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**YAZOO CITY, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2014**

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**Bridgers & Goodman, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**

YAZOO CITY, MISSISSIPPI

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**YAZOO CITY, MISSISSIPPI**

**FINANCIAL SECTION**



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Yazoo  
Yazoo City, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Service Commission, a component unit, which represents 100 percent, of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Basis for Qualified Opinion on Governmental Activities**

The City has not maintained adequate subsidiary records documenting the existence, completeness and valuation of the Governmental Activities capital assets reported on the Statement of Net Position at \$6,614,666 as of September 30, 2014. Also, management has not maintained accurate depreciation schedules. Accounting principles generally accepted in the United States of America require that those governmental activities' capital assets be properly valued and depreciated, which would increase or decrease the capital assets reported and increase or decrease the expense of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities financial statements is not reasonably determinable. Accordingly, we were unable to satisfy ourselves as to the fair presentation of these capital assets and related transactions of the governmental activities.

#### **Qualified Opinion**

In our opinion, except for the effects of the matters discussed in the "Basis for Qualified Opinion on Governmental Activities" paragraph above, the effects of inadequate subsidiary capital asset records, the financial statements referred to previously, present fairly, in all material respects, the respective financial position of the governmental activities Statement of Net Position.

#### **Unmodified Opinions**

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, the major government funds General Fund, Debt & Debt Service, and Capital Project, and the aggregate remaining fund information of Yazoo City, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

#### **Other Matters**

##### *Required Supplementary Information*

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

## Other Information

The Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections – 2013 Tax Rolls, Schedule of Long Term Debt, and Computation of Legal Debt Margin have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015, on our consideration of Yazoo City, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Yazoo City, Mississippi's internal control over financial reporting and compliance.

*Bridgers & Goodman, PLLC*  
Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

September 1, 2015

**YAZOO CITY, MISSISSIPPI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YAZOO CITY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2014**

Our discussion and analysis of Yazoo City's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets of Yazoo City exceeded its liabilities at the close of the most recent fiscal year by \$8,938,382 (net position). Of this amount \$1,822,163 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The remaining net position of the City include: \$1,543,616 invested in capital assets, net of related debt; and \$5,572,603 restricted (for capital improvements, debt service and other).
- Total assets decreased \$170,964 from 2013.
- Total liabilities decreased \$469,045 or 6.86% from 2013. The decrease is primarily due to the decrease in Long-Term liabilities of \$538,666.
- The City's total net position increased \$298,081 from 2013.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Yazoo City, Mississippi's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information in addition to the basic financial statements themselves.

**1) Government-wide Financial Statements.** The government-wide financial statements, presented on pages 13 and 14 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing the City's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, highways and streets, culture and recreation, economic development, cemetery and debt service.

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**2) Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

- (1) Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Yazoo City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt & Debt Service Fund and the Capital Project Fund which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 15 through 18.

Yazoo City adopts an annual budget. A budgetary comparison schedule has been provided for the General Fund, Debt & Debt Service Fund and Capital Project Fund to demonstrate compliance with their respective budget.

- (2) Proprietary Funds. The City maintains one type of proprietary fund - an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for solid waste operations. The fund is financed primarily through user fees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 19 through 21.

- (3) Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 7 fiduciary funds consisting of the police and fire pension fund, city separate school district tax clearing fund, payroll clearing fund, accounts payable clearing, unemployment tax reserve, cemetery trust and crump school trust fund. The combined fiduciary financial statement of assets and liabilities can be found on page 22.

**3) Notes to the Financial Statements.** The notes, presented on pages 23 through 40, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**4) Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Yazoo City's budgetary control on pages 41 through 45.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of Yazoo City exceeded its liabilities by \$8,938,382.

One of the largest portions of Yazoo City's net position, \$1,543,616 (17%) reflects its accumulation of funds to invest in capital assets (land, buildings, machinery and equipment, etc.). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

(Table 1)  
Net Position

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2014	2013	2014	2013	2014	2013		
Current and other assets	\$ 6,859,230	\$ 6,947,435	\$ 741,230	\$ 561,485	\$ 7,600,460	\$ 7,508,920	\$ 91,540	1.22%
Capital assets, net	6,614,666	6,787,585	1,092,383	1,181,968	7,707,049	7,969,553	(262,504)	-3.29%
Total Assets	13,473,896	13,735,020	1,833,613	1,743,453	15,307,509	15,478,473	(170,964)	-1.10%
Long-term debt	5,853,443	6,285,183	331,490	438,416	6,184,933	6,723,599	(538,666)	-8.01%
Other liabilities	159,475	113,958	24,719	615	184,194	114,573	69,621	60.77%
Total Liabilities	6,012,918	6,399,141	356,209	439,031	6,369,127	6,838,172	(469,045)	-6.86%
<b>Net Position:</b>								
Invested in capital assets, net of related debt	781,223	522,402	762,393	745,052	1,543,616	1,267,454	276,162	21.79%
Restricted	4,857,592	4,890,989	715,011	559,370	5,572,603	5,450,359	122,244	2.24%
Unrestricted	1,822,163	1,922,488	-	-	1,822,163	1,922,488	(100,325)	-5.22%
Total Net Position	7,460,978	7,335,879	1,477,404	1,304,422	8,938,382	8,640,301	298,081	3.45%

The City's total assets decreased \$170,964 during 2014 with governmental activities showing a decrease of \$261,124 and business-type activities showing an increase of \$90,160.

The City's total liabilities decreased \$469,045. The decrease in liabilities is due to the decrease in long-term liabilities of \$431,740 in governmental activities and \$82,822 in business-type activities with an increase of \$69,621 in other liabilities.

The City's position increased \$298,081 over 2013.

(Table 2)  
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2014	2013	2014	2013	2014	2013		
<b>Program Revenues:</b>								
Charges for services	\$ 3,641	\$ 2,315	\$ 1,013,068	\$ 1,085,192	\$ 1,016,709	\$ 1,087,507	\$ (70,798)	-6.51%
Grants and contributions	14,400	114,656			14,400	114,656	(100,256)	-87.44%
<b>General Revenues:</b>								
Property taxes	3,552,697	3,460,148			3,552,697	3,460,148	92,549	2.67%
Sales and tourism taxes	1,705,313	1,727,232			1,705,313	1,727,232	(21,919)	-1.27%
Other taxes and other	928,424	1,197,445	1,002	942	929,426	1,198,387	(268,961)	-22.44%
<b>Total Revenues</b>	<b>6,204,475</b>	<b>6,501,796</b>	<b>1,014,070</b>	<b>1,086,134</b>	<b>7,218,545</b>	<b>7,587,930</b>	<b>(369,385)</b>	<b>-4.87%</b>
<b>Program Expenses:</b>								
General government	1,479,123	1,362,007			1,479,123	1,362,007	117,116	8.60%
Public safety	3,284,975	3,439,439			3,284,975	3,439,439	(154,464)	-4.49%
Public works	-	120,715			-	120,715	(120,715)	-100.00%
Highways and streets	799,105	800,110			799,105	800,110	(1,005)	-0.13%
Culture and recreation	109,329	166,651			109,329	166,651	(57,322)	-34.40%
Economic development	30,000	80,647			30,000	80,647	(50,647)	-62.80%
Cemetery	102,855	137,962			102,855	137,962	(35,107)	-25.45%
Interest & bond issue cost	204,083	184,069			204,083	184,069	20,014	10.87%
Solid Waste			841,088	906,631	841,088	906,631	(65,543)	-7.23%
<b>Total Expenses</b>	<b>6,009,470</b>	<b>6,291,600</b>	<b>841,088</b>	<b>906,631</b>	<b>6,850,558</b>	<b>7,198,231</b>	<b>(347,673)</b>	<b>-4.83%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 195,005</b>	<b>\$ 210,196</b>	<b>\$ 172,982</b>	<b>\$ 179,503</b>	<b>\$ 367,987</b>	<b>\$ 389,699</b>	<b>\$ (21,712)</b>	<b>-5.57%</b>

The City's governmental activities continue to be funded primarily by property taxes, which made up 57.26% of the total revenues. The other major revenue sources were sales and tourism taxes 27.49% and other taxes and other revenue 14.95%. The major expense activities were public safety, general government, highways and streets, and culture and recreation, which comprise 55%, 25%, 13%, and 2% of total expenses, respectively. The City remains totally committed to providing the services its residents expect and need.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

## FUND FINANCIAL ANALYSIS

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

Governmental funds. The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the year ended, the City's governmental funds reported a combined fund balance of \$6,658,873 which is \$160,815 lower than last year's total of \$6,819,688.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, Debt & Debt Service, and Capital Project. The remaining governmental funds were combined and reported as non-major governmental funds. The general, debt & debt service, and capital project funds reflected a net change in fund balance of \$(117,998), (2,651,267), and \$2,601,565 respectively. The 2014 year had a combined net change in fund balance of \$(160,815).

## Major Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2014, the City amended its general fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the whole Mayor and City Aldermen for ordinance enactment on the change. The City does not allow budget changes that modify line items within departments without aldermen approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. The budgeted expenditures exceeded actual by \$712,182.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2014, the City had \$18,570,167 invested in a broad range of capital assets, including police, fire and solid waste equipment, and highways and streets. (See Table 3 following.) This amount represents a net increase (including additions, deletions, and adjustments) of approximately \$72,428 or .39% over the prior year.

(Table 3)

### CAPITAL ASSETS AT YEAR-END

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2014	2013	2014	2013	2014	2013		
Land	\$ 281,766	\$ 281,766	\$ 641,431	\$ 641,431	\$ 923,197	\$ 923,197	\$ -	0.000%
Construction in progress	395,987	395,159	-	-	395,987	395,159	828	100.000%
Infrastructure	8,163,517	8,115,337	-	-	8,163,517	8,115,337	48,180	0.594%
Buildings & improvements	3,461,522	3,461,522	-	-	3,461,522	3,461,522	-	0.000%
Mobile and machinery equipment	3,689,127	3,674,011	678,383	678,383	4,367,510	4,352,394	15,116	0.347%
Furniture & equipment	934,558	926,254	30,198	30,198	964,756	956,452	8,304	0.868%
Leased property under capital lease	-	-	293,678	293,678	293,678	293,678	-	100.000%
<b>Totals</b>	<b>\$ 16,926,477</b>	<b>\$ 16,854,049</b>	<b>\$ 1,643,690</b>	<b>\$ 1,643,690</b>	<b>\$ 18,570,167</b>	<b>\$ 18,497,739</b>	<b>\$ 72,428</b>	<b>0.39%</b>

Yazoo City continues to provide for the growth and stability of its citizenry through various acquisitions of equipment and construction and rehabilitation projects.

**Long-term Debt**

At year-end, the City had \$6,184,933 in long term debt outstanding compared to \$6,723,599 last year, a decrease of \$538,666. Of the total debt outstanding \$5,525,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are notes payable in the amount of \$515,752, capital leases in the amount of \$122,681 and compensated absences in the amount of \$21,500.

The following table illustrates the total Long-term Debt of Yazoo City as of September 30, 2014:

(Table 4)  
**LONG-TERM DEBT**  
 Outstanding at Year-end

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2014	2013	2014	2013	2014	2013		
General obligation bonds	\$ 5,525,000	\$ 5,840,000	\$ -	\$ -	\$ 5,525,000	\$ 5,840,000	\$ (315,000)	-5.39%
Other loans	308,443	425,183	207,309	255,635	515,752	680,818	(165,066)	-24.25%
Capital leases	-	-	122,681	181,281	122,681	181,281	(58,600)	-32.33%
Compensated absences	20,000	20,000	1,500	1,500	21,500	21,500	-	0.00%
<b>Totals</b>	<b>\$ 5,853,443</b>	<b>\$ 6,285,183</b>	<b>\$ 331,490</b>	<b>\$ 438,416</b>	<b>\$ 6,184,933</b>	<b>\$ 6,723,599</b>	<b>\$ (538,666)</b>	<b>-8.01%</b>

More detailed information about the City’s long-term liabilities is presented in Notes (7) and (8) of the Notes to Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City’s elected and appointed officials considered many factors when compiling and approving the fiscal year 2014 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 73.74 mills is expected to provide adequate funding in the following year.

**Contacting the City’s Finance Department**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need any additional information, address requests to the City Clerk, at 128 East Jefferson Street, Yazoo City, MS 39194.

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**YAZOO CITY, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**YAZOO CITY, MISSISSIPPI  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2014**

	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities:</b>							
General government	\$ 1,479,123				\$ (1,479,123)		\$ (1,479,123)
Public safety	3,284,975	\$ 3,641	\$ 14,400		(3,266,934)		(3,266,934)
Highways and streets	799,105				(799,105)		(799,105)
Culture and recreation	109,329				(109,329)		(109,329)
Economic development	30,000				(30,000)		(30,000)
Cemetery	102,855				(102,855)		(102,855)
Interest on long-term debt	204,083				(204,083)		(204,083)
<b>Total governmental activities</b>	<b>6,009,470</b>	<b>3,641</b>	<b>14,400</b>	<b>-</b>	<b>(5,991,429)</b>		<b>(5,991,429)</b>
<b>Business-type activities:</b>							
Solid Waste	820,312	1,013,068				192,756	192,756
<b>Total business-type activities</b>	<b>820,312</b>	<b>1,013,068</b>				<b>192,756</b>	<b>192,756</b>
<b>Total primary government</b>	<b>6,829,782</b>	<b>1,016,709</b>	<b>14,400</b>	<b>\$ -</b>	<b>(5,991,429)</b>	<b>192,756</b>	<b>(5,798,673)</b>
<b>Component unit:</b>							
Public Service Commission	13,965,528	14,063,882					
<b>Total Component Unit</b>	<b>\$ 13,965,528</b>	<b>\$ 14,063,882</b>					<b>\$ 98,354</b>
<b>General revenues:</b>							
Property taxes					3,552,697		3,552,697
Sales and tourism tax					1,705,313		1,705,313
Franchise taxes					145,473		145,473
Rental income					31,627		31,627
Unrestricted interest income					10,561	1,002	11,563
Grants and contributions not restricted to specific programs					510,816		510,816
Cemetery					42,290		42,290
Other taxes and other income					102,267		102,267
Interest and other miscellaneous expenses					(20,776)		(20,776)
Gain on disposal of capital assets					85,390		85,390
Total general revenues and transfers					6,186,434	(19,774)	6,166,660
<b>Change in net position</b>					<b>195,005</b>	<b>172,982</b>	<b>367,987</b>
Net Position - beginning, as originally reported					7,335,879	1,304,422	8,640,301
Prior period Adjustment					(69,906)		(69,906)
Net Position - beginning, as restated					7,265,973	1,304,422	8,570,395
<b>Net position, ending</b>					<b>\$ 7,460,978</b>	<b>\$ 1,477,404</b>	<b>\$ 8,938,382</b>

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

**YAZOO CITY, MISSISSIPPI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<u>General Funds</u>	<u>Debt &amp; Debt Service Funds</u>	<u>Capital Project Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,120,268	\$ 357,610	\$ 4,110,632	\$ 118,611	\$ 6,707,121
Fines receivable (net of allowance for uncollectibles of (\$841,446))	87,579				87,579
Intergovernmental receivable				64,530	64,530
Due from other funds	64,530	362,600			427,130
<b>Total Assets</b>	<u>2,272,377</u>	<u>720,210</u>	<u>4,110,632</u>	<u>183,141</u>	<u>7,286,360</u>
<b>LIABILITIES</b>					
Claims payable	67,614				67,614
Due to other funds	362,600			64,530	427,130
Unredeemed bond payable		45,164			45,164
<b>Total Liabilities</b>	<u>430,214</u>	<u>45,164</u>	<u>-</u>	<u>64,530</u>	<u>539,908</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - fines	87,579	-	-	-	87,579
<b>Total deferred inflows of resources</b>	<u>87,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,579</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety				114,092	114,092
Highways and streets			4,110,632		4,110,632
Economic development and assistance				4,519	4,519
Capital Improvements		352,516			352,516
Debt service		322,530			322,530
Unassigned	1,754,584				1,754,584
<b>Total Fund Balances</b>	<u>1,754,584</u>	<u>675,046</u>	<u>4,110,632</u>	<u>118,611</u>	<u>6,658,873</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,272,377</u>	<u>\$ 720,210</u>	<u>\$ 4,110,632</u>	<u>\$ 183,141</u>	<u>\$ 7,286,360</u>

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

**YAZOO CITY, MISSISSIPPI  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total Fund Balance - Governmental Funds	\$ 6,658,873
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation of \$10,311,811.	6,614,666
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	87,579
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	
capital debt	(5,833,443)
compensated absences	(20,000)
Changes in interest accrued on long-term liabilities not reported in the governmental fund financial statements.	<u>(46,697)</u>
Total Net Position - Governmental Activities	<u>\$ 7,460,978</u>

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

**YAZOO CITY, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<u>General Funds</u>	<u>Debt &amp; Debt Service Funds</u>	<u>Capital Project Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Taxes	\$ 2,932,589	\$ 460,091			\$ 3,392,680
Licenses and permits	26,370				26,370
Intergovernmental:					
State of Mississippi					
Grants	14,400				14,400
General sales tax	1,705,313				1,705,313
Grand gulf	14,525				14,525
Liquor Licenses	8,775				8,775
Municipal aid	6,018				6,018
Privilege tax	19,518				19,518
Gasoline tax	11,692				11,692
Homestead reimbursement	160,017				160,017
Fire protection	62,143				62,143
Other state revenue	31,999				31,999
Charges for services	3,641				3,641
Franchise tax	145,473				145,473
Fines and forfeitures	240,275				240,275
Interest income	3,638	4,409	\$ 2,393	\$ 121	10,561
Rental income	31,627				31,627
Cemetery	42,290				42,290
Contributions				1,922	1,922
Other income	90,992			11,275	102,267
Total revenues.	<u>5,551,295</u>	<u>464,500</u>	<u>2,393</u>	<u>13,318</u>	<u>6,031,506</u>
<b>EXPENDITURES:</b>					
Current:					
General government	1,474,938	458			1,475,396
Public safety	3,166,054			6,433	3,172,487
Highways and streets	777,858		828		778,686
Culture and recreation	73,044				73,044
Economic development	30,000				30,000
Cemetery	102,855				102,855
Debt service:					
Principal paid	116,740	315,000			431,740
Interest paid	13,194	200,309			213,503
Total expenditures:	<u>5,754,683</u>	<u>515,767</u>	<u>828</u>	<u>6,433</u>	<u>6,277,711</u>
Excess (deficiency of revenues over (under) expenditures	<u>(203,388)</u>	<u>(51,267)</u>	<u>1,565</u>	<u>6,885</u>	<u>(246,205)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	85,390				85,390
Transfers In			2,600,000		2,600,000
Transfers Out		(2,600,000)			(2,600,000)
Net other financing sources (uses)	<u>85,390</u>	<u>(2,600,000)</u>	<u>2,600,000</u>	<u>-</u>	<u>85,390</u>
Net change in fund balances	<u>(117,998)</u>	<u>(2,651,267)</u>	<u>2,601,565</u>	<u>6,885</u>	<u>(160,815)</u>
Fund balance beginning	<u>1,872,582</u>	<u>3,326,313</u>	<u>1,509,067</u>	<u>111,726</u>	<u>6,819,688</u>
Fund balance, ending	<u>\$ 1,754,584</u>	<u>\$ 675,046</u>	<u>\$ 4,110,632</u>	<u>\$ 118,611</u>	<u>\$ 6,658,873</u>

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

**YAZOO CITY, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2014**

Net Changes in Fund Balances - Governmental Funds	\$ (160,815)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$245,347 exceeded capital outlays of \$72,428.	(172,919)
The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$431,740 exceeds debt proceeds of \$0.	431,740
Fine revenue recognized on the modified accrual basis in the funds during the current year decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	87,579
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items:	
Change in accrued interest on long-term debt	<u>9,420</u>
Change in Net Position of Governmental Activities	<u>\$ 195,005</u>

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

**YAZOO CITY, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2014**

	<b>Business-Type Activities Enterprise Fund Solid Waste Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 741,230
<b>Total Current Assets</b>	<b>741,230</b>
Non-current assets:	
Land	641,431
Mobile Equipment	678,384
Furniture & Equipment	30,198
Leased equipment	293,678
Accumulated depreciation	(551,308)
<b>Total Non-Current Assets</b>	<b>1,092,383</b>
<b>Total Assets</b>	<b>1,833,613</b>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	24,314
Accrued interest payable	405
Capital debt:	
Equipment notes payable	49,998
Capital leases payable	60,255
<b>Total Current Liabilities</b>	<b>134,972</b>
Non-current liabilities:	
Capital debt:	
Equipment notes payable	157,311
Capital lease payable	62,426
Non-Capital debt:	
Compensated absences	1,500
<b>Total Non-Current Liabilities</b>	<b>221,237</b>
<b>Total Liabilities</b>	<b>356,209</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	762,393
Restricted for:	
Public Works	715,011
<b>Total Net Position</b>	<b>\$ 1,477,404</b>

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

**YAZOO CITY, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2014**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund Solid Waste Fund</b>
<b><u>OPERATING REVENUES:</u></b>	
Charges for services:	
Garbage collection fees	\$ 1,013,068
<b>Total Operating Revenues</b>	<b>1,013,068</b>
<b><u>OPERATING EXPENSES:</u></b>	
Personal services	446,799
Contractual services	162,843
Consumable supplies	121,085
Depreciation expense	89,585
<b>Total Operating Expenses</b>	<b>820,312</b>
<b>Operating Income (Loss)</b>	<b>192,756</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest income	1,002
Interest expenses	(20,776)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(19,774)</b>
<b>Net Income (Loss)</b>	<b>172,982</b>
Net Position, beginning	1,304,422
<b>Total Net Position, Ending</b>	<b>\$ 1,477,404</b>

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

**YAZOO CITY, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
SEPTEMBER 30, 2014**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund Solid Waste Fund</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from customers and users	\$ 1,013,068
Payments to suppliers for goods and services	(259,824)
Payments to employees for services	(446,799)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>306,445</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
Principal payments on long-term debt	(106,926)
Interest paid on bonds, loans and capital leases	(20,776)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(127,702)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
Interest on deposits	1,002
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,002</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	179,745
<b>Cash and Cash Equivalents, October 1</b>	<b>561,485</b>
<b>Cash and Cash Equivalents, September 30</b>	<b>\$ 741,230</b>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 192,756
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	89,585
Increase (decrease) in accounts payable and accrued expenses	24,225
Increase (decrease) in accrued interest payable	(121)
Total adjustments	113,689
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 306,445</b>

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

**YAZOO CITY, MISSISSIPPI**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2014**

<b>ASSETS</b>	<b>Cemetery Trust Fund</b>	<b>Crump School Trust Fund</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 112,971	\$ 210,153	\$ 333,632
Investments	216,752	2,047,222	
Accrued interest receivable		5,662	
<b>Total Assets</b>	<b>329,723</b>	<b>2,263,037</b>	<b>333,632</b>
<b>LIABILITIES</b>			
Intergovernmental payables		39,295	326,845
Claims and other payables			6,787
<b>Total Liabilities</b>	<b>-</b>	<b>39,295</b>	<b>\$ 333,632</b>
<b>NET POSITION</b>			
Held in trust for:			
Individuals, organizations and other governments	<b>\$ 329,723</b>	<b>\$ 2,223,742</b>	

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

**YAZOO CITY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

Yazoo City (City), located in Yazoo County, Mississippi, was incorporated under the laws of the State of Mississippi in 1839. The City operates under an elected Mayor-Aldermen form of government with a full-time mayor elected from the City at-large and four part-time aldermen members (City Aldermen) elected from wards. The City provides the following services to the citizenry: general administration, police and fire protection, public works, culture and recreation, health and welfare, economic and community development, and solid waste disposal. The primary sources of revenues are property taxes, sales taxes, other state shared revenues, and solid waste billings.

**B. Individual Component Unit Disclosure**

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable.

The Government Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability. "Financial accountability" is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when an organization is fiscally dependent on a primary government or when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burdens on, the primary government. GASB provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as discretely presented component units, organizations that raise and hold economic resources for the direct benefit of the primary government.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Unit**

**Public Service Commission of Yazoo City, Mississippi**

The Public Service Commission's Board of Commissioners is appointed by the City's Board of Aldermen. The legal liability for the general obligation portion of PSC debt remains with the City. Complete financial statements may be obtained from the Public Service Commission.

**NOTE (1)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****C. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements:**

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column Non-Major Governmental Funds.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied. Shared revenues are recognized

**NOTE (1)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenue and expenses of Proprietary funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major governmental funds:

General Fund- The general fund is the primary operating fund of the City. It is used to account for all activities of the general government for which a separate fund has not been established.

Debt & Debt Service Fund- This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for capital improvements.

Capital Project Fund- This fund is used to account for resources expended for a specific capital project.

The City reports the following major proprietary fund:

Solid Waste Fund- This fund accounts for revenues and expenses related to disposal of solid waste within the City.

Additionally, the City reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds- These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**H. Inter-fund Transactions and Balances**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

**I. Restricted Assets**

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, aldermen resolutions and donor specifications have been reported as restricted assets. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

**J. Capital Assets, Depreciation, and Amortization**

Capital asset acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated, the methods of estimation are not readily available. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

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NOTE (1)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following schedule details those thresholds and estimated useful lives:

		Capitalization Thresholds	Estimated Useful Life
Land	\$	No minimum	N/A
Infrastructure		No minimum	20-50 years
Building		50,000	20-40 years
Improvements other than buildings		25,000	20 years
Mobile equipment and machinery		5,000	5-10 years
Furniture and equipment		5,000	3-7 years
Leased property under capital lease		*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

**K. Deferred Outflows/Inflows of Resources.**

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

**L. Long-Term Liabilities**

Long-term liabilities are the un-matured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Position.

**M. Equity Classifications**

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

*Invested in capital assets, net of related debt*- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or law through constitutional provisions or enabling legislation.

**NOTE (1)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Unrestricted net position-* All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the City:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for a specific purpose exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**N. Risk Management**

The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlements amounts have not exceeded insurance coverage for the current year.

**O. Estimates and Assumptions**

A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

**NOTE (1)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Property Taxes**

Numerous statutes exist under which the City may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1<sup>st</sup> become delinquent February 1<sup>st</sup> of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Yazoo County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and inobile home. Taxes are billed, collected, and remitted to the City by the Yazoo County Tax Collector each month. The millage rate for the City for the 2013 tax year was 73.74 mills as: 52.18 mills for the general fund, 13.26 mills for the debt service fund, 1.29 mills for library maintenance, 2.75 mills for park maintenance, and 4.26 mills for fire and police disability fund.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

**Q. Intergovernmental Revenues in Governmental Funds.**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

**R. Compensated Absences**

Effective October 1, 2012, Yazoo City adopted a new ordinance pertaining to the two types of compensated absences (1) personal leave and (2) medical or sick leave. The following tables present the method of accruing personal leave and medical or sick leave:

**Personal Leave Benefits**

<b>Continuous Service Period</b>	<b>Accrual Rate Monthly</b>	<b>Accrual Rate Annually</b>
1 month – 3 years (36 months)	12 hours	18 days
37 months – 8 years (96 months)	14 hours	21 days
97 months – 15 years (180 months)	16 hours	24 days
181 months & beyond	18 hours	27 days

**NOTE (3) DEPOSITS AND INVESTMENTS**

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2014 was \$8,105,105 and the bank balance was \$8,112,141. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

Investments

The City's investments consisted of the following at September 30, 2014:

**Cemetery Trust Fund Investments**

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of deposit – Bank Plus	Less than one year	\$ 106,279
Certificate of deposit – Bank of Yazoo City	Less than one year	110,473
Total		\$ 216,752

**Crump School Fund Investments**

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
United States Treasury Notes	Various	\$ 2,047,222

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk: State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk- Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

**NOTE (4) INTER-FUND TRANSACTIONS AND BALANCES**

Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Funds	Non-Major Governmental Funds	\$ 64,530
Debt & Debt Service Funds	General Funds	362,600
Total		\$ 427,130

The above amounts represent grant matching in the USDA – Rural Business Enterprise Grant (\$50,000), the Department of Homeland Security (\$14,530), property taxes recorded in the General Fund due to the Bond Sinking Fund (\$362,600).

**NOTE (5) RECEIVABLES**

**Governmental Activities**

Inter-Governmental Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental and Other receivables at September 30, 2014 include the following:

Description	Amount
Inter-governmental receivable:	
Federal	
USDA – Rural Business Enterprise Grant	\$ 50,000
Department of Homeland Security Grant	14,530
Total	\$ 64,530

**NOTE (6) CAPITAL ASSETS**

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

<b>GOVERNMENTAL ACTIVITIES YAZOO CITY</b>	<b>Balance Oct. 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance Sept. 30, 2014</b>
<b>Non-depreciable capital assets:</b>					
Land	\$ 281,766	\$ -	\$ -	\$ -	\$ 281,766
Construction in progress	395,159	828			395,987
Total non-depreciable capital assets	<u>676,925</u>	<u>828</u>	<u>-</u>	<u>-</u>	<u>677,753</u>
<b>Depreciable capital assets:</b>					
Infrastructure	8,115,337	48,180			8,163,517
Buildings & Improvements	3,461,522				3,461,522
Mobile and machinery equipment	3,674,011	15,116			3,689,127
Furniture & equipment	926,254	8,304			934,558
Total depreciable capital assets	<u>16,177,124</u>	<u>71,600</u>	<u>-</u>	<u>-</u>	<u>16,248,724</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	5,384,734	36,709			5,421,443
Buildings & Improvements	1,270,888	70,459			1,341,347
Mobile and machinery equipment	2,625,911	116,531			2,742,442
Furniture & equipment	784,931	21,648			806,579
Total accumulated depreciation	<u>10,066,464</u>	<u>245,347</u>	<u>-</u>	<u>-</u>	<u>10,311,811</u>
Depreciable capital assets, net	<u>6,110,660</u>	<u>(173,747)</u>	<u>-</u>	<u>-</u>	<u>5,936,913</u>
Governmental activities capital assets, net	<u>\$ 6,787,585</u>	<u>\$ (172,919)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,614,666</u>
<b>BUSINESS-TYPE ACTIVITIES YAZOO CITY</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 641,431	\$ -	\$ -	\$ -	\$ 641,431
Total non-depreciable capital assets	<u>641,431</u>				<u>641,431</u>
<b>Depreciable capital assets:</b>					
Mobile equipment	678,383				678,383
Furniture & equipment	30,198				30,198
Leased property under capital lease	293,678				293,678
Total depreciable capital assets	<u>1,002,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,002,259</u>
<b>Less accumulated depreciation for:</b>					
Mobile equipment	375,178	47,769			422,947
Furniture & equipment	11,027	4,057			15,084
Leased property under capital lease	75,518	37,759			113,277
Total accumulated depreciation	<u>461,723</u>	<u>89,585</u>	<u>-</u>	<u>-</u>	<u>551,308</u>
Depreciable capital assets, net	<u>540,536</u>	<u>(89,585)</u>	<u>-</u>	<u>-</u>	<u>450,951</u>
Business-Type activities capital assets, net	<u>\$ 1,181,967</u>	<u>\$ (89,585)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092,382</u>
Depreciation expense was charged to the governmental functions, as follows:					
<b>GOVERNMENTAL ACTIVITIES</b>					
General government		\$ 12,031			
Public safety		127,604			
Streets		69,427			
Culture & recreation		36,285			
Total governmental activities depreciation expense		<u>\$ 245,347</u>			
<b>BUSINESS-TYPE ACTIVITIES</b>					
Solid Waste		<u>\$ 89,585</u>			

COMPONENT UNIT PUBLIC SERVICE COMMISSION	Balance				Balance
	Oct. 1, 2013	Additions	Deletions	Adjustments	Sept. 30, 2014
Capital assets:					
Electric utility plant in service	\$ 34,090,692	\$ 6,294,275	\$ 3,271,045	\$ -	\$ 37,113,922
Water utility plant in service	10,137,852	960,173	535,174		10,562,851
Sewer utility plant in service	10,051,658	337,693	115,022		10,274,329
Total depreciable capital assets	<u>54,280,202</u>	<u>7,592,141</u>	<u>3,921,241</u>	<u>-</u>	<u>57,951,102</u>
Less accumulated depreciation for:					
Electric utility plant in service	21,050,739	1,006,571	102,072		21,955,238
Water utility plant in service	4,827,897	222,586	34,902		5,015,581
Sewer utility plant in service	5,691,161	316,379	35,868		5,971,672
Total accumulated depreciation	<u>31,569,797</u>	<u>1,545,536</u>	<u>172,842</u>	<u>-</u>	<u>32,942,491</u>
Capital assets, net	<u>\$ 22,710,405</u>	<u>\$ 6,046,605</u>	<u>\$ 3,748,399</u>	<u>\$ -</u>	<u>\$ 25,008,611</u>

Commitments with respect to unfinished capital projects at September 30, 2014, consisted of the following:

**GOVERNMENTAL ACTIVITIES  
YAZOO CITY**

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Willie Morris Parkway	\$7,500,000	2016

**NOTE (7) CAPITAL LEASES**

**As Lessee:**

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

Classes of Property	Business-Type Activities
Mobile Equipment	\$ 293,678
Less: Accumulated depreciation	113,277
Leased Property Under Capital Leases	<u>\$ 180,401</u>

The following is a schedule by years of the total payments due as of September 30, 2014:

Year Ending September 30,	Business-Type Activities		Component Activities	
	Principal	Interest	Principal	Interest
2015	60,255	2,652	74,047	30,838
2016	62,426	953	78,380	26,505
2017			82,966	21,919
2018			87,820	17,065
2019			92,959	11,926
2020-2021			158,434	7,633
Total	<u>\$ 122,681</u>	<u>\$ 3,605</u>	<u>\$ 574,606</u>	<u>\$ 115,886</u>

**NOTE (8) LONG-TERM DEBT**

The City's long-term debt is made up of general obligation bonds, notes payable, capital leases and compensated absences. General obligation bonds are direct obligations, and are backed by the full faith and credit of the City. The City also incurs debt in the form of various notes payable and capital leases which are to be repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation bonded indebtedness in the amount which will exceed 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water, and sewerage systems, gas and light and power purposes and for construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Section 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for additional debt under the above debt limits as of September 30, 2014 is approximately:

<b>15% Debt Limit</b>	<b>20% Debt Limit</b>
\$1,413,256	\$3,726,008

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<b>A. General Obligation Bonds:</b>			
GO Bond-Public Improvement-Streets	400,000	5.00	11-2017
GO Bond-Public Improvement-Projects	2,340,000	3.75-5.13	12-2030
GO Bond-Capital Improvements-Series 2012	2,785,000	Avg 2.74	06-2032
Total General Obligation Bonds	<u>5,525,000</u>		
<b>B. Other Loans</b>			
Triangle Roof	4,995	3.00	06-2015
Sun Belt Fire Truck	128,922	2.00	05-2017
BYC-Equipment Purchase	174,526	2.35	09-2018
Total Other Loans	<u>308,443</u>		
<b>Business-Type Activities:</b>			
<b>B. Other Loans</b>			
BYC-Two Garbage Trucks	207,309	2.35	09-2018
	<u>207,309</u>		
<b>C. Capital Leases:</b>			
Excavator/Bulldozer Lease	122,681	2.75	09-2016
Total Capital Leases	<u>122,681</u>		
<b>Component Unit Activities:</b>			
<b>A. General Obligation Bonds:</b>			
Utility System Revenue Bonds - 1995	345,000	4.20-5.90	09-2015
Total General Obligation Bonds	<u>345,000</u>		
<b>C. Capital Leases:</b>			
Equipment - Trustmark Bank	574,606		09-2021
Total Capital Leases	<u>574,606</u>		

**RECEIVED**

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The annual debt service requirements of long-term debt of September 30, 2014 are as follows:

**Governmental Activities:**

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2015	320,000	186,790	94,630	5,854
2016	325,000	176,568	91,599	3,872
2017	330,000	165,488	77,014	1,891
2018	335,000	153,808	45,200	583
2019	245,000	143,976		
2020-2024	1,365,000	586,739		
2025-2029	1,645,000	333,578		
2030-2032	960,000	50,957		
Totals	<u>\$ 5,525,000</u>	<u>\$ 1,797,904</u>	<u>\$ 308,443</u>	<u>\$ 12,200</u>

**Business-Type Activities:**

Year Ending September 30,	Other Loans	
	Principal	Interest
2015	49,998	4,385
2016	51,191	3,192
2017	52,430	1,953
2018	53,690	692
Totals	<u>\$ 207,309</u>	<u>\$ 10,222</u>

**Component Activities:**

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2015	345,000	20,355
Totals	<u>\$ 345,000</u>	<u>\$ 20,355</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount due within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 20,000	\$ -	\$ -	\$ 20,000	
General obligation bonds	5,840,000		315,000	5,525,000	\$ 320,000
Other Loans	425,183		116,740	308,443	94,630
Capital leases	-		-	-	
Total	<u>\$ 6,285,183</u>	<u>\$ -</u>	<u>\$ 431,740</u>	<u>\$ 5,853,443</u>	<u>\$ 414,630</u>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 1,500	\$ -	\$ -	\$ 1,500	
Other Loans	255,635		48,326	207,309	\$ 49,998
Capital leases	181,281		58,600	122,681	60,255
Total	<u>\$ 438,416</u>	<u>\$ -</u>	<u>\$ 106,926</u>	<u>\$ 331,490</u>	<u>\$ 110,253</u>
<b>Component Activities:</b>					
Compensated absences	\$ 164,093	\$ -	\$ 9,147	\$ 154,946	
General obligation bonds	670,000		325,000	345,000	\$ 345,000
Capital leases	644,560		69,954	574,606	74,047
Total	<u>\$ 1,478,653</u>	<u>\$ -</u>	<u>\$ 404,101</u>	<u>\$ 1,074,552</u>	<u>\$ 419,047</u>

**NOTE (9) DEFINED BENEFIT PENSION PLAN**

Plan Description. Yazoo City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. At September 30, 2014 PERS members were required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013, and 2012 were \$476,047, \$445,391, and \$408,616 respectively, equal to the required contributions for each year.

**NOTE (10) OTHER EMPLOYMENT BENEFITS**

Plan Description

The aldermen administer the City's health insurance plan which is authorized by Sections 25-101 et seq., Mississippi Code Ann. (1972). The City's health insurance plan may be amended by the City aldermen. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan).

Funding Policy

Employees' premiums are funded by the City with additional funding provided by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The City aldermen, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the City's health insurance plan.

**NOTE (11) CONTINGENCIES**

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

**NOTE (12) JOINTLY GOVERNED**

Yazoo City is a participant with Yazoo County in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a twelve member board, with five members appointed by Yazoo City, five members appointed by the Yazoo county Board of Supervisors, one member by the Yazoo City Municipal School District, and one member appointed by the Yazoo County School District. The City levied a 2.75 mill property tax and remitted \$124,704 to the Commission in fiscal year 2014. Complete financial statements for the Yazoo Recreation Commission may be obtained by written request to the Commission at P.O. Box 9, Yazoo City, MS 39194.

**NOTE (14) SUBSEQUENT EVENTS**

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Yazoo City evaluated the activity of the City through September 1, 2015 and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2014, Yazoo City issued the following debt obligation.

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11-24-2014	2.043%	\$107,674	Promissory Note	Property Tax

**YAZOO CITY, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Yazoo City, Mississippi**  
**Budgetary Comparison Schedule**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2014**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 2,214,280	\$ 2,932,589	\$ 2,932,589	\$ -
Licenses, Permits & Franchise Fees	188,860	171,843	171,843	-
Grants & Intergovernmental	2,203,790	2,034,069	2,034,069	-
Fines and Forfeits	282,500	257,690	257,690	-
Rental	35,300	31,627	31,627	-
Other revenues	1,299,913	140,892	140,892	-
<b>Total Revenues</b>	<b>6,224,643</b>	<b>5,568,710</b>	<b>5,568,710</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Supervision & Finance	1,668,460	1,450,512	1,450,512	-
Police Department	1,850,079	1,434,345	1,434,345	-
Fire Department	1,370,009	1,432,777	1,432,777	-
Culture & Recreational	129,484	72,204	72,204	-
Street Department	854,706	732,101	732,101	-
Cemetery Department	141,905	95,588	95,588	-
Economic Development	30,000	30,000	30,000	-
E-911 Services	180,000	135,000	135,000	-
Debt Service:				
Principal paid		116,740	116,740	-
Interest paid		13,194	13,194	-
<b>Total Expenditures</b>	<b>6,224,643</b>	<b>5,512,461</b>	<b>5,512,461</b>	<b>-</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>-</b>	<b>56,249</b>	<b>56,249</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		85,390	85,390	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>85,390</b>	<b>85,390</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>141,639</b>	<b>141,639</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>526,333</b>	<b>2,271,675</b>	<b>2,271,675</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 526,333</b>	<b>\$ 2,413,314</b>	<b>\$ 2,413,314</b>	<b>\$ -</b>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**Yazoo City, Mississippi**  
**Budgetary Comparison Schedule**  
**Budget and Actual (Non-GAAP Basis)**  
**Debt & Debt Service Fund**  
**For the Year Ended September 30, 2014**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 510,652	\$ 487,068	\$ 487,068	\$ -
Other revenues	7,326	4,408	4,408	-
<b>Total Revenues</b>	<b>517,978</b>	<b>491,476</b>	<b>491,476</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	305,300	315,000	315,000	-
Interest	206,363	200,309	200,309	-
Fees	12,326	458	458	-
<b>Total Expenditures</b>	<b>523,989</b>	<b>515,767</b>	<b>515,767</b>	<b>-</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>(6,011)</b>	<b>(24,291)</b>	<b>(24,291)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long Term Debt Issued				
Operating transfers in (out)				
transfers in				
transfers (out)		(2,600,000)	(2,600,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,600,000)</b>	<b>(2,600,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(6,011)</b>	<b>(2,624,291)</b>	<b>(2,624,291)</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>(2,370,449)</b>	<b>605,166</b>	<b>605,166</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ (2,376,460)</b>	<b>\$ (2,019,125)</b>	<b>\$ (2,019,125)</b>	<b>\$ -</b>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**Yazoo City, Mississippi**  
**Budgetary Comparison Schedule**  
**Budget and Actual (Non-GAAP Basis)**  
**Capital Project Fund**  
**For the Year Ended September 30, 2014**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Other revenues	1,511,575	2,393	2,393	-
<b>Total Revenues</b>	<b>1,511,575</b>	<b>2,393</b>	<b>2,393</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Street Paving & Improvements	1,511,575	828	828	-
<b>Total Expenditures</b>	<b>1,511,575</b>	<b>828</b>	<b>828</b>	<b>-</b>
<b>Excess of Revenues over (under) Expenditures</b>	-	1,565	1,565	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Long Term Debt Issued				
Operating transfers in (out)				
transfers in		2,600,000	2,600,000	-
transfers (out)				
<b>Total other financing sources (uses)</b>	-	2,600,000	2,600,000	-
<b>Net Change in Fund Balance</b>	-	2,601,565	2,601,565	-
<b>Fund Balances - Beginning</b>	(4,226,224)	1,509,067	1,509,067	-
<b>Fund Balances - Ending</b>	\$ (4,226,224)	\$ 4,110,632	\$ 4,110,632	\$ -

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The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2014**

A. Budgetary Information.

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the originally legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund, Debt & Debt Service Fund, and Capital Project Fund:

<u>Governmental Fund Type</u>	<u>General Funds</u>	<u>Debt &amp; Debt Service Funds</u>	<u>Capital Project Fund</u>
Budget ( Cash Basis )	\$ 141,639	\$ (2,624,291)	\$2,601,565
Increase (Decrease)			
Net adjustments for revenue accruals	(17,415)	(26,976)	
Net adjustments for expense accruals	(242,222)		
Net Change in Fund Balance - GAAP Basis	<u>\$ (117,998)</u>	<u>\$ (2,651,267)</u>	<u>\$2,601,565</u>

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

**YAZOO CITY, MISSISSIPPI**

**OTHER INFORMATION**

**YAZOO CITY, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS**  
**September 30, 2014**

Name	Position	Bond Amount	Expiration Date	Surety Company
Diane Delaware	Mayor	100,000	4/12/2018	Travelers Casualty and Surety Co.
Ron Johnson	Alderman	100,000	4/12/2018	Travelers Casualty and Surety Co.
Dr. Jack Varner	Alderman	100,000	4/12/2018	Travelers Casualty and Surety Co.
Aubrey Brent	Alderman	100,000	4/12/2018	Travelers Casualty and Surety Co.
Gregory Robertson	Alderman	100,000	4/12/2018	Travelers Casualty and Surety Co.
Willeva Lindsey	City Clerk	50,000	9/9/2015	Western Surety Company
Zelda Baker	Deputy Clerk	50,000	6/1/2015	Fidelity and Deposit Company of Maryland
Lillian Pickett	Deputy Clerk	50,000	Indefinite	Western Surety Company
Janella Campbell	Deputy Clerk	50,000	9/9/2015	Western Surety Company
Mary Johnson	Municipal Court Clerk	50,000	5/30/2015	Western Surety Company
Yvonne Turnage	Municipal Court Deputy Clerk	50,000	4/26/2015	Fidelity and Deposit Company of Maryland
Tijuana Priest	Municipal Court Deputy Clerk	50,000	4/9/2015	Western Surety Company
Vacant	Police Chief			
Prentiss Young	Cemetery Sexton	50,000	11/1/2015	Fidelity and Deposit Company of Maryland
Russ Carter	Planning Department	50,000	7/1/2015	Western Surety
Stacy Trotter	Solid Waste	50,000	2/26/2015	Fidelity and Deposit Company of Maryland

**YAZOO CITY, MISSISSIPPI**  
**RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2013 TAX ROLLS**  
**For the Fiscal Year Ended September 30, 2014**

	Tax		
Assessments - 2013 Tax Rolls	Assessed Valuation	Ad Valorem	
Real property	\$ 32,192,064		
Personal property	8,404,611		
Auto and Mobile Home	6,011,347		
Public Utility	4,084,157		
Total Assessed Valuation	50,692,179		
Total Ad Valorem Tax @ 73.74 Mills	3,738,041		
Less: Homestead Exemption Credit	\$ 327,195		
Net Ad Valorem Taxes		\$ 3,410,846	
Other Collections:			
Actual Homestead Reimbursements		160,017	
Prior Year Tax Collections		33,084	
Penalties and Interest on Delinquent Taxes		43,606	
Deductions:			
Yazoo County Tax Collector's Commission		(83,828)	
<b>Total Ad Valorem Taxes to be Accounted For</b>		<b>\$ 3,563,725</b>	
Collections:			
Allocated to:                      Fund #	Taxes	Homestead	Total
General Fund                      001	2,372,747	160,017	2,532,764
Parks                                      001	125,049		125,049
Library                                    001	58,659		58,659
Debt Service                            201	602,963		602,963
Fire & Police Pension                410	193,712		193,712
	3,353,130	160,017	3,513,147
Balance Represented by:			
Unpaid realty & unaccounted for under (over) collections			50,578
<b>Total Ad Valorem Taxes Accounted for</b>			<b>\$ 3,563,725</b>

**YAZOO CITY, MISSISSIPPI**  
**RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2013 TAX ROLLS (Cont'd)**  
**For the Fiscal Year Ended September 30, 2014**

Tax millage levies for the current fiscal year (tax year 2013) were as follows:

<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General	52.18	General Current Expenditures & Maintenance
Parks	2.75	Park Current Expenditures & Maintenance
Library	1.29	Library Current Expenditures & Maintenance
Bond & Interest	13.26	General City Obligation Bonds & Interest
Fire & Police Disability	4.26	Fire & Police Disability Fund
<b>Total Tax Levy</b>	<u><u>73.74</u></u>	

Ad Valorem tax collections were found to be under the limitations of Sections 27-39-320 to 27-39-329, Miss. Code annotated (1972), as follows:

\$ 3,254,529 Base 2012-2013	\$ 3,353,130 Taxes collected 2013 - 2014
<u>496,962</u> Less: Applicable to Debt Service	<u>602,963</u> Less: Applicable to Debt Service
2,757,567	2,750,167
275,757 10 % Increase	160,017 Homestead Exemption
	<u>-</u> Less: Applicable to Debt Service
	<u>160,017</u>
	<u>123,140</u> Under (Over) Limitation
<u><u>\$ 3,033,324</u></u>	<u><u>\$ 3,033,324</u></u>

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**YAZOO CITY, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Fiscal Year Ended September 30, 2014**

Description	Issue Date	Balance 09/30/13	Issued	Paid	Balance 09/30/14	Amount Due	
						2015	Thereafter
<b>General Obligation Bonds</b>							
GO Bond-Public Improvement-Streets	10/28/2002	\$ 500,000	\$ -	\$ 100,000	\$ 400,000	\$ 100,000	\$ 300,000
GO Bond-Public Improvement-Projects	1/13/2011	2,445,000		105,000	2,340,000	105,000	2,235,000
GO Bond-Capital Improvements-Series 2012	6/1/2012	2,895,000		110,000	2,785,000	115,000	2,670,000
		5,840,000	-	315,000	5,525,000	320,000	5,205,000
<b>Other Loans</b>							
Triangle Roof	3/12/1999	34,448		29,453	4,995	4,995	-
Sun Belt Fire Truck	5/1/2007	175,525		46,603	128,922	47,544	81,378
BYC-Equipment Loan	8/2/2013	470,845		89,010	381,835	92,089	289,746
		680,818	-	165,066	515,752	144,628	371,124
<b>Capital Leases</b>							
Excavator/Bulldozer Lease	10/23/2011	181,281		58,600	122,681	60,255	62,426
		181,281	-	58,600	122,681	60,255	62,426
<b>Other:</b>							
Compensated Absences		21,500			21,500		
<b>Total Long Term Debt</b>		<b>\$ 6,723,599</b>	<b>\$ -</b>	<b>\$ 538,666</b>	<b>\$ 6,184,933</b>	<b>\$ 524,883</b>	<b>\$ 5,638,550</b>

**YAZOO CITY, MISSISSIPPI**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**For the Fiscal Year Ended September 30, 2014**

Date of Issue	Description	Total Outstanding G/O Debt	Bonds Subject To 15% Limitation	Bonds Subject To 20% Limitation
<b><u>OUTSTANDING GENERAL OBLIGATION DEBT:</u></b>				
10/28/2002	GO Bond-Public Improvement-Streets	\$ 400,000	\$ 400,000	\$ 400,000
1/13/2011	GO Bond-Public Improvement-Projects	2,340,000	2,340,000	2,340,000
6/1/2012	GO Bond-Capital Improvements-Series 2012	2,785,000	2,785,000	2,785,000
	Total Outstanding General Obligation Debt	<u>5,525,000</u>	<u>5,525,000</u>	<u>5,525,000</u>

**AUTHORIZED DEBT LIMIT:**

Assessed Value for the fiscal year ended September 30, 2014	\$ 46,255,041	6,938,256	9,251,008
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>5,525,000</u>	<u>5,525,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 1,413,256</u>	<u>\$ 3,726,008</u>

**LIMITATION OF INDEBTEDNESS- SECTION 21-33-303 AS AMENDED**

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

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**YAZOO CITY, MISSISSIPPI**

**SPECIAL REPORTS**



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
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AMERICAN INSTITUTE OF CPA'S

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

Honorable Mayor and City Aldermen  
City of Yazoo  
Yazoo City, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 1, 2015. The report is qualified on the governmental activities because the City has not maintained adequate subsidiary records documenting the existence, completeness and valuation of the Governmental Activities capital assets which is required by accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or

detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as, Findings 2014-1 and 2014-2, to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Yazoo City, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2014-1 and 2014-2.

We also noted certain matters that we reported to the management of Yazoo City, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 1, 2015 included within this document.

### **City's Responses to Findings**

Yazoo City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
September 1, 2015



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
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**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and City Aldermen  
City of Yazoo  
Yazoo City, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the fiscal year ended September 30, 2014, which collectively comprise Yazoo City, Mississippi's basic financial statements and have issued our report thereon dated September 1, 2015. 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.

We have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed instances of noncompliance in the accompanying Schedule of Findings and Responses as items 2014-1 and 2014-2.

This report is intended solely for the information and use of management, City Aldermen, State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers & Goodman, PLLC*  
Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
September 1, 2015



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and City Aldermen  
City of Yazoo  
Yazoo City, Mississippi

In planning and performing our audit of the financial statements of Yazoo City, Mississippi for the year ended September 30, 2014, we considered Yazoo City, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Yazoo City, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 1, 2015 on the financial statements of Yazoo City, Mississippi.

The results of our review procedures and compliance tests identified certain immaterial instances that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

### **Mayor and Board of Aldermen**

#### I. Finding:

The City does not maintain a system that accurately tracks employee personal leave and medical or sick leave accumulation and usage. The compensated absences amount recorded in the financial statements is an estimate.

#### Recommendation:

The City should establish each employee's vacation and sick time bank. The human resource/payroll computer system utilized by the City should be loaded for each employee and allow the system to track time availability and usage. Also, the liability for compensated absences can be accurately stated in the statement of net position.

#### Response:

The City will evaluate the recommendation.

2. Finding:

The City does not maintain a comprehensive employee handbook.

Recommendation:

The City should consult the necessary professionals to consolidate all policies applicable to employment with the City into a comprehensive handbook to be given to each employee.

Response:

The City will evaluate the recommendation.

**City Clerk's Office**

1. Finding:

No indirect cost allocation is being made to the solid waste fund for services provided by administration.

Recommendation:

The City approved a method to allocate indirect cost on March 28, 2011. City management should employ the methodology approved and insure amounts applicable are allocated and paid by the solid waste fund.

Response:

The City will evaluate the functional cost allocation method and insure amounts are properly allocated and paid.

2. Finding:

The City has not maintained financial records and documentation so that they are readily retrievable and accessible. During the course of our audit, we relied heavily on external parties to provide information and documentation that should have been available from internal sources.

Recommendation:

The City should develop a system of record retention and filing so financial information is readily retrievable and accessible.

Response:

The City is working to develop a system that maintains financial records and documentation in a readily retrievable and accessible way.

Yazoo City, Mississippi's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Aldermen, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers & Goodman, PLLC*  
Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
September 1, 2015

**YAZOO CITY, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND RESPONSES**

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**YAZOO CITY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Qualified     |
| Business-type activities  | Unmodified    |
| Aggregate discretely presented component units                  | Unmodified    |
| General Fund  | Unmodified    |
| Debt & Debt Service Fund  | Unmodified    |
| Capital Project Fund  | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | Yes           |

**Section 2: Financial Statement Findings**

**Material Weakness**

2014-1. Finding:

The City is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to Public Purchasing Laws: Titles 31 and 37. A well designed purchasing system which would comply with the provisions of Titles 31 and 37 would include the use of purchase requisitions, purchase orders and receiving reports. During our test work, we selected 30 items and noted several instances where requisitions, purchase orders, and receiving reports were not being properly used. Also, the logical date sequence of several items conflicted with a sound purchasing system.

Recommendation:

The City should review its system of internal control relating to purchasing and receiving and determine which areas should be strengthened to insure that all items have been properly requested, purchase orders issued, and received by the using department. It would be helpful if the City would appoint certain individuals in each department to serve as requisition and receiving clerks. Then the City would be able to provide training to these appointed individuals in relation to the purchasing system. Additionally, accounts payable should review all invoices to insure that a purchase requisition, purchase order and receiving report are attached to each invoice prior to payment.

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Response:

We will review our system of internal control relating to purchasing and receiving to determine what changes should be made to strengthen our purchasing system and comply with applicable purchasing laws.

**Material Weakness**

2014-2. Finding:

The City does not maintain an inventory of fixed assets on its computer system and failed to conduct an annual inventory of the assets. During our audit procedures we found the following:

The City failed to capitalize the following assets:

Fund 001 – Mayor’s Office	\$ 8,304	purchase of equipment
Fund 001 – Police Department	\$15,116	purchase of vehicle
Fund 001 – Street Department	<u>\$48,180</u>	infrastructure project
Total	<u>\$71,600</u>	

Recommendation:

The City should follow the system set forth in the Municipal Audit and Accounting Guide Section II C “Property Accounting System” prescribed by the Office of the State Auditor. This guide coupled with the Municipal Fixed Asset Manual should be employed and followed by the City. Without a properly functioning inventory system, compliance cannot be maintained and capital assets will not be accurately recorded in the governmental activities.

Response:

The City will acquire and implement the systems prescribed by the state auditor to ensure capital asset transactions are identified, recorded and properly depreciated.