u>\$ 2,023,980</u>	<u>\$ 1,984,078</u>	<u>\$ 2,074,389</u>	<u>\$ 90,311</u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Expenditures</b>				
General government:				
Mayor and council	\$ 165,541	\$ 168,540	\$ 159,361	\$ (9,179)
Administrative	487,764	485,197	370,210	(114,987)
Total general government	<u>653,305</u>	<u>653,737</u>	<u>529,571</u>	<u>(124,166)</u>
Public safety:				
Public safety	127,938	127,938	124,519	(3,419)
Engineering	33,966	33,966	28,335	(5,631)
Planning and development	163,053	163,053	132,624	(30,429)
Total public safety	<u>324,957</u>	<u>324,957</u>	<u>285,478</u>	<u>(39,479)</u>
Streets and public works:				
Streets	225,000	656,406	90,908	(565,498)
Public works	439,465	439,464	430,194	(9,270)
Total streets and public works	<u>664,465</u>	<u>1,095,870</u>	<u>521,102</u>	<u>(574,768)</u>
Parks and recreation:				
Parks and cemetery	144,977	144,977	92,326	(52,651)
Recreation	146,224	148,224	148,032	(192)
Total parks and recreation	<u>291,201</u>	<u>293,201</u>	<u>240,358</u>	<u>(52,843)</u>
Total expenditures	<u>1,933,928</u>	<u>2,367,765</u>	<u>1,576,509</u>	<u>(791,256)</u>
Excess revenues over (under) expenditures	<u>90,052</u>	<u>(383,687)</u>	<u>497,880</u>	<u>881,567</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	445,308	445,308	-
Transfers out	(127,775)	(127,775)	(333,416)	(205,641)
Total other financing sources (uses)	<u>(127,775)</u>	<u>317,533</u>	<u>111,892</u>	<u>(205,641)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(37,723)</u>	<u>(66,154)</u>	<u>609,772</u>	<u>675,926</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>285,447</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,219</u>	<u>\$ -</u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Fund - Budget and Actual**  
**For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Impact fees	\$ 114,032	\$ 502,556	\$ 536,992	\$ 34,436
Grants	-	-	9,353	9,353
Interest income	35,000	-	2,596	2,596
Total	<u>149,032</u>	<u>502,556</u>	<u>548,941</u>	<u>46,385</u>
<b>Expenditures</b>				
Capital expenditures	310,190	1,150,577	446,240	(704,337)
Total	<u>310,190</u>	<u>1,150,577</u>	<u>446,240</u>	<u>(704,337)</u>
Excess of revenues over (under) expenditures	<u>(161,158)</u>	<u>(648,021)</u>	<u>102,701</u>	<u>750,722</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(445,308)	(445,308)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(445,308)</u>	<u>(445,308)</u>
Excess revenues and other sources over (under) expenditures and other uses	(161,158)	(648,021)	(342,607)	305,414
Fund balance - beginning of year	-	-	1,158,864	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,257</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Fund - Budget and Actual**  
**For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Interest income	\$ 3,000	\$ -	\$ 1,040	\$ 1,040
Miscellaneous	6,000	74,750	21,442	
Total	<u>9,000</u>	<u>74,750</u>	<u>22,482</u>	<u>1,040</u>
<b>Expenditures</b>				
Capital expenditures	156,000	166,119	3,750	(162,369)
Debt Service:				
Principal retirement	-	100,763	100,763	-
Interest and fiscal charges	-	34,237	34,237	-
Total	<u>156,000</u>	<u>301,119</u>	<u>138,750</u>	<u>(162,369)</u>
Excess of revenues over (under) expenditures	<u>(147,000)</u>	<u>(226,369)</u>	<u>(116,268)</u>	<u>110,101</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	205,641	205,641
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>205,641</u>	<u>205,641</u>
Excess revenues and other sources over (under) expenditures and other uses	(147,000)	(226,369)	89,373	315,742
Fund balance - beginning of year	-	-	576,354	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665,727</u>	<u>\$ -</u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Debt Service Fund - Budget and Actual**  
**For the Year Ended June 30, 2010**

<b>Revenues</b>	Original Budget	Final Budget	Actual	Variance with Final Budget
Impact fees	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	1,492	1,492
Total	<u>-</u>	<u>-</u>	<u>1,492</u>	<u>1,492</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	65,000	65,000	65,000	-
Interest and fiscal charges	<u>62,775</u>	<u>62,775</u>	<u>62,775</u>	<u>-</u>
Total	<u>127,775</u>	<u>127,775</u>	<u>127,775</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(127,775)</u>	<u>(127,775)</u>	<u>(126,283)</u>	<u>1,492</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>127,775</u>	<u>127,775</u>	<u>127,775</u>	<u>-</u>
Total other financing sources (uses)	<u>127,775</u>	<u>127,775</u>	<u>127,775</u>	<u>-</u>
Excess revenues and other sources over (under) expenditures and other uses	-	-	1,492	-
Fund balance - beginning of year as restated	<u>-</u>	<u>-</u>	<u>284,543</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 286,035</u></u>	<u><u>\$ -</u></u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Prior Year Comparative**  
**For the Years Ended June 30, 2010 and 2009**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Variance</u>
<b>Revenues</b>			
Taxes:			
Property tax - real estate	\$ 298,064	\$ 308,534	\$ (10,470)
Property tax - vehicles	41,641	49,624	(7,983)
Sales and use taxes	724,100	763,695	(39,595)
Franchise taxes	456,784	446,668	10,116
Total taxes	<u>1,520,589</u>	<u>1,568,521</u>	<u>(47,932)</u>
Licenses and permits:			
Business licenses	10,427	11,839	(1,412)
Building permits	111,582	104,063	7,519
Fire training courses	-	21,315	(21,315)
Animal licenses	600	5,800	(5,200)
Total licenses and permits	<u>122,609</u>	<u>143,017</u>	<u>(20,408)</u>
Intergovernmental revenue:			
Class "C" roads	267,145	260,963	6,182
State liquor fund allotment	6,619	4,458	2,161
Other grants	-	1,250	(1,250)
Total intergovernmental revenue	<u>273,764</u>	<u>266,671</u>	<u>7,093</u>
Charges for services:			
Administrative fee - other funds	41,149	51,939	(10,790)
Recreation fees	108,460	94,640	13,820
Miscellaneous	6,900	5,900	1,000
Total charges for services	<u>156,509</u>	<u>152,479</u>	<u>4,030</u>
Miscellaneous:			
Interest	918	2,937	(2,019)
Total miscellaneous	<u>918</u>	<u>2,937</u>	<u>(2,019)</u>
Total revenues	<u>\$ 2,074,389</u>	<u>\$ 2,133,625</u>	<u>\$ (59,236)</u>

**WEST POINT CITY**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Prior Year Comparative**  
**For the Years Ended June 30, 2010 and 2009**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Variance</u>
<b>Expenditures</b>			
General government:			
Mayor and council	\$ 159,361	\$ 138,485	\$ (20,876)
Administrative	370,210	459,600	89,390
Total general government	<u>529,571</u>	<u>598,085</u>	<u>68,514</u>
Public safety:			
Public safety	124,519	129,504	4,985
Engineering	28,335	37,570	9,235
Planning and development	132,624	155,788	23,164
Total public safety	<u>285,478</u>	<u>322,862</u>	<u>37,384</u>
Streets and public works:			
Streets	90,908	100,460	9,552
Public works	430,194	433,481	3,287
Total streets and public works	<u>521,102</u>	<u>533,941</u>	<u>12,839</u>
Parks and recreation			
Parks	92,326	105,039	12,713
Recreation	148,032	154,647	6,615
Total parks and recreation	<u>240,358</u>	<u>259,686</u>	<u>19,328</u>
Total expenditures	<u>1,576,509</u>	<u>1,714,574</u>	<u>138,065</u>
Excess revenues over (under) expenditures	<u>497,880</u>	<u>419,051</u>	<u>78,829</u>
<b>Other financing sources (uses)</b>			
Transfers in	445,308	-	(445,308)
Transfers out	(333,416)	(876,199)	(542,783)
Total other financing sources (uses)	<u>111,892</u>	<u>(876,199)</u>	<u>(988,091)</u>
Excess revenues and other sources over (under) expenditures and other uses	609,772	(457,148)	1,066,920
Fund balance - beginning of year, restated	<u>285,447</u>	<u>742,595</u>	<u>(457,148)</u>
Fund balance - end of year	<u>\$ 895,219</u>	<u>\$ 285,447</u>	<u>\$ 609,772</u>

## **REPORTS**

**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**

**Honorable Mayor and City Council  
West Point City, Utah**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City, as of and for the year ended June 30, 2010, which collectively comprise West Point City's basic financial statements and have issued our report thereon dated September 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of West Point City in a separate letter dated September 17, 2010.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**LITZ & COMPANY PC**  
September 17, 2010

**WEST POINT CITY**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2010**

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NONE

**WEST POINT CITY**  
**Schedule of Prior Year Findings and Questioned Costs**  
**June 30, 2010**

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**2009-1 Incompatible Functions**

**Condition and Criteria:** Currently, utility cashiers have the ability to make adjustments to customer accounts and process customer deposit refunds. Additionally, all of the cashiers use a common till making it impossible to identify deposit shortages to a specific cashier.

**Recommendation:** We recommend that the cashiers be prohibited from making any adjustments to customer accounts through password control of the data base. All adjustments should be sent to supervisory personnel not involved in the cashiering and deposit functions for approval and posting to the customer accounts. To further enhance the system of controls we recommend that each cashier be provided their own locking till drawer. Each cashier would then be responsible to balance out the daily activity from the utility system to the actual till deposit. In this fashion shortages would be isolated by cashier and appropriate action taken as needed. We further recommend that customer deposit refunds be processed by those not involved in the cashiering functions to ensure the proper separation of duties and functions.

**Current Status:** Resolved

**2009-2 Lack of Completeness of Accounting Procedures**

**Condition and Criteria:** We noted in our audit that there were multiple items that required adjustments to ensure complete and accurate financial statements. Asset, liabilities, revenues, and expenses required adjustments.

**Auditor's Recommendation:** We recommend the agency institute procedures to ensure that all accounting records are properly recorded prior to commencement of the audit.

**Current Status:** Resolved

**Honorable Mayor and City Council  
West Point City, Utah**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Point City, for the year ended June 30, 2010, and have issued our report thereon dated September 17, 2010. As part of our audit, we have audited West Point City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2010. The City received the following major state assistance programs from the State of Utah:

B&C Road Funds (Department of Transportation)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of West Point City's financial statements.)

Liquor Law Enforcement (State Tax Commission)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	B&C Road Funds
Cash Management	Other General Issues
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	Impact Fees
Truth in Taxation & Property Tax Limits	URS Compliance
Liquor Law Enforcement	Fund Balance

The management of West Point City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.


Our audit does not provide a legal determination on the city's compliance with these requirements.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are outlined in the accompanying Schedule of State Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion West Point City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2010.

The city's written response to the finding(s) identified in our audit is described in the accompanying Schedule of State Findings and Questioned Costs. We did not audit the city's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the city and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

  
September 17, 2010

**WEST POINT CITY**  
**Schedule of State Findings and Questioned Costs**  
**June 30, 2010**

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**CASH MANAGEMENT**

**Finding:** The Utah Code requires cities to deposit all public funds no later than three business days after receipt. During our audit we noted in 4 out of 40 items tested, monies were not deposited timely.

**Recommendation:** The City should continue to work toward depositing monies received daily. The City should have a contingency plan for unexpected situations to ensure the daily deposits are made.

**Questioned Costs** \$ -0-

**City Response:** The City Recorder is now making deposits on all Mondays, Wednesdays and Fridays.

**BUDGETARY COMPLIANCE**

**Finding:** The Utah Code requires cities to hold public hearings and to advertise these meetings at least 7 days in advance in a newspaper of general circulation. There was one budgetary meeting that was not advertised in the newspaper.

**Recommendation:** The City should continue to work on ensure that all budgetary meetings are advertised in the newspaper in advance of the meeting.

**Questioned Costs:** \$-0-

**City Response:** The Public Hearing was advertised, just with 3 days notice instead of 7. The City will work to ensure that all future publication deadlines are met.

