

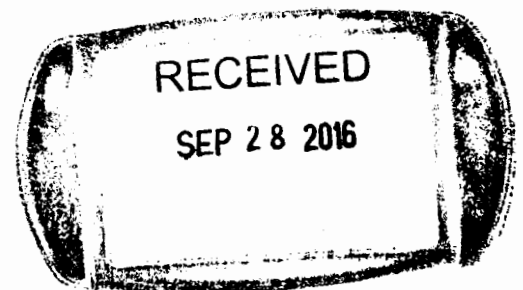


The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

# **CITY OF VICKSBURG, MISSISSIPPI**

Annual Financial Report  
Year Ended September 30, 2015  
with Independent Auditor's Report

---





## TABLE OF CONTENTS

<b>I. REQUIRED SUPPLEMENTAL INFORMATION (PART A)</b>	
Management's Discussion and Analysis (MDA) .....	1
<b>II. BASIC FINANCIAL STATEMENTS</b>	
Independent Auditor's Report .....	19
Government-wide Financial Statements:	
Statement of Net Position .....	23
Statement of Activities.....	24
Fund financial Statements:	
Governmental Funds:	
Balance Sheet: .....	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	29
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of the Statement of Activities .....	30
Proprietary Funds:	
Statement of Net Position .....	32
Statement of Revenues, Expenses and Changes in Funds Net Position .....	33
Statement of Cash Flows .....	34
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	36
Notes to Financial Statements .....	37
<b>III. REQUIRED SUPPLEMENTAL INFORMATION (PART B)</b>	
Budget Comparison Schedules	
Budget and Actual (with Variances) – General Fund .....	76
Budget and Actual (with Variances) – City Bond and Interest Fund.....	77
Budget and Actual (with Variances) – Capital Projects Fund.....	78
Notes to Budget and Actual (with Variances).....	79
Schedules of City's Contributions .....	80
Proportionate Share of the Net Pension Liability .....	82
<b>IV. OTHER ADDITIONAL INFORMATION</b>	
Schedule of Surety Bonds for Municipal Officials .....	84
Schedule of Expenditures of Federal Awards.....	85
Notes to Schedule of Expenditures of Federal Awards.....	87
Summary Schedule of Prior Audit Findings .....	88
<b>V. INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	91



TABLE OF CONTENTS CONT'D

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	93
Schedule of Findings, Responses and Questioned Costs .....	95
Independent Auditor's Report On Compliance with States Laws and Regulations .....	97



**I. REQUIRED SUPPLEMENTAL INFORMATION (PART A)**





**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2015**

The following discussion and analysis of the City of Vicksburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements, which immediately follow this discussion and analysis.

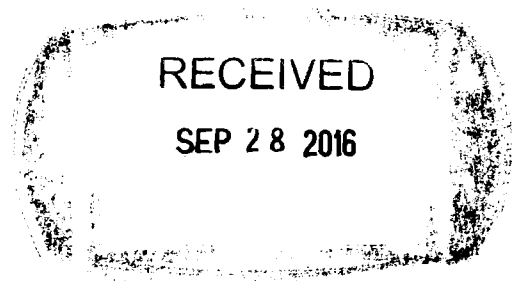
**FINANCIAL HIGHLIGHTS**

**Government-wide** - The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$120,028,367 (reported as "net position"). This compares to the previous year when assets exceeded liabilities by \$154,926,669. The City's total net position decreased by \$34,898,303, including the prior period adjustment of (\$34,821,094), due to the recording of the prior year net pension liability. Governmental activities' net position decreased during the fiscal year by \$37,802,156 and business-type activities' net position increased by \$2,903,853, resulting in an overall net position decrease of \$34,898,303.

**Fund Level** - As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$31,123,249, with \$16,991,977 reported as unreserved fund balance. The portion of the balance that is reserved for a specific purpose totaled \$14,131,273. This compares to the prior year ending fund balance of \$22,089,170. The proprietary funds reported total Net Position of \$45,109,827. This compares to the prior year Net Position of \$42,205,974.

**USING THIS ANNUAL FINANCIAL REPORT**

The City of Vicksburg's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.





**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2015**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements consist of the Statement of Net Position and the Statement of Activities. Both of these statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid. See Tables 1 & 2 on pages 7 and 9.

The Statement of Net Position and the Statement of Activities report two types of activities:

***Governmental Activities*** – The governmental activities reflect the City's basic services including general government services (executive, judicial), public safety (fire, law enforcement, emergency medical services), public works (street maintenance), and culture and recreation (parks and recreation and convention center). These services are financed primarily with taxes and intergovernmental revenues.

***Business-type Activities*** – The cost of providing goods or services to the general public, which is financed or recovered primarily through user charges, is reported here. The City Water, Gas, Sewer, and Sanitation Funds are in this category of activities.

**The Statement of Net Position** – The Statement of Net Position presents information on all of the City's nonfiduciary assets and liabilities, with the differences between the two reported as "net position". Over time, increases or decreases in the City's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

**The Statement of Activities** – The Statement of Activities presents information showing how the government's net position changed 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. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. *Revenues* - uncollected fines and *Expenses* - earned but unused vacation leave).



**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2015**

**Government-Wide Financial Statements – Continued**

This statement combines the expenses for all departments of the City into a few basic categories, which tells the reader how much a particular service provided by the City costs, and shows how that service is paid for. The change in net position of the City may indicate whether the City will be able to continue to provide the same level of services in the future.

This Statement of Activities condenses expense and funding information by combining the expenses of all City departments into a few general categories of service for both the primary governmental activities and the business-type activities. The following explanation is given for those not familiar with reading the Statement of Activities. The Statement of Activities (see page 24) is divided into two sections, Top and Bottom as described below:

**Top Section**

- Column one lists the name of the combined generalized function or program of the City.
- Column two lists the expenses.
- Column three lists revenue from receipt of dollars charged for the service (if any).
- Column four lists (if any) State or Federal grant revenue specific to that program to be used towards its operational expenses.
- Column five lists (if any) State or Federal grant revenue specific to that program to be used towards its capital expenses.
- Column six and seven, respectively for type either governmental or business, lists the dollar amount, either net expense or net revenue, that is derived from the difference between program revenues and its related expenses. The amount listed, shown in parenthesis "( )", indicates the dollar amount of the expenses that are not covered by fees, charges, grants or contributions and that must be paid from basic taxes.
- Column eight totals the respective row, which totals out the activities of the primary government.



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**Government-Wide Financial Statements – Continued**

**Bottom Section**

This section contains the following:

- General revenues dollars, under the same two categories of governmental or business-type activities, that are received from taxes, non restricted grants and contributions and unrestricted investment earnings or other miscellaneous revenues, such as gain on sale of asset.
- The change in net position, derived from the difference of the total of activities (top section) less revenues (bottom section).
- Net Position, beginning year balance.
- Net Position, ending.

**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. Information about the City's governmental funds begins on page 27. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds. These categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the City's general activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. This approach focuses on near-term inflows and outflows of spendable resources, along with the balance of spendable resources available at year-end.

The governmental fund statements provide a detailed view of the City's near-term financing requirements. Governmental funds include the General Fund, City Bond and Interest Debt Service Fund, and Capital Projects Fund, which are presented separately as major funds. All other funds of the City are considered nonmajor funds and are combined into a single column on the governmental fund financial statements.





**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**Fund Financial Statements – Continued**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be 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, the reader may gain a better understanding of the long-term impact of the City's near-term financing decisions.

**Proprietary Funds** – The City maintains two types of proprietary funds: enterprise and internal service.

- *Enterprise funds* charge fees for services to outside customers such as the water, gas, sewer and refuse collection. They are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting and are used to report the same functions presented as business-type activities in the government-wide financial statements.
- *Internal service* funds provide vehicle maintenance services to other City departments on a cost reimbursement basis. Because these services primarily benefit governmental rather than business-type functions, they have been included in governmental activities on the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statement can be found on page 36 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in the basic financial statements section of this report.



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as a budgetary comparison schedule for the general fund. Required supplementary information can be found on pages 76-82 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

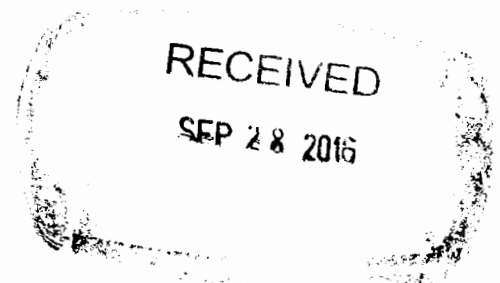
**Statement of Net Position Analysis (Table 1):**

For the year ended September 30, 2015, the City's combined assets (governmental and business-type activities) totaled \$198.3 million dollars compared to \$190.0 million for fiscal year ending September 30, 2014. Cash and cash equivalents increased by \$.2 million. Total liabilities increased by \$44.9 million from \$35.1 million to \$80.0 million dollars and capital assets decreased by \$1.3 million to \$144.7 million dollars. This comparison is very helpful in reflecting the City's ability to provide uninterrupted services to the public in the future.

The total net position of the City equaled \$120.0 million dollars after deducting total liabilities of \$80.0 million dollars from total assets.

The largest portion of the City's net position, \$128.9 million dollars, consist of its investment in capital assets such as land, buildings, furniture and equipment, improvements-other and infrastructure, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The City's investment in capital assets are reported net of related debt, thus it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There is a deficit of \$9,012,501 in unrestricted net position due to recording of unfunded pension liabilities under GASB 68 and 71. Please refer to note 8.





**City of Vicksburg, Mississippi**  
**Table 1**  
**Net Assets**  
**September 30, 2015 and 2014**  
**(In Millions of Dollars)**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Cash and Other Assets	30.9	31.2	9.3	8.8	40.2	40.1
Capital Assets	<u>111.1</u>	<u>103.3</u>	<u>47.1</u>	<u>46.7</u>	<u>158.1</u>	<u>149.9</u>
<b>Total Assets</b>	<b>142.0</b>	<b>134.5</b>	<b>56.3</b>	<b>55.5</b>	<b>198.3</b>	<b>190.0</b>
<b>Liabilities</b>						
Current and Other Liabilities	14.8	14.8	3.3	3.6	18.1	18.4
Long Term Liabilities	<u>54.0</u>	<u>7.0</u>	<u>7.9</u>	<u>9.7</u>	<u>61.9</u>	<u>16.7</u>
<b>Total Liabilities</b>	<b>68.8</b>	<b>21.8</b>	<b>11.2</b>	<b>13.3</b>	<b>80.0</b>	<b>35.1</b>
<b>Net Position</b>						
Invested in Capital Assets, Net of Related Debt	98.2	90.8	30.6	30.6	128.9	121.4
Restricted-Debt Service and Capital Projects	0.1	2.1	0	0	0.1	2.1
Unrestricted	<u>(23.5)</u>	<u>19.8</u>	<u>14.5</u>	<u>11.6</u>	<u>(9.0)</u>	<u>31.4</u>
<b>Total Net Position</b>	<b>74.9</b>	<b>112.7</b>	<b>45.1</b>	<b>42.2</b>	<b>120</b>	<b>154.9</b>

\*Note: This table consists of information from the Statement of Net Position expressed in millions to assist in reading the preceding Analysis of the Net Position.



**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2015**

**Statement of Activities Analysis (Table 2):**

Revenues for fiscal year 2015 totaled \$53.25 million and were exceeded by expenses, which totaled \$53.33 million, by \$77 thousand dollars. The primary reason for this deficit is the recognition of net pension liability in the amount of \$39,245,357 because of GASB 68 and 71 implementations. The governmental activities expenses, which totaled \$36.46 million, exceeded revenues of \$33.48 million by \$2.98 million because of GASB 68 and 71 implementations. The business-type activity's revenues, which totaled \$19.77 million, exceeded expenses of \$16.86 million by \$2.91 million. Utility rates have continued to be raised as necessary and a purchase gas adjustment mechanism was in place to adjust the price of natural gas on a monthly basis. The decline in the price of natural gas allowed the City to remove the purchase gas adjustment in March 2009. The sanitation, water and sewer rates were also increased in March 2014 to cover prior year deficiencies.

The *major* governmental programs of service provided by the City, its cost and percentage of general cost activities are as follows:

	<u>2015</u>		<u>2014</u>
• General Government .....	\$7.51 million, 17.6%	\$8.41 million,	24.8%
• Public Safety .....	\$15.55 million, 36.4%	\$15.53 million,	45.8%
• Public Works .....	\$5.10 million, 11.9%	\$5.07 million,	14.9%
• Culture and Recreation .....	\$4.67 million, 10.9%	\$4.63 million,	13.6%

The costs of some of the services provided by the City of Vicksburg are paid directly by the recipient of those services. Revenues from charges for services totaled \$21.79 million, which are \$22,377 above charges for services for fiscal year 2014. Charges for services are primarily in the business-type activities. This group includes the water, gas, sewer utilities, and the sanitation services. Police fines and charges for emergency medical services (ambulance) make up a large portion of the program revenues for the governmental activities. The balance of the costs is paid with taxes collected directly from the taxpayers of the City along with taxes and revenues from other governments. The general revenues of the City consist of the following:

	<u>2015</u>		<u>2014</u>
• Property taxes .....	\$11.00 million, 33%	\$11.24 million,	30%
• Franchise and misc. taxes .....	\$8.77 million, 26%	\$9.47 million,	26%
• Public service taxes total .....	\$8.57 million, 26%	\$8.48 million,	23%

The final 15% of revenues came from grants and contributions not restricted for a specific purpose, the sale of assets, charges for services, interest earnings and other miscellaneous sources, which totaled \$5.13 million for 2015. For 2014, the same items respected 21% of revenues at \$7.92 million.





**City of Vicksburg, Mississippi**  
**Table 2**  
**Changes in Net Position**  
**September 30, 2015 and 2014**  
**(In Millions of Dollars)**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services						
Governmental Activities	2.41	2.43			2.41	2.43
Water Utility			5.55	5.31	5.55	5.31
Gas Utility			7.42	7.91	7.42	7.91
Sewer Utility			4.82	4.49	4.82	4.49
Refuse, Sanitation Fund			1.59	1.63	1.59	1.63
Transportation Fund						
Operating Grants and Contributions	0.72	1.36			0.72	1.36
Capital Grants and Contributions						
<b>Total Program Revenues</b>	<b>3.13</b>	<b>3.79</b>	<b>19.4</b>	<b>19.34</b>	<b>22.51</b>	<b>23.13</b>
<b>General Revenues:</b>						
Property Taxes, levied for General Purposes	8.86	9.40			8.86	9.40
Property Taxes, levied for Debt Service	2.14	1.85			2.14	1.85
Franchise & Miscellaneous Taxes	8.77	9.46			8.77	9.46
Public Service Taxes	8.57	8.48			8.57	8.48
Grants and Entitlements Not Restricted	0.18	0.01			0.18	0.01
Unrestricted Investment Earnings	0.05	0.01			0.05	0.01
Miscellaneous	1.95	4.10	0.22	0.14	2.17	4.24
Gain or (Loss) on Sale of Assets	0.00	0.00	0.00	(0.02)	0.00	(0.02)
<b>Total General Revenues</b>	<b>30.52</b>	<b>33.31</b>	<b>0.22</b>	<b>0.12</b>	<b>30.74</b>	<b>33.43</b>
<b>Total Revenues</b>	<b>33.65</b>	<b>37.10</b>	<b>19.60</b>	<b>19.46</b>	<b>53.25</b>	<b>56.56</b>
<b>Functions/Programs Expenses:</b>						
General Government	7.51	8.41			7.51	8.41
Public Safety	15.55	15.53			15.55	15.53
Health, Welfare and Sanitation						
Public Works	5.10	5.07			5.10	5.07
Culture and Recreation	4.67	4.63			4.67	4.63
Pension Expense	3.37				3.37	
Interest and Fiscal Charges	0.27	0.31			0.27	0.31
Total Business Related Expenses	0.00	0.00	16.9	18.16	16.86	18.16
<b>Total Expenses</b>	<b>36.46</b>	<b>33.95</b>	<b>16.9</b>	<b>18.16</b>	<b>53.32</b>	<b>52.11</b>
<b>Increase (Decrease) in Net Position before Transfers</b>	<b>(2.81)</b>	<b>3.16</b>	<b>2.74</b>	<b>1.30</b>	<b>(0.07)</b>	<b>4.46</b>
Transfers	(0.17)	0	0.17	0	0	0
<b>Change in Net Position</b>	<b>(2.98)</b>	<b>3.16</b>	<b>2.91</b>	<b>1.30</b>	<b>(0.07)</b>	<b>4.46</b>

\*Note:  
This table consists of information from the Statement of Activities expressed in millions to assist in reading the Analysis of the Activities.



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**THE CITY'S FUND ANALYSIS**

**Budgeting Highlights**

During the fiscal year, the City revised the budget on several occasions. In general, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates used to prepare the originally adopted budget once exact information is readily available; 2) amendments made to recognize new funding sources from external entities, such as Federal and State grants; and 3) amendments to increase appropriations that become necessary in order to maintain services.

General Fund revenue for the fiscal year totaled \$29.36 million, and exceeded the budgeted amount of \$29.15 million by \$201 thousand. The final amended General Fund expense budget totaled \$35.4 million dollars. The total amount expended was \$29.5 million dollars, leaving an unexpended balance of \$5.9 million dollars for uncompleted projects.

The City's Bond and Interest Fund budget variances were minor.

The City's Capital Projects Fund budget variances were due to a GO bond issue late in the year.

**Capital Assets and General Long-Term Obligations**

**Capital Assets**

General capital assets include land, improvements to land, buildings, vehicles, machinery and equipment, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the capitalization threshold. The City has capitalized all purchased general capital assets.

The most significant changes in reporting standards for capital assets under Governmental Accounting Standards Board, Statement No. 34 (GASB34) is in the recording of infrastructure such as roads, bridges, sidewalks and other non-building improvements such as ball-fields, playgrounds, etc.

The City completed the process of complying with GASB34 in the 2003 fiscal year. Separate fixed asset inventory records are maintained for each item of capital asset.



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**Capital Assets – Continued**

Fiscal year 2015 is the thirteenth year that the City has complied with the GASB34 requirements concerning the statement and depreciation of its capital assets. The City continues to improve the accuracy of its data concerning its capital assets. The Mississippi, Office of State Auditor promulgates the rules for accounting for municipal fixed assets.

Easements and donated or dedicated right of way (those placed into the government's maintenance through contributions from private development) are not capitalized in this financial presentation. The City has an ongoing project to research and record all easements.

For the year ended September 30, 2015, governmental activities capital assets totaled **\$200,101,048** with accumulated depreciation of **\$101,748,212** leaving a net capital assets balance of **\$98,352,836**. Business-type activities capital assets for year ended September 30, 2015 totaled **\$86,250,844** with total accumulated depreciation of **\$39,855,196** leaving a net business-type capital assets balance of **\$46,395,647**.

See Note 6 of the "Notes to Financial Statements", for a breakdown of the individual categories with its beginning balance, additions, retirements, and ending balance.

**City of Vicksburg  
Capital Assets, Net of Depreciation  
September 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land(Includes						
Construction in Progress)	\$15,350,949	\$14,990,526	\$1,619,782	\$1,636,318	\$16,970,731	\$16,626,844
Buildings	19,440,018	19,843,158	39,317,568	38,850,836	58,757,586	58,693,994
Furniture and Equipment	4,788,563	4,633,941	1,717,636	1,766,728	6,506,199	6,400,669
Other Capital Assets	11,591,891	11,795,534	3,740,661	3,821,123	15,332,552	15,616,657
Infrastructure	<u>47,181,414</u>	<u>48,680,079</u>	<u>-</u>	<u>-</u>	<u>47,181,414</u>	<u>48,680,079</u>
<b>Total Capital</b>						
<b>Assets</b>	<u><b>\$98,352,835</b></u>	<u><b>\$99,943,238</b></u>	<u><b>\$46,395,647</b></u>	<u><b>\$46,075,005</b></u>	<u><b>\$144,748,482</b></u>	<u><b>\$146,018,243</b></u>



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**General Long Term Obligations**

A General Obligation (GO) bond is a bond backed by the full faith and credit of the City; and although not required, usually means that a tax levy will be assessed to repay the debt.

Most GO bonds issued by the City are repaid within ten years. This timely repayment helps to hold down interest cost on debt and enhances the City's credit rating. The quick repayment also gives the City great flexibility in financing the future needs of the City. The City issued a GO bond in August 2015 for \$9,500,000.00 for general infrastructure improvements.

**Limits on Debt**

The City of Vicksburg is subject to a general statutory debt limitation under which the City may not incur general obligation bonded indebtedness in an amount, which shall exceed fifteen percent (15%) of the assessed value of the City's taxable property. *(Bonds issued for utility system improvements if revenues of the system are exclusively dedicated for repayment, are not subject to the fifteen percent (15%) limit.)*

The City's current fifteen percent (15%) limit is \$47,696,331. At fiscal year ended, September 30, 2015, outstanding balances for bonds issued by the City, subject to the fifteen percent (15%) debt limit, totaled \$13,576,672. The City of Vicksburg would have the ability to issue additional bonds for \$34,119,659.

State law imposes an overall debt limit on municipalities of twenty percent (20%) of the assessed value of the taxable property within the City. At September 30, 2015, the twenty percent (20%) limit for the City of Vicksburg was \$63,595,108. The City's total outstanding debt, subject to this overall debt limit, totaled \$15,083,023. The City of Vicksburg has the ability to issue an additional amount of \$48,512,085. This figure represents seventy-six percent (76%) of the City's total debt capacity.

See Note 7 of the "Notes to Financial Statements", for more detailed information about our long-term liabilities.





**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**General Long Term Obligations—Continued**

**Statutory Debt Limits  
September 30, 2015**

	<b>Twenty Percent (20%)</b>		<b>Fifteen Percent (15%)</b>	
	<b>Debt Limit</b>	<b>Percent</b>	<b>Debt Limit</b>	<b>Percent</b>
Total Statutory Debt Capacity	\$63,595,108		\$47,696,331	
Current Outstanding Debt, subject to limit	15,083,323	23.72%	13,576,672	28.46%
Balance of Bonding Capacity	\$48,511,785	76.28%	\$34,119,659	71.54%

**Statutory Debt Limits  
September 30, 2013**

	<b>Twenty Percent (20%)</b>		<b>Fifteen Percent (15%)</b>	
	<b>Debt Limit</b>	<b>Percent</b>	<b>Debt Limit</b>	<b>Percent</b>
Total Statutory Debt Capacity	\$64,408,043		\$48,306,032	
Current Outstanding Debt, subject to limit	7,779,407	12.08%	5,855,384	12.12%
Balance of Bonding Capacity	\$56,628,636	87.92%	\$42,450,648	87.88%



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**General Long Term Obligations—Continued**

**Bonds**

Listed below are the outstanding GO bonds of the City with the original amount, purpose and the amount of outstanding debt.

- The 2015 Refunding Bond dated August 28, 2014, to refund the 2003 issue for \$1.93 million. The 2003 issue was used for water, gas and sewer improvements. The outstanding amount is \$1.343 million.
- The 2014 Refunding Bond dated August 28, 2014, to refund the 2007 Public Improvement Bonds for \$5.86 million. The 2007 issue was used for street and recreation improvements. The outstanding balance is \$4.076 million.
- The 2015 GO bonds dated August 13, 2015 were issued street, recreation and municipal building improvements. The outstanding balance is \$9.500 million.

RECEIVED

SEP 28 2016



**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2015**

**General Long Term Obligations—Continued**

**TIF**

Tax Increment Financing Bonds are used by the City to encourage development by providing the necessary infrastructure for a development project. The increased taxes are pledged by the City to repay the debt. The City does not pledge the full faith and credit of the City to repay the TIF bonds. The City is not obligated to repay the debt if the tax increment is insufficient to make the annual payments.

The City has issued \$3,268,000 in Tax Increment Financing (TIF) bonds for new developments since 1991. The total balance outstanding for TIF bonds is \$132,000.

**State Loans**

The City has three state loans (SRF) in 1996 and 2008 for sewer improvements with a total outstanding balance of \$3,015,865.

**City of Vicksburg**  
**Long Term Obligations**  
**September 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligations Bonds	\$13,576,672	\$5,855,384	\$1,343,628	\$1,929,916	\$14,920,300	\$7,785,300
Revenue Bonds	-	-	-	-	-	-
State Loans	-	-	3,015,865	3,615,720	3,015,865	3,615,720
Tax Increment Financing (TIF)						
Bonds	132,000	332,000	-	-	132,000	332,000
Other	<u>1,374,652</u>	<u>1,592,023</u>	<u>5,080,799</u>	<u>5,704,816</u>	<u>6,455,451</u>	<u>7,296,839</u>
<b>Total Long Term Obligations</b>	<b><u>\$15,083,324</u></b>	<b><u>\$7,779,407</u></b>	<b><u>\$9,440,292</u></b>	<b><u>\$11,250,452</u></b>	<b><u>\$24,523,616</u></b>	<b><u>\$19,029,859</u></b>



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**Revenue Section Highlights**

Governmental Funds revenues totaled \$32.80 million for the fiscal year 2015 as compared to \$34.56 million for 2014. The General Fund revenues totaled \$29.36 million dollars and the Bond and Interest Fund income for the year was \$1.98 million. The only revenue in the Capital Projects Fund was interest earnings of \$3. The other funds of the Governmental Funds revenues totaled a combined \$1.47 million.

The largest components of the General Fund revenue are as follows for 2015:

<b>Three Major Revenue Groups</b>	<b>Millions</b>	<b>Percent</b>
Gaming taxes	\$5.4	18%
Sales taxes: 18.5% of the state, 7% sales taxes on sales in City	\$8.3	28%
Property taxes: real estate, business, public utilities, auto	\$8.9	30%

The largest components of the General Fund revenue are as follows for 2014:

<b>Three Major Revenue Groups</b>	<b>Millions</b>	<b>Percent</b>
Gaming taxes	\$5.6	17%
Sales taxes: 18.5% of the state, 7% sales taxes on sales in City	\$7.7	24%
Property taxes: real estate, business, public utilities, auto	\$9.4	29%

**Utility System Revenues**

The City is continuing to evaluate its utility system revenues and making adjustments when necessary. The effects of the adjustments are reflected in this fiscal year. In fiscal year 2014 the total operating income for the proprietary funds was a profit of \$1.60 million, for fiscal year 2015 total operating income was a profit of \$2.90 million.





**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2015**

**CONTACT INFORMATION**

Financial reports of the City of Vicksburg are for use by residents as well as groups and entities, such as investors and creditors, to assess the financial condition of the City.

The citizens of Vicksburg should be able to use the reports to tell them how their taxes and fees for services have been used and to determine if their taxes or fees for services will increase. The citizens should also be able to assess the City's ability to continue the services which the citizens desire and if the City is making proper financial decisions to ensure that the infrastructure of the City is being maintained.

Investors and creditors have a need for proper financial reports to evaluate the financial condition of the City. Investors need assurances of a sound financial condition when making decisions to provide the financing needs of the City or to invest directly in the City. Citizens benefit by the City having the most favorable credit rating.

For more information regarding this report and the City of Vicksburg's financial condition, contact the City Clerk's office located at 1401 Walnut Street, Vicksburg, MS. Phone: (601) 634-4553 or

E-mail: [Waltero@vicksburg.org](mailto:Waltero@vicksburg.org). You may also visit the City's website at [www.vicksburg.org](http://www.vicksburg.org).



## **II. BASIC FINANCIAL STATEMENTS**





First Memphis Plaza  
4466 Elvis Presley Blvd, Ste. 151  
Memphis, TN 38116

Phone: 901.398.3210  
Fax: 901.398.4114  
bcamper@btcjrpa.com

## **Booker T. Camper Jr., CPA & CGMA**

---

### **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vicksburg, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 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, I 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.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

### **Opinions**

In my opinion, the financial statements referred to present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vicksburg, Mississippi, as of September 30, 2015 and the respective changes in financial position, and where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the city adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68. As a result, net position as of October 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability and of the City's Contributions on pages 1-18, 76-79 and 80-82 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 the placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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 Supplementary Information and Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary schedules, the other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.





The budgetary schedules, the other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

The introductory and statistical sections and the schedule of surety bonds of the City's officials have not been subjected to the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2016 on my consideration of the City of Vicksburg, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Vicksburg, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Booker T. Camper, Jr." with a stylized flourish at the end.

**Booker T. Camper, Jr., CPA & CGMA**

Memphis, Tennessee

June 30, 2016



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF POSITION**  
**September 30, 2015**

	Primary Government		
	Governmental	Business -Type	
	Activities	Activities	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 14,160,959.76	\$ 10,348,268	\$ 24,509,228
Investments	2,431,704	-	2,431,704
Receivables	11,998,433	609,890	12,608,323
Internal balances (Due From)	1,860,048	(1,662,552)	197,496
Due from other governmental agencies	184,500	-	184,500
Inventories	236,171	-	236,171
Total current assets	\$ 30,871,816	\$ 9,295,607	\$ 40,167,423
Noncurrent assets			
Restricted cash	12,296,421	600,877	12,897,298
Other noncurrent assets	511,242	-	511,242
Capital Assets:			
Land, improvements and construction in progress not depreciated	12,035,331	1,196,690	13,232,022
Infrastructure and infrastructure in progress net of depreciation	50,497,031	423,092	50,920,123
Buildings, net of depreciation	19,440,018	39,334,010	58,774,028
Equipment and furniture, net of depreciation	4,788,563	1,717,637	6,506,200
Other capital assets, net of depreciation	11,591,891	3,724,705	15,316,596
Capital assets, net	98,352,836	46,396,134	144,748,970
Total noncurrent assets	111,160,499	46,997,011	158,157,510
Total Assets	\$ 142,032,315	\$ 56,292,618	\$ 198,324,933
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,738,865	-	1,738,865
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>143,771,180</b>	<b>56,292,618</b>	<b>200,063,798</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 3,467,159	1,504,491	4,971,650
Due to other governmental agencies	136,186	69,458	205,644
Unearned Income	9,122,382	-	9,122,382
Other current due within one year:			
Bonds, capital leases and contracts	2,084,404	1,715,473	3,799,877
Accrued Interest	1,036	13,794	14,830
Compensated absences	-	-	-
Claims and judgements	-	-	-
Total current liabilities	\$ 14,811,167	\$ 3,303,215	\$ 18,114,383
Noncurrent liabilities			
Bonds, capital leases and contracts	12,998,920	7,726,020	20,724,940
Net Pension Liability	39,245,357	-	39,245,357
Accrued Interest	-	-	-
Compensated absences	903,186	153,555	1,056,741
Claims and judgements	212,330	-	212,330
Total noncurrent liabilities	53,359,793	7,879,576	61,239,368
Total Liabilities	\$ 68,170,961	\$ 11,182,791	\$ 79,353,751
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$ 681,680	-	681,680
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>68,852,641</b>	<b>11,182,791</b>	<b>80,035,431</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ 98,245,716	30,650,088	128,895,804
Restricted for:			
Capital Projects	145,064	-	145,064
Debt Service	-	-	-
Other Projects	-	-	-
Unrestricted	(23,472,240)	14,459,739	(9,012,501)
Total Net Position	\$ 74,918,539	\$ 45,109,828	\$ 120,028,367

See accompanying notes to financial statements

RECEIVED

SEP 28 2015



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities							
General Government	\$ 7,511,944	\$ -	\$ -	\$ -	\$ (7,511,944)	\$ -	\$ (7,511,944)
Public Safety	15,547,516	2,411,462	-	-	(13,136,054)	-	(13,136,054)
Public Works	5,096,302	-	718,550	-	(4,377,753)	-	(4,377,753)
Culture and Recreation	4,669,745	-	-	-	(4,669,745)	-	(4,669,745)
Pension Expense	3,367,078	-	-	-	(3,367,078)	-	(3,367,078)
Interest and redemption long term debt	271,626	-	-	-	(271,626)	-	(271,626)
Total governmental activities	<u>36,464,210</u>	<u>2,411,462</u>	<u>718,550</u>	<u>-</u>	<u>(33,334,199)</u>	<u>-</u>	<u>(33,334,199)</u>
Business-type activities							
Water	5,520,243	5,548,049	-	-	-	27,806	27,806
Gas	5,623,283	7,420,684	-	-	-	1,797,401	1,797,401
Sewer	4,288,232	4,823,641	-	-	-	535,408	535,408
Refuse	1,430,846	1,588,834	-	-	-	157,989	157,989
Transportation	1,824	-	-	-	-	(1,824)	(1,824)
Total business-type activities	<u>16,864,428</u>	<u>19,381,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,516,780</u>	<u>2,516,780</u>
Total primary governmental	<u>\$ 53,328,638</u>	<u>\$ 21,792,670</u>	<u>\$ 718,550</u>	<u>\$ -</u>	<u>\$ (33,334,199)</u>	<u>\$ 2,516,780</u>	<u>\$ (30,817,419)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					\$ 8,860,043	\$ -	\$ 8,860,043
Property taxes, levied for specific purpose					2,143,432	-	2,143,432
Franchise and miscellaneous taxes					8,772,515	-	8,772,515
Public service taxes					8,572,839	-	8,572,839
Grants and contributions unrestricted					175,197	-	175,197
Unrestricted investment earnings					49,951	678	50,628
Miscellaneous					1,949,284	216,271	2,165,555
Gain(loss) on sale of assets					-	-	-
Transfers(In)out and Other					(170,124)	170,124	-
Total general revenue and transfers					<u>30,353,137</u>	<u>387,073</u>	<u>30,740,209</u>
Change in net assets					(2,981,062)	2,903,853	(77,209)
Net position, October 1, 2014					112,720,694	42,205,975	154,926,670
Prior Period Adjustment					(34,821,094)	-	(34,821,094)
Net position, September 30, 2015					<u>\$ 74,918,539</u>	<u>\$ 45,109,828</u>	<u>\$ 120,028,368</u>

See accompanying notes to financial statements





## **FUND FINANCIAL STATEMENTS**



## **GOVERNMENTAL FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2015**

	General Fund	City Bond and Interest	Capital Projects Fund	Other Non-major Government Funds	Total Government Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 11,518,689	\$ 1,297,538	\$ 10,897,089	\$ 2,772,072	\$ 26,485,388
Investments	-	-	-	2,431,704	2,431,704
Taxes receivable, net	6,090,051	2,130,351	-	-	8,220,402
Due from other funds	4,421,701	1,013	133,295	-	4,556,009
Receivables from other governments	184,500	-	-	-	184,500
Other Receivables	3,336,798	-	6,174	354,404	3,697,377
Inventories	52,658	-	-	26,981	79,639
Prepaid expenses	511,530	-	-	(287)	511,242
Total Assets	\$ 26,115,928	\$ 3,428,901	\$ 11,036,558	\$ 5,584,874	\$ 46,166,260
<b>LIABILITIES</b>					
Current liabilities					
Accounts Payable	\$ 1,812,617	2,263	341,263	1,225,230	3,381,372
Due to other funds	164,881	1,298,000	-	909,314	2,372,195
Payable to other governments	162,981	-	-	-	162,981
Unearned income	6,983,472	2,130,351	-	11,604	9,125,427
Other accrued expenses	-	-	-	-	-
Other payables	-	1,036	-	-	1,036
Total liabilities	\$ 9,123,951	\$ 3,431,650	\$ 341,263	\$ 2,146,147	\$ 15,043,011
DEFERRED INFLOWS/OUTFLOWS OF RESOURCES	\$ -	-	-	-	-
<b>FUND BALANCES</b>					
Unassigned	\$ 16,991,977	-	-	-	\$ 16,991,977
Assigned:	-				-
Debt Service	-	(2,749)	-	-	(2,749)
Capital Projects	-	-	10,695,295	-	10,695,295
Encumbrances and other	-	-	-	3,438,726	3,438,726
	-	-	-	-	-
Total Fund Balances	\$ 16,991,977	\$ (2,749)	\$ 10,695,295	\$ 3,438,726	\$ 31,123,249

See accompanying notes to financial statements



**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS  
TO THE STATEMENT OF NET POSITION  
CITY OF VICKSBURG, MISSISSIPPI  
September 30, 2015**

Fund Balances - total governmental funds	\$ 31,123,249
Amounts reported for governmental activities in Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statement.	
Governmental capital assets	
Less accumulated depreciation	98,352,836
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statement.	(124,207)
The assets and liabilities of certain internal service funds are not included in the fund financial statement.	(46,329)
Some liabilities (such as Notes Payable, Capital Lease Payable, Long term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement.	(16,198,840)
Adjustment to Net Assets for Pension Liability	(39,245,357)
Deferred outflows of resources related to pension applicable to future periods	1,738,865
Deferred inflows of resources related to pension applicable to future periods	(681,680)
Net Position of Governmental Activities	<u>\$ 74,918,539</u>

See accompanying notes to financial statements





**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2015**

	General Fund	City Bond and Interest	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 8,860,043	\$ 1,976,416	\$ -	\$ 167,016	\$ 11,003,475
Sales and miscellaneous taxes	16,041,526	-	-	-	16,041,526
Fees and fines	890,937	-	-	-	890,937
Licenses and permits	168,551	-	-	-	168,551
Intergovernmental	1,258,955	-	-	-	1,258,955
Charges for services	261,570	-	-	-	261,570
Investment earnings (loss)	5,286	301	3	11,429	17,019
Miscellaneous	1,869,711	-	-	1,288,759	3,158,469
Program Income	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 29,356,579</b>	<b>\$ 1,976,716</b>	<b>\$ 3</b>	<b>\$ 1,467,205</b>	<b>\$ 32,800,503</b>
<b>Expenditures</b>					
Current (Operating)					
General Government	\$ 5,163,049	-	-	-	\$ 5,163,049
Public Safety	15,547,516	-	-	409,914	15,957,430
Public Works	3,709,040	-	-	-	3,709,040
Culture and Recreation	2,689,328	-	191,129	452,917	3,333,373
Debt service:					-
Principal	217,372	1,778,712	-	200,000	2,196,084
Interest and other charges	38,192	157,865	55,541	20,027	271,626
Capital Outlay	2,182,596	-	-	141,114	2,323,709
<b>Total Expenditures</b>	<b>29,547,093</b>	<b>1,936,577</b>	<b>246,670</b>	<b>1,223,971</b>	<b>32,954,312</b>
Excess of revenues over (under) expenditures	(190,514)	40,139	(246,668)	243,234	(153,809)
Other financing sources and uses, including transfers					
Other Sources (Uses)	-	-	9,500,000	-	9,500,000
Transfers In (Out)	542,380	-	(712,173)	(142,319)	(312,111)
<b>Total other financing sources (uses)</b>	<b>542,380</b>	<b>-</b>	<b>8,787,827</b>	<b>(142,319)</b>	<b>9,187,889</b>
<b>Net change in fund balances</b>	<b>351,866</b>	<b>40,139</b>	<b>8,541,160</b>	<b>100,915</b>	<b>9,034,080</b>
Fund Balances, October 1, 2014	16,640,110	(42,888)	2,154,135	3,337,812	22,089,168
Prior Period Adjustment	-	-	-	-	-
<b>Fund Balances, October 1, 2015</b>	<b>\$ 16,991,976</b>	<b>\$ (2,749)</b>	<b>\$ 10,695,295</b>	<b>\$ 3,438,727</b>	<b>\$ 31,123,249</b>

See accompanying notes to financial statements



**CITY OF VICKSBURG, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, GOVERNMENTAL FUNDS**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Net Change in Fund Balances - total governmental funds	\$ 9,034,080
--	--------------

Amounts reported for governmental activities in Statement of  
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 useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	1,510,650
---	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(7,392,870)
---	-------------

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(9,500,000)
---	-------------

Pension Expense	<u>3,367,078</u>
-----------------	------------------

Change in Net Position of Governmental Activities	<u>\$ (2,981,062)</u>
---	-----------------------

See accompanying notes to financial statements



## **PROPRIETARY FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF POSITION**  
**Proprietary Funds**  
**September 30, 2015**

	Business -Type Activities - Enterprise Funds					Internal Service Funds
	Water Fund	Gas Fund	Sewer Fund	Other	Total	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 357,971	\$ 8,816,117	\$ 375,404	\$ 798,776	\$ 10,348,268	\$ (93,011)
Accounts receivable, net	304,194	27,014	226,394	52,288	609,890	80,654
Due from other funds	4,299	2,521,791	157	-	2,526,248	-
Receivables from other governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	156,532
Prepaid expenses	-	-	-	-	-	-
Total current assets	666,465	11,364,922	601,955	851,064	13,484,407	144,175
Noncurrent assets:						
Restricted cash and cash equivalents	381,407	-	219,470	-	600,877	-
Capital Assets:		-			-	
Land and improvements	445,421	408,948	342,322	-	1,196,690	30,536
Utility system	32,946,209	8,913,994	31,658,155	399,864	73,918,222	51,433
Construction in progress	318,942	9,500	94,650	-	423,092	-
Buildings	146,703	498,194	566,510	-	1,211,408	264,106
Equipment and furniture	3,919,135	2,664,074	2,466,000	452,222	9,501,431	175,037
Less accumulated depreciation	(18,339,230)	(6,721,510)	(14,215,885)	(578,085)	(39,854,709)	(282,428)
Capital assets, net	19,437,179	5,773,200	20,911,752	274,002	46,396,134	238,683
Total noncurrent assets	19,818,587	5,773,200	21,131,222	274,002	46,997,012	238,683
Total Assets	\$ 20,485,051	\$ 17,138,123	\$ 21,733,178	\$ 1,125,066	\$ 60,481,417	\$ 382,858
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 523,399	\$ 699,312	\$ 166,850	\$ 114,930	\$ 1,504,491	\$ 19,639
Overdrafts	-	-	-	-	-	-
Accrued interest payable	5,822	4,985	2,987	-	13,794	-
Due to other funds	1,275,418	-	2,808,734	174,106	4,258,258	296,970
Payable to other governments	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-
Claims and judgements	-	-	-	-	-	-
Bonds, notes and loans payable	514,996	390,019	810,458	-	1,715,473	-
Total current liabilities	2,319,634	1,094,316	3,789,029	289,036	7,492,015	316,610
Noncurrent liabilities:						
Compensated absences	38,689	67,424	47,443	-	153,555	19,920
Capital lease obligation	-	-	-	-	-	-
Bonds, notes and loans payable	1,894,325	1,942,806	3,888,890	-	7,726,021	-
Total noncurrent liabilities	1,933,014	2,010,230	3,936,333	-	7,879,577	19,920
Total Liabilities	\$ 4,252,648	\$ 3,104,546	\$ 7,725,362	\$ 289,036	\$ 15,371,592	\$ 336,529
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	13,744,417	3,040,323	13,410,394	454,954	30,650,088	131,563
Unrestricted	2,487,987	10,993,254	597,421	381,077	14,459,739	(85,234)
Total Net Position	\$ 16,232,404	\$ 14,033,577	\$ 14,007,816	\$ 836,030	\$ 45,109,827	\$ 46,328

See accompanying notes to financial statements





**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**Proprietary Fund**  
**September 30, 2015**

	<b>Business -Type Activities</b>					<b>Internal Service Funds</b>
	<b>Water Fund</b>	<b>Gas Fund</b>	<b>Sewer Fund</b>	<b>Other</b>	<b>Total</b>	
<b>OPERATING REVENUES:</b>						
Charge for services	\$ 5,548,049	\$ 7,420,684	\$ 4,823,641	\$ 1,588,834	\$ 19,381,208	\$ 852,769
Other Revenue	85,337	-	130,934	-	216,271	-
Total Operating Revenue	<u>5,633,386</u>	<u>7,420,684</u>	<u>4,954,575</u>	<u>1,588,834</u>	<u>19,597,479</u>	<u>852,769</u>
<b>OPERATING EXPENSES:</b>						
Personnel services	1,095,361	1,540,224	1,184,253	-	3,819,838	373,795
Contractual services	1,759,501	3,497,737	1,419,955	1,388,503	8,065,697	10,989
Utilities	499,959	38,826	213,262	-	752,047	12,253
Repairs and maintenance	350,474	81,601	302,799	5,969	740,842	4,210
Other supplies and expenses	937,788	164,743	222,133	10,672	1,335,336	506,967
Insurance claims and expenses	70,480	61,968	39,941	9,934	182,323	6,252
Depreciation	737,265	178,603	790,452	17,592	1,723,913	10,166
Total Operating Expenses	<u>5,450,828</u>	<u>5,563,701</u>	<u>4,172,796</u>	<u>1,432,670</u>	<u>16,619,995</u>	<u>924,632</u>
Operating Income(Loss)	<u>182,558</u>	<u>1,856,983</u>	<u>781,779</u>	<u>156,164</u>	<u>2,977,484</u>	<u>(71,863)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>						
Interest and investment income	(4)	606	24	51	677	-
Operating grants and contributions	-	-	-	-	-	-
Interest expense	(69,415)	(59,581)	(115,437)	-	(244,433)	-
Total Non-operating revenue (expenses)	<u>(69,419)</u>	<u>(58,975)</u>	<u>(115,412)</u>	<u>51</u>	<u>(243,755)</u>	<u>-</u>
Income (loss) before transfers	<u>113,139</u>	<u>1,798,008</u>	<u>666,367</u>	<u>156,215</u>	<u>2,733,729</u>	<u>(71,863)</u>
<b>TRANSFERS &amp; Other Sources(Uses)</b>						
Other	-	-	-	-	-	-
Transfers in (out)	159,249	-	10,875	-	170,124	141,988
Total Transfers & Other sources (uses)	<u>159,249</u>	<u>-</u>	<u>10,875</u>	<u>-</u>	<u>170,124</u>	<u>141,988</u>
Change in net assets	<u>272,388</u>	<u>1,798,008</u>	<u>677,242</u>	<u>156,215</u>	<u>2,903,853</u>	<u>70,125</u>
NET POSITION - BEGINNING OF YEAR	15,960,016	12,235,570	13,330,573	679,815	42,205,974	(30,830)
Prior Period Adjustment	-	-	-	-	-	7,035
NET POSITION - BEGINNING OF YEAR(Restated)	<u>15,960,016</u>	<u>12,235,570</u>	<u>13,330,573</u>	<u>679,815</u>	<u>42,205,974</u>	<u>(23,795)</u>
NET POSITION - END OF YEAR	<u>\$ 16,232,404</u>	<u>\$ 14,033,577</u>	<u>\$ 14,007,816</u>	<u>\$ 836,030</u>	<u>\$ 45,109,827</u>	<u>\$ 46,328</u>

See accompanying notes to financial statements



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Fund**  
**September 30, 2015**

	Business -Type Activities					
	Water Fund	Gas Fund	Sewer Fund	Other Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 5,548,049	\$ 7,420,684	\$ 4,823,641	\$ 1,588,834	\$ 19,381,208	\$ -
Receipts from interfund services provided	-	-	-	-	-	852,769
Payments to suppliers	(3,569,641)	(3,853,443)	(1,982,331)	(1,427,529)	(10,832,944)	(593,841)
Payments to employees	(1,095,361)	(1,540,224)	(1,184,253)	-	(3,819,838)	(373,795)
Payments from interfund services used	-	-	-	-	-	-
Net cash provided by operating activities	<u>883,047</u>	<u>2,027,017</u>	<u>1,657,057</u>	<u>161,305</u>	<u>4,728,425</u>	<u>(114,867)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-
Acquisition and construction of capital assets	(1,868,483)	(625,107)	(1,793,013)	17,551	(4,269,052)	(105,328)
Principal paid on capital debt and leases	-	-	-	-	-	-
Interest paid on capital debt	(85,337)	-	(130,934)	-	(216,271)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,953,820)</u>	<u>(625,107)</u>	<u>(1,923,947)</u>	<u>17,551</u>	<u>(4,485,323)</u>	<u>(105,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Operating contributions	-	-	-	-	-	-
Interest and dividends received	(4)	606	24	51	677	-
Net cash provided by (used for) investing activities	<u>(4)</u>	<u>606</u>	<u>24</u>	<u>51</u>	<u>677</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,070,777)	1,402,516	(266,866)	178,907	243,780	(220,195)
<b>CASH BEGINNING OF YEAR</b>	<u>1,810,155</u>	<u>7,413,601</u>	<u>861,740</u>	<u>619,869</u>	<u>10,705,365</u>	<u>127,184</u>
<b>CASH END OF YEAR</b>	<u>\$ 739,378</u>	<u>\$ 8,816,117</u>	<u>\$ 594,874</u>	<u>\$ 798,776</u>	<u>\$ 10,949,145</u>	<u>\$ (93,011)</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income	\$ 182,558	\$ 1,856,982	\$ 781,779	\$ 156,165	\$ 2,977,484	(71,863)
Adjustments to reconcile operating loss to net cash provided by operating activities:						
Depreciation	737,265	178,603	790,452	15,995	1,722,315	10,166
Increase (Decrease) in:						
Receivables	137,104	23,037	76,260	(7,978)	228,423	(10,244)
Due from other funds	197	-	-	-	197	-
Prepaid expenses and Inventories	-	-	-	-	-	16,315
Increase (Decrease) in:						
Accounts payable	(157,862)	(39,014)	8,566	(2,877)	(191,187)	(59,241)
Other accrued expenses	(16,215)	7,408	-	-	(8,807)	-
Due to other funds	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-
Capital lease payable	-	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 883,047</u>	<u>\$ 2,027,016</u>	<u>\$ 1,657,057</u>	<u>\$ 161,305</u>	<u>\$ 4,728,425</u>	<u>\$ (114,867)</u>

See accompanying notes to financial statements

RECEIVED  
SEP 28 2016



## **FIDUCIARY FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**September 30, 2015**

**ASSETS**

Cash and cash Equivalents	\$ 65,004
Other receivables	<u>0</u>
Total Assets	<u>65,004</u>

**LIABILITIES**

Other payables	<u>65,004</u>
Total Liabilities	\$ <u>65,004</u>

**NET ASSETS**

Held in trust for benefit and other purposes	<u>\$ 0</u>
--	-------------

See accompanying notes to financial statements





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Vicksburg was incorporated in 1825. The City operates under a Mayor-Aldermen form of government. As authorized by its charter, the City provides various services: public safety (police and fire), highway and streets, sanitation, health and social services, culture, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates a water and sewer system.

The City complies with accounting principles accepted in the United States of America ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARB") of the Committee on Accounting Procedures. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflicts with or contradict GASB pronouncements, in which case, GASB prevails. For proprietary funds, GASB Statement 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The more significant accounting policies of the City are described below.

**B. Financial Reporting Entity**

The City's combined financial statements include the accounts of all City operations. In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and GASB Statement No. 39 Determining Whether Certain Organizations are Component Units. The criteria for including organizations as component units within the City's reporting entity included whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Vicksburg has no component units.

**C. Financial Statement Presentation**

**Government-wide Financial Statements**

The statement of Net Position and the statement of activities report financial information for the City as a whole excluding fiduciary activities. Adjustments have been made to minimize the double-counting of interfund activity. These statements distinguish between governmental activities and business-type activities. Governmental activities are primarily financed through taxes and intergovernmental revenues, whereas business-type activities are primarily financed through charges for services to external parties.

The statements of activities present a comparison between direct expenses and program revenues for each function of the City's governmental activities, and for each of the business-type activities. Direct expenses are those that are clearly identified with a specific program or segment. Indirect expenses allocations are displayed separately from the direct expenses. Program revenue include (a) fees, fines, and charges for service, and (b) operating grants and contributions, which finance annual operating activities including restricted investment income; and (c) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs users. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

**Fund Financial Statements**

The fund financial statements report information about the City's funds, including the fiduciary funds. Separate columns are presented for each major governmental and propriety funds.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Financial Statement Presentation – Continued**

*Governmental Funds*

The City reports the following major governmental funds:

**General Fund** – reports as the primary operating fund of the City and is always classified as a major fund. This fund is used to account for all financial transactions not required to be accounted for in another fund.

**City Bond and Interest Fund** – accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds and interest.

**Capital Projects Fund** – accounts for financial resources to be used for the acquisition or construction of major capital facilities.

**Special Revenue Fund** – accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Proprietary Funds*

The City reports the following major proprietary funds:

**Water Fund** – accounts for the operations of the water distribution system of the City.

**Gas Fund** – accounts for the operating activities of the City's gas utilities services.

**Sewer Fund** – accounts for the operating activities of the City's sewer utilities services.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Financial Statement Presentation – Continued**

*Other Fund Types*

The City also reports the following fund types:

**Internal Service Funds** – accounts for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These include garage services. The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

**Agency Fund** – accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

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

The government-wide and proprietary funds use a flow of economic resource measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to business in the private sector and, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements use a current financial resources measurement focus, and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period." The City considers amounts collected on grants within 120 days after the year-end, and amounts collected within 60 days after year-end on all other on all other governmental funds, to be available and thus recognizes them as revenues of the current year.





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus and Basis of Accounting – Continued**

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenue of the City which are susceptible to accrual under the modified accrual basis include property taxes, other taxes, public service taxes, grant revenues, interest revenue, and charges for services. In applying the "susceptible to accrual" concept to intergovernmental revenues (grants, entitlements and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be earned by the City; therefore, revenues are recognized based upon when the expenditures are made if they meet the criterion of availability. In other, moneys are essentially unrestricted as to purpose of expenditures and revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the measured on the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The City's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the City's utility type funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

*Allocation of Indirect Expenses*

The City allocates indirect expenses primarily comprised of central government services to operating functions and programs benefiting from those services. Central services include overall City management, accounting, financial reporting, payroll, procurement contracting and oversight, personnel services, and other central administrative services.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus and Basis of Accounting – Continued**

Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

**E. Fund Balance Presentation**

- **Nonspendable.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted.** This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- **Committed.** This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the City. Such formal action may be in the form of an ordinance or resolutions and may only be modified or rescinded by a subsequent formal action.
- **Assigned.** This classification includes amounts that are intended by the City to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.
- **Unassigned.** This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. The City uses restricted amounts first when both restricted and unrestricted fund balances are available.

**F. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

State statutes permit the City to invest funds in excess of sums required for immediate expenditure or current obligation in certificates of deposit and other time deposits with financial institutions approved for the deposit of State funds, debt instruments of the U.S. government and its agencies of the State of Mississippi,



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**F. Cash and Cash Equivalents – Continued**

or of any county or municipality when such county or municipal bonds have been properly approved.

The City pools its cash resources of its various funds in order to maximize investment opportunities. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements and is considered to be cash equivalents. Investment income is allocated based on each fund's average daily balance in the pooled cash account.

**G. Interfund Balances and Activity**

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**I. Inventories**

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost, which is recorded as expenditure at the time individual inventory items are used. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

**J. Capital Assets**

The accounting treatment over fixed assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the governmental-wide of fund financial statements.

*Government-wide Statements*

Fixed assets are accounted for as capital assets. Capital assets with useful lives of more than one year are stated at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market at the date of donations. Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2003. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets, unless State guidelines require a Lower threshold. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations.

Infrastructure assets include roads, bridges, traffic signals, etc. The infrastructure assets are likely to be the largest asset class of the City. Prior to September 30, 2003, neither their historical cost nor related depreciation has been reported in the financial statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**J. Capital Assets – Continued**

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Improvements other than buildings	20 years
Roads	20 years
Bridges – concrete	50 years
Bridges – timber	30 years
Computer equipment	3 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	10 years

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

The cost of normal maintenance and repair that does not add to the value of capital assets or materially extend their respective lives is not capitalized. Interest expenditures are not capitalized on capital assets.

**K. Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The City does not provide for the payment of accumulated sick leave. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds reports only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

**L. Long-term Obligations**

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



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**L. Long-term Obligations – Continued**

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**M. Post Employment Health Care and Life Insurance Benefits**

The City does not incur costs associated with post-employment benefits for retired employees. The City allows all vested employees to continue in the group plan after retirement; however, the retired employees pay 100% of the premiums.

**N. Net Position**

The government-wide statement of Net Position reports a total of \$ 2,111,247 of restricted assets for governmental activities, of which the same amount is restricted by enabling legislation.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the City, which are either unusual in nature or infrequent in occurrence.

**P. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statements date



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**P. Estimates – Continued**

and the reported amounts of revenues, expenses or expenditures during the reporting period. Actual results could differ from those estimates.

**Q. Budgets and Budgetary Accounting**

The City's Accountant submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing October 1. The operating budget includes expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted by adoption of a resolution that is recorded in the minutes of the city Board. Revisions that alter the expenditures of any fund must be approved by the City Board. The budgets presented in this report are amended. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted as a basis consistent with generally accepted accounting principles (GAAP). All budgetary appropriations lapse at the end of each fiscal year.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**S. Recent Accounting Pronouncement**

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Report for Pensions, which is intended to improve the information in employer and governmental employees contributing entity financial reports and enhance value for assessing accountability by requiring by requiring recognition of the entire net pension liability and more comprehensive measure of pension expenses.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**S. Recent Accounting Pronouncement- Continued**

The provisions of Statement No. 68 are effective for fiscal years beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. This Statement has no significant impact on the City's financial statements.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent of the Measurement Date – An Amendment of GASB Statement No.68." This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning new pension liability. The provisions in the Statement are required to be applied simultaneously with the provisions of Statement 68. The City has implemented this in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Applications." This Statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for period beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, The GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The collateral for public entities' deposits in financial institutions are now 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 City'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 these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. At September 30, 2015, all of the City's bank deposits were covered under the collateral pool administered by the State Treasurer, with the exception of the amounts held in the Perpetual Care trust accounts at an in-state bank.

At September 30, 2015, the carrying amount (recorded on the City's books) of the City's demand deposits was \$37,406,526 and the bank balance was \$37,429,475.

The City also has \$2,431,704 (carrying value) of investments held in trust at two local trust departments for the perpetual care non-expendable trust. Fair market value is based on quoted market prices. This amount consists of the following:

<u>Government Obligations</u>	<u>Cost</u>	<u>FMV</u>
Treasury and Federal Agencies	\$1,199,630	\$1,071,657
Equity Mutual Funds	480,171	533,164
Fixed Income Mutual Funds	701,711	807,639
Preferred Stock	-	-
Cash and Equivalents	19,244	19,244
	<u>\$2,400,756</u>	<u>\$2,431,704</u>

Interest 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. Current rating of the mutual funds as of September 30, 2015 ranges from A to AAA to BBB. As of SEPTEMBER 30, 2015, the maturities of investments subject to interest risk are as follows:

Investment maturities at fair value (in years):

Investment Type	Less than 1	1-5	6-10	More than 10
Mutual Funds	\$ 987,351	-	-	-
U. S. Government Agencies	\$ 881,915	\$ 562,438	-	-



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**

Custodial Credit Risk: All investments are not exposed to custodial credit risk as they are entirely uninsured and unregistered but in custodial accounts at two local banks in the name of the City.

Credit Risk: The City has no investment policy that would further restrict its investment choices other than those set by State of Mississippi statute. Following is a list of investments which are stated in state statute and are limited to the investment of funds in excess of sums required by immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasured Bonds of direct obligations of the:

United States of America  
State of Mississippi  
County or Municipality of Mississippi  
School Districts

State statute allows the investment of funds received from the sale of bond, notes or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, to be placed in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

On June 25, 2015, Moody's Investors Service has assigned an A2 rating to the 2015 Special Obligation Bonds.

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS AND DEFERRED REVENUE**

*Property Taxes Receivable, Deferred Revenue and Property Tax Calendar*

Property taxes are levied in September on the assessed (appraised) value of all real and business personal property located in the city and are payable by the following February 1. An enforceable lien on property is attached as of January 1. However, taxpayers are permitted pay ad valorem taxes in installments by paying one-half by February 1, one-quarter by May 1, and one-quarter by July 1. Installments bear interest at the rate of 12% per annum. City property tax revenues are recognized when levied. Major tax payments are received in February through May. An allowance is established for delinquent taxes to the extent that their collectibility is doubtful. The City has an interlocal agreement with the county to collect all City and school taxes.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS AND DEFERRED REVENUE-CONT'D**

For the current year, the City levied taxes in the amount of 35.88 mills for the following purposes:

General	22.79
City Debt Service	7.95
Police and Fire Disability Relief Fund	<u>5.14</u>
Total Mills	<u><u>35.88</u></u>

An additional millage rate of 5.05 was levied for the business promotion area.

*General Accounts Receivables and Uncollectible Accounts*

Significant receivables include amounts for fines and forfeitures from the court system and charges for ambulance transportation. The court system receivables are due when the City has an enforceable legal claim against the organization or individual. Revenues and receivables for court fines and forfeitures are reported net of any amounts the City, based on historical trends, estimated will be uncollectible based on noncompliance with partial payment agreements. The other significant receivable is for charges incurred due to utilization of ambulance services. These receivables are due at the time of service. Revenues and receivables are reported net of contractual allowances due to agreements between the City and various insurance companies and an allowance for uncollectible amounts based on historical trends for non-payments related primarily to self-pay accounts.

*Enterprise Receivables and Uncollectible Accounts*

Significant receivables include amounts due from customers primarily for utility services. These receivables are due prior to the next billing cycle, which is every month. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending upon the fund.

*Receivables from Other Governments and Deferred Revenue*

Other government receivables are primarily comprised of amounts due from federal and state governments for miscellaneous taxes and grants. Revenue is recorded as earned when eligibility requirements are met for grants. Grant revenues deferred in the governmental fund financial statements include unearned revenue and revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Deferred revenue received after 60 days is fully recognized as revenue in the government-wide statements if grantor eligibility requirements are met.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. RECEIVABLES AND PAYABLES**

Receivables at September 30, 2015 were as follows:

	Accounts	Taxes	Allowance	Total
Governmental Activities				
Total Governmental Activities	\$ <u>8,834,567</u>	\$ <u>5,374,571</u>	\$ <u>(2,210,705)</u>	\$ <u>11,998,433</u>
Business-type Activities				
Total Business-type Activities	\$ <u>935,641</u>	\$ <u>-----</u>	\$ <u>(325,751)</u>	\$ <u>609,890</u>

Payables at September 30, 2015 were as follows:

	Vendors	Salaries & Benefits	Other	Total
Governmental Activities				
Total Governmental Activities	\$ <u>2,592,276</u>	\$ <u>525,710</u>	\$ <u>349,173</u>	\$ <u>3,467,159</u>
Business-type Activities				
Total Business-type Activities	\$ <u>1,115,723</u>	\$ <u>210,787</u>	\$ <u>177,981</u>	\$ <u>1,504,491</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances at September 30, 2015 for Governmental funds and Business-Type Activities, resulting from interfund goods and services, transactions recorded in the accounting system and payments between funds, are recorded and total amount of the interfund balances are in agreement with each interfund balance.

In accordance with matching requirements, general fund transfers funds to the special revenue.





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended September 30, 2015, for the primary government is as follows:

	Beginning Balance	Additions	Retirement/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Land	\$ 11,954,083	\$ 85,616	\$ 4,368	\$ 12,035,331
Buildings	30,846,951	141,988	-	30,988,938
Furniture and equipment	19,975,873	1,378,593	-	21,354,465
Other capital assets	22,473,126	514,782	-	22,987,908
Infrastructure	109,353,244	65,544	-	109,418,788
Construction inprogress	3,036,442	313,922	34,747	3,315,617
<b>Total capital assets</b>	<b>\$ 197,639,719</b>	<b>\$ 2,500,444</b>	<b>\$ 39,115</b>	<b>\$ 200,101,048</b>
<b>Less accumulated depreciation for:</b>				
Buildings	11,003,793	545,127	-	11,548,920
Furniture and equipment	15,341,932	1,223,970	-	16,565,902
Other capital assets	10,677,592	718,425	-	11,396,017
Infrastructure	60,673,165	1,564,209	-	62,237,374
<b>Total accumulated depreciation</b>	<b>\$ 97,696,482</b>	<b>\$ 4,051,731</b>	<b>\$ -</b>	<b>\$ 101,748,212</b>
<b>Net governmental activities capital assets</b>	<b>\$ 99,943,237</b>	<b>\$ (1,551,287)</b>	<b>\$ 39,115</b>	<b>\$ 98,352,836</b>
<b>Business-type activities:</b>				
Land	1,196,690	-	-	1,196,690
Buildings, plant and system	67,028,428	1,596,661	-	68,625,088
Furniture and equipment	9,156,852	304,641	-	9,461,493
Other capital assets	6,384,203	160,277	-	6,544,480
Construction inprogress	439,627	135,672	152,208	423,092
<b>Total capital assets</b>	<b>\$ 84,205,801</b>	<b>\$ 2,197,251</b>	<b>\$ 152,208</b>	<b>\$ 86,250,844</b>
<b>Less accumulated depreciation for:</b>				
Buildings, plant and system	28,177,592	1,129,928	-	29,307,520
Furniture and equipment	7,390,124	353,732	-	7,743,857
Other capital assets	2,563,080	240,739	-	2,803,819
<b>Total accumulated depreciation</b>	<b>\$ 38,130,797</b>	<b>\$ 1,724,400</b>	<b>\$ -</b>	<b>\$ 39,855,196</b>
<b>Net business-type activities capital assets</b>	<b>\$ 46,075,004</b>	<b>\$ 472,851</b>	<b>\$ 152,208</b>	<b>\$ 46,395,647</b>

Capital assets and depreciation activity as of and for the year ended September 30, 2015, for primary government are as follows:

Depreciation expenses of \$ 5,776,131 for the year ended September 30, 2015, was charged to the following governmental functions:

Governmental activities:	<u>\$4,051,731</u>
Business-type activities:	<u>\$1,724,400</u>



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION**

**Bonds and Note Payable**

**General Obligation Bonds**

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

**Other**

**State Revolving Fund Loan (SRFL)**

SRFLs are also special obligations of the City solely secured by a special pledge of the City's sales tax revenues.

**Tax Increment Financial (TIF) Bonds**

TIF Bonds are commonly issued to encourage economic development in a defined area. Resources for payment of interest and principal on the bonds result from the tax increases in the defined area. These bonds usually carry a higher interest rate due to the risk of economic downturn or limited tax revenue growth in the defined TIF area.

**Restricted Assets**

Certain proceeds of the city's Proprietary Fund bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION- CONTINUED**

The following is a summary of the city's long-term debt transactions for the year ended September 30, 2015:

	Maturity Date	Original Amount	Interest Rate
<u>Governmental Activities</u>			
General Obligation Bonds:			
Unredeemed Bond (Old Compromise)	N/A		0%
2014 General Obligation Bond			
Refunding Bond	September 2018	\$ 5,855,084	2.0-3.0%
2015 General Obligation Bond	June 1, 2030	\$ 9,500,000	2.0-3.625%
Other:			
1995 Tax Increment Limited			
Obligation Bond	March 2015	\$ 600,000	6.2-8%
1999 Tax Increment Limited			
Obligation Bond	December 2014	\$ 1,150,000	4.5-6.25%
2009 Tax Increment Limited			
Obligation Bond	April 2018	\$ 343,000	4.60%
<u>Business-Type Activities:</u>			
General Obligation Bonds:			
2014 General Obligation			
Refunding Bond	September 2018	\$ 1,929,916	2.0-3.0%
Other:			
1995 State Revolving Fund Loan	August 2015	\$ 1,994,959	4.5%
1996 State Revolving Fund Loan	September 2016	\$ 3,667,095	4.5%
2008 State Revolving Fund Loan	November 2027	\$ 4,163,589	1.75%



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION- CONTINUED**

<u>Description of Debt</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Government Activities:</u>					
General Obligation Bonds:					
Unredeemed Bond (Old Compromise)	\$ 300	\$ -	\$ -	\$ 300	\$ -
2014 General Obligation Bond					
Refunding Bond	5,855,054	-	1,778,712	4,076,372	1,820,077
2015 General Obligation Bond	-	\$9,500,000	-	\$9,500,000	-
Other:					
1995 Tax Increment Limited					
Obligation Bond	50,000	-	50,000	-	-
1999 Tax Increment Limited					
Obligation Bond	110,000	-	110,000	-	-
2010 Tax Increment Limited					
Obligation Bond	172,000	-	40,000	132,000	42,000
<u>Business-Type Activities:</u>					
General Obligation Bonds:					
2014 General Obligation					
Refunding Bond	1,929,916	-	586,288	1,343,628	599,923
Other:					
1995 State Revolving Fund Loan	137,542	-	137,542	-	-
1996 State Revolving Fund Loan	535,680	-	261,826	273,854	273,854
2008 State Revolving Fund Loan	2,942,498	-	200,487	2,742,011	204,024
<b>TOTAL</b>	<u>\$11,732,990</u>	<u>\$9,500,000</u>	<u>\$3,164,855</u>	<u>\$18,068,165</u>	<u>\$2,939,878</u>

The debt service requirement on long-term obligations at September 30, 2015, is as follows:

Year ending September 30,	Governmental Activities			
	General Obligation Bonds		Other	
	Principal	Interest	Principal	Interest
2016	\$ 1,820,077	\$ 339,686	\$ 42,000	\$ 6,072
2017	1,880,245	339,433	44,000	4,140
2018	1,006,049	283,025	46,000	2,116
2019	640,000	259,144	-	-
2020	655,000	246,344	-	-
2021-2025	3,505,000	988,219	-	-
2026-2030	4,070,000	426,275	-	-
<b>Total</b>	<u>\$ 13,576,371</u>	<u>\$ 2,882,126</u>	<u>\$ 132,000</u>	<u>\$ 12,328</u>





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION- CONTINUED**

Year ending September 30,	Business-Type Activities			
	General Obligation Bonds		Other	
	Principal	Interest	Principal	Interest
2016	\$ 599,923	\$ 40,309	\$ 477,878	\$ 53,075
2017	619,755	22,311	207,623	42,755
2018	123,951	3,719	211,286	39,092
2019	-	-	215,013	35,365
2020	-	-	218,806	31,572
2021-2025	-	-	1,153,310	98,579
2026-2030	-	-	531,950	10,535
2031-2035	-	-	-	-
Total	<u>\$ 1,343,629</u>	<u>\$ 66,339</u>	<u>\$ 3,015,866</u>	<u>\$ 310,973</u>

The payments on the General Obligation Bonds for Governmental Activities are made by the City's Bond and Interest Fund with ad valorem taxes. Payments on the General Obligation Bonds for the Business-Type Activities are made from charges to customers. The Tax Increment Limited Obligation Bonds payments are made with incremental taxes received from outside sources in the other governmental funds.

**Compensated Absences**

The annual changes to compensated absences included in general long-term debt as of September 30, 2015, area as follows:

	Government Activities	Business-Type Activities
Beginning Balance	\$ 1,333,736	\$ 238,906
Additions	414,021	80,271
Reduction	(844,571)	(165,622)
Ending Balance	<u>\$ 903,186</u>	<u>\$ 153,555</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. In the past, 100% has been paid by the General Fund.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION- CONTINUED**

**Capital Leases**

Lease arrangements for heavy equipment are considered capital leases for financial accounting purposes.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

Year ending September 30,	Government Activities	Business-Type Activities
2016	\$ 255,564	\$ 744,659
2017	152,012	691,848
2018	117,494	674,244
2019	117,494	674,244
2020	117,494	674,244
2021-2025	587,471	1,992,616
2026-2030	234,989	123,062
2031-2035	-	-
Total minimum lease payments	\$ 1,582,518	\$ 5,574,917
Less: amount representing interest	207,867	494,118
Present value of minimum lease payments	\$ 1,374,651	\$ 5,080,799
Current principal portion due in one year	\$ 222,327	\$ 637,672

The General Fund makes payments on these capital leases by utilizing general revenue sources.

Range of interest rates is from 2.01% to 2.65%.

**Claims and Judgments**

The City established a limited risk management program for health insurance in prior years. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claim expenditures reported in the general fund. As of September 30, 2015, such interfund premiums did not exceed reimbursable expenditures.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM OBLIGATION – CONTINUED**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The City has excess stop loss agreements that cover losses in excess of specific and aggregate retention levels. Liabilities include an amount for claims that have been incurred but not reported (IBNRs) which were determined based on subsequent year settlement of claims incurred during year under audit by the insurance carrier. Changes in the balances of claims liabilities during the past year are as follows:

	<u>Government Activities</u>	<u>Business-Type Activities</u>
2015		
Balance beginning of the year	\$ 92,031	\$ 16,344
Claims incurred	3,644,797	801,855
Claims payments	<u>3,527,543</u>	<u>776,060</u>
Balance, end of year	<u>\$ 209,285</u>	<u>\$ 42,139</u>

	<u>Government Activities</u>	<u>Business-Type Activities</u>
2014		
Balance beginning of the year	\$ 99,320	\$ 17,947
Claims incurred	3,185,948	700,909
Claims payments	<u>3,193,237</u>	<u>702,512</u>
Balance, end of year	<u>\$ 92,031</u>	<u>\$ 16,344</u>

The claims and judgment liability related to IBNR will generally be liquidated by charging the individual funds based on management's assessment of the relative risk that should be consumed by individual funds. Currently, the General Fund bears approximately 100% of the claims costs and the percentage approximates the percentage in prior years.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8. PENSION OBLIGATIONS**  
**Public Employees' Retirement System of Mississippi (PERS)**

**Defined Benefit Pension Plan**

*Pensions.* For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of PERS. Investments are reported at fair value.

**General Information about the Pension Plan**

*Plan description.* PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 15.75 percent for employer contributions and 9.00 percent for members. PERS employers contributed \$996.5 million and members contributed \$557.9 million for fiscal year 2015. PERS employers contributed \$969.7 million and members contributed \$549.5 million for fiscal year 2014.

*Benefits provided.* A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

General Information about the Pension Plan - Continued

an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

*Contributions.* Per Chapter 11 of Title 25, Miss Code Ann. (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation. Effective July 1, 2010 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, the employee contribution rate was fixed at 9.00 percent of earned compensation. The City's contractually required contribution rate, effective July 1 2013 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, was fixed at 15.75 percent of earned compensation. Contributions to the pension plan from the City for the years ended September 30, 2015, 2014 and 2013 were \$ 3,816,311, \$3,753,597 and \$3,681,575, respectively. The contributions for each year met the required contributions.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**PENSION LIABILITIES (ASSETS), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

*Pension liability.* At September 30, 2015, the City reported a liability of \$29,989,774 for its proportionate share of net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2015 relative to the total actual contributions of all participating employers for the year ended September 30, 2015. At the September 30, 2015 measurement date, the City's proportion was 0.24688 percent. The proportion measured as of September 30, 2014 was 0.24707 percent.

*Pension expense.* For the year ended September 30, 2015, the City recognized a pension expense of \$2,013,019.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 636,116	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,086,809)
Entity contributions subsequent to the measurement date	<u>1,102,749</u>	<u>-</u>
Total	<u>\$ 1,738,865</u>	<u>\$ (1,086,809)</u>



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

Deferred outflows of resources related to pensions resulting from the City's contributions, subsequent to the measurement date, will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	
2016	\$ (1,086,809)
2017	(1,086,809)
2018	(1,086,809)
2019	(497,961)
2020	(588,233)
Thereafter	0

*Actuarial assumptions.* The actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25-19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale AA to 2025 with male rates set forward two years.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Broad	5.20%	34%
International Equity	5.00%	19%
Emerging Market Equity	5.45%	8%
Fixed Income	0.25%	20%
Real Estate	4.00%	10%
Private Equity	6.15%	8%
Cash	(0.50)%	1%
		100%

*Discount rate.* The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The sensitivity of the NPL to changes in the discount rate must be disclosed. The following presents the NPL of the city, calculated using the discount rate of 8.00 percent, as well as what the city's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

	1% Decrease <u>(7.00)%</u>	Current Discount Rate <u>(8.00)%</u>	1% Increase <u>(9.00)%</u>
City of Vicksburg's proportionate share of the net pension liability	\$ 40,885,005	\$ 29,989,774	\$ 20,901,532

**Payable to the Pension Plan**

At June 30, 2015, the City of Vicksburg reported a payable of \$0.00 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**PENSION OBLIGATIONS**

**Mississippi Highway Safety Patrol Retirement System (PERS)**

**General Information about the Pension Plan**

*Plan description.* MHSPRS is a single-employer defined benefit plan, administered by the Public Employees' Retirement System, that provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Membership in MHSPRS is a condition of employment granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as sworn officers of the highway patrol in the enforcement of the laws of the State of Mississippi.

*Benefits provided.* Participating members who withdraw from service at or after age 55 with at least five years of membership service, or after reaching age 45 with at least 20 years of creditable service, or with 25 years of service at any age, are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5 percent of average compensation during the four highest consecutive years of earnings, reduced 3.0 percent for each year below age 55 or for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A member who terminates employment from the highway patrol and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated employee contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

*A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3.0 percent compounded for each fiscal year thereafter.*

*Contributions.* Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Administrative Board of MHSPRS. Current rates are 37.0 percent for employer contributions and 7.25 percent for member contributions. MHSPRS employers contributed \$13.7 million and members contributed \$1.9 million for fiscal year 2015. Employer contributions are augmented by certain additional fees. These amounts vary annually based on the level of activity. Plan provisions and the Administrative Board's authority to determine contribution rates for MHSPRS are established by Miss. Code Ann. § 25-13-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The MHSPRS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' Retirement System available at [www.PERS.ms.gov](http://www.PERS.ms.gov) Contributions to the pension plan from the City were \$ 1,134,434 for the year ended September 30, 2015.

**PENSION LIABILITIES (ASSETS), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

*Pension liability.* At September 30, 2015, the City reported a liability of \$9,255,583 for its proportionate share of net pension liability. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2015 relative to the total actual contributions of all participating employers for the year ended September 30, 2015. At the September 30, 2015 measurement date, the City's proportion was 5.98694 percent.

*Pension expense.* For the year ended September 30, 2015, the City recognized a pension expense of \$1,354,059.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	468,129
Entity contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 468,129</u>

Deferred outflows of resources related to pensions resulting from the City's contributions, subsequent to the measurement date, will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	
2016	\$ (117,032)
2017	(117,032)
2018	(117,032)
2019	(117,032)
2020	(117,032)
Thereafter	0

*Actuarial assumptions.* The actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

Inflation	3.00 percent
Salary increases	4.25-9.31 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Broad	5.20%	34%
International Equity	5.00%	19%
Emerging Market Equity	5.45%	8%
Fixed Income	0.25%	20%
Real Estate	4.00%	10%
Private Equity	6.15%	8%
Cash	(0.50)%	1%
		<u>100%</u>





**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 7.25% and that employer contributions will be made at the rate set in the Board's Funding Policy (currently 37.00%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The sensitivity of the NPL to changes in the discount rate must be disclosed. The following presents the NPL of the city, calculated using the discount rate of 7.75 percent, as well as what the city's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.50)%	Current Discount Rate (7.50)%	1% Increase (8.50)%
City of Vicksburg's proportionate share of the net pension liability	\$ 10,991,220	\$ 9,255,583	\$ 7,749,119

**NOTE 9. FUND EQUITY**

Total governmental fund balances have positive balances of \$ 31,123,249 at the end of the fiscal year; however, the general fund reflects an excess revenue over expenditures and transfers equal to \$ 351,866, which when carried forward results in a positive fund balance of \$ 16,991,977. All other funds of the total governmental funds have positive fund balances at the end of the fiscal year, except for the bond and interest fund which has a deficit of \$ 2,749, due to the time differences.

RECEIVED  
SEP 28 2015



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. CONTINGENCIES AND COMMITMENTS**

Litigation

The City is a defendant in a number of lawsuits, most of which involve small claims and for which the City feels they are adequately covered by insurance. The City, after consultation with legal counsel, does not believe that the ultimate disposition of the above legal proceedings will have a material adverse effect on the financial position of the City.

Grants

In the normal course of operations, the City received federal and state grants for specific purposes that are subject to review and additional audits by federal and state agencies. Such audits could result in a request for reimbursement by federal or state agencies for expenditures disallowed under the terms and conditions of the grants. In the opinion of City management, such disallowances, if any, will be immaterial.

Commitments

The City has entered into a long term contract with a management company for the convention center. The contract is through September, 2015, for a monthly management fee of \$10,940 per month.

**NOTE 11. UNEARNED INCOME**

Income represents property taxes assessed as of September 30, 2015 but due in fiscal year 2016.

**NOTE 12. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions, injuries to employees (workers' compensation), employees' health; and natural disasters for which the City carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded coverage for the current year or the three prior years.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13. CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pension" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent of the Measurement Date – An Amendment of GASB Statement No. 68." The objective of these statements is to improve accounting and financial reporting by the state and local pensions. This resulted in a direct decrease to net position of \$34,821,094 for government activities and business-type activities. See the effect of the adjustments on net position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning net position as previously reported	\$112,720,694		\$112,720,694
Prior period adjustment – implementation of GASB 68: net pension liability	<u>(34,821,094)</u>		<u>(34,821,094)</u>
Total period adjustments	<u>(34,821,094)</u>		<u>(34,821,094)</u>
Net position, as restated	<u><u>\$77,899,600</u></u>		<u><u>\$77,899,600</u></u>

**NOTE 14. EFFECTS OF DEFERRED AMOUNTS ON NET POSITION**

The \$ 1,738,865 balance of the deferred outflow of resources at September 30, 2015 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 74,918,539 includes the effect of deferring the Recognition of expenses resulting from a deferred outflow from pension.

The \$ 681,680 balance of the deferred inflow of resources at September 30, 2015 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 74,918,539 includes the effect of deferring the recognition of expenses resulting from a deferred inflow from pension.

An expense and will decrease the unrestricted net position over the next 3 years.

**NOTE 15. LITIGATION**

The City is subject to various legal proceedings in various stages of litigation, the outcome of which is not determinable at that time. Management of the City and its Legal counsel do not anticipate that there will be a material effect on the financial statements as a result of the cases presently in progress.



**CITY OF VICKSBURG, MISSISSIPPI  
FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 16. SUBSEQUENT EVENTS**

Management has evaluated the activity of the City through June 30, 2016, (the date of the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

In regard to Environmental Protection Agency and the City of Vicksburg's Water and Sanitary system, the City of Vicksburg entered into an Administrative Order on

Consent (AOC) (injunction relief) on April 10, 2013 and a Consent Agreement (civil penalty) on May 28, 2013. The City has paid the \$ 17,000.00 fine as required by the Consent Agreement and is performing the required evaluations and obtaining the necessary approvals. Compliance with the Consent Order will be an ongoing expense to the City, which estimated to be approximately \$ 3.6 Million per year for the next ten (10) years. On December 3, 2014, the City has approved capital improvement plan for the next five (5) years for sewer treatment plant and sewer system for \$ 3.6 Million per year for the next ten (10) years. The Consent Agreement is still in effect as of June 30, 2016.

- There are no Equal Employment Opportunity Commission claims as of June 30, 2016.





### **III. REQUIRED SUPPLEMENTAL INFORMATION (PART B)**



## **BUDGET COMPARISON SCHEDULES**



**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 8,462,000	\$ 8,880,190	\$ 8,860,043	\$ (20,147)
Sales and miscellaneous taxes	16,067,300	15,965,765	16,041,526	75,761
Fees and fines	880,000	936,140	890,937	(45,203)
Licenses and permits	178,400	166,000	168,551	2,551
Intergovernmental	1,500,000	1,150,000	1,258,955	108,955
Charges for services	65,000	100,000	261,570	161,570
Investment earnings (loss)	-	-	5,286	5,286
Miscellaneous	1,725,000	1,957,475	1,869,711	(87,764)
Total revenues	<u>\$ 28,877,700</u>	<u>\$ 29,155,570</u>	<u>\$ 29,356,579</u>	<u>\$ 201,009</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 5,109,888	\$ 5,288,187	\$ 5,163,049	\$ (125,138)
Public Safety	15,626,087	15,834,512	15,547,516	(286,996)
Public Works	3,916,895	3,906,395	3,709,040	(197,355)
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	2,806,849	2,913,125	2,689,328	(223,797)
Debt service:				
Principal	254,380	237,980	217,372	(20,608)
Interest and other charges	44,390	44,390	38,192	(6,198)
Capital outlay	4,730,804	7,193,829	2,182,596	(5,011,233)
Total expenditures	<u>\$ 32,489,293</u>	<u>\$ 35,418,418</u>	<u>\$ 29,547,092</u>	<u>\$ (5,871,326)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,611,593)</u>	<u>(6,262,848)</u>	<u>(190,513)</u>	<u>6,072,335</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	-	-	-	-
Transfers in(out)	1,614,264	4,439,439	542,380	(3,897,059)
Total other financing sources and uses	<u>\$ 1,614,264</u>	<u>\$ 4,439,439</u>	<u>\$ 542,380</u>	<u>\$ (3,897,059)</u>
Net change in fund balances	(1,997,329)	(1,823,409)	351,867	2,175,276
Fund balances - beginning	-	-	16,640,110	16,640,110
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,991,978</u>	<u>\$ 16,991,978</u>

See accompanying notes to required supplemental information.



**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
CITY BOND AND INTEREST FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,943,000	\$ 1,976,030	\$ 1,976,416	\$ 386
Sales and miscellaneous taxes	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings (loss)	-	-	301	301
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 1,943,000</u>	<u>\$ 1,976,030</u>	<u>\$ 1,976,717</u>	<u>\$ 687</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	1,780,000	1,780,000	1,778,712	(1,288)
Interest and other charges	162,900	162,900	157,865	(5,035)
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 1,942,900</u>	<u>\$ 1,942,900</u>	<u>\$ 1,936,577</u>	<u>\$ (6,323)</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>33,130</u>	<u>40,140</u>	<u>7,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	-	-	-	-
Transfers in(out)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	-	-	40,140	40,140
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(42,888)</u>	<u>(42,888)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,748)</u>	<u>\$ (2,748)</u>

See accompanying notes to required supplemental information.





**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings (loss)	-	-	3	3
Miscellaneous	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	-	-	191,129	191,129
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	55,541	55,541
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>246,670</u>	<u>246,670</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(246,667)</u>	<u>(246,667)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	-	-	9,500,000	9,500,000
Transfers in(out)	(1,974,930)	(1,974,930)	(712,173)	1,262,757
Total other financing sources and uses	<u>(1,974,930)</u>	<u>(1,974,930)</u>	<u>8,787,827</u>	<u>10,762,757</u>
Net change in fund balances	-	-	8,541,160	10,516,090
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>2,154,135</u>	<u>2,154,135</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,695,295</u>	<u>\$ 10,695,295</u>

See accompanying notes to required supplemental information.



**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO BUDGET AND ACTUAL (WITH VARIANCES)  
YEAR ENDED SEPTMEBER 30, 2015**

**BUDGETS**

General Budget Policies. Preliminary budgets for the ending year are prepared by the City Accountant prior to October 1 of each year. The availability of the proposed budgets for public inspection and the date of the public hearing on the proposed budgets are then advertised in the official journal. In August, the City holds a public hearing on the proposed budgets in order to receive comments from the residents of the City. Changes are made to the proposed budgets based on the public hearing and the desire of the City as a whole. The budgets are then adopted during the City's regular September meeting, and the adopted budget is then published in the official journal.

The City Accountant presents necessary budget amendments to the Mayor and Alderman during the year when, in his judgment, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Mayor and Aldermen review the proposed amendments, make changes, as it deems necessary, and formally adopt the amendments. The adoption of the amendments is included in Mayor and Aldermen minutes published in the official journal.

The City exercised budgetary control at the functional level. Within functions, the City Accountant has the discretion to make changes, as he deems necessary for proper control. Unexpended appropriations lapse at the yearend and must be reappropriated in the next year's budget to be expended. The City does use encumbrance accounting in its accounting system. Formal budgetary integration is employed as a management control devise.

For the year ended SEPTEMBER 30, 2015, GAAP basis budgets were adopted for all the funds.

Encumbrances. Encumbrances accounting is recognized within the accounting record for budgetary control purposes. Authorization for the eventual expenditure will be included in the following year's budget appropriation.

Budget Basis of Accounting. All governmental funds' budgets are prepared on the GAAP basis of accounting, which is different from state law. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. States statutes require the Board to amend its budgets when expenditures within a department are expected to exceed budgeted expenditures or estimates of revenues are less than anticipate. The City publishes these changes in its official journal.



**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF VICKSBURG'S**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF MISSISSIPPI (PERS)**

	<u>2015</u>	<u>2014</u>
City of Vicksburg's proportion of the net pension liability	0.24688%	0.24707%
City of Vicksburg's proportionate share of the net pension liability	\$ 38,162,780	\$ 29,989,774
City of Vicksburg's covered-employee payroll	\$ 16,680,154	\$ 15,972,750
City of Vicksburg's proportionate share of the net pension liability as a percentage of its covered-employee payroll	228.79%	188.00%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.



**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF VICKSBURG'S**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF MISSISSIPPI (PERS)**

	<u>2015</u>	<u>2014</u>
City of Vicksburg's required contribution	\$ 3,816,311	\$ 3,753,597
City of Vicksburg's contributions in relation to the contractually required contribution	<u>\$ 3,816,311</u>	<u>\$ 3,753,597</u>
City of Vicksburg's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City of Vicksburg's covered employee payroll	\$ 16,680,154	\$ 15,972,750
Contributions as a percentage of covered employee payroll	24.75%	24.75%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.





**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF VICKSBURG'S**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM (PERS)**

	<u>2015</u>
City of Vicksburg's proportion of the net pension liability	5.98694%
City of Vicksburg's proportionate share of the net pension liability	\$ 9,255,583
City of Vicksburg's covered-employee payroll	N/A
City of Vicksburg's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	56.04%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.



#### **IV. OTHER ADDITIONAL INFORMATION**



**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2015**

OFFICIAL'S ADMINISTRATION OCTOBER 1, 2014 TO SEPTEMBER 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
George Flaggs, Jr.	Mayor and Treasurer	Lexon Insurance Company	\$ 150,000
Michael A. Mayfield, Sr.	Alderman	Western Surety Company	\$ 150,000
Willis T. Thompson	Alderman	Western Surety Company	\$ 150,000
Walter Lee Armstrong	Police Chief	Western Surety Company	\$ 50,000
Public Employees Bond (Blanket Bond)	Blanket Bond	St. Paul Insurance Company	\$ 250,000
Walter W. Osborne, Jr.	City Clerk	Western Surety Company	\$ 150,000
Janice Carter	Municipal Court Clerk	Western Surety Company	\$ 50,000
Tasha Wynn Jordon	Deputy City Clerk	Western Surety Company	\$ 150,000
John R. Edwards	Deputy Chief of Police	Western Surety Company	\$ 50,000
Robert L. Stewart, III	Deputy Chief of Police	Western Surety Company	\$ 50,000



**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor or Cluster	Federal CFDA #	Pass-through Entity Identifying #	Federal Expenditure
<b>U.S. Department of Justice:</b>			
Direct Programs:			
Bureau of Justice Department, Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2014-DJ-BX-1175	\$ 13,726
Bureau of Justice Department, Bulletproof Vests Partnership Program	16.607	FY2014-2013BUBX14074110	3,183
			<u>16,909</u>
Pass through programs from the MS Division of Public Safety Planning			
STOP Violence Against Women Act (VAWA)	16.589	14-SC-234-1	7,161
STOP Violence Against Women Act (VAWA)	16.589	13-SC-234-1	23,031
			<u>30,192</u>
<b>Total U. S. Department of Justice</b>			<u>\$ 47,101</u>
<b>U. S. Department of Homeland Security</b>			
Pass through program from Mississippi Emergency Management Agency:			
Hazard Mitigation Grant Program (FY11 Flood Buyout Program – Phase II)	97.039	HMGP 1972-17	\$ 112,126
Hazard Mitigation – (2011 Flood Public Assistance)	97.039	FEMA 1983-DR-MS (EM3220)	130,924
			<u>243,050</u>
Pass through program from MS Dept of Public Safety			
MS Homeland Security	97.067	14HS374	10,500
			<u>10,500</u>
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 253,550</u>
<b>U.S. Department of Health and Human Services</b>			
Pass through program from MS Department of Human Services			
Administration for Children and Families:			
CCDF Matching Children & Development Fund Grant, Office of Children And Youth for Good Shepherd Community Center – (FY15)	93.596	FY15 Subgrant 6005259	\$ 173,893
CCDF Matching Children & Development Fund Grant, Office of Children And Youth for Good Shepherd Community Center – (FY14)	93.596	FY14MOU	35,935
			<u>209,828</u>
Pass through program from Centers for Disease Control & Prevention & MS State Dept of Health, MS Delta Health Collaborative/Office of Preventive Health (FY15 Mayor's Health Council Program)	93.283	SU50DP003088-0S / 13010101000000HD	3,892
			<u>3,892</u>
Pass through program from Centers for Disease Control & Prevention thru S01c3 My Brother's Keeper, Inc.	93.331	City Park Trail Improvement Trail Project	25,000
			<u>25,000</u>
<b>Total U.S. Department of Human Services</b>			<u>\$ 238,720</u>





**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor or Cluster	Federal CFDA #	Pass-through Entity Identifying #	Federal Expenditure
<b>U.S. Department of the Interior</b>			
Pass through program from National Park Service thru MS Department of Archives & History – (FY14) Certified Local Government Program	15.904	FY14MOU	<u>3,838</u> 3,838
Pass thru program from National Park Service, Land & Water Conservation Funds thru the MS Dept of Wildlife, Parks & Fisheries – (Tennis Court Expansion Project)	15.916	28-00624	<u>6,839</u> 6,839
<b>Total U.S. Department of Interior</b>			<u>\$10,677</u>
<b>U.S. Department of Transportation</b>			
Direct Programs:			
Federal Aviation Administration	20.106	3-28-0073-007-2014	<u>122,851</u> 122,851
Pass through programs from National Highway Traffic Safety Administration (NHTSA), and the MS Dept of Public Safety Division of Public Safety Planning (402 Occupant)	20.600	15-OP-234-1	<u>19,407</u> 19,407
Pass through program from Federal Highway Administration MS Dept of Transportation– 2015 Urban Youth Corps	20.205	STP-9999-09(045)/107078-317000	<u>19,821</u> 19,821
<b>Total U.S. Department of Transportation</b>			<u>\$162,079</u>
<b>U.S. Department of Housing &amp; Urban Development (HUD)</b>			
Pass through program from MS Development Authority (MDA)	14.228	1131-14-374-PF-01	<u>10,875</u> 10,875
<b>Total U.S. Department of Housing &amp; Urban Development (HUD)</b>			<u>\$10,875</u>
<b>U.S. Department of Defense</b>			
Pass through program from Dept. of Army, Office of the Chief Engineers, MS Environmental Infrastructure – Section 592 – <u>ARRA RECOVERY</u>	12.124	Section 592 Water System Improvement Partnership Agreement (PPA) Project	<u>159,249</u> 159,249
<b>Total U.S. Department of Defense</b>			<u>\$159,249</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$882,251</u>



**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Vicksburg under programs of the federal government for the year ended SEPTEMBER 30, 2015. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Vicksburg, Mississippi, it is not intended to and does not present the financial position, changes in Net Position or cash flows of the City of Vicksburg, Mississippi.

**NOTE B – Summary of Significant Accounting**

Expenditures reported on the schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



**CITY OF VICKSBURG, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING  
YEAR ENDED SEPTEMBER 30, 2015**

The City has taken corrective actions on findings from the prior reports from October 1, 2007 through SEPTEMBER 30, 2014, except as follows:

2009-9; 2010-8; 2011-8; 2012-3; 2013-002; 2014-002.

Cash Receipts System – Fines and Fees – Police Station

**Condition:** Initial cash receipts tickets are accounted for individually in a separate reporting system and not in the City's management and accounting system.

**Recommendation:** The City should establish a new system that is compatible with the current accounting system to safeguard assets and account for all transactions.

**Current Status:** Not corrected



**CITY OF VICKSBURG, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING  
YEAR ENDED SEPTEMBER 30, 2015**

**2011-9 City incurred costs for unallowed activities in the U. S. Department of Housing & Urban Development (HUD) pass through program from Mississippi Development Authority (MDA).**

Information on the federal program

U.S. Department of Housing & Urban Development (HUD)  
Pass through program from Mississippi Development Authority

CDBG	14.228	R-110-374-01-GZ	FY10	\$	59,608
			FY11	\$	20,770

Condition: The City spent funds for T-Hangers that were not approved in the grant agreement.

Criteria: Costs incurred did not meet one of the three national objectives of CDBG Entitlement Grants program which was to meet the community development needs having a particular urgency and the costs for Airport T-Hangers was an unallowable activity not approved in the grant agreement.

Questioned costs: The costs questioned as of August 22, 2015 is \$ 80,378.05.

Context: Total population of costs incurred is \$ 901,313 under grant agreement # R-110-374-01-GZ, representing \$ 729,723 for FY 10 and \$ 171,590 for FY11, respectively. Total questioned costs incurred for the T-Hangers as of August 22, 2015 is \$ 80,378.05.

Effect: Reported unallowable costs to the Grantor of \$ 80,378.05 were reimbursed for that amount.

Cause: Undeterminable at this time.

Recommendation: The City should establish a new system of monitoring with budgeting restraints to oversee operation of grant activities in accordance with the terms of the grant agreement and make the necessary adjustments before unallowable expenses are incurred.

Current Status: The City is in the process of working with the MDA to offset the unallowable costs of \$ 80,378.05 with eligible expenses so that the City will not have to refund any money to the agency.

Views of responsible officials and planned corrective actions: The City has set measures and safeguards in place with administrative guidelines to prevent unallowable costs from occurring and that the City has eligible expenses to substantiate the reported unallowable costs.





## **V. INTERNAL CONTROL AND COMPLIANCE**





First Memphis Plaza  
4466 Elvis Presley Blvd, Ste. 151  
Memphis, TN 38116

Phone: 901.398.3210  
Fax: 901.398.4114  
bcamper@btcjrca.com

## **Booker T. Camper Jr., CPA & CGMA**

---

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vicksburg, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements, and have issued my report thereon dated June 30, 2016.

#### **Internal Control Over Financial Reporting**

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies, as 2016-001.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, I performed test 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing*. I noted certain other matters that I reported to management of City of Vicksburg, Mississippi in a separate letter contained in this report dated June 30, 2016 and an additional letter on compliance contained in this report with state laws and regulations dated June 30, 2016.

### **City's Response to Findings**

The City's response to the findings identified in my audit is described in the accompanying schedule of findings, responses and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Booker T. Camper, Jr.**  
Memphis, Tennessee  
June 30, 2016





First Memphis Plaza  
4466 Elvis Presley Blvd, Ste. 151  
Memphis, TN 38116

Phone: 901.398.3210  
Fax: 901.398.4114  
bcamper@btcjrca.com

## **Booker T. Camper Jr., CPA & CGMA**

---

### **Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

#### **Report on Compliance for Each Major Federal Program**

I have audited the City of Vicksburg, Mississippi's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Vicksburg, Mississippi's major federal programs for the year ended September 30, 2015. The City of Vicksburg, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of City of Vicksburg, Mississippi's major federal programs based on my audit of the types of compliance requirement referred to above. We conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Vicksburg, Mississippi's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of City of Vicksburg, Mississippi's compliance.

#### **Opinion on Each Major Federal Program**

In my opinion, City of Vicksburg, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.





## **Report on Internal Control Over Compliance**

Management of City of Vicksburg, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered City of Vicksburg, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of City of Vicksburg, Mississippi's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that might be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

I have audited the financial statements of City of Vicksburg, Mississippi as of and for the year September 30, 2015, and have issued my report thereon dated June 30, 2016, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures.



**Booker T. Camper, Jr., CPA**

**Memphis, Tennessee**

**June 30, 2016**



**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE I- SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS**

**A. SUMMARY OF AUDIT RESULTS**

**FINANCIAL STATEMENTS:**

1. The audit's report expresses an unmodified opinion on the financial statements of the City of Vicksburg, Mississippi.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

2. One (1) instances of deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters required by *Government Auditing Standards*. This one (1) instance is reported as a significant deficiency.

**NONCOMPLIANCE MATERIAL TO FINANCIAL STATEMENT:**

3. One (1) instances of noncompliance material to the financial statements of the City of Vicksburg, Mississippi, which would be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit.

**FEDERAL AWARDS:**

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

**TYPE OF AUDITOR'S REPORT ISSUED:**

5. The auditor's report on compliance for the major federal award programs for the City of Vicksburg, Mississippi expresses an unmodified opinion on all major federal programs.

**AUDIT FINDINGS:**

6. Audit findings are required to be reported in accordance with Section 510(a) of OMB A-133 in Section III-Federal Award Findings, Responses and Questioned Costs.

**IDENTIFICATION OF MAJOR PROGRAMS:**

7. The programs tested as major program are U. S. Department of Health & Human Services for fiscal year ended September 30, 2015.

**DOLLAR THRESHOLD:**

8. The threshold for distinguishing Types A and B programs was \$750,000.

**AUDITEE QUALIFIED AS:**

9. The City of Vicksburg, Mississippi did not qualify as a low-risk auditee.



**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2015**

**B. SCHEDULE II**

**FINANCIAL STATEMENTS FINDINGS:**

NONE

**COMPLIANCE AND OTHER MATTERS**

NONE

**2016-001 Cash Receipts System – Fines and Fees – Police Station**

*Condition:* Initial cash receipts tickets are accounted for individually in a separate reporting system and not in the City's management and accounting system.

*Criteria:* Internal control requires that initial cash receipt records for fines and fees be annotated into the initial and intermediate journal of the City's accounting and management information system (MUNIS) to safeguard assets and account for all cash receipts, rather than in entry into an incompatible system which does not interface with the current system.

*Effect:* Unable to trace total receipts to individual tickets and account for all cash receipts for the given period.

*Recommendation:* The City should establish a new system that is compatible with the current accounting system to safeguard assets and account for all transactions.

*Response:* The City is utilizing all efforts to review the applicability of the above issue and resolve this finding as soon as possible.

**C. SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**SIGNIFICANT DEFICIENCIES:**

NONE





First Memphis Plaza  
4466 Elvis Presley Blvd, Ste. 151  
Memphis, TN 38116

Phone: 901.398.3210  
Fax: 901.398.4114  
bcamper@btcjrca.com

## Booker T. Camper Jr., CPA & CGMA

---

### **REPORT OF INDEPENDENT AUDITOR'S ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vicksburg, Mississippi as of and for the year ended September 30, 2015, and have issued my report thereon dated June 30, 2016. I conducted my 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*.

I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of those procedures and my audit of the financial statements disclosed the following material instances of noncompliance with state laws and regulations. My findings and recommendations are as follows:

**Investments:** - The perpetual care trust fund, which is managed by the trust department of two local banks, had investments other than ones approved by state statute. State of Mississippi statute dictates the types of investments allowed for excess operating funds.

**Response:** - The City's legal department will review state statute and recommend to the City's board its compliance or noncompliance.

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above. The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken. This report is intended for the information of the City of Vicksburg, Mississippi's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Booker T. Camper, Jr.  
Memphis, Tennessee  
June 30, 2016

---

Member of the American Institute of Certified Public Accountants (AICPA)  
Government Audit Quality Center



