



***City of West Point, Georgia***  
Financial Statements for the  
Fiscal Year Ended December 31, 2011  
Independent Auditor's Report

*J. Robyn Underwood*  
*Certified Public Accountant*  
*302-A Taylor Street*  
*Barnesville, Georgia 30204*  
*(770) 358 - 3737 phone*  
*(770) 358 - 3787 fax*

***City of West Point, Georgia***  
**Annual Financial Report**  
**For the Year Ended December 31, 2011**

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***Independent Auditor's Report***

J. Robyn Underwood  
Certified Public Accountant  
302-A Taylor Street  
Barnesville, Georgia 30204

Phone: (770)358-3737  
Fax: (770) 358 - 3787

Member:  
American Institute of  
Certified Public Accountants

**Report of Independent Certified Public Accountants**

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

We have audited the accompanying 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Point'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 estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Point, Georgia as of December 31, 2011 and the respective changes in financial position and cash flows, where applicable, thereof 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 March 21, 2012 on our consideration of the City of West Point's internal control over financial reporting and 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 with 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.

The accompanying required supplementary information, such as management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Point's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, including the SPLOST Schedule, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "J. Robyn Underwood". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

J. Robyn Underwood, CPA  
Barnesville, Georgia  
March 21, 2012

## ***Management's Discussion and Analysis***

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the City of West Point, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The City's assets exceeded its liabilities by \$28,022,085 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
  1. Capital assets, net of related debt, of \$17,549,209 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net assets of \$733,340 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  3. At the end of the current fiscal year, unreserved and undesignated General Fund fund balance increased from \$1,257,085 to \$1,317,404. This increase of \$60,319 is approximately 1.2 percent of total General Fund expenditures.
- The City's governmental funds reported total ending fund balance of \$2,969,167. This compares to the prior year ending fund balance of \$2,435,760 showing an increase of \$533,407 during the current year. The increases in fund balances are mainly due to the increase transfers from other funds.
- At the end of the current fiscal year, unreserved unassigned fund balance for the City's governmental funds was \$1,416,205, or 29.1 percent of total governmental funds expenditures.
- Overall, the City continues to maintain a strong financial position, in spite of a somewhat recessed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**Overview of the Financial Statements**

This Management Discussion and Analysis document is intended to serve as an introduction to the City of West Point's financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

**Government-Wide Financial Statements**

The City's annual financial statements include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as an useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.



**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

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The government-wide financial statements are designed to provide readers with a broad overview of the City of West Point's finances, in a manner similar to private-sector business. The *Statement of Activities*, reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, community development, transportation, information services, environmental and general administration. Property taxes, sales taxes and franchise fees finance the majority of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, electric, gas and sanitation systems are reported here.
- **Component units** – The City includes two separate legal entities in its report – the West Point Development Authority and the Downtown West Point Development Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements are presented on pages 11 & 12 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 13 – 16 of this report.

The City maintains two major governmental funds. The City's major governmental funds are the General Fund and two Capital Project Funds – SPLOST.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the City charges customers a fee. The four City proprietary funds are classified as an enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers internal to the City organization for water, sewer, electric, gas and sanitation utilities.

The basic enterprise fund financial statements are presented on pages 17 – 20 of this report.

The City maintains four enterprise funds: Water and Sewerage, Electric, Gas and Sanitation.

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

**Notes to the Basic Financial Statements**

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

**Budgetary Presentation**

Budgetary comparison statements are included as "required supplementary information" for the general and special revenue funds. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

**Supplementary Financial Information**

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements are presented as supplementary financial information of this report beginning on page 42.

**Financial Analysis of the City as a Whole**

The City's net assets at fiscal year-end are \$28,022,085. The following table provides a summary of the City's net assets:

	Summary of Net Assets (Table 1)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current Assets	\$ 3,607,753	\$ 3,087,807	\$ 6,990,499	\$ 6,376,733	\$ 10,598,252	\$ 9,464,540
Non-Current Assets	9,604,151	8,900,835	35,584,080	34,714,246	45,188,231	43,615,081
<b>Total Assets</b>	<b>\$ 13,211,904</b>	<b>\$ 11,988,642</b>	<b>\$ 42,574,579</b>	<b>\$ 41,090,979</b>	<b>\$ 55,786,483</b>	<b>\$ 53,079,621</b>
<b>Liabilities</b>						
Current Liabilities	\$ 638,586	\$ 652,929	\$ 204,014	\$ 439,504	\$ 842,600	\$ 1,092,433
Long-Term Liabilities	1,215,127	810,986	25,706,671	25,026,742	25,921,798	25,837,728
<b>Total Liabilities</b>	<b>\$ 1,853,713</b>	<b>\$ 1,463,962</b>	<b>\$ 25,910,685</b>	<b>\$ 25,466,246</b>	<b>\$ 27,764,398</b>	<b>\$ 26,930,161</b>
<b>Net Assets:</b>						
Investments in Capital Assets, Net of Debt	\$ 8,389,024	\$ 8,089,849	\$ 9,160,185	\$ 9,447,870	\$ 17,549,209	\$ 17,537,719
Restricted	1,104,171	-----	836,945	239,634	1,941,116	239,634
Unrestricted	1,864,996	2,434,878	6,666,764	5,937,229	8,531,760	8,371,907
<b>Total Net Assets</b>	<b>\$ 11,358,191</b>	<b>\$ 10,524,727</b>	<b>\$ 16,663,894</b>	<b>\$ 15,624,733</b>	<b>\$ 28,022,085</b>	<b>\$ 26,149,460</b>

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.65 to 1 and 34 for business type activities. For the City overall, the current ratio is 12.5 to 1. The national trend indicators state that the normal ratio is 2 to 1. The City's ratio as stated is 12.5 to 1 which reflects the City's sound financial strength.

The City reported positive balances in net assets for both governmental and business-type activities. Analyzing the net assets and net expenses of governmental and business-type activities, separately, the business-type activities net assets are \$16,663,894. This analysis focuses on the net assets (Table 1) and revenues and expenses (Table 2) of the City's governmental and business-type activities. Net assets increased \$833,464 for governmental activities and increased \$1,039,161 for business-type activities. The City's overall financial position improved during fiscal year 2011.

Note that approximately 74 percent of the governmental activities' net assets are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent approximately 55 percent of its net assets on capital. Capital assets in business-type activities provide utility services and generate revenues for these funds. Sixty-three percent of the City's total net assets are included in capital assets.

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

The following table provides a summary of the City's changes in net assets:

Summary of Changes in Net Assets  
(Table 2)  
(in thousands of dollars)

	Governmental Activities		Business Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for Services	\$ 716	\$ 625	\$ 11,110	\$ 11,182	\$ 11,826	\$ 11,807
Operating Grants	25	124	-----	-----	25	124
Capital Grants	919	50	116	2,759	1,035	2,809
General:						
Property Taxes	1,165	1,030	-----	-----	1,165	1,030
Sales Taxes	648	1,183	-----	-----	648	1,183
Other Taxes	950	850	-----	-----	950	850
Interest	7	2	2	1	9	3
Other	145	165	-----	-----	145	165
Total Revenues	\$ 4,575	\$ 4,029	\$ 11,228	\$ 13,942	\$ 15,803	\$ 17,971
Program Expenses:						
General Government	\$ 998	\$ 825	\$ -----	\$ -----	\$ 998	\$ 825
Public Safety	2,926	2,715	-----	-----	2,926	2,715
Public Service	593	517	-----	-----	593	517
Culture and Recreation	76	51	-----	-----	76	51
Housing and Urban Development	246	237	-----	-----	246	237
Interest	34	38	-----	-----	34	38
Water and Sewer System	-----	-----	2,538	2,466	2,538	2,466
Electric System	-----	-----	4,721	4,421	4,721	4,421
Gas System	-----	-----	1,198	1,574	1,198	1,574
Sanitation System	-----	-----	484	486	484	486
Total Expenses	\$ 4,873	\$ 4,383	\$ 8,941	\$ 8,947	\$ 13,814	\$ 13,330
Excess (deficiency)	\$< 298>	\$< 354>	\$ 2,287	\$ 4,995	\$ 1,989	\$ 4,641
Transfers	1,131	886	< 1,248>	< 886>	< 117>	-----
Change in Net Assets	\$ 833	\$ 530	\$ 1,039	\$ 4,109	\$ 1,872	\$ 4,641
Beginning Net Assets	\$ 10,525	\$ 9,995	\$ 15,625	\$ 11,516	\$ 26,150	\$ 21,510
Ending Net Assets	\$ 11,358	\$ 10,525	\$ 16,664	\$ 15,625	\$ 28,022	\$ 26,151

**GOVERNMENTAL REVENUES**

The City's governmental activities are heavily reliant on property taxes, sales taxes, and franchise taxes to support governmental operations. Property taxes provided 40 percent, sales taxes provided 22 percent, and the franchise taxes provided 16 percent of the City's total governmental revenues. Also, note that program revenues cover only 34 percent of governmental operating expenses. This means that the government's taxpayers, the City's other general revenues, and transfers in fund 66 percent of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

**GOVERNMENTAL FUNCTIONAL EXPENSES**

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

The most significant governmental expense for the City is providing Public Safety services such as Fire and Police protection. This comprises 60 percent of the total governmental expenses. Public Safety expenses are offset by revenues collected from a variety of sources, with the largest being fines, forfeitures, and fees which was \$415,964 for fiscal year ended December 31, 2011. The second largest City cost for government is the general government totaling \$997,444 or 20.5 percent of governmental expenses.

- The cost of all governmental activities this year was \$4,872,791.
- The revenue amount that paid for most of these activities came from City property taxes, sales tax and business taxes (\$2,531,855).
- Some of the costs were paid by those who benefited directly from the programs (\$716,436) and subsidies from other governments and organizations through grants and/or contributions (\$944,616).

	Governmental Activities (Table 3) (in thousands of dollars)			
	FY 2011 Total Cost of Services	FY 2010 Total Cost of Services	FY 2011 Net Cost of Services	FY 2010 Net Cost of Services
General Government	\$ 998	\$ 825	\$ 846	\$ 599
Public Safety	2,926	2,715	1,951	2,307
Public Works	593	517	462	430
Culture and Recreation	76	50	< 161 >	-----
Housing and Urban Development	246	237	196	210
Interest	34	38	34	38
Total	<u>\$ 4,873</u>	<u>\$ 4,382</u>	<u>\$ 3,328</u>	<u>\$ 3,584</u>

**BUSINESS-TYPE ACTIVITIES**  
**Revenues vs. Costs**

The cost of all Proprietary (Business-Type) activities this year was \$8,941,281 as shown in Table 2 (Summary of Changes in Net Assets), the amounts paid by the users of the systems were \$11,110,025 and additionally the business-type activities earned \$1,998 in interest from idle cash. Within the total business-type activities of the City, these activities reported a \$1,039,161 operating gain.

**Financial Analysis of the City's Funds**

**Governmental Funds**

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental funds reported ending fund balances of \$2,969,167. Of this year-end total, \$1,416,202 is unreserved, unassigned indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds show an increase of \$535,407 or a 22 percent increase. This increase relates primarily to the increase in transfers from other funds.

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

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***Major Governmental Funds***

Total revenues were \$546,989 or 13.6 percent greater than fiscal year 2010. Property taxes increased 13 percent over the prior year and sales taxes were down 10 percent not including SPLOST proceeds. The Operating and Capital Grant increased \$409,616 over 2010. Franchise taxes increased \$70,458 from the prior year.

***The Proprietary Funds***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The water and sewer fund operating income for 2011 was \$1,409,611. Operating revenues were 21 percent above those in fiscal year 2010 due to the increase in water sales to KIA and operating expenses increased 10 percent from the prior year. The electric had an operating income of \$1,106,510 versus an operating income of \$1,550,586 in the prior year. Operating revenues were 11 percent above those in fiscal year 2010 and operating expenses were 1 percent above the prior year. The gas fund operating income for 2011 was \$475,354. Operating revenues were 31 percent below the prior year while operating expenses were 25 percent below the prior year. The sanitation fund's operating revenue for fiscal year ending December 31, 2011 was \$333,136 and the operating expenses were \$480,858 for 2011.

***Component Units***

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level. The City of West Point has two discretely presented component units: West Point Development Authority and Downtown West Point Development Authority.

***Budgetary Highlights***

The General Fund – The original revenue budget was amended in 2011. We expended 100 percent of the final budget.

Comparing the FY 2011 original adopted budget for the General Fund to the final budget shows a net increase of ten percent. As stated, earlier the General Fund's expenditure budget is prepared on a GAAP basis, except that outstanding encumbrances at year-end are charged as expenditures on the budgetary basis.

***Capital Assets and Debt Administration***

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2011 was \$9,604,151 and \$34,747,135 respectively. The major additions and deletions to capital for FY 11 were:

- A capital expense associated with infrastructure (road improvements, sidewalks, etc.) was \$1,950,238. Primary expenses in this category went for repaving, gas lines water and sewer lines, street lights, and electric lines.
- Equipment expenditures totaled \$ 164,676.

**City of West Point, Georgia**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

For more information on the changes in capital assets, see Note 4-D.

(in thousands of dollars)	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land and Construction in progress	\$ 2,291	\$ 1,346	\$ 661	\$ 5,041	\$ 2,952	\$ 6,387
Depreciable assets:						
Furniture and Fixtures	\$ 305	\$ 305	\$ -----	\$ -----	\$ 305	\$ 305
Buildings and Plant	4,043	4,043	15,038	14,851	19,081	18,894
Vehicles, Machinery and Equipment	4,188	4,067	1,988	1,907	6,176	5,974
Infrastructure	4,077	3,958	25,482	20,442	29,559	24,400
Total Depreciable Assets	\$ 12,613	\$ 12,373	\$ 42,508	\$ 37,200	\$ 55,121	\$ 49,573
Less Accumulated Depreciation	5,300	4,818	8,422	7,767	13,722	12,585
Book Value- Depreciable Assets	\$ 7,313	\$ 7,555	\$ 34,086	\$ 29,433	\$ 41,399	\$ 36,988
Percentage Depreciated	42%	39%	20%	21%	25%	25%
Total Capital Assets	\$ 9,604	\$ 8,901	\$ 34,747	\$ 34,474	\$ 44,351	\$ 43,375
	=====	=====	=====	=====	=====	=====

At December 31, 2011, the depreciable capital assets for governmental activities were 42 percent depreciated. This compares to the December 31, 2010 at a increase of 3 percent. This comparison indicates that the City is focusing on replacing its assets at close to the same rate as they are depreciating which is a positive indicator. Note that business-type activities are 20 percent depreciated.

#### **Long-term Debt**

At the end of the fiscal year, the City had total bonded debt outstanding of \$14,084,542. The bonds are secured by a first lien on and payable solely from the net revenues of the system.

During the year, the City retired \$67,541 or .5 percent of the ending outstanding bonded debt balance.

Outstanding Borrowings as of December 31, 2011  
(in thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ -----	\$ -----	\$ 14,085	\$ 14,152	\$ 14,085	\$ 14,152
Total	\$ -----	\$ -----	\$ 14,085	\$ 14,152	\$ 14,085	\$ 14,152
	=====	=====	=====	=====	=====	=====

See Notes 4-F and 4-G for additional information about the City's long-term debt.

#### **Economic Conditions Affecting the City**

Prior to beginning the formal budget process each year, the Mayor and Council Members with assistance from city staff identify and prepare basic economic assumptions around which the framework of the budget is built. Transfers from the utilities system, Local Option Sales Taxes and Ad Valorem Taxes are the major revenue components of the General Fund. Weather, local economic conditions, as well as the state, national, and global economies all have an effect on the city budget.

***City of West Point, Georgia***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
For the Year Ended DECEMBER 31, 2011

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The KIA Motors America Plant and other plants have increased the water/sewer sales for 2011. These additional revenues serve as debt repayment on the water/sewer system. The City began construction of a new fire station that should be completed in 2012.

Some of the changes for 2011 were:

Revenues from the electric utility increased from 2010. The natural gas system's gross revenues decreased over 2010 due to the warm winter temperatures. Revenues for water system and wastewater systems increased over 2010.

***Contacting the City's Financial Management***

This financial report is designated to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have, questions about this report or would like to request additional information, contact the City at (706) 645-3500 or visit the City's Website at [www.CityOfWestPointGA.com](http://www.CityOfWestPointGA.com).

## ***Basic Financial Statements***



***Government-wide Financial Statements***

**City of West Point, Georgia**  
**Statement of Net Assets**  
**For the Year Ended December 31, 2011**

	Primary Government			Non-Major Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 2,778,417	\$ 4,577,897	\$ 7,356,314	\$ 204,246
Receivables (Net of Allowance)				
Taxes	302,620	-----	302,620	11,325
Accounts	560,985	1,810,774	2,371,759	-----
Internal Balances	< 159,118>	159,118	-----	-----
Due From Other Governments	94,948	-----	94,948	-----
Inventory	8,677	426,889	435,566	-----
Pre-Paid Insurance	21,224	15,821	37,045	-----
Total Current Assets	<u>\$ 3,607,753</u>	<u>\$ 6,990,499</u>	<u>\$10,598,252</u>	<u>\$ 215,571</u>
Non-Current Assets				
Restricted Cash and Investments	\$ -----	\$ 836,945	\$ 836,945	\$ -----
Capital Assets:				
Land and Construction in Progress	2,291,179	685,899	2,977,078	849,430
Other Capital Assets, Net of Accumulated Depreciation	7,312,972	34,061,236	41,374,208	1,513
Total Non-Current Assets	<u>\$ 9,604,151</u>	<u>\$35,584,080</u>	<u>\$45,188,231</u>	<u>\$ 850,943</u>
<b>Total Assets</b>	<u>\$13,211,904</u>	<u>\$42,574,579</u>	<u>\$55,786,483</u>	<u>\$ 1,066,514</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts and Claims Payable	\$ 90,425	\$ 180,062	\$ 270,487	\$ -----
Accrued Liabilities	80,351	23,952	104,303	-----
Due to Rural Development	467,810	-----	467,810	-----
Total Current Liabilities	<u>\$ 638,586</u>	<u>\$ 204,014</u>	<u>\$ 842,600</u>	<u>\$ -----</u>
Non-Current Liabilities				
Customer Deposits	\$ -----	\$ 119,721	\$ 119,721	\$ -----
Due within One Year	66,983	662,418	729,401	-----
Due in more than One Year	1,148,144	24,924,532	26,072,676	-----
Total Non-Current Liabilities	<u>\$ 1,215,127</u>	<u>\$25,706,671</u>	<u>\$26,921,798</u>	<u>\$ -----</u>
<b>Total Liabilities</b>	<u>\$ 1,853,713</u>	<u>\$25,910,685</u>	<u>\$27,764,398</u>	<u>\$ -----</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 8,389,024	\$ 9,160,185	\$17,549,209	\$ 850,943
Restricted For:				
Capital Assets/Projects	1,104,171	103,605	1,207,776	-----
Debt Service	-----	733,340	733,340	-----
Unrestricted	<u>1,864,996</u>	<u>6,666,764</u>	<u>8,531,760</u>	<u>215,571</u>
<b>Total Net Assets</b>	<u>\$11,358,191</u> =====	<u>\$16,663,894</u> =====	<u>\$28,022,085</u> =====	<u>\$ 1,066,514</u> =====

*The accompanying notes are an integral part of the financial statements.*

**City of West Point, Georgia**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Governmental Activities					
General Government	\$ 997,444	\$ 128,658	\$ -----	\$ 22,710	\$< 846,076>
Public Safety	2,926,268	415,964	25,261	534,264	< 1,950,779>
Public Service	592,449	119,336	-----	10,912	< 462,201>
Culture and Recreation	76,217	1,950	-----	236,018	161,751
Housing and Urban Development	246,170	50,528	-----	-----	< 195,642>
Interest on Long-Term Debt	34,243	-----	-----	-----	< 34,243>
Total Governmental Activities	\$ 4,872,791	\$ 716,436	\$ 25,261	\$ 803,904	\$< 3,327,190>
Business-Type Activities					
Water and Sewer System	\$ 2,538,046	\$ 3,380,130	\$ -----	\$ 116,250	\$ 958,334
Electric System	4,720,877	5,827,387	-----	-----	1,106,510
Gas System	1,198,056	1,569,372	-----	-----	371,316
Sanitation System	484,302	333,136	-----	-----	< 151,166>
Total Business-Type Activities	\$ 8,941,281	\$ 11,110,025	\$ -----	\$ 116,250	\$ 2,284,994
Total Primary Government	\$ 13,814,072	\$ 11,826,461	\$ 25,261	\$ 920,154	\$< 1,042,196>
Non-Major Discretely Presented Component Units					
West Point Development Authority	\$ 130,651	\$ -----	\$ 157,434	\$ -----	\$ 26,783
Downtown West Point Development Authority	40,451	-----	-----	-----	< 40,451>
	\$ 171,102	\$ -----	\$ 157,434	\$ -----	\$< 13,668>
<b>Changes in Net Assets</b>					
Net (Expense) Revenue	\$< 3,327,190>	\$ 2,284,994	\$< 1,042,196>	\$< 13,668>	
General Revenues					
General Purpose Taxes	\$ 1,164,804	\$ -----	\$ 1,164,804	\$ 44,711	
Malt Beverage and Liquor	239,097	-----	239,097	-----	
Sales Tax	648,099	-----	648,099	-----	
Insurance Premium	162,945	-----	162,945	-----	
Franchise Tax	479,855	-----	479,855	-----	
Hotel/Motel Tax	8,647	-----	8,647	-----	
Motor Vehicle (Ad Valorem)	48,073	-----	48,073	-----	
Intangible	11,011	-----	11,011	-----	
Unrestricted Investment Earnings	5,727	-----	5,727	-----	
Miscellaneous	144,565	-----	144,565	-----	
Transfers - Internal Activities	1,247,831	< 1,247,831>	-----	670	
Total General Revenues and Transfers	\$ 4,160,654	\$< 1,245,833>	\$ 2,914,821	\$ 45,468	
Change in Net Assets					
Net Assets - Beginning of Year	\$ 833,464	\$ 1,039,161	\$ 1,872,625	\$ 31,800	
Net Assets - End of Year	10,524,727	15,624,733	26,149,460	1,066,514	
	\$ 11,358,191	\$ 16,663,894	\$ 28,022,085	\$ 1,098,314	

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

***Fund Financial Statements***

## ***Governmental Funds***

**City of West Point, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	Major Governmental Funds			Non-Major Governmental Funds		Total Governmental Funds
	General	SPLOST - Troup	Capital Projects SPLOST - Harris	Special Revenue		
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,616,895	\$ 757,399	\$ 251,824	\$ 152,299		\$ 2,778,417
Receivables (Net of Allowance)						
Taxes	302,620					302,620
Intergovernmental		94,948				94,948
Other	139,356					139,356
Due from Other Funds	3,050			421,629		560,985
Inventory	8,677					3,050
Pre-Paid Insurance	21,224					8,677
						21,224
<b>Total Assets</b>	<b>\$ 2,091,822</b>	<b>\$ 852,347</b>	<b>\$ 251,824</b>	<b>\$ 573,928</b>		<b>\$ 3,769,921</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 90,425				\$	\$ 90,425
Accrued Liabilities	80,015				336	80,351
Due to Other Funds	159,118				3,050	162,168
Due to Rural Development					467,810	467,810
<b>Total Liabilities</b>	<b>\$ 329,558</b>				<b>\$ 471,196</b>	<b>\$ 800,754</b>
<b>Fund Balances</b>						
Restricted - Capital Projects		\$ 852,347	\$ 251,824			\$ 1,104,171
Restricted - Economic Development					4,270	4,270
Restricted - Law Enforcement					98,798	98,798
Restricted - Tourism					336	< 336
Assigned - Fire Station	436,183					436,183
Assigned - Inventory	8,677					8,677
Unassigned	1,317,404					1,317,404
<b>Total Fund Balances</b>	<b>\$ 1,762,264</b>	<b>\$ 852,347</b>	<b>\$ 251,824</b>	<b>\$ 102,732</b>		<b>\$ 2,969,167</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,091,822</b>	<b>\$ 852,347</b>	<b>\$ 251,824</b>	<b>\$ 573,928</b>		<b>\$ 3,769,921</b>

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

***City of West Point, Georgia***  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Assets**  
**For the Year Ended December 31, 2011**

	<u>2011</u>	<u>2010</u>
Total Fund Balance - All Governmental Funds	\$ 2,969,167	\$ 2,433,760
Amounts Reported For Governmental Activities in the Statements of Net Assets are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds	9,604,151	8,900,835
Some Liabilities, Including Net Pension Obligation Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Funds	-----	-----
Some Liabilities, Including Capital Leases, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Funds	<u>&lt;1,215,127&gt;</u>	<u>&lt; 809,868&gt;</u>
Net Assets of Governmental Activities	\$11,358,191 =====	\$10,524,727 =====

*The accompanying notes are an integral part of the financial statements.*

**City of West Point, Georgia**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	Major Governmental Funds			Non-Major Governmental Funds		Total Governmental Funds
	General	SPLOST - Troup	Capital Projects SPLOST - Harris	Special Revenue		
<b>Revenues</b>						
Taxes	\$ 2,753,884	\$ -----	\$ -----	\$ 8,647		\$ 2,762,531
Licenses and Permits	169,975	-----	-----	-----		169,975
Intergovernmental	25,261	546,355	373,000	-----		944,616
Charges for Services	202,248	-----	-----	96,843		299,091
Fines, Forfeitures and Penalties	247,370	-----	-----	-----		247,370
Investment Income	1,410	799	-----	4,317		6,526
Miscellaneous & Donations	144,565	-----	-----	-----		144,565
Total Revenues	<u>\$ 3,544,713</u>	<u>\$ 547,154</u>	<u>\$ 373,000</u>	<u>\$ 109,807</u>		<u>\$ 4,574,674</u>
<b>Expenditures</b>						
Current:						
General Government	\$ 871,712	-----	-----	-----		\$ 871,712
Public Safety	3,085,128	-----	-----	-----		3,085,128
Public Service	529,453	-----	-----	41,701		571,154
Culture and Recreation	35,580	-----	-----	8,647		44,227
Housing and Urban Development	234,031	-----	-----	-----		234,031
Capital Outlay	-----	702,743	121,176	26,825		850,744
Current Operations	-----	-----	-----	-----		-----
Debt Service:						
Principal Retirements	76,881	-----	-----	13,482		90,363
Interest	33,965	-----	-----	278		34,243
Total Expenditures	<u>\$ 4,866,750</u>	<u>\$ 702,743</u>	<u>\$ 121,176</u>	<u>\$ 90,933</u>		<u>\$ 5,781,602</u>
Excess of Revenues Over <Under> Expenditures	<u>\$ &lt;1,322,037&gt;</u>	<u>\$ &lt; 155,589&gt;</u>	<u>\$ 251,824</u>	<u>\$ 18,874</u>		<u>\$ &lt;1,206,928&gt;</u>
<b>Other Financing Sources (Uses)</b>						
Debt Proceeds	\$ 494,504	-----	-----	-----		\$ 494,504
Transfers In/<Out> - Net	1,247,731	-----	-----	-----		1,247,731
Total Other Financing Sources (Uses)	<u>\$ 1,742,335</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>		<u>\$ 1,742,335</u>
Change in Fund Balance	\$ 420,298	\$ < 155,589>	\$ 251,824	\$ 18,874		\$ 535,407
Fund Balance - Beginning of Year	<u>\$ 1,341,966</u>	<u>\$ 1,007,936</u>	<u>\$ -----</u>	<u>\$ 83,858</u>		<u>\$ 2,433,760</u>
Fund Balance - End of Year	<u>\$ 1,762,264</u>	<u>\$ 852,347</u>	<u>\$ 251,824</u>	<u>\$ 102,732</u>		<u>\$ 2,969,167</u>

The accompanying notes are an integral part of the 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, 2011

	2011	2010
Net Change in Fund Balances - All Governmental Funds	\$ 535,407	\$ 613,934
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlay 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.		
Capital Outlay	1,186,432	261,730
Depreciation	< 484,234>	< 469,985>
Capital Lease Proceeds provide Current Financial Resources to Governmental Funds, but Issuing Debt Increases Long-Term Liabilities in the Statement of Net Assets. Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the Repayment Reduces Long-Term Liabilities in the Statement of Net Assets.		
Principal Retirements	90,363	124,328
Principal from Long-Term Debt	< 494,504>	-----
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 the General Fund.		
Decrease (Increase) in Accrued Liabilities	-----	-----
Change in Net Assets of Governmental Activities	\$ 833,464 =====	\$ 530,007 =====

*The accompanying notes are an integral part of the financial statements.*

## ***Proprietary Funds***

**City of West Point, Georgia**  
**Proprietary Funds**  
**Statement of Net Assets**  
**For the Year Ended December 31, 2011**

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS				TOTAL
	WATER AND SEWER FUND	ELECTRIC FUND	GAS FUND	SANITATION FUND	
<b>Assets</b>					
Current Assets					
Cash and Cash Equivalents	\$ 1,708,710	\$ 2,057,192	\$ 811,995	\$ -----	\$ 4,577,897
Receivables					
Accounts	723,236	563,265	497,586	26,675	1,810,762
Other	-----	-----	-----	12	12
Interfund	159,118	-----	-----	-----	159,118
Inventory	59,515	215,528	151,846	-----	426,889
Pre-Paid Insurance	12,887	-----	2,934	-----	15,821
	<u>\$ 2,663,466</u>	<u>\$ 2,835,985</u>	<u>\$ 1,464,361</u>	<u>\$ 26,687</u>	<u>\$ 6,990,499</u>
<b>Non-Current Assets</b>					
Restricted Assets					
Restricted Investments	\$ 122,100	-----	-----	-----	\$ 122,100
Restricted Cash	714,845	-----	-----	-----	714,845
Capital Assets - Net	<u>30,722,661</u>	<u>751,300</u>	<u>2,906,249</u>	<u>366,925</u>	<u>34,747,135</u>
	<u>\$31,559,606</u>	<u>\$ 751,300</u>	<u>\$ 2,906,249</u>	<u>\$ 366,925</u>	<u>\$35,584,080</u>
<b>Total Assets</b>	<u>\$34,223,072</u>	<u>\$ 3,587,285</u>	<u>\$ 4,370,610</u>	<u>\$ 393,612</u>	<u>\$42,574,579</u>
<b>Liabilities and Net Assets</b>					
Current Liabilities					
Accounts Payable	\$ 46,098	\$ 29,980	\$ 90,190	\$ 13,794	\$ 180,062
Accrued Liabilities	10,432	2,238	3,621	7,661	23,952
Capital Lease - Current	17,264	-----	-----	22,411	39,675
Notes Payable and Revenue Bonds - Current	<u>493,072</u>	<u>-----</u>	<u>129,671</u>	<u>-----</u>	<u>622,743</u>
	<u>\$ 566,866</u>	<u>\$ 32,218</u>	<u>\$ 223,482</u>	<u>\$ 43,866</u>	<u>\$ 866,432</u>
<b>Long-Term Liabilities</b>					
Customer Deposits	\$ 24,556	\$ 60,337	\$ 34,828	\$ -----	\$ 119,721
Capital Leases Payable	<u>22,047,721</u>	<u>-----</u>	<u>2,817,140</u>	<u>59,671</u>	<u>59,671</u>
Notes Payable/Revenue Bonds	<u>\$22,072,277</u>	<u>\$ 60,337</u>	<u>\$ 2,851,968</u>	<u>\$ 59,671</u>	<u>\$24,864,861</u>
	<u>\$22,639,143</u>	<u>\$ 92,555</u>	<u>\$ 3,075,450</u>	<u>\$ 103,537</u>	<u>\$25,910,685</u>
<b>Total Liabilities</b>					
<b>Net Assets</b>					
Invested in Capital Assets, Net of Debt	\$ 8,164,604	\$ 751,300	\$ < 40,562 >	\$ 284,843	\$ 9,160,185
Restricted for Debt Service	733,340	-----	-----	-----	733,340
Restricted for Capital Assets	103,605	-----	-----	-----	103,605
Unrestricted	<u>2,582,380</u>	<u>2,743,430</u>	<u>1,335,722</u>	<u>5,232</u>	<u>6,666,764</u>
	<u>\$11,583,929</u>	<u>\$ 3,494,730</u>	<u>\$ 1,295,160</u>	<u>\$ -----</u>	<u>\$16,663,894</u>
<b>Total Net Assets</b>					

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

# City of West Point, Georgia

## Proprietary Funds

### Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended December 31, 2011

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS				TOTAL
	WATER AND SEWER FUND	ELECTRIC FUND	GAS FUND	SANITATION FUND	
Operating Revenues					
Water and Sewer System	\$ 3,377,567	\$ -----	\$ -----	\$ -----	\$ 3,377,567
Gas System	-----	-----	1,556,404	-----	1,556,404
Electric System	-----	5,594,332	-----	-----	5,594,332
Sanitation System	-----	-----	-----	333,136	333,136
Other (including intergovernmental)	2,563	233,055	12,968	-----	248,586
Total Operating Revenues	\$ 3,380,130	\$ 5,827,387	\$ 1,569,372	\$ 333,136	\$11,110,025
Operating Expenses					
Water and Sewer System					
Gas System	\$ 1,425,483	\$ -----	\$ -----	\$ -----	\$ 1,425,483
Electric System	-----	-----	302,951	-----	302,951
Sanitation System	-----	1,042,657	-----	-----	1,042,657
Gas Purchases	-----	-----	-----	450,943	450,943
Electric Purchases	-----	3,638,808	750,589	-----	750,589
Depreciation	-----	39,412	40,478	-----	3,638,808
Total Operating Expenses	545,036	-----	-----	29,915	654,841
Operating Income <Loss>	\$ 1,970,519	\$ 4,720,877	\$ 1,094,018	\$ 480,858	\$ 8,266,272
Non-Operating Revenues (Expenses)					
Investment Income	\$ 1,409,611	\$ 1,106,510	\$ 475,354	\$ -----	\$ 2,843,753
Interest Expense	\$ 1,998	\$ -----	\$ -----	\$ -----	\$ 1,998
Total Non-Operating Revenues (Expenses)	< 567,527>	-----	< 104,038>	< 3,444>	< 675,009>
Net Income <Loss> before Capital Contributions and Transfers	\$ 565,529>	\$ -----	\$ 104,038>	\$ 3,444>	\$ 673,011>
Capital Contributions	\$ 844,082	\$ 1,106,510	\$ 371,316	\$ 151,166>	\$ 2,170,742
Transfers In <Out>	116,250	-----	-----	-----	116,250
Change in Net Assets	-----	<1,171,403>	< 206,387>	129,959	<1,247,831>
Net Assets - Beginning of Year	\$ 960,332	\$ 64,893>	\$ 164,929	\$ 21,207>	\$ 1,039,161
Net Assets - End of Year	10,623,597	3,559,623	1,130,231	311,282	15,624,733
	\$11,583,929	\$ 3,494,730	\$ 1,295,160	\$ 290,075	\$16,663,894

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

**City of West Point, Georgia**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2011**

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	WATER AND SEWER FUND	ELECTRIC FUND	GAS FUND	SANITATION FUND
Cash Flows from Operating Activities				
Cash Received from Customers and Users	\$ 3,181,163	\$ 5,785,193	\$ 1,638,789	\$ 329,569
Cash Paid to Suppliers	< 946,396>	<4,106,262>	<1,070,885>	< 147,590>
Cash Paid to Employees	< 475,904>	< 597,712>	< 112,246>	< 286,872>
Net Cash Provided By Operating Activities	\$ 1,758,863	\$ 1,081,219	\$ 455,658	\$ 104,893>
Cash Flow from Non-Capital Financing Activities				
Interfund Loan	\$ 231,843>	\$ -----	\$ -----	\$ -----
Transfers In <Out>	-----	<1,171,403>	< 206,387>	129,959
Net Cash Used in Non-Capital Financing Activities	\$ 231,843>	\$ <1,171,403>	\$ < 206,387>	\$ 129,959
Cash Flows from Capital and Related Financing Activities				
Principal Payments on Capital Leases	\$ 16,936>	\$ -----	\$ < 4,465>	\$ < 21,622>
Principal Payments on Notes Payable and Revenue Bonds	< 360,385>	-----	< 65,192>	-----
Acquisition of Capital Assets	< 21,592>	< 37,292>	< 226,062>	-----
Capital Contributions	116,250	-----	-----	-----
Interest Expense	< 567,527>	-----	< 104,038>	< 3,444>
Loan Proceeds	-----	-----	385,242	-----
Net Cash used in Capital and Related Financing Activities	\$ 850,190>	\$ < 37,292>	\$ < 14,515>	\$ < 25,066>
Cash Flows from Investing Activities				
Interest Income	\$ 1,998	\$ -----	\$ -----	\$ -----
Net Cash provided by Investing Activities	\$ 1,998	\$ -----	\$ -----	\$ -----
Net Increase <Decrease> in Cash	\$ 678,828	\$ < 127,476>	\$ 234,756	\$ -----
Cash - Beginning of Year	1,744,727	2,184,668	577,239	-----
Cash - End of Year	\$ 2,423,555*	\$ 2,057,192	\$ 811,995	\$ -----
	=====	=====	=====	=====

\* Unrestricted \$1,708,710  
Restricted \$ 714,845

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

**City of West Point, Georgia**  
**Proprietary Funds**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended December 31, 2011**

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS				TOTAL
	WATER AND SEWER FUND	ELECTRIC FUND	GAS FUND	SANITATION FUND	
Report on the Balance Sheet as Cash and Cash Equivalents Restricted Cash	\$ 1,708,710 714,845	\$ 2,057,192 -----	\$ 811,995 -----	\$ -----	\$ 4,577,897 714,845
Total	\$ 2,423,555	\$ 2,057,192	\$ 811,995	\$ -----	\$ 5,292,742
Cash Flows from Operating Activities					
Operating Income <Loss>	\$ 1,409,611	\$ 1,106,510	\$ 475,354	\$ < 147,722>	\$ 2,843,753
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation					
Changes in Operating Assets and Liabilities					
Accounts Receivable	545,036	39,412	40,478	29,915	654,841
Inventory					
Pre-Paid Insurance	< 199,775>	< 43,148>	68,045	< 3,567>	< 178,445>
Accounts Payable	< 22,101>	< 25,584>	40,182	-----	< 7,503>
Accrued Liabilities	< 9,372>	2,192	-----	-----	< 7,180>
Customer Deposits	24,224	4,303	< 170,348>	10,667	< 131,154>
	10,432	< 3,420>	575	5,814	13,401
	808	954	1,372	-----	3,134
Net Cash Provided by Operating Activities	\$ 1,758,863	\$ 1,081,219	\$ 455,658	\$ < 104,893>	\$ 3,190,847

**Supplemental Schedule of Non-Cash Investing and Financing Activities**

Acquisition of Capital Assets	\$ 34,200	\$ -----	\$ -----	\$ 34,200
Capital Assets Acquired through Contributions				
Total	\$ 34,200	\$ -----	\$ -----	\$ 34,200

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

## ***Component Units***

***City of West Point Development Authority***  
**Statement of Net Assets**  
For the Year Ended December 31, 2011

ASSETS	<u>2011</u>
Current Assets	
Cash	\$ 50,676
Money Market Account	<u>174,260</u>
Total Current Assets	\$ 224,936
Non-current Assets	
Capital Assets, Net	<u>\$ 789,930</u>
Total Non-Current Assets	<u>\$ 789,930</u>
TOTAL ASSETS	\$ 1,014,866 =====
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	
Unrestricted	\$ 789,930
TOTAL NET ASSETS	<u>224,936</u> \$ 1,014,866 =====

*The accompanying notes are an integral part of the financial statements.*



***City of West Point Development Authority***  
**Statement of Revenues, Expenses,**  
**and Changes In Fund Net Assets**  
**For the Year Ended December 31, 2011**

	<u>2011</u>
Operating Revenue	
Intergovernmental	
Other	\$ 157,434
Total Operating Revenue	<u>87</u>
	<u>\$ 157,521</u>
Operating Expenses	
Professional and Legal	
Community Development/Project	\$ 22,057
Office Expenses	58,998
Insurance	3,405
Professional Dues	4,237
Executive Director Contract Fees	3,458
Miscellaneous	35,180
Total Operating Expenses	<u>3,316</u>
	<u>\$ 130,651</u>
Operating Income <Loss>	
	<u>\$ 26,962</u>
Non-Operating Revenue	
Investment Interest	
	<u>\$ 670</u>
Change in Net Assets	
	<u>\$ 27,540</u>
Net Assets - Beginning of Year	
	<u>\$ 987,326</u>
Net Assets - End of Year	
	<u>\$ 1,014,866</u>
	=====

*The accompanying notes are an integral part of the financial statements.*

***Downtown West Point Development Authority***  
**Statement of Net Assets**  
For the Period Ending December 31, 2011

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 22,737
Non-Current Assets	
Property and Equipment	2,117
Land	59,500
Accumulated Depreciation	< 906>
Total Assets	\$ 83,448
	=====
Liabilities	\$ -----
Total Liabilities	\$ -----
	=====
Net Assets	
Invested in Capital Assets	\$ 60,711
Unrestricted	22,737
Total Net Assets	\$ 83,448
	=====

*The accompanying notes are an integral part of the financial statements.*

***Downtown West Point Development Authority***  
**Statement of Activities**  
For the Period Ending December 31, 2011

Functions/Programs	Program Revenues				Primary Government		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Total	
Primary Government:							
Government Activities							
General Government	\$ 40,451	\$ -----	\$ -----	\$ -----	\$< 40,451>	\$< 40,451>	\$< 61,700>
Total Governmental Activities	\$ 40,451	\$ -----	\$ -----	\$ -----	\$< 40,451>	\$< 40,451>	\$< 61,700>
Total Primary Government	\$ 40,451	\$ -----	\$ -----	\$ -----	\$< 40,451>	\$< 40,451>	\$< 61,700>
General Revenues							
General Purpose Taxes							
Hotel/Motel Tax					\$ -----	\$ -----	\$ 9,796
Property Tax					44,711	44,711	44,754
Investment Earnings					-----	-----	176
Miscellaneous					-----	-----	1,400
Total General Revenues					\$ 44,711	\$ 44,711	\$ 56,126
Change in Net Assets					\$ 4,260	\$ 4,260	\$< 5,574>
Net Assets- Beginning					79,188	79,188	84,762
Net Assets- Ending					\$ 83,448	\$ 83,448	\$ 79,188
					=====	=====	=====

*The accompanying notes are an integral part of the financial statements.*

***Notes to the Basic Financial Statements***

***City of West Point, Georgia***  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

The City of West Point, Georgia (the "City"), which was incorporated in 1828 under the provisions of the State of Georgia, has a population of 3,382 living within an area of 11.7 square miles. 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 City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, housing and urban development, sanitation, recreation, natural gas, electricity, water and sewer, and general administrative services.

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

***1-A. Reporting Entity***

The reporting entity is comprised of the primary government, and component units and other organizations that are included to ensure that the financial statements are not misleading.

The component unit is a legally separate organization for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; the City is obligated for the debt of the organization.

The discretely presented component unit generally is reported only at the government-wide financial reporting level.

The component unit columns included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

The following component units are discretely presented in the reporting entity:

The West Point Development Authority, (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. Although it is legally separate from the City, the Council appoints all of the Authority's board members and provides a substantial portion of the Authority's funding. However, the City does not control the operations of the Authority. The Authority is reported as a component unit in the City's financial statements due to its financial dependence on the City. Separate financial statements are not prepared by the Authority.

The Downtown West Point Development Authority (the "DDA") consists of a board appointed by the governing authority of the City. The DDA promotes the growth of Downtown area. Although it is legally separate from the City, the Council appoints all of the DDA's board members and provides a substantial portion of the DDA's funding. However, the City does not control the operations of the DDA. The DDA is reported as a component unit in the City's financial statements due to its financial dependence on the City. Separate financial statements are not prepared by the DDA.

***1-B. Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

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**Government-wide Financial Statements** – The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The fiduciary funds are reported by type.

**Fund Accounting** – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

**Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

**General Fund** – Major Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

**Capital Project** – Major Fund – These Funds and SPLOST proceeds account for the activities carried out by the City from intergovernmental grants for Infrastructure, construction and land acquisition under terms of certain municipal agreements.

**Special Revenue** – Non-Major Fund – These funds account for the activities carried out by the City from user fees designated for a particular purpose or under terms of certain intergovernmental grants.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise funds.

**Water and Sewer System Fund** – Major Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

**Electric Fund** – Major Fund - This fund is used to account for the operations of the City's electric system.

**Gas Fund** – Major Fund - This fund is used for the operation of the City's natural gas system.

**Sanitation Fund** – Major Fund - This fund is used for the operation of the City's sanitation system.

**1-C. Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses, including depreciation.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types and fiduciary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting on both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

**Revenues – Non-exchange Transactions** – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 4-C). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

**Deferred Revenue** – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as deferred revenue.

**Expenses/Expenditures** – (including Prepaid) On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable. Expenditure recognition for prepaids in governmental funds are recognized during the benefiting periods.

**1-E. Assets, Liabilities and Fund Equity**

**1-E-1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations. Investments are stated at fair value based upon quoted market prices.

**1-E-2. Receivables**

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

**1-E-3. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**1-E-4. Consumable Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.



**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**1-E-5. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of two thousand five hundred dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings and Plant*	40 years	40 – 50 years
Machinery and Equipment	7 – 12 years	7 – 25 years
Vehicles	7 – 25 years	7 – 25 years
Infrastructure	25 – 50 years	25 – 50 years

\*Includes Water and Sewer lines.

**1-E-6. Compensated Absences**

Neither vacation nor sick leave benefits are paid at termination neither does the unused vacation rollover to the subsequent year. Therefore, compensated absences are not accrued.

**1-E-7. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds.

**1-E-8. Bond Premiums, Discounts and Issuance Costs**

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the straight line method.

At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

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**1-E-9. Fund Equity**

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

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement 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 purposes 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or 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 formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **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. Through resolution, the City Council has authorized the City Manager to assign fund balances.
- **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. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balances 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 Assets** – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**1-E-10. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, electric and sanitation programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each program.

**1-E-11. Non-Operating Revenues and Expenses**

Non-operating revenues are those revenues not generated directly from the primary activity of the proprietary funds. For the City, these revenues are interest revenues generated from cash holdings. Non-operating expenses are not considered necessary costs incurred to provide the good or service related to the primary activity of each program. The City’s proprietary non-operating expenses are interest expense incurred on the related debt and amortization of a deferred loss.

**1-E-12. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**1-E-13. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from fund responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

**1-E-14. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**1-E-15. Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

**Note 2 – Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity Balances**

**2-A. Changes in Accounting Principles**

None.

**Note 3 – Stewardship, Compliance and Accountability**

**3-A. Budgetary Information**

The City adopts an annual operating budget for the general fund, each special revenue fund and each enterprise fund. A project budget is adopted for each projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a 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 legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The City Manager may transfer funds from one object or purpose to another within the same department
- 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.

**3-B. Excess of Expenditures Over Appropriations**

The following funds reported expenditures/expenses over appropriations: None.

**Note 4 – Detailed Notes on All Funds**

**4-A. Deposits and Investments**

**Custodial Credit Risk-Deposits** – The bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

The City's deposits are classified as follows at December 31, 2011:

(in thousands of dollars)	Category			Bank Balance	Carrying Amount
	1	2	3		
Primary Government	\$ 8,186	\$ -----	\$ -----	\$ 8,186	\$ 8,071
Component Unit:					
West Point Development Authority	\$ 225	\$ -----	\$ -----	\$ 225	\$ 225
Downtown West Point Development Authority	23	-----	-----	23	23
	\$ 248	\$ -----	\$ -----	\$ 248	\$ 248

**Investments – Primary Government** – Investments of the City are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City's agent in the City's name holds the securities. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the City's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name. The City also participates in the Georgia Fund 1. The participation is minimal and account balance at December 31, 2011 is zero.

(Amounts Expressed in Thousands)	Category			Carrying Amount/ Fair Value
	1	2	3	
Investment Instrument				
Georgia Fund One	\$ -----	\$ -----	\$ -----	\$ -----
City of West Point Certificates of deposit	122	-----	-----	122
Grand Total	\$ 122	\$ -----	\$ -----	\$ 122

**Cash and Cash Equivalents Reconciliation:**

	Primary Government
Fund Reporting Level:	
Governmental Funds – Balance Sheet	\$ 2,778,417
Proprietary Fund Type Statement of Net Assets	5,292,842
Total Carrying Amount	\$ 8,071,259

**4-B. Receivables**

Receivables at December 31, 2011, consisted of taxes, grants, and accounts (billings for user charges).

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

**4-C. Property Taxes**

Normally, property tax levies are set by the City Council in September of each year for collection in the following fiscal year beginning January 1. Troup County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended December 31, 2011, the levy occurred on October 13, 2011. Real and personal property taxes are due December 7, 2011. Property taxes receivable become a lien on January 19, 2012 and are recorded in the General Fund usually in November of each fiscal year.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**4-D. Capital Assets**

Capital asset activity for the year ended December 31, 2011, was as follows:

(in thousands of dollars)	Balance 12/31/10	Additions	Transfers	Balance 12/31/11
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 100	\$ -----	\$ -----	\$ 100
Construction in Progress	1,245.5	1,062	< 116.5>	2,191
Total Non Depreciable Assets	<u>\$1,345.5</u>	<u>\$ 1,062</u>	<u>\$&lt; 116.5&gt;</u>	<u>\$ 2,291</u>
<b>Depreciable Capital Assets:</b>				
Furniture and Fixtures	\$ 305	\$ -----	\$ -----	\$ 305
Buildings and Plant	4,043	-----	-----	4,043
Vehicles, Machinery and Equipment	4,067	121	-----	4,188
Infrastructure	<u>3,957</u>	<u>120</u>	<u>-----</u>	<u>4,077</u>
Total Depreciable Capital Assets	<u>\$ 12,372</u>	<u>\$ 241</u>	<u>\$ -----</u>	<u>\$ 12,613</u>
<b>Accumulated Depreciation</b>				
Furniture and Fixtures	\$ 134	\$ 9	\$ -----	\$ 143
Buildings and Plant	1,458	87	-----	1,545
Vehicles, Machinery and Equipment	1,858.5	256	-----	2,114.5
Infrastructure	<u>1,366</u>	<u>131.5</u>	<u>-----</u>	<u>1,497.5</u>
Total Accumulated Depreciation	<u>\$4,816.5</u>	<u>\$ 483.5</u>	<u>\$ -----</u>	<u>\$ 5,300</u>
Governmental Activities Depreciable Capital Assets, Net	<u>\$7,555.5</u>	<u>\$ 242</u>	<u>\$ -----</u>	<u>\$ 7,313</u>
Total Non and Depreciable Capital Assets	<u>\$ 8,901</u>	<u>\$ 819.5</u>	<u>\$&lt; 116.5&gt;</u>	<u>\$ 9,604</u>
Governmental Activities Depreciation Expense:				
General Government		\$ 154		
Police		80		
Fire		92		
Street and Right of Way		113.5		
Culture and Recreation		32		
Housing and Urban Development		<u>12</u>		
Total Governmental Activities Depreciation Expense		<u>\$ 483.5</u>		
	Balance 12/31/10	Additions	Deductions	Balance 12/31/11
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 53	\$ -----	\$ -----	\$ 53
Construction In Progress	4,988	-----	4,380	608
Total Non-Depreciated Assets	<u>\$ 5,041</u>	<u>\$ -----</u>	<u>\$ 4,380</u>	<u>\$ 661</u>
<b>Depreciable Capital Assets:</b>				
Buildings and Plant	\$ 35,901	\$ 4,619	\$ -----	\$ 40,520
Vehicles, Machinery and Equipment	1,907	81	-----	1,988
Total Depreciable Capital Assets	<u>\$ 37,808</u>	<u>\$ 4,700</u>	<u>\$ -----</u>	<u>\$ 42,508</u>
<b>Accumulated Depreciation</b>				
Buildings and Plant	\$ 6,924	\$ 587	\$ -----	\$ 7,511
Vehicles, Machinery & Equipment	843	68	-----	911
Total Accumulated Depreciation	<u>\$ 7,767</u>	<u>\$ 655</u>	<u>\$ -----</u>	<u>\$ 8,422</u>
Business-Type Activities Depreciable Capital Assets, Net	<u>\$ 30,041</u>	<u>\$ 4,045</u>	<u>\$ -----</u>	<u>\$ 34,086</u>
Total Non and Depreciable Capital Assets	<u>\$ 35,082</u>	<u>\$ 4,045</u>	<u>\$ 4,380</u>	<u>\$ 34,747</u>
<b>Component Unit:</b>				
West Point Development Authority	\$ 790	\$ -----	\$ -----	\$ 790
Downtown West Point Development Authority	61	-----	-----	61
*Current Depreciation	<u>\$ 851</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 851</u>

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**4-E. Interfund Balances and Transfers**

Interfund balances at December 31, 2011, consisted of the following amounts. The inter fund balances are not expected to be paid in one year from the date of the financial statements and have existed for more than one year and the original purpose of the inter fund balances were to finance capital acquisitions in other funds.

Payable To:	Payable From:			
	Water and Sewer Fund	Non-Major Special Revenue Funds	General Fund	Total
General Fund	\$ -----	\$ 3,050	\$ -----	\$ 3,050
Water and Sewer Fund	-----	-----	159,118	159,118
	<u>\$ -----</u>	<u>\$ 3,050</u>	<u>\$ 159,118</u>	<u>\$ 162,168</u>
	=====	=====	=====	=====

Interfund transfers for the year ended December 31, 2011, consisted of the following:

Transfers To:	Transfers From:				Total
	General Fund	Electric Fund	Gas Fund	Capital Projects Fund	
General Fund	\$ -----	\$ 1,171,403	\$ 206,387	\$ -----	\$ 1,377,790
Sanitation Fund	129,959	-----	-----	-----	129,959
Water & Sewer Fund	-----	-----	-----	-----	-----
Total	<u>\$ 129,959</u>	<u>\$ 1,171,403</u>	<u>\$ 206,387</u>	<u>\$ -----</u>	<u>\$ 1,507,749</u>
	=====	=====	=====	=====	=====

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to return money to the fund from which it was originally provided, once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

**4-F. Revenue Bonds Payable**

The City issued Water and Sewer Bond Series Revenue A and B 2001 on June 1, 2001. The Bond Series of 2001 proceeds paid all expenses incident to the issuance of the bonds. The bonds are secured by a first lien on and payable solely from the net revenues of the system and the proceeds were used for water and sewer plant additions.

The City issued Water & Sewer Bond Series 2008 Bonds. The Bond Series of 2008 proceeds paid all expenses incident to the issuance of the Bonds. The Bonds are secured by a first lien on and payable solely from the net revenues of the system and the proceeds were used for water and sewer plant additions.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

The following is a summary of revenue bond transactions of the City for the year ended December 31, 2011.

Name	Interest Rate	Balance Beginning of Year	Additions (Reductions) in Indebtedness	Balance End of Year
*2001 Series A	4.50% to 4.50%	\$ 4,008,979	\$< 57,422>	\$ 3,951,557
**2001 Series B	4.50% to 4.50%	702,095	< 10,119>	691,976
^2011 Series	4.125%	9,441,009	-----~	9,441,009
		\$14,152,083	\$< 67,541>	\$14,084,542
		=====	=====	=====

\*Original issue amount \$4,393,830 - Purpose to Construct Water and Sewer Treatment Plant

\*\*Original issue amount \$ 769,580 - Purpose to Construct Water and Sewer Treatment Plant

^Original issue amount \$9,463,000 - Purpose to Construction Water Pollution Control Plant.

~The City failed to meet the debt service payment for 2011 and the required amount was paid in January 2012.

The annual principal maturities of the debt during the years following 2011 are as follows:

Year	2001 A	2001 B	2011	2001 A Interest	2001 B Interest	2011 Interest
2012	\$ 60,032	\$ 10,134	\$ 117,741	\$ 177,187	\$ 31,445	\$ 792,761
2013	63,668	11,843	113,318	173,548	29,736	374,530
2014	66,324	11,617	117,954	170,889	29,962	369,894
2015	69,173	12,709	122,783	168,043	28,839	365,065
2016	72,591	12,765	127,812	164,625	28,815	360,036
2017 - 2021	415,961	73,184	722,078	770,119	134,716	1,717,162
2022 - 2025	520,697	91,610	882,962	665,383	116,290	1,556,278
2027 - 2030	651,808	114,678	1,079,069	534,272	93,222	1,360,171
2032 - 2035	815,930	143,553	1,321,603	370,150	64,347	1,117,637
2037 - 2040	1,021,377	179,698	1,617,645	164,703	28,202	821,595
2042 - 2045	193,996	30,185	1,980,555	4,017	577	458,685
2047 - 2049	-----	-----	1,237,489	-----	-----	70,081
	\$ 3,951,557	\$ 691,976	\$ 9,441,009	\$ 3,362,936	\$ 586,151	\$ 9,363,895

Interest expense for 2011 amounted to \$210,963 for the above and has been expended within the accompanying financial statements.

#### 4-G. Notes Payable and Capital Leases

**General Obligation Debt** - The City has issued general obligation debt to provide funds for the purchase of a new E-911 equipment, vehicles, fire truck, street loader, and a new fire station. The debt is a direct obligation of the City and is pledged by the full faith and credit of the City. General obligation debt currently outstanding as of December 31, 2011, is as follows:

Name	Interest Rate	Balance Beginning of Year	Additions	(Reductions) in Indebtedness	Balance End of Year	Original Debt Amount
Street Loader	4.46%	\$ 759	\$ -----	\$< 759>	\$ -----	\$ 85,040
Fire Station	*4.00%	-----	461,482	-----	461,482	Not Finalized
E-911 Equip	5.17%	13,482	-----	< 13,482>	-----	145,241
Fire Truck	4.39%	777,092	-----	< 44,225>	732,867	850,000
Police Cars	1.70%	16,722	33,022	< 28,966>	20,778	76,932
P&Z Vehicle	4.50%	2,931	-----	< 2,931>	-----	15,564
Total		\$ 810,986	\$ 494,504	\$< 90,363>	\$ 1,215,127	\$ 1,172,777
		=====	=====	=====	=====	=====

\*Estimated - Unknown at present.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

Annual debt service requirements and interest to maturity are as follows:

USDA Rural Development Loan for a new Fire Station is not finalized; therefore, no amortization schedule is available at present.

Year Ending December 31	Fire Truck		Police Vehicles	
	Principal	Interest	Principal	Interest
2012	\$ 46,205	\$ 31,252	\$ 20,778	\$ 225
2013	48,275	29,182	-----	-----
2014	50,437	27,020	-----	-----
2015	55,057	22,399	-----	-----
2016	57,524	19,934	-----	-----
2017-2021	328,656	72,721	-----	-----
2022-2024	146,713	8,618	-----	-----
Totals	<u>\$ 732,867</u>	<u>\$ 211,126</u>	<u>\$ 20,778</u>	<u>\$ 225</u>

Interest expense on the above amounted to \$34,243 and has been expended within the accompanying financial statements.

**Enterprise Funds** – The following lists of the notes payable of the City as of December 31, 2011 for the Enterprise Funds:

*Georgia Environmental Facilities Authority – Water and Sewerage Fund - \$ 8,456,254*

The loan proceeds are financing Water and Sewer lines and infrastructure for the new industrial park and KIA Motors site. The loan is not finalized and at present no terms are available.

Year Ending	Principal	Interest
2012	\$ 305,165	\$ 343,510
2013	318,010	330,665
2014	331,395	317,280
2015	345,344	303,331
2016	359,880	288,795
2017 - 2021	2,039,773	1,203,602
2022 - 2026	2,506,743	736,632
2027 - 2030	2,249,944	182,587
	<u>\$ 8,456,254</u>	<u>\$ 3,706,402</u>
	=====	=====

**BB&T Bank – Gas Fund**

The loan proceeds are financing gas line replacement. The loan terms are interest is 4.19% and payments are quarterly. The interest paid for 2011 was \$104,038.

Year Ending	Principal	Interest
2012	\$ 129,671	\$ 132,321
2013	135,190	126,802
2014	140,944	121,048
2015	146,943	115,049
2016	153,197	108,795
2017 - 2021	869,525	440,434
2022 - 2026	1,071,008	238,952
2027 - 2029	300,333	29,725
	<u>\$ 2,946,811</u>	<u>\$ 1,313,126</u>
	=====	=====



**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**Changes in Long-term Debt** – Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2011:

Governmental Activities	Outstanding 1/1/2011	Additions	Reductions	Outstanding 12/31/2011	Amounts Due in One Year
General Obligation Debt					
(Street Loader)	\$ 759	\$ -----	\$< 759>	\$ -----	\$ -----
(Fire Station)	-----	461,482	-----	-----	Not Finalized
(E-911 Equipment)	13,482	-----	< 13,482>	-----	-----
(Fire Truck)	777,092	-----	< 44,225>	732,867	46,205
(Police Vehicles)	16,722	33,022	< 28,966>	20,778	20,778
(P&Z Vehicle)	2,931	-----	< 2,931>	-----	-----
<b>Total Governmental Activities</b>	<b>\$ 810,986</b>	<b>\$ 494,504</b>	<b>\$&lt; 90,363&gt;</b>	<b>\$ 1,215,127</b>	<b>\$ 66,983</b>
Business-Type Activities					
Water & Sewer Revenue Bonds					
(Water line extension and plants)	\$14,152,083	\$ -----	\$< 67,541>	\$14,084,542	\$ 187,907
Water Fund - GEFA Loan	8,749,093	-----	< 292,839>	8,456,254	305,165
Gas Fund - Gas Lines	2,625,611	385,242	< 64,042>	2,946,811	129,671
<b>Total Business-Type Activities</b>	<b>\$25,526,787</b>	<b>\$ 385,242</b>	<b>\$&lt; 424,762&gt;</b>	<b>\$25,487,607</b>	<b>\$ 622,743</b>

**Capital Lease Payable**

**Sanitation Fund – Enterprise Fund** – Purchased a new sanitation truck through Georgia Municipal Authority under a Capital Lease. At the end of the lease, the ownership of the Capital Asset will transfer to the City. Original Costs of Asset: \$114,900

Year Ending December 31,	Minimum Lease Payment	Interest
2012	\$ 22,411	\$ 2,655
2013	23,226	1,837
2014	24,016	989
2015	12,366	167
	<b>\$ 82,079*</b>	<b>\$ 5,648</b>

\*represents present value of lease payments.

**Water and Sewerage Fund – Enterprise Fund** – Purchased a new John Deere 35D Compact Mini Excavator through Georgia Municipal Authority under a Capital Lease. At the end of the lease, the ownership of the capital asset will transfer to the City. Original Costs of Asset: \$34,200

Year Ending December 31,	Minimum Lease Payment	Interest
2012	\$ 17,244*	\$ 360

\*represents present value of lease payments.

	Outstanding 1/1/2011	Additions	Reductions	Outstanding 12/31/2011	Amounts Due in One Year
Water & Sewer JD Excavator	\$ -----	\$ 34,200	\$ 16,936	\$ 17,264	\$ 17,264
Sanitation Vehicle	103,704	-----	21,625	82,079	21,411
<b>Total</b>	<b>\$ 103,704</b>	<b>\$ 34,200</b>	<b>\$ 38,561</b>	<b>\$ 99,343</b>	<b>\$ 39,675</b>

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

**4-H. Pensions**

**GMEBS Plan**

**Plan Description-** The City passed an ordinance whereby it adopted a defined benefit pension plan that covers officials and employees with one or more years of service. The plan benefit provisions are established and may be amended under the authority of the City of West Point's Council. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City. The report may be obtained by writing to:

The Segal Company  
2018 Powers Ferry Road, Suite 850  
Atlanta, Georgia 30339

As of June 30, 2011, the date of the most recent actuarial valuation, there were 120 participants consisting of the following:

Retirees and Beneficiaries currently receiving benefits	23
Vested Terminated Employees not yet receiving benefits	11
Active Employees	86
Total	120

**Funding Policy** – City employees contribute 5% of gross salary to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the System using the actuarial basis specified by statute. The current contribution rate is 12.23% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the GMEBS Board of Trustees. The City's contributions to GMEBS for the years ended June 30, 2011, 2010, and August 31, 2009 were \$331,610, \$312,506, and \$283,198 respectively. The required contributions for each year, 2011, 2010, and 2009 were \$331,610, \$312,506, and \$283,198 respectively.

(Amounts Expressed in Thousands)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL/ (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
10/1/2009	\$ 4,350	\$ 6,236	\$ 1,886	69.8%	\$ 2,381	79.2%
7/1/2010	4,770	6,763	1,993	70.5%	2,467	80.8%
7/1/2011	5,098	7,082	1,983	72.0%	2,665	74.4%

  

Schedule of Employer Contributions					
Year Ended	Actual City Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (asset)
9/1/2009	\$ 283	100%	\$ 283	100%	\$ -----
7/1/2010	312	100%	312	100%	-----
7/1/2011	332	100%	332	100%	-----

**Annual Pension Cost** – For December 31, 2011 the City's annual pension cost of \$331,610 for GMEBS was equal to the City's required and actual contribution of \$331,610. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases of 3.00% per year for inflation, and .50% per year for merit or seniority; and (c) 3.5% cost of living adjustment. The actuarial value of GMEBS assets was determined using techniques that smooth the effects of short-term volatility in the market of value of investments over a four-year period. GMEBS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis of 30 years, beginning July 1, 1984. The remaining amortization period at December 31, 2011 was 4 years.

**City of West Point, Georgia**  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return 7.75%, which is the valuation's investment return assumption.

The City' actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended December 31, 2011 is as follows:

Annual required contribution	\$ 319,462
Interest on net pension obligation (asset)	-----
Adjustments to annual required contribution	12,148
Annual pension cost	\$ 331,610
Contributions made	331,610
Increase in net pension obligation	\$ -----
Net pension obligation (asset), beginning of year	-----
Net pension obligation (asset), end of year	\$ -----

The estimated interest adjustment has been calculated by applying a 2.0% rate of return to the beginning of the year balance of the net pension obligation (asset).

**4-I. Equity**

**Net Assets** – Net assets on the government-wide statement of net assets as of December 31, 2011 are as follows:

(Amounts Expressed in Thousands)		
	Governmental Activities	Business-Type Activities
Invested in capital assets, net of related debt:		
Cost of Capital Assets	\$ 14,906	\$ 43,169
Less Accumulated Depreciation	< 5,302>	< 8,422>
Book Value	9,604	34,747
Less Capital Related Debt	< 1,215>	< 25,587>
Invested in capital assets, net of related debt	\$ 8,389	\$ 9,160

**Fund Balances** – At December 31, 2011, fund balance assignments at the fund reporting level are as follows:

	General	Special Revenue	Capital Projects
Assigned for Inventory	\$ 8,677	\$ -----	\$ -----
Assigned for Fire Station Construction	436,183	-----	-----
	\$ 444,860	\$ -----	\$ -----

At December 31, 2011, fund balance restrictions at the fund reporting level are as follows:

	Capital Projects	Special Revenue
Restricted for SPLOST Projects	\$1,104,171	\$ -----
Restricted for Tourism (Deficit)	-----	< 336>
Restricted for Revolving Fund	-----	4,270
Total Reserved Funds:	\$1,104,171	\$ 3,934

**4-J. Compliance with Legal Provisions**

**Grants** – In the year ended December 31, 2011, the City received payments from the State of Georgia as follows:

*Georgia Bureau of Justice* - \$25,261 to fund a safer urban environment.

***City of West Point, Georgia***  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

***Hotel/Motel Lodging Tax*** – During the year ended December 31, 2011, the City levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. The West Point Visitor Center Depot and Museum, Inc. has certified that the \$8,647 of lodging tax received from the City during the year ended December 31, 2011 was used for the promotion of tourism. The City collected \$8,647 in hotel/motel tax for the year ending December 31, 2011 and expended \$8,647 for the same period. The expenditures of hotel/motel tax for December 31, 2011 is 100% of the hotel/motel tax collected for the same period the City owes the West Point Visitor Center Depot and Museum, Inc. \$0 at year end for tourism.

***4-K. Other Required Individual Fund Disclosures***

Deficit fund balances or retained earnings balances of individual funds: None

Special Revenue – Non-major Fund – Hotel/Motel Tax Fund Balance at December 31, 2011 : \$< 336>

***4-L. Segment Information***

The following Enterprise funds have been created to provide various services to the general public:

***Water and Sewer Fund*** – established to account for the operation of the City's water and sewer services.

***Electric Fund*** – established to account for the operation of the City's electric services.

***Gas Fund*** – established to account for the operation of the City's natural gas services.

***Sanitation Fund*** – established to account for the operation of the City's waste collection and disposal services.

The Water and Sewer Fund consists of water and sewer system operations, of which the revenues are pledged against revenue bonds. The Electric Fund consists of electric operations and there are no outstanding revenue bonds. The Gas Fund consists of natural gas operations and there are no outstanding revenue bonds. The Sanitation Fund consists of garbage collection and disposal and there are no outstanding revenue bonds.

Segment information for the Enterprise Funds for the year ended December 31, 2011 is not presented here since it is presented in the basic financial statements.

***4-M. Commitment and Contingencies***

***Agreements with Municipal Electric Authority of Georgia***

During 1976, the City, along with 45 other cities and one county, all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia.

Under the terms of the agreement, the Authority agrees to provide, and the Cities are obligated to purchase, all of the Cities' bulk power supply requirements for a period not to exceed 50 years. The Cities have agreed to purchase all their future power and energy requirements in excess of that received by the Cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each 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 the Authority. 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.

At December 31, 2011, the outstanding debt of the Authority was approximately \$3.91 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$17 million at December 31, 2011.

On January 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

***City of West Point, Georgia***  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

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The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

At December 31, 2011, \$3,289,094 has been placed into the Trust for the benefit of the City, of which \$2,057,192 is available without restriction and \$1,231,902 is subject to restrictions. Of the \$3,289,094 approximately \$2,303,573 has been recognized as revenue for the years ended December 31, 2011 and prior. Due to the restricted nature of the \$1,231,902, the amount is not reported as deferred revenue at December 31, 2011, on the City financial statements.

***Pending Litigation or Overtly Threatened Litigation, Claims, or Assessments***

The City is presently involved in a number of matters involving pending litigation, overtly threatened litigation, claims, or assessments. While the City intends to defend these actions, the ultimate outcome is uncertain at this time. The City's management and legal counsel are of the opinion that any unfavorable outcome would not materially affect the financial statements.

***4-N. Joint Ventures***

Under Georgia Law, the City, in conjunction with other Cities and Counties in the five county west Georgia area, is a member of the Chattahoochee-Flint Regional Development Commission (the "RDC") and is required to pay annual dues thereto.

Membership in an 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 municipality in the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: Chattahoochee-Flint Regional Development Center, P.O. Box 1600, Franklin, Georgia 30217.

***4-O. Related Organization***

The City's Mayor is responsible for appointing all board members of the City of West Point Housing Authority. However, the City has no further accountability for the Authority.

***Note 5 – Other Notes***

***5-A. Closure and Postclosure Care Requirements***

GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", require certain disclosures be reported relating to the closure and postclosure care.

The current estimated cost of postclosure is \$0.

The City owned and operated the city landfill until 1990. The landfill was closed in 1990 in order to meet the State of Georgia Solid Waste Reduction requirements. The solid waste disposal is conducted in the Sanitation Fund.

The estimated costs of postclosure are based on the landfill capacity used to date. The landfill capacity used to date is 100 percent. The estimated remaining landfill life is zero years. The current estimated postclosure costs recognized for the year ending are \$0.

The source of the estimated cost of postclosure care requirements are regulated by the Environmental Protection Division of the Environmental Protection Agency. The nature of the postclosure care requirements consist of well monitoring, laboratory analysis, and inspections. The estimated cost of postclosure varies due to environmental changes and requirements stipulated by the Environmental Protection Division. Requirements for post closure are fulfilled.

The City received postclosure certification from the State of Georgia and is not liable for future postclosure activities.

***City of West Point, Georgia***  
**Notes to the Basic Financial Statements**  
For the year ended December 31, 2011

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***5-B. 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.

***5-C. Contingent Liabilities***

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

***Required Supplementary Information***

**West Point, Georgia**  
Pension Fund  
**Required Supplementary Information (Unaudited)**

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
01/01/99	\$ 1,702,938	\$ 2,527,640	\$ 824,702	67.40%	\$ 1,675,476	49.20%
01/01/00	1,848,419	3,042,354	1,193,935	60.80%	1,686,603	70.80%
01/01/01	2,100,540	3,356,558	1,256,018	62.60%	1,782,523	70.50%
01/01/02	2,393,470	2,383,395	< 10,075>	100.40%	1,835,782	-0.50%
01/01/03	2,590,545	2,363,586	< 226,959>	109.60%	1,851,572	-12.30%
01/01/04	3,187,172	3,141,136	< 46,036>	102.00%	1,868,362	-2.50%
09/01/05	3,219,117	4,347,578	1,128,461	74.00%	1,822,083	61.90%
09/01/06	3,518,422	4,577,545	1,059,123	76.97%	1,969,272	53.80%
09/01/07	3,934,820	5,235,225	1,300,405	75.00%	2,323,657	55.00%
09/01/08	4,286,570	5,639,418	1,352,848	76.00%	2,336,982	57.90%
10/01/09	4,349,928	6,236,349	1,886,421	69.80%	2,381,226	79.20%
07/01/10	4,770,862	6,763,707	1,992,845	70.60%	2,466,902	80.80%
07/01/11	5,098,297	7,081,515	1,983,218	71.99%	2,665,091	74.41%



**City of West Point, Georgia**

General Fund

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Budget and Actual – GAAP Basis**

For The Year Ended December 31, 2011

	Budgeted Amounts		Actual GAAP Basis	Variance Positive <Negative>
	Original	Final		
Revenues				
Tax Revenue	\$ 2,863,901	\$ 2,763,884	\$ 2,763,884	\$ -----
Licenses and Permits	160,500	169,975	169,975	-----
Intergovernmental	150,000	25,261	25,261	-----
Fines and Forfeitures	126,000	247,370	247,370	-----
Charges for Services	183,000	202,248	202,248	-----
Investment Income	500	1,410	1,410	-----
Miscellaneous & Donations	52,500	144,565	144,565	-----
Total Revenues	\$ 3,536,401	\$ 3,544,713	\$ 3,544,713	\$ -----
Expenditures				
Current				
General Government	\$ 870,300	\$ 871,712	\$ 871,712	\$ -----
Public Safety - Police	1,621,816	1,646,091	1,646,091	-----
Public Safety - Fire	1,056,425	1,439,037	1,439,037	-----
Highways and Streets	496,150	529,453	529,453	-----
Culture and Recreation	25,600	35,580	35,580	-----
Housing and Urban Development	225,440	234,031	234,031	-----
Debt Service				
Principal	116,266	76,881	76,881	-----
Interest	78	33,965	33,965	-----
Total Expenditures	\$ 4,412,075	\$ 4,866,750	\$ 4,866,750	\$ -----
Excess of Revenues Over <Under> Expenditures	\$ < 875,674 >	\$ < 1,322,037 >	\$ < 1,322,037 >	\$ -----
Other Financing Sources (Uses)				
Transfers In	\$ 831,674	\$ 1,377,790	\$ 1,377,790	\$ -----
Transfers Out	-----	< 129,959 >	< 129,959 >	-----
Debt Proceeds	44,000	494,504	494,504	-----
Total Other Financing Sources (Uses)	\$ 875,674	\$ 1,742,335	\$ 1,742,335	-----
Net Change in Fund Balance	\$ -----	\$ 420,298	\$ 420,298	\$ -----
Fund Balance - Beginning of Year	\$ -----	\$ 1,341,966	\$ 1,341,966	\$ -----
Fund Balance - End of Year	\$ -----	\$ 1,762,264	\$ 1,762,264	\$ -----

**City of West Point, Georgia**  
**Capital Project Fund**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget (Gaap Basis) and Actual**  
**For The Year Ended December 31, 2011**

	SPLOST PROCEEDS - Troup County		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE <NEGATIVE>
REVENUES			
Intergovernmental	\$ 3,400,000	\$ 546,355	\$< 2,853,645>
Investment Income	-----	799	799
TOTAL REVENUES	\$ 3,400,000	\$ 547,154	\$< 2,852,846>
EXPENDITURES			
Capital Outlay	\$ 3,400,000	\$ 702,743	\$ 2,697,257
TOTAL EXPENDITURES	\$ 3,400,000	\$ 702,743	\$ 2,697,257
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ -----	\$< 155,589>	\$< 155,589>
OTHER FINANCING SOURCES (Uses)			
Transfer In	\$ -----	\$ -----	\$ -----
Transfer Out	-----	-----	-----
TOTAL OTHER FINANCING SOURCES (USES)	\$ -----	\$ -----	\$ -----
Excess of Revenues and Other Sources Over <Under> Expenditures and Other Financing Uses	\$ -----	\$< 155,589>	\$< 155,589>
Fund Balance - Beginning of Year	-----	1,007,936	-----
Fund Balance - End of Year	\$ -----	\$ 852,347	\$ -----
	=====	=====	=====

**City of West Point, Georgia**  
**Capital Project Fund**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget (Gaap Basis) and Actual**  
**For The Year Ended December 31, 2011**

	SPLOST PROCEEDS - Harris County		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE <NEGATIVE>
REVENUES			
Intergovernmental	\$ 375,000	\$ 373,000	\$< 2,000>
Investment Income	-----	-----	-----
TOTAL REVENUES	\$ 375,000	\$ 373,000	\$< 2,000>
EXPENDITURES			
Capital Outlay	\$ 258,750	\$ 4,926	\$ 253,824
TOTAL EXPENDITURES	\$ 258,750	\$ 4,926	\$ 253,824
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ 116,250	\$ 368,074	\$ 251,824
OTHER FINANCING SOURCES (Uses)			
Transfer In	\$ -----	\$ -----	\$ -----
Transfer Out	< 116,250>	< 116,250>	-----
TOTAL OTHER FINANCING SOURCES (USES)	\$< 116,250>	\$< 116,250>	\$ -----
Excess of Revenues and Other Sources Over <Under> Expenditures and Other Financing Uses	\$ -----	\$ 251,824	\$ 251,824
Fund Balance - Beginning of Year	-----	-----	-----
Fund Balance - End of Year	\$ ----- =====	\$ 251,824 =====	\$ 251,824 =====

***Supplementary Information***

**City of West Point, Georgia**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget (Gaap Basis) and Actual**  
**Special Revenue Funds**  
**For the Year Ended December 31, 2011**

	REVOLVING LOAN FUND		EMERGENCY TELEPHONE SYSTEM				HOTEL/MOTEL TAX	
	ORIGINAL & FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE <NEGATIVE>	ORIGINAL & FINAL BUDGET	ACTUAL
REVENUES								
Hotel/Motel Tax	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ 8,647	\$ 8,647
Charges for Services	-----	-----	90,000	96,843	96,843	-----	-----	-----
Governmental	-----	-----	-----	-----	-----	-----	-----	-----
Investment Income (Loss)	4,270	4,270	-----	47	47	-----	-----	-----
TOTAL REVENUES	\$ 4,270	\$ 4,270	\$ 90,000	\$ 96,890	\$ 96,890	\$ -----	\$ 8,647	\$ 8,647
EXPENDITURES								
Current								
Public Service	\$ -----	\$ -----	\$ 35,000	\$ 41,701	\$ 41,701	\$ -----	\$ -----	\$ -----
Culture and Recreation	-----	-----	-----	-----	-----	-----	8,647	8,647
Capital Outlay	-----	-----	25,000	26,825	26,825	-----	-----	-----
Debt Service	-----	-----	30,000	13,760	13,760	-----	-----	-----
TOTAL EXPENDITURES	\$ -----	\$ -----	\$ 90,000	\$ 82,286	\$ 82,286	\$ -----	\$ 8,647	\$ 8,647
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ 4,270	\$ 4,270	\$ -----	\$ 14,604	\$ 14,604	\$ -----	\$ -----	\$ -----
Other Financing Sources <Uses>								
Transfer In	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----
Lease Proceeds	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL OTHER FINANCING SOURCES <USES>	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----	\$ -----
Fund Balance - Beginning of Year	-----	-----	-----	84,194	84,194	-----	< 336>	< 336>
Fund Balance - End of Year	\$ 4,270	\$ 4,270	\$ -----	\$ 98,798	\$ 98,798	\$ -----	\$ < 336>	\$ < 336>
	=====	=====	=====	=====	=====	=====	=====	=====

## ***Governmental Funds***

***City of West Point, Georgia***  
**General Fund**  
**Schedule of Tax Revenues Compared to Budget**  
**For the Year Ended December 31, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE <NEGATIVE>
Sales	\$ 710,000	\$ 648,099	\$ 648,099	\$ -----
City	1,076,000	1,164,804	1,164,804	-----
Ad Valorem	45,000	48,073	48,073	-----
Intangible	10,000	11,011	11,011	-----
Insurance Premium	185,000	162,945	162,945	-----
Malt Beverage and Liquor	212,000	239,097	239,097	-----
Gross Receipts Tax	625,901	479,855	479,855	-----
Total Tax Revenues	\$ 2,863,901 =====	\$ 2,753,884 =====	\$ 2,753,884 =====	\$ ----- =====

**City of West Point, Georgia**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended December 31, 2011**

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE <NEGATIVE>
General Government			
Personnel Services	\$ 322,279	\$ 322,279	\$ -----
Supplies and Materials	22,073	22,073	-----
Other Services and Charges	498,926	498,926	-----
Capital Outlay	28,434	28,434	-----
Total General Government	<u>\$ 871,712</u>	<u>\$ 871,712</u>	<u>\$ -----</u>
Public Safety			
Police Department			
Personnel Services	\$ 1,223,533	\$ 1,223,533	\$ -----
Supplies and Materials	49,663	49,663	-----
Other Services and Charges	325,441	325,441	-----
Debt Service	29,649	29,649	-----
Capital Outlay	47,454	47,454	-----
Total Police Department	<u>\$ 1,675,740</u>	<u>\$ 1,675,740</u>	<u>\$ -----</u>
Fire Department			
Personnel Services	\$ 959,003	\$ 959,003	\$ -----
Supplies and Materials	25,519	25,519	-----
Other Services and Charges	170,747	170,747	-----
Debt Service	77,424	77,424	-----
Capital Outlay	283,768	283,768	-----
Total Fire Department	<u>\$ 1,516,461</u>	<u>\$ 1,516,461</u>	<u>\$ -----</u>
Total Public Safety	<u>\$ 3,192,201</u>	<u>\$ 3,192,201</u>	<u>\$ -----</u>
Public Works			
Highways and Streets			
Personnel Services	\$ 244,909	\$ 244,909	\$ -----
Supplies and Materials	18,796	18,796	-----
Other Services and Charges	173,466	173,466	-----
Debt Service	823	823	-----
Capital Outlay	92,282	92,282	-----
Total Public Works	<u>\$ 530,276</u>	<u>\$ 530,276</u>	<u>\$ -----</u>
Culture and Recreation Study Center			
Supplies and Materials	\$ 607	\$ 607	\$ -----
Other Services and Charges	34,973	34,973	-----
Total Culture and Recreation Study Center	<u>\$ 35,580</u>	<u>\$ 35,580</u>	<u>\$ -----</u>
Housing and Urban Development			
Planning and Zoning			
Personnel Services	\$ 170,804	\$ 170,804	\$ -----
Supplies and Materials	12,344	12,344	-----
Other Services and Charges	50,883	50,883	-----
Debt Service	2,950	2,950	-----
Capital Outlay	-----	-----	-----
Total Housing and Urban Development	<u>\$ 236,981</u>	<u>\$ 236,981</u>	<u>\$ -----</u>
Total General Fund	<u>\$ 4,866,750</u>	<u>\$ 4,866,750</u>	<u>\$ -----</u>



***City of West Point, Georgia***  
General Fund  
**Statement of Revenues and Expenditures**  
Administrative Department  
For the Year Ended December 31, 2011

	<u>2011</u>
EXPENDITURES:	
Personnel Services	\$ 209,391
Employee Benefits	112,888
Professional Services	97,161
Repairs and Maintenance	32,320
Insurance	52,092
Training and Education	26,255
Donations - Health and Welfare	10,569
Public Property Expenditure	48,850
Library Contribution	26,697
Supplies	22,073
Postage	3,409
Telephone	14,123
Utilities	26,906
Miscellaneous	29,444
Fuel and Oil	3,313
Economic Development Expenditure	106,978
Advertisement	6,195
Election Expenditure	14,614
Chattahoochee River Improvements	<u>28,434</u>
Total Administrative Expenditures	\$ 871,712 =====

***City of West Point, Georgia***  
**General Fund**  
**Statement of Revenues and Expenditures**  
**Police Department**  
**For the Year Ended December 31, 2011**

	2011
<b>REVENUES:</b>	
Fines and Forfeitures	\$ 236,590
Seizures	10,780
Miscellaneous	7,764
Total Revenues	\$ 255,134
<b>EXPENDITURES:</b>	
Personnel Services	\$ 988,517
Employee Benefits	235,016
Professional Services	18,676
Repairs and Maintenance	59,989
Insurance	56,071
Training and Education	21,045
Dog Control	10,973
Recruitment	20,957
Supplies	49,663
Fuel	49,014
Telephone	37,127
Uniforms	16,825
Utilities	20,670
Capital Outlay	47,454
Debt Service	29,649
Miscellaneous	14,094
Total Police Department Expenditures	\$ 1,675,740
EXPENDITURES OVER REVENUES	\$ <1,420,606>

**City of West Point, Georgia**  
General Fund  
**Statement of Revenues and Expenditures**  
Fire Department  
For the Year Ended December 31, 2011

	<u>2011</u>
REVENUES:	
Ambulance Calls	\$ 137,448
Fire - Miscellaneous	31,146
Intergovernmental	<u>25,261</u>
Total Revenues	<u>\$ 193,855</u>
EXPENDITURES:	
Personnel Services	\$ 757,334
Employee Benefits	201,669
Professional Services	1,108
Repairs and Maintenance	31,692
Insurance	61,416
Training and Education	8,103
EMS Billing	7,936
Supplies	25,519
Fuel	17,798
Telephone	4,003
Utilities	4,845
Capital Outlay	283,768
Debt Service	77,424
Miscellaneous	13,069
Uniforms and Gear	<u>20,777</u>
Total Fire Department Expenditures	<u>\$ 1,516,461</u>
EXPENDITURES OVER REVENUES	<u>\$ &lt;1,322,606&gt;</u> =====

***City of West Point, Georgia***  
General Fund  
**Statement of Revenues and Expenditures**  
Street Department  
For the Year Ended December 31, 2011

	<u>2011</u>
REVENUES:	
Miscellaneous	\$ 22,493
EXPENDITURES:	
Personnel Services	\$ 156,414
Employee Benefits	88,495
Repairs and Maintenance	68,774
Insurance	35,435
Supplies	18,796
Fuel	28,513
Telephone	3,030
Uniforms	4,074
Utilities	5,046
Capital Outlay	92,282
Debt Service	823
Miscellaneous	<u>28,594</u>
Total Street Department Expenditures	\$ 530,276
EXPENDITURES OVER REVENUES	\$< 507,783> =====

***City of West Point, Georgia***  
**General Fund**  
**Statement of Revenues and Expenditures**  
**Study Center**  
**For the Year Ended December 31, 2011**

	2011
REVENUES:	\$ 1,950
EXPENDITURES:	
Repairs and Maintenance	\$ 11,255
Insurance	2,128
Supplies	607
Telephone	3,485
Utilities	18,105
Miscellaneous	-----
Total Study Center Expenditures	\$ 35,580
EXPENDITURES OVER REVENUES	\$< 33,630>

***City of West Point, Georgia***  
**General Fund**  
**Statement of Revenues and Expenditures**  
**Planning and Zoning**  
**For the Year Ended December 31, 2011**

	<u>2011</u>
REVENUES:	
Zoning and Annexations	\$ 7,505
Land Disturbing Permits	1,555
Land Development Plan Reviews	2,140
Building Permits	<u>39,328</u>
Total Revenues	<u>\$ 50,528</u>
EXPENDITURES:	
Personnel Services	\$ 145,039
Employee Benefits	25,765
Professional Services	19,302
Repairs and Maintenance	2,248
Insurance	16,817
Telephone	3,804
Supplies	12,344
Capital Outlay	-----
Debt Service	2,950
Miscellaneous	<u>8,712</u>
Total Planning and Zoning Expenditures	<u>\$ 236,981</u>
EXPENDITURES OVER REVENUES	\$< 186,453> =====

**City of West Point, Georgia**  
**Combining Balance Sheet**  
Special Revenue Funds – Non-Major  
For the Year Ended December 31, 2011

	REVOLVING LOAN FUND	EMERGENCY TELEPHONE SYSTEM	HOTEL/ MOTEL TAX	2011
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 74,270	\$ 78,029	\$ -----	\$ 152,299
Receivables				
Accounts	397,810	23,819	-----	421,629
Due from Other Funds	-----	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 472,080</b>	<b>\$ 101,848</b>	<b>\$ -----</b>	<b>\$ 573,928</b>
	=====	=====	=====	=====
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -----	\$ -----	\$ 336	\$ 336
Due to other Funds	-----	3,050	-----	3,050
Due to Rural Development	467,810	-----	-----	467,810
<b>Total Liabilities</b>	<b>\$ 467,810</b>	<b>\$ 3,050</b>	<b>\$ 336</b>	<b>\$ 471,196</b>
<b>Fund Balance</b>				
Unreserved	\$ -----	\$ 98,798	\$ -----	\$ 98,798
Reserved - Assigned	4,270	-----	< 336 >	3,934
<b>Total Fund Balance</b>	<b>\$ 4,270</b>	<b>\$ 98,798</b>	<b>\$ &lt; 336 &gt;</b>	<b>\$ 102,732</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 472,080</b>	<b>\$ 101,848</b>	<b>\$ -----</b>	<b>\$ 573,928</b>
	=====	=====	=====	=====

**City of West Point, Georgia**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Year Ended December 31, 2011**

	REVOLVING LOAN FUND	EMERGENCY TELEPHONE SYSTEM	HOTEL/MOTEL TAX	Total 2011
REVENUES				
Hotel/Motel Tax	\$ -----	\$ -----	\$ 8,647	\$ 8,647
Charges for Services	-----	96,843	-----	96,843
Intergovernmental	-----	-----	-----	-----
Investment Income (Loss)	4,270	47	-----	4,317
Contributions	-----	-----	-----	-----
TOTAL REVENUES	\$ 4,270	\$ 96,890	\$ 8,647	\$ 109,807
EXPENDITURES				
Current				
Public Services	\$ -----	\$ 41,701	\$ -----	\$ 41,701
Culture and Recreation	-----	-----	8,647	8,647
Intergovernmental	-----	-----	-----	-----
Capital Outlay	-----	26,825	-----	26,825
Debt Service	-----	13,760	-----	13,760
TOTAL EXPENDITURES	\$ -----	\$ 82,286	\$ 8,647	\$ 90,933
Excess of Revenues Over <Under> Expenditures	\$ -----	\$ 14,604	\$ -----	\$ 18,874
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -----	\$ -----	\$ -----	\$ -----
Lease Proceeds	-----	-----	-----	-----
TOTAL OTHER FINANCING SOURCES (USES)	\$ -----	\$ -----	\$ -----	\$ -----
Excess of Revenues and Other Sources Over <Under> Expenditures and Other Financing Uses	\$ 4,270	\$ 14,604	\$ -----	\$ 18,874
Fund Balance - Beginning of Year	-----	84,194	< 336>	83,858
Fund Balance - End of Year	\$ 4,270	\$ 98,798	\$< 336>	\$ 102,732
	=====	=====	=====	=====



**City of West Point, Georgia**  
**Capital Projects Fund**  
**Balance Sheet**  
For the Year Ended December 31, 2011

	SPLOST Proceeds <u>Harris County</u>
ASSETS	
Cash and Cash Equivalents	
Receivables	\$ 251,824
Accounts	
Intergovernmental	-----
	-----
TOTAL ASSETS	\$ 251,824
	=====
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	
Due to other Funds	\$ -----
	-----
Total Liabilities	\$ -----
	-----
Fund Balance	
Reserved Assigned - Capital Projects	
Unreserved	\$ 251,824
	-----
Total Fund Balance	\$ 251,824
	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 251,824
	=====

***City of West Point, Georgia***  
**Capital Projects Fund**  
**Balance Sheet**  
For the Year Ended December 31, 2011

	SPLOST Proceeds <u>Troup County</u>
ASSETS	
Cash and Cash Equivalents	\$ 757,399
Receivables	
Accounts	-----
Intergovernmental	<u>94,948</u>
TOTAL ASSETS	\$ 852,347
	=====
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ -----
Due to other Funds	<u>-----</u>
Total Liabilities	\$ -----
Fund Balance	
Reserved Assigned - Capital Projects	\$ 852,347
Unreserved	-----
Total Fund Balance	<u>\$ 852,347</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 852,347
	=====

***City of West Point, Georgia***  
**Capital Assets Used in the**  
**Operation of Governmental Funds**  
Comparative Schedules by Source  
For the Year Ended December 31, 2011 and 2010

	2011	2010
General Fixed Assets		
Land and Land Improvements	\$ 167,027	\$ 140,759
Buildings	4,042,991	4,042,991
Furniture and Fixtures	304,611	304,611
Vehicles, Machinery and Equipment	4,188,888	4,067,650
Infrastructure	3,858,820	3,804,375
Construction in Progress	<u>2,342,881</u>	<u>1,358,400</u>
Total General Fixed Assets	\$14,905,218	\$13,718,786
	=====	=====
Investment in General Fixed Assets From:		
General Fund Revenues	\$10,842,267	\$10,363,507
Special Revenue Funds and Capital Projects Fund	<u>4,062,951</u>	<u>3,355,279</u>
Total Investment in General Fixed Assets	\$14,905,218	\$13,718,786
	=====	=====

**City of West Point, Georgia**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes in General Fixed**  
**Assets by Function and Activity**  
**For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
General Government	\$ 1,961,458	\$ 28,434	\$ -----	\$ 1,989,892
Public Safety				
Police Protection	1,077,454	74,279	-----	1,151,733
Fire Protection	1,989,669	283,768	-----	2,273,437
Highways and Streets	4,516,816	92,282	-----	4,609,098
Culture and Recreation	3,177,993	-----	-----	3,177,993
Cemetery	175,051	-----	-----	175,051
Planning and Zoning	55,435	-----	-----	55,435
SPLOST CIP	764,910	707,669	-----	1,472,579
	<u>\$13,718,786</u>	<u>\$1,186,432</u>	<u>\$ -----</u>	<u>\$14,905,218</u>
	=====	=====	=====	=====

## ***Proprietary Funds***

***City of West Point, Georgia***  
**Water and Sewer Fund**  
**Comparative Statements of Net Assets**  
**For the Year Ended December 31, 2011 and 2010**

	2011	2010
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,708,710	\$ 1,627,193
Accounts Receivable		
Utility	723,236	523,461
Interfund	159,118	-----
Inventory	59,515	37,414
Prepaid Insurance	12,887	3,517
Total Current Assets	<u>\$ 2,663,466</u>	<u>\$ 2,191,585</u>
Restricted Assets		
Restricted Cash	\$ 714,845	\$ 117,534
Investments	122,100	122,100
Total Restricted Assets	<u>\$ 836,945</u>	<u>\$ 239,634</u>
Capital Assets - Net	<u>\$ 30,722,661</u>	<u>\$ 31,211,901</u>
Total Assets	<u>\$ 34,223,072</u>	<u>\$ 33,643,120</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts Payable	\$ 46,098	\$ 21,874
Accrued Liabilities	10,432	-----
Interfund	-----	72,725
Total Current Liabilities	<u>\$ 56,530</u>	<u>\$ 94,599</u>
Liabilities Payable from Restricted Assets		
Capital Lease - Current	\$ 17,264	\$ -----
Revenue Bonds - Current	112,711	88,102
Notes Payable - Current	305,165	292,839
Total Liabilities Payable from Restricted Assets	<u>\$ 435,140</u>	<u>\$ 381,644</u>
Long-Term Liabilities		
Revenue Bonds - Long-Term	\$ 13,971,827	\$ 14,063,981
Notes Payable - Long-Term	8,151,090	8,456,254
Customer Deposits	24,556	23,748
Total Long-Term Liabilities	<u>\$ 22,147,473</u>	<u>\$ 21,935,066</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 8,164,604	\$ 8,310,725
Reserved for Debt Service	733,340	239,634
Restricted for Capital Assets	103,605	-----
Unrestricted	2,582,380	2,073,238
Total Net Assets	<u>\$ 11,583,929</u>	<u>\$ 10,623,597</u>
	=====	=====

***City of West Point, Georgia***  
**Water and Sewer Fund**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Fund Net Assets**  
For the Year Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Water System	\$ 1,810,667	\$ 1,565,102
Sewer System	1,565,900	1,216,756
Sewer Capacity Fees	1,000	-----
Other	2,563	18,612
	<u>3,380,130</u>	<u>2,800,470</u>
Total Operating Revenues	\$ 3,380,130	\$ 2,800,470
Operating Expenses		
Personnel Services and Benefits	\$ 475,904	\$ 439,456
Supplies	179,188	257,893
Repairs and Maintenance	179,959	174,912
Professional/Technical Services	50,619	86,261
Utilities	345,871	288,198
Other Operating	193,942	304,695
Depreciation	545,036	244,026
	<u>1,970,519</u>	<u>1,795,441</u>
Total Operating Expenses	\$ 1,970,519	\$ 1,795,441
Operating Income	\$ 1,409,611	\$ 1,005,029
Non-Operating Revenues (Expenses)		
Investment Income	\$ 1,998	\$ 1,575
Interest Expense	< 567,527>	< 670,530>
	<u>\$&lt; 565,529&gt;</u>	<u>\$&lt; 668,955&gt;</u>
Total Non-Operating Revenues (Expenses)	\$< 565,529>	\$< 668,955>
Net Income <Loss> before Capital Contributions And Operating Transfers	\$ 844,082	\$ 336,074
Capital Contributions	116,250	2,759,292
Transfers In	-----	165,712
Change in Net Assets	\$ 960,332	\$ 3,261,078
Net Assets - Beginning of Year	<u>10,623,597</u>	<u>7,362,519</u>
Net Assets - End of Year	\$11,583,929 =====	\$10,623,597 =====

***City of West Point, Georgia***  
**Electric Fund**  
**Comparative Statements of Net Assets**  
For the Year Ended December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,057,192	\$ 2,184,668
Receivables		
Accounts	563,265	520,117
Inventory	215,528	189,944
Pre-Paid Insurance	-----	2,192
Total Current Assets	<u>\$ 2,835,985</u>	<u>\$ 2,896,921</u>
Capital Assets - Net	<u>\$ 751,300</u>	<u>\$ 753,420</u>
Total Assets	<u>\$ 3,587,285</u>	<u>\$ 3,650,341</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 29,980	\$ 25,677
Accrued Liabilities	<u>2,238</u>	<u>5,658</u>
Total Current Liabilities	<u>\$ 32,218</u>	<u>\$ 31,335</u>
Long-Term Liabilities	<u>\$ 60,337</u>	<u>\$ 59,383</u>
Total Liabilities	<u>\$ 92,555</u>	<u>\$ 90,718</u>
Net Assets	=====	=====
Invested in Capital Assets, Net of Related Debt	\$ 751,300	\$ 753,420
Unrestricted	<u>2,743,430</u>	<u>2,806,203</u>
Total Net Assets	<u>\$ 3,494,730</u>	<u>\$ 3,559,623</u>
	=====	=====



***City of West Point, Georgia***  
**Electric Fund**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Fund Net Assets**  
For the Year Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Electricity Sales	\$ 5,594,332	\$ 5,331,291
Other	110,531	900
MEAG Trust	<u>122,524</u>	<u>443,747</u>
Total Operating Revenues	<u>\$ 5,827,387</u>	<u>\$ 5,775,038</u>
Operating Expenses		
Personnel Services and Benefits	\$ 597,712	\$ 576,217
Electric System Supplies	251,724	235,011
Repairs and Maintenance	57,428	82,433
Electric Purchases	3,638,808	3,394,120
System Improvements	4,260	618
Depreciation	39,412	37,327
Insurance	26,348	26,739
Other Operating	<u>105,185</u>	<u>68,610</u>
Total Operating Expenses	<u>\$ 4,720,877</u>	<u>\$ 4,421,075</u>
Operating Income	<u>\$ 1,106,510</u>	<u>\$ 1,353,963</u>
Transfers Out	<u>\$ &lt;1,171,403&gt;</u>	<u>\$ &lt;1,036,400&gt;</u>
Change in Net Assets	\$ < 64,893>	\$ 317,563
Net Assets - Beginning of Year	<u>3,559,623</u>	<u>3,242,060</u>
Net Assets - End of Year	<u>\$ 3,494,730</u> =====	<u>\$ 3,559,623</u> =====

***City of West Point, Georgia***  
**Gas Fund**  
**Comparative Statements of Net Assets**  
For the Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 811,995	\$ 577,239
Receivables		
Accounts	497,586	564,028
Other	-----	1,603
Inventory	151,846	192,028
Prepaid Items	<u>2,934</u>	<u>2,934</u>
Total Current Assets	<u>\$ 1,464,361</u>	<u>\$ 1,337,832</u>
Capital Assets - Net	<u>\$ 2,906,249</u>	<u>\$ 2,720,665</u>
Total Assets	<u>\$ 4,370,610</u>	<u>\$ 4,058,497</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 90,190	\$ 260,538
Accrued Liabilities	3,621	4,196
Note Payable - Current	129,671	-----
Capital Leases Payable - Current	<u>-----</u>	<u>4,465</u>
Total Current Liabilities	<u>\$ 223,482</u>	<u>\$ 269,199</u>
Long-Term Liabilities		
Notes Payable	\$ 2,817,140	\$ 2,625,611
Customer Deposits	<u>34,828</u>	<u>33,456</u>
Total Long-Term Liabilities	<u>\$ 2,851,968</u>	<u>\$ 2,659,067</u>
Total Liabilities	<u>\$ 3,075,450</u>	<u>\$ 2,928,266</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$< 40,562>	\$ 90,589
Unrestricted	<u>1,335,722</u>	<u>1,039,642</u>
Total Net Assets	<u>\$ 1,295,160</u> =====	<u>\$ 1,130,231</u> =====

***City of West Point, Georgia***  
**Gas Fund**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Fund Net Assets**  
For the Year Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Gas Sales	\$ 1,556,404	\$ 2,282,041
Other	<u>12,968</u>	<u>-----</u>
Total Operating Revenues	<u>\$ 1,569,372</u>	<u>\$ 2,282,041</u>
Operating Expenses		
Personnel Services and Benefits	\$ 112,246	\$ 160,164
Repairs and Maintenance	27,394	21,419
Gas Purchases	750,589	1,145,267
Insurance	19,482	15,934
Supplies	84,268	51,763
Other Operating	58,443	37,782
System Improvements	1,118	-----
Depreciation	<u>40,478</u>	<u>37,449</u>
Total Operating Expenses	<u>\$ 1,094,018</u>	<u>\$ 1,469,778</u>
Operating Income	\$ 475,354	\$ 812,263
Non-Operating Revenues (Expenses)		
Interest Expense	< 104,038>	< 104,339>
Transfers In/<Out>	<u>&lt; 206,387&gt;</u>	<u>&lt; 156,384&gt;</u>
Change in Net Assets	\$ 164,929	\$ 551,540
Net Assets - Beginning of Year	<u>1,130,231</u>	<u>578,691</u>
Net Assets - End of Year	<u>\$ 1,295,160</u> =====	<u>\$ 1,130,231</u> =====

**City of West Point, Georgia**  
**Sanitation Fund**  
**Comparative Statements of Net Assets**  
For the Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Receivables		
Accounts		
Other	\$ 26,675	\$ 23,108
	<u>12</u>	<u>12</u>
Total Current Assets	\$ 26,687	\$ 23,120
Capital Assets - Net	\$ 366,925	\$ 396,840
Total Assets	\$ 393,612	\$ 419,960
	=====	=====
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 13,794	\$ 3,127
Accrued Liabilities	7,661	1,847
Current Portion of Lease Payable	<u>22,411</u>	<u>21,622</u>
Total Current Liabilities	\$ 43,866	\$ 26,596
Long-Term Liabilities		
Non-Current Portion of Lease Payable	\$ 59,671	\$ 82,082
Total Long-Term Liabilities	\$ 59,671	\$ 82,082
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 284,843	\$ 293,136
Unrestricted	<u>5,232</u>	<u>18,146</u>
Total Net Assets	\$ 290,075	\$ 311,282
	=====	=====

***City of West Point, Georgia***  
**Sanitation Fund**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Garbage Fees	\$ 333,136	\$ 324,305
Total Operating Revenues	<u>\$ 333,136</u>	<u>\$ 324,305</u>
Operating Expenses		
Personnel Services and Benefits	\$ 286,872	\$ 271,544
Repairs and Maintenance	28,632	33,588
Insurance	37,285	39,526
Landfill Fees	39,176	35,099
Supplies	39,569	41,443
Other Operating	8,431	14,187
Depreciation	29,915	36,207
Recycling and Grinding	<u>10,978</u>	<u>13,394</u>
Total Operating Expenses	<u>\$ 480,858</u>	<u>\$ 484,988</u>
Operating Income <Loss>	\$< 147,722>	\$< 160,683>
Non-Operating Revenues <Expenses>		
Interest Expense	< 3,444>	< 1,337>
Transfers In	<u>129,959</u>	<u>140,662</u>
Change in Net Assets	\$< 21,207>	\$< 21,358>
Net Assets - Beginning of Year	<u>311,282</u>	<u>332,640</u>
Net Assets - End of Year	<u>\$ 290,075</u> =====	<u>\$ 311,282</u> =====

## ***SPLOST Reporting Schedule***

**City of West Point, Georgia**  
**Schedule of Projects Constructed**  
**with Special Sales Tax Proceeds**  
**For the Year Ended December 31, 2011**

PROJECT - Troup County	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
		PRIOR YEARS	CURRENT YEAR		
Green Space	\$ 125,000	\$ 258,509	\$ -----	\$ 258,509	100.0%
Public Safety Facilities and Equipment	1,150,000	316,273	534,264	850,537	74.0%
Roads and Streets	125,000	75,788	10,912	86,700	70.0%
Sewer (Waste Water Collection and Treatment)	2,000,000	701,232	157,567	858,799	43.0%
Total	\$3,400,000	\$1,351,802	\$ 702,743	\$2,054,545	
	=====	=====	=====	=====	

PROJECT - Harris County	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
		PRIOR YEARS	CURRENT YEAR		
Recreation	\$ 256,750	\$ -----	\$ 4,926	\$ 4,926	2.0%
Water and Sewer					
(Water Pollution Control and Treatment)	500,000	116,250	12,645*	128,895	35.1%
Total	\$ 756,750	\$ 116,250	\$ 17,571	\$ 133,821	
	=====	=====	=====	=====	

\*The amount received for the Water and Sewer Project for 2011 was \$116,250 from Harris County SPLOST and the entire amount was transferred to Water and Sewerage Fund as a Capital Contribution.

J. Robyn Underwood  
Certified Public Accountant  
302-A Taylor Street  
Barnesville, Georgia 30204

Member:

American Institute of  
Certified Public Accountants

Phone: (770)358-3737  
Fax: (770) 358 - 3787

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

Gentlemen:

We have concluded our examination of the financial statements of the City of West Point, Georgia for the year ended December 31, 2011. As we noted in our engagement letter, our firm believes that an auditor's responsibilities should include recommendations to the entity being audited for needed improvements to the financial and managerial systems. This letter includes the major observations and recommendations that we felt should be brought to your attention.

Budgetary Control:

The budgetary process is an important element of proper control and financial planning and can be further refined by estimating revenues from taxes, police fines, utility service charges, and interest income. Many non-profit organizations (and for profits) find it helpful to monitor the budgetary process in order to achieve better control of cash flow and expenditures. The budget should be prepared and approved before the beginning of a new fiscal year. The budget may be amended as necessary for various changes during the year. We suggest the budget be reviewed periodically to determine if the budgeted line items have been properly utilized. We also suggest the budget amendments be made on a monthly/quarterly basis as the City Councilman and management encounter various financial changes.

Financial Records:

We found the financial records to be in good order. We did, however, make the appropriate year end adjustments.

The City's management is to be commended for meeting all financial obligations and liabilities without any loans for normal operations.

The Financial status of the various funds is as follows: the General Fund increased \$420,298 due to an increase in transfers from the Utility Funds. The construction of the new fire station is well underway. Enterprise funds had a combined surplus of \$1,039,161 after operating transfers to the General Fund of \$1,247,831. The water and sewer revenues continue to increase upon completion of the pollution control plant and water line installations. We commend the City on the financial decisions made to improve the quality of its residents well being and the financial status of the City.

We certainly appreciate the cooperation and promptness extended by Mr. Moon, Richard, Virginia, Erica and the other staff members during our engagement. We also appreciate the more than adequate working facilities provided to us. We will be available to discuss the matters reported and to answer any questions you may have on these items.

Sincerely,



J. Robyn Underwood, CPA, P.C.  
March 21, 2012