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City of Yazoo City

Founded 1839

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Mayor Diane Delaware

Ron Johnson
Alderman, Ward 1

Dr. Jack D. Varner, DVM
Alderman, Ward 2

Gregory Robertson
Alderman, Ward 3

Aubry N. Brent, Jr.
Alderman, Ward 4

September 30, 2016

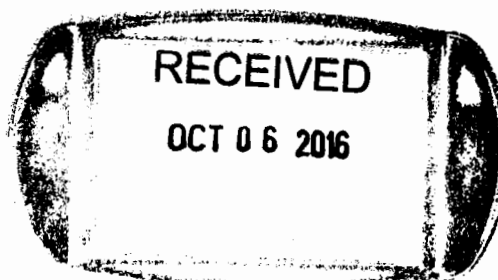
Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

RE: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit for the City of Yazoo City, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the city in connection with this compilation.

Sincerely,

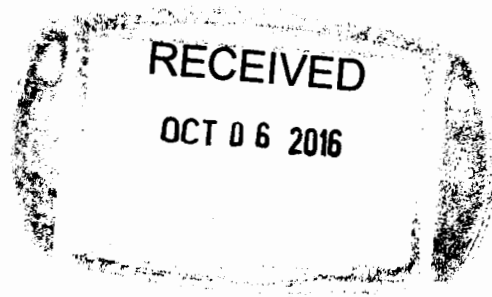
Diane Delaware, Mayor



YAZOO CITY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2015

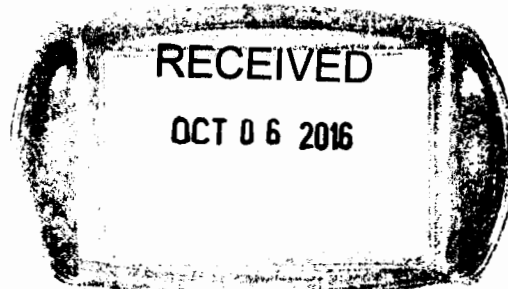


**Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi**

YAZOO CITY, MISSISSIPPI

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YAZOO CITY, MISSISSIPPI

FINANCIAL SECTION



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities

The City has not maintained adequate subsidiary records documenting the existence, completeness and valuation of the Governmental Activities capital assets reported on the Statement of Net Position at \$9,088,044 as of September 30, 2015. Also, management has not maintained accurate depreciation schedules. Accounting principles generally accepted in the United States of America require that those governmental activities' capital assets be properly valued and depreciated, which would increase or decrease the capital assets reported and increase or decrease the expense of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities financial statements is not reasonably determinable. Accordingly, we were unable to satisfy ourselves as to the fair presentation of these capital assets and related transactions of the governmental activities.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the effects of inadequate subsidiary capital asset records, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities of Yazoo City, Mississippi, as of September 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

The Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections – 2014 Tax Rolls, Schedule of Long Term Debt, and Computation of Legal Debt Margin have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2016, on our consideration of Yazoo City, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Yazoo City, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

August 10, 2016

YAZOO CITY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

Our discussion and analysis of Yazoo City's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows at the close of the 2015 fiscal year by \$1,817,977 (net position). Of this amount the unrestricted net position showed a deficit balance of (\$4,777,598).
- The remaining net position of the City includes: \$4,361,800 invested in capital assets, net of related debt; and \$2,233,775 restricted (for capital improvements, debt service and other).
- Total assets decreased \$641,403 from 2014.
- Total liabilities increased \$7,696,698 or 120.84% from 2014. The increase is primarily due to the implementation of GASB 68-pension liability \$8,038,175.
- The City's total net position decreased \$7,120,405 (includes a negative prior period adjustment of \$6,442,992 related to the pension liability) from 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Yazoo City, Mississippi's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements themselves.

Figure 1: Required Components of the City's Annual Report

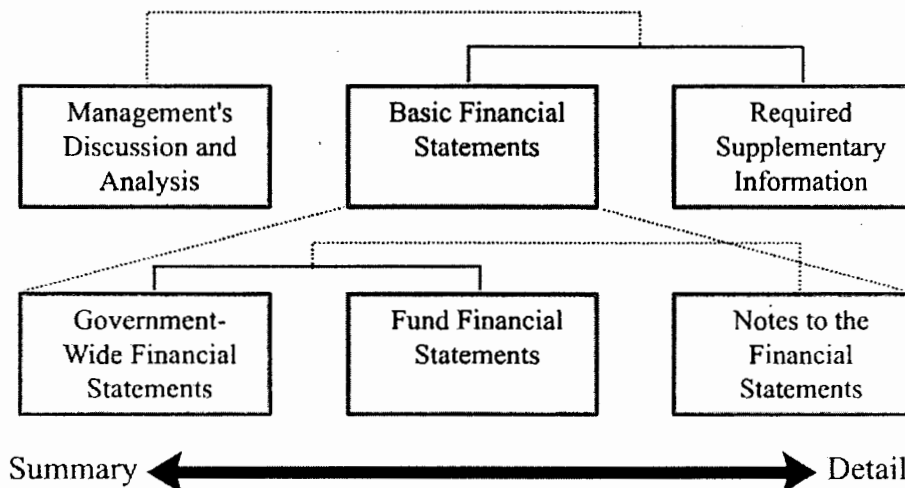


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2: Major Features of the City's Government-Wide and Fund Financial Statements

Government-Wide Financial Statements		Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	All activities of the City that are not business-type or fiduciary in nature	Activities of the City that operate similar to private businesses	The City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

1) Government-wide Financial Statements. The government-wide financial statements, presented on pages 15 and 16 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

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

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

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

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

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

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

Yazoo City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt & Debt Service Fund and the Capital Project Fund which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 17 through 20.

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

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 21 through 23.

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

3) Notes to the Financial Statements. The notes, presented on pages 25 through 42, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Yazoo City's budgetary control and pensions on pages 43 through 50.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2015, the assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows by \$1,817,977.

One of the largest portions of Yazoo City's net position, \$4,361,800 (240%) reflects its accumulation of funds to invest in capital assets (land, buildings, machinery and equipment, etc.). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

(Table 1)

Net Position

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2015	2014	2015	2014	2015	2014		
Current and other assets	\$ 3,805,051	\$ 6,859,230	\$ 770,214	\$ 741,230	\$ 4,575,265	\$ 7,600,460	\$ (3,025,195)	-39.80%
Capital assets, net	9,088,044	6,614,666	1,002,797	1,092,383	10,090,841	7,707,049	2,383,792	30.93%
Total Assets	12,893,095	13,473,896	1,773,011	1,833,613	14,666,106	15,307,509	(641,403)	-4.19%
Deferred outflows	1,220,070	-	182,309	-	1,402,379	-	1,402,379	
Current and other liabilities	262,593	159,475	14,516	24,719	277,109	184,194	92,915	50.44%
Net pension liability	6,993,212	-	1,044,963	-	8,038,175	-	8,038,175	
Long-term debt	5,529,304	5,853,443	221,237	331,490	5,750,541	6,184,933	(434,392)	-7.02%
Total Liabilities	12,785,109	6,012,918	1,280,716	356,209	14,065,825	6,369,127	7,696,698	120.84%
Deferred inflows	160,674	-	24,009	-	184,683	-	184,683	
Net Position:								
Invested in capital assets, net of related debt	3,578,740	781,223	783,060	762,393	4,361,800	1,543,616	2,818,184	182.57%
Restricted	2,366,240	4,857,592	(132,465)	715,011	2,233,775	5,572,603	(3,338,828)	-59.92%
Unrestricted	(4,777,598)	1,822,163	-	-	(4,777,598)	1,822,163	(6,599,761)	-362.19%
Total Net Position	1,167,382	7,460,978	650,595	1,477,404	1,817,977	8,938,382	(7,120,405)	-79.66%

GASB 68 (Pension) was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

The City's total assets decreased \$641,403 during 2015 with governmental activities showing a decrease of \$580,801 and business-type activities showing a decrease of \$60,602.

The City's total liabilities increased \$7,696,698. The increase in liabilities are \$6,772,191 in governmental activities and \$924,507 in business-type activities with a net increase of \$92,915 in other liabilities. This increase is primarily due to the implementation of GASB 68 (pension standard) of \$8,038,175.

The City's net position decreased \$7,120,405 from 2014, which includes a negative prior period adjustment of \$6,442,992 related to pensions.

Additional information on unrestricted net position:

In connection with the implantation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (4,777,598)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	8,038,175
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 3,260,577</u>

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

(Table 2)
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
Program Revenues:								
Charges for services	\$ 197,028	\$ 3,641	\$ 1,073,401	\$ 1,013,068	\$ 1,270,429	\$ 1,016,709	\$ 253,720	24.96%
Grants and contributions	275,661	14,400			275,661	14,400	261,261	1814.31%
General Revenues:								
Property taxes	3,643,620	3,552,697			3,643,620	3,552,697	90,923	2.56%
Sales and tourism taxes	1,725,611	1,705,313			1,725,611	1,705,313	20,298	1.19%
Other taxes and other	338,837	928,424	812	1,002	339,649	929,426	(589,777)	-63.46%
Total Revenues	6,180,757	6,204,475	1,074,213	1,014,070	7,254,970	7,218,545	36,425	0.50%
Program Expenses:								
General government	\$ 1,580,346	1,479,123			1,580,346	1,479,123	101,223	6.84%
Public safety	3,028,028	3,284,975			3,028,028	3,284,975	(256,947)	-7.82%
Highways and streets	764,986	799,105			764,986	799,105	(34,119)	-4.27%
Culture and recreation	89,711	109,329			89,711	109,329	(19,618)	-17.94%
Economic development	7,527	30,000			7,527	30,000	(22,473)	-74.91%
Cemetery	105,651	102,855			105,651	102,855	2,796	2.72%
Interest on long-term debt	221,802	204,083	15,319		237,121	204,083	33,038	16.19%
Pension expense	774,399	-			774,399	-	774,399	
Solid Waste			1,048,114	841,088	1,048,114	841,088	207,026	24.61%
Total Expenses	6,572,450	6,009,470	1,063,433	841,088	7,635,883	6,850,558	785,325	11.46%
Increase (Decrease) in Net Position	\$ (391,693)	\$ 195,005	\$ 10,780	\$ 172,982	\$ (380,913)	\$ 367,987	\$ (748,900)	-203.51%

The City's governmental activities continue to be funded primarily by property taxes, which made up 58.95% of the total revenues. The other major revenue sources were sales and tourism taxes 27.92% and other taxes and other revenue 13.13%. The major expense activities were public safety, general government, highways and streets, and pension expense, which comprise 46%, 24%, 12%, and 12% of total expenses, respectively. The City remains totally committed to providing the services its residents expect and need.

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

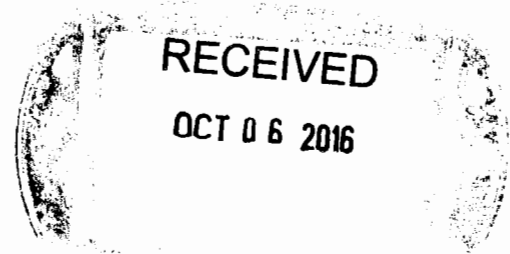
FUND FINANCIAL ANALYSIS

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

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

As the year ended, the City's governmental funds reported a combined fund balance of \$3,504,774 which is \$3,154,099 lower than last year's total of \$6,658,873.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, Debt & Debt Service, and Capital Project. The remaining governmental funds were combined and reported as non-major governmental funds. The general, debt & debt service, and capital project funds reflected a net change in fund balance of \$(380,973), (3,545), and \$(2,405,560) respectively. The 2015 year had a combined net change in fund balance of \$(2,857,599).



YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

Major Fund Budgeting Highlights

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

During the course of 2015, the City amended its general fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the whole Mayor and City Aldermen for ordinance enactment on the change. The City does not allow budget changes that modify line items within departments without aldermen approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. The budgeted expenditures exceeded actual by \$868,264.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the City had \$21,293,808 invested in a broad range of capital assets, including police, fire and solid waste equipment, and highways and streets. (See Table 3 following.) This amount represents a net increase (including additions, deletions, and adjustments) of approximately \$2,723,641 or 14.67% over the prior year.

(Table 3)
CAPITAL ASSETS AT YEAR-END

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
Land	\$ 281,766	\$ 281,766	\$ 641,431	\$ 641,431	\$ 923,197	\$ 923,197	\$ -	0.000%
Construction in progress	2,717,518	395,987	-	-	2,717,518	395,987	2,321,531	586.264%
Infrastructure	8,248,132	8,163,517	-	-	8,248,132	8,163,517	84,615	1.037%
Buildings & improvements	3,519,713	3,461,522	-	-	3,519,713	3,461,522	58,191	1.681%
Mobile and machinery equipment	3,594,144	3,689,127	422,749	678,383	4,016,893	4,367,510	(350,617)	-8.028%
Furniture & equipment	965,961	934,558	30,198	30,198	996,159	964,756	31,403	3.255%
Leased property under capital lease	322,884	-	549,312	293,678	872,196	293,678	578,518	196.991%
Totals	\$ 19,650,118	\$ 16,926,477	\$ 1,643,690	\$ 1,643,690	\$ 21,293,808	\$ 18,570,167	\$ 2,723,641	14.67%

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

Long-term Debt

At year-end, the City had \$5,750,541 in long term debt outstanding compared to \$6,184,933 last year, a decrease of \$434,392. Of the total debt outstanding \$5,205,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are notes payable in the amount of \$81,378, capital leases in the amount of \$442,663 and compensated absences in the amount of \$21,500.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

The following table illustrates the total Long-term Debt of Yazoo City as of September 30, 2015:

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

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
General obligation bonds	\$ 5,205,000	\$ 5,525,000	\$ -	\$ -	\$ 5,205,000	\$ 5,525,000	\$ (320,000)	-5.79%
Other loans	81,378	308,443	-	207,309	81,378	515,752	(434,374)	-84.22%
Capital leases	222,926	-	219,737	122,681	442,663	122,681	319,982	260.82%
Compensated absences	20,000	20,000	1,500	1,500	21,500	21,500	-	0.00%
Totals	<u>\$ 5,529,304</u>	<u>\$ 5,853,443</u>	<u>\$ 221,237</u>	<u>\$ 331,490</u>	<u>\$ 5,750,541</u>	<u>\$ 6,184,933</u>	<u>\$ (434,392)</u>	<u>-7.02%</u>

More detailed information about the City's long-term debt is presented in Notes (7) and (9) of the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2015 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 73.74 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

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

YAZOO CITY, MISSISSIPPI

FINANCIAL STATEMENTS

YAZOO CITY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Service Commission
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,180,550	\$ 590,536	\$ 2,771,086	\$ 2,017,681
Investments				5,000
Accrued interest receivable				304
Accounts receivable, net of allowance for doubtful accounts of \$177,417				1,388,247
Fines receivable, net of allowance for doubtful accounts of \$1,025,663	99,107		99,107	
Intergovernmental receivable				31,742
Internal balances	(179,678)	179,678	-	888,730
Inventories and prepaid items				3,214,650
Restricted assets-cash and cash equivalents	1,705,072		1,705,072	
Capital assets, net				
Land and construction in progress	2,999,284	641,431	3,640,715	
Other capital assets, net	6,088,760	361,366	6,450,126	24,906,160
Total Assets	12,893,095	1,773,011	14,666,106	32,452,514
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to pensions	1,220,070	182,309	1,402,379	1,921,029
Total Deferred Outflows of Resources	1,220,070	182,309	1,402,379	1,921,029
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	156,006	14,176	170,182	1,077,042
Liabilities payable from restricted assets				904,133
Accrued interest payable	61,423	340	61,763	
Unredeemed bond payable	45,164		45,164	
Long-term liabilities:				
Net pension liability	6,993,212	1,044,963	8,038,175	7,619,149
Due within one year:				
Capital related debt	437,607	113,617	551,224	78,379
Non-capital related debt				4,000
Due in more than one year:				
Capital related debt	5,071,697	106,120	5,177,817	422,180
Non-capital related debt	20,000	1,500	21,500	173,906
Total Liabilities	12,785,109	1,280,716	14,065,825	10,278,789
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pensions	160,674	24,009	184,683	188,408
Total Deferred Inflows of Resources	160,674	24,009	184,683	188,408
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	3,578,740	783,060	4,361,800	24,405,601
Restricted:				
Expendable:				
Public safety	48,825		48,825	
Public works		(132,465)	(132,465)	3,214,649
Economic development and assistance	2,265		2,265	
Capital Improvements	302,670		302,670	
Capital Projects	1,705,072		1,705,072	
Debt service	307,408		307,408	
Unrestricted	(4,777,598)		(4,777,598)	(3,713,903)
Total Net Position	\$ 1,167,382	\$ 650,595	\$ 1,817,977	\$ 23,906,347

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

**YAZOO CITY, MISSISSIPPI
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Unit Public Service Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 1,580,346	\$ 197,028	\$ 196,514		\$ (1,186,804)		\$ (1,186,804)	
Public safety	3,028,028		69,246		(2,958,782)		(2,958,782)	
Highways and streets	764,986		9,901		(755,085)		(755,085)	
Culture and recreation	89,711				(89,711)		(89,711)	
Economic development	7,527				(7,527)		(7,527)	
Cemetery	105,651				(105,651)		(105,651)	
Interest on long-term debt	221,802				(221,802)		(221,802)	
Pension expense	774,399				(774,399)		(774,399)	
Total governmental activities	6,572,450	197,028	275,661	-	(6,099,761)		(6,099,761)	
Business-type activities:								
Solid Waste	1,048,114	1,073,401				25,287	25,287	
Total business-type activities	1,048,114	1,073,401				25,287	25,287	
Total primary government	\$ 7,620,564	\$ 1,270,429	\$ 275,661	\$ -	(6,099,761)	25,287	(6,074,474)	
Component unit:								
Public Service Commission	13,764,487	14,833,079						
Total Component Unit	\$ 13,764,487	\$ 14,833,079						\$ 1,068,592
General revenues:								
Property taxes					3,643,620		3,643,620	
Sales and tourism tax					1,725,611		1,725,611	
Franchise taxes					136,132		136,132	
Rental income					28,060		28,060	
Unrestricted interest income					3,295	812	4,107	7,063
Grants and contributions not restricted to specific programs					17,284		17,284	
Cemetery					18,345		18,345	
Other taxes and other income					350,511		350,511	
Interest and other miscellaneous expenses						(15,319)	(15,319)	(50,297)
Transfers					(214,790)		(214,790)	(156,212)
Pension expense								(831,683)
Total general revenues and transfers					5,708,068	(14,507)	5,693,561	(1,031,129)
Change in net position					(391,693)	10,780	(380,913)	37,463
Net Position - beginning, as originally reported					7,460,978	1,477,404	8,938,382	28,886,966
Prior period adjustment					(5,901,903)	(837,589)	(6,739,492)	(5,018,082)
Net Position - beginning, as restated					1,559,075	639,815	2,198,890	23,868,884
Net position, ending					\$ 1,167,382	\$ 650,595	\$ 1,817,977	\$ 23,906,347

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

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YAZOO CITY, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Funds	Debt & Debt Service Funds	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,451,824	\$ 675,381	\$ 1,705,072	\$ 53,345	\$ 3,885,622
Fines receivable (net of allowance for uncollectibles of (\$1,025,663))	99,107				99,107
Due from other funds		41,284			41,284
Total Assets	1,550,931	716,665	1,705,072	53,345	4,026,013
<u>LIABILITIES</u>					
Claims payable	153,751			2,255	156,006
Due to other funds	220,962				220,962
Unredeemed bond payable		45,164			45,164
Total Liabilities	374,713	45,164	-	2,255	422,132
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue - fines	99,107				99,107
Total deferred inflows of resources	99,107	-	-	-	99,107
<u>FUND BALANCES</u>					
Restricted for:					
Public safety				48,825	48,825
Highways and streets			1,705,072		1,705,072
Economic development and assistance				2,265	2,265
Capital Improvements		302,670			302,670
Debt service		368,831			368,831
Unassigned	1,077,111				1,077,111
Total Fund Balances	1,077,111	671,501	1,705,072	51,090	3,504,774
Total Liabilities and Fund Balances	\$ 1,550,931	\$ 716,665	\$ 1,705,072	\$ 53,345	\$ 4,026,013

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

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balance - Governmental Funds	\$ 3,504,774
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation of \$10,311,811.	9,088,044
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	99,107
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	
capital debt	(5,509,304)
compensated absences	(20,000)
Changes in interest accrued on long-term liabilities not reported in the governmental fund financial statements.	(61,423)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(6,993,212)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	1,220,070
Deferred inflows of resources related to pensions	(160,674)
Total Net Position - Governmental Activities	<u>\$ 1,167,382</u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>General Funds</u>	<u>Debt & Debt Service Funds</u>	<u>Capital Project Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>					
Taxes	\$ 3,065,530	\$ 578,090			\$ 3,643,620
Licenses and permits	23,875				23,875
Intergovernmental:					
State of Mississippi					
Grants	7,200				7,200
General sales tax	1,725,611				1,725,611
Grand gulf	7,083				7,083
Liquor Licenses	8,775				8,775
Municipal aid	5,686				5,686
Privilege tax	18,758				18,758
Gasoline tax	9,901				9,901
Homestead reimbursement	167,242				167,242
Fire protection	62,046				62,046
Other state revenue	7,728				7,728
Franchise tax	136,132				136,132
Fines and forfeitures	161,625				161,625
Interest income	1,979	580	\$ 587	\$ 149	3,295
Rental income	28,060				28,060
Cemetery	18,345				18,345
Contributions	16,525			759	17,284
Other income	173,577			6,964	180,541
Total revenues:	<u>5,645,678</u>	<u>578,670</u>	<u>587</u>	<u>7,872</u>	<u>6,232,807</u>
<u>EXPENDITURES:</u>					
Current:					
General government	1,640,094	56,557			1,696,651
Public safety	3,393,911			41,152	3,435,063
Highways and streets	833,227	18,868	2,406,147		3,258,242
Culture and recreation	53,426				53,426
Economic development	5,272			2,255	7,527
Cemetery	115,904				115,904
Debt service:					
Principal paid	111,813	320,000			431,813
Interest paid	20,286	186,790			207,076
Total expenditures:	<u>6,173,933</u>	<u>582,215</u>	<u>2,406,147</u>	<u>43,407</u>	<u>9,205,702</u>
Excess (deficiency of revenues over (under) expenditures	<u>(528,255)</u>	<u>(3,545)</u>	<u>(2,405,560)</u>	<u>(35,535)</u>	<u>(2,972,895)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
PSC - Revenue sharing	151,212				151,212
Long-term capital debt issued	107,674				107,674
Compensation for loss of capital assets	71,200				71,200
Transfers In	31,986				31,986
Transfers Out	(214,790)			(31,986)	(246,776)
Net other financing sources (uses)	<u>147,282</u>	<u>-</u>	<u>-</u>	<u>(31,986)</u>	<u>115,296</u>
Net change in fund balances	<u>(380,973)</u>	<u>(3,545)</u>	<u>(2,405,560)</u>	<u>(67,521)</u>	<u>(2,857,599)</u>
Net Position, beginning, as previously reported	1,754,584	675,046	4,110,632	118,611	6,658,873
Prior period adjustment	(296,500)				(296,500)
Net Position, beginning, as restated	<u>\$ 1,077,111</u>	<u>\$ 671,501</u>	<u>\$ 1,705,072</u>	<u>\$ 51,090</u>	<u>\$ 3,504,774</u>

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

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

Net Changes in Fund Balances - Governmental Funds \$ (2,857,599)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$2,834,410 exceeded depreciation expense of \$298,732. 2,535,678

The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$431,813 exceeds debt proceeds of \$107,674. 324,139

Fine revenue recognized on the modified accrual basis in the funds during the current year decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 11,528

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$8,900 and the proceeds from the sale of assets \$71,200 in the current period. (62,300)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items:

Change in accrued interest on long-term debt (14,726)

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period (774,399)
Recording of contributions made prior and subsequent to the measurement date 445,986

Change in Net Position of Governmental Activities \$ (391,693)

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

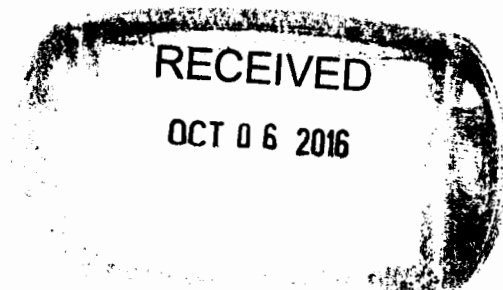
YAZOO CITY, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 590,536
Due from other funds	179,678
Total Current Assets	<u>770,214</u>
Non-current assets:	
Land	641,431
Mobile Equipment	422,749
Furniture & Equipment	30,198
Leased equipment	549,312
Accumulated depreciation	(640,893)
Total Non-Current Assets	<u>1,002,797</u>
Total Assets	<u>1,773,011</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	182,309
Total Deferred Outflows of Resources	<u>182,309</u>
<u>LIABILITIES</u>	
Current liabilities:	
Claims payable	14,176
Accrued interest payable	340
Capital debt:	
Capital leases payable	113,617
Total Current Liabilities	<u>128,133</u>
Non-current liabilities:	
Net pension liability	1,044,963
Capital debt:	
Capital lease payable	106,120
Non-Capital debt:	
Compensated absences	1,500
Total Non-Current Liabilities	<u>1,152,583</u>
Total Liabilities	<u>1,280,716</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	24,009
Total Deferred Inflows of Resources	<u>24,009</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	783,060
Restricted for:	
Public Works	(132,465)
Total Net Position	<u>\$ 650,595</u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services:	
Garbage collection fees	\$ 1,073,401
Total Operating Revenues	<u>1,073,401</u>
<u>OPERATING EXPENSES:</u>	
Personal services	508,280
Contractual services	191,427
Consumable supplies	143,107
Depreciation expense	89,585
Pension expense	115,715
Total Operating Expenses	<u>1,048,114</u>
Operating Income (Loss)	<u>25,287</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	812
Interest expenses	(15,319)
Total Non-operating Revenues (Expenses)	<u>(14,507)</u>
Net Income (Loss)	<u>10,780</u>
Net Position, beginning, as previously reported	1,477,404
Prior period adjustment	(837,589)
Net Position, beginning, as restated	<u>639,815</u>
Total Net Position, Ending	<u>\$ 650,595</u>



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

**YAZOO CITY, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
SEPTEMBER 30, 2015**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers and users	\$ 1,073,401
Payments to suppliers for goods and services	(524,415)
Payments to employees for services	(574,922)
Net Cash Provided (Used) by Operating Activities	<u>(25,936)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Principal payments on long-term debt	(110,253)
Interest paid on bonds, loans and capital leases	(15,317)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(125,570)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on deposits	812
Net Cash Provided (Used) by Investing Activities	<u>812</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(150,694)
Cash and Cash Equivalents, October 1	<u>741,230</u>
Cash and Cash Equivalents, September 30	<u><u>\$ 590,536</u></u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating income (loss)	<u>\$ 25,287</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	89,585
(Increase) decrease in interfund receivables	(179,678)
Increase (decrease) in accounts payable and accrued expenses	(10,138)
Increase (decrease) in accrued interest payable	(65)
Pension expense adjustment	49,073
Total adjustments	<u>(51,223)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (25,936)</u></u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2015

	<u>Cemetery Trust Fund</u>	<u>Crump School Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 139,509	\$ 89,802	\$ 126,970
Investments	217,996	2,186,528	
Accrued interest receivable		5,418	
Total Assets	<u>357,505</u>	<u>2,281,748</u>	<u>126,970</u>
LIABILITIES			
Intergovernmental payables		52,271	126,970
Total Liabilities	<u>-</u>	<u>52,271</u>	<u>\$ 126,970</u>
NET POSITION			
Held in trust for:			
Individuals, organizations and other governments	<u>\$ 357,505</u>	<u>\$ 2,229,477</u>	

Crump Fund \$52, ... owe to school

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosure

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

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

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

Discretely Presented Component Unit

Public Service Commission of Yazoo City, Mississippi

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

C. Basis of Presentation

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The City reports the following major governmental funds:

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

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

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



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The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

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

Debt Service Funds- These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds- These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPES

Enterprise Funds- These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the city has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPES

Agency Funds- These funds account for various taxes, deposits and other monies collected or held by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. The City deposits excess funds in financial institutions selected by the Aldermen. State statutes specify how these depositories are to be selected.

G. Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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H. Inter-fund Transactions and Balances

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

I. Restricted Assets

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

J. Capital Assets, Depreciation, and Amortization

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

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

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

The following schedule details those thresholds and estimated useful lives:

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

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

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K. Deferred Outflows/Inflows of Resources.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 8 for additional details.

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows or resources reported by the pension plan in which the County participates. See Note 8 for additional details.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

M. Long-Term Liabilities

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

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

N. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption – When an expense is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

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

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

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

O. Risk Management

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

P. Estimates and Assumptions

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

Q. Property Taxes

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

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding

YAZOO CITY, MISSISSIPPI
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year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Yazoo County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the City by the Yazoo County Tax Collector each month. The millage rate for the City for the 2014 tax year was 73.74 mills as: 52.53 mills for the general fund, 13.26 mills for the debt service fund, 1.29 mills for library maintenance, 2.75 mills for park maintenance, and 3.91 mills for fire and police disability fund.

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

R. Intergovernmental Revenues in Governmental Funds.

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

S. Compensated Absences

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

Personal Leave Benefits

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

Medical or Sick Leave Benefits

<u>Continuous Service Period</u>	<u>Accrual Rate Monthly</u>	<u>Accrual Rate Annually</u>
1 month – 3 years (36 months)	8 hours	12.00 days
37 months – 8 years (96 months)	7 hours	10.50 days
97 months – 15 years (180 months)	6 hours	9.00 days
181 months & beyond	5 hours	7.50 days

T. Changes in Accounting Standards

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 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 – and amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 – BUDGET POLICY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and City Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

A summary of significant equity adjustments is as follows:

Statement of Activities.	
Explanation	Amount
Implementation of GASB 68 & 71 - Governmental Activities	
Net pension liability (measurement date)	
Governmental Activities	\$ (5,702,512)
Deferred outflows of resources- contributions	
Governmental Activities	97,109
Adjustment for prior year taxes	(296,500)
Total prior period adjustments governmental activities	<u>(5,901,903)</u>
Implementation of GASB 68 & 71 - Business-Type Activities	
Net pension liability (measurement date)	
Enterprise Fund - Solid Waste	(852,099)
Deferred outflows of resources- contributions	
Enterprise Fund - Solid Waste	14,510
Total prior period adjustments business-type activities	<u>(837,589)</u>
Total prior period adjustments governmental and business-type activities	<u>\$ (6,739,492)</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.	
Explanation	Amount
Implementation of GASB 68 & 71:	
Net pension liability (measurement date)	
Enterprise Fund - Solid Waste	\$ (852,099)
Deferred outflows of resources- contributions	
Enterprise Fund - Solid Waste	14,510
Total prior period adjustments	<u>\$ (837,589)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	
Explanation	Amount
Adjustment for prior year taxes - General Funds	\$ (296,500)
Total prior period adjustments	<u>\$ (296,500)</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2015 was \$3,305,181, and the bank balance was \$3,664,386. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace deposits not covered by the Federal Depository Insurance Corporation (FDIC).

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

Investments

The City's investments consisted of the following at September 30, 2015:

Cemetery Trust Fund Investments

Investment Type	Maturity	Fair Value
Certificate of deposit – Bank Plus	Less than one year	\$ 106,385
Certificate of deposit – Bank of Yazoo City	Less than one year	111,611
Total		<u>\$ 217,996</u>

Crump School Fund Investments

Investment Type	Maturity	Fair Value
United States Treasury Notes	Various	\$ <u>2,186,528</u>

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

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

NOTE 5 – INTER-FUND TRANSACTIONS AND BALANCES

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise Fund-Solid Waste	General Funds	\$ 179,678
Debt & Debt Service Funds	General Funds	41,284
Total		<u>\$ 220,962</u>

The above amounts represent revenues recorded in general fund due to Solid Waste and property taxes recorded in the General Fund due to the Bond Sinking Fund (\$41,284).

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, was as follows:

GOVERNMENTAL ACTIVITIES	Balance				Balance
YAZOO CITY	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 281,766				\$ 281,766
Construction in progress	395,987	2,321,531			2,717,518
Total non-depreciable capital assets	<u>677,753</u>	<u>2,321,531</u>	<u>-</u>	<u>-</u>	<u>2,999,284</u>
Depreciable capital assets:					
Infrastructure	8,163,517	84,615			8,248,132
Buildings & Improvements	3,461,522	58,191			3,519,713
Mobile and machinery equipment	3,689,127	230,996	110,769	(215,210)	3,594,144
Furniture & equipment	934,558	31,403			965,961
Leased property under capital lease	-	107,674		215,210	322,884
Total depreciable capital assets	<u>16,248,724</u>	<u>512,879</u>	<u>110,769</u>	<u>-</u>	<u>16,650,834</u>
Less accumulated depreciation for:					
Infrastructure	5,421,443	39,671			5,461,114
Buildings & Improvements	1,341,347	72,786			1,414,133
Mobile and machinery equipment	2,742,442	120,791	48,469	(65,983)	2,748,781
Furniture & equipment	806,579	22,802			829,381
Leased property under capital lease	-	42,682		65,983	108,665
Total accumulated depreciation	<u>10,311,811</u>	<u>298,732</u>	<u>48,469</u>	<u>-</u>	<u>10,562,074</u>
Depreciable capital assets, net	<u>5,936,913</u>	<u>214,147</u>	<u>62,300</u>	<u>-</u>	<u>6,088,760</u>
Governmental activities capital assets, net	<u>\$ 6,614,666</u>	<u>2,535,678</u>	<u>62,300</u>	<u>-</u>	<u>\$ 9,088,044</u>

YAZOO CITY, MISSISSIPPI
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September 30, 2015

BUSINESS-TYPE ACTIVITIES	Balance				Balance
YAZOO CITY	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 641,431				\$ 641,431
Total non-depreciable capital assets	641,431				641,431
Depreciable capital assets:					
Mobile equipment	678,383			(255,634)	422,749
Furniture & equipment	30,198				30,198
Leased property under capital lease	293,678			255,634	549,312
Total depreciable capital assets	1,002,259	-	-	-	1,002,259
Less accumulated depreciation for:					
Mobile equipment	422,947	14,902		(65,734)	372,115
Furniture & equipment	15,084	4,057			19,141
Leased property under capital lease	113,277	70,626		65,734	249,637
Total accumulated depreciation	551,308	89,585	-	-	640,893
Depreciable capital assets, net	450,951	(89,585)	-	-	361,366
Business-Type activities capital assets, net	\$ 1,092,382	(89,585)	-	-	\$ 1,002,797

Depreciation expense was charged to the governmental functions as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 20,017
Public safety	160,351
Streets	82,079
Culture & recreation	36,285
Total governmental activities depreciation expense	\$ 298,732

BUSINESS-TYPE ACTIVITIES

Solid Waste	\$ 89,585
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COMPONENT UNIT	Balance				Balance
PUBLIC SERVICE COMMISSION	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Capital assets:					
Electric utility plant in service	\$ 37,113,922	1,455,105	756,708		\$ 37,812,319
Water utility plant in service	10,562,851	682,802	351,403		10,894,250
Sewer utility plant in service	10,274,329	479,933	151,983		10,602,279
Total depreciable capital assets	57,951,102	2,617,840	1,260,094	-	59,308,848
Less accumulated depreciation for:					
Electric utility plant in service	21,955,238	1,032,759	117,100		22,870,897
Water utility plant in service	5,015,581	249,637	13,885		5,251,333
Sewer utility plant in service	5,971,672	308,786	-		6,280,458
Total accumulated depreciation	32,942,491	1,591,182	130,985	-	34,402,688
Capital assets, net	\$ 25,008,611	1,026,658	1,129,109	-	\$ 24,906,160

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

GOVERNMENTAL ACTIVITIES – YAZOO CITY

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Willie Morris Parkway	\$5,178,469	2016

YAZOO CITY, MISSISSIPPI
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September 30, 2015

NOTE 7 – CAPITAL LEASES

As Lessee:

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Mobile Equipment	\$ 322,884	\$ 549,312
Less: Accumulated depreciation	108,665	249,637
Leased Property Under Capital Leases	<u>\$ 214,219</u>	<u>\$ 299,675</u>

The following is a schedule by years of the total payments due as of September 30, 2015:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 64,104	\$ 4,367	\$ 113,617	\$ 4,145
2017	65,591	2,880	52,430	1,953
2018	67,101	1,370	53,690	692
2019	22,359	329		
2020	3,771	10		
Total	<u>\$ 222,926</u>	<u>\$ 8,956</u>	<u>\$ 219,737</u>	<u>\$ 6,790</u>

	<u>Component Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 78,379	\$ 26,505
2017	82,966	21,919
2018	87,820	17,065
2019	92,959	11,926
2020	98,398	6,487
2021	60,037	1,146
Total	<u>\$ 500,559</u>	<u>\$ 85,048</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. 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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

payable monthly for life in the 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 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. Benefits vest upon 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. 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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015 PERS members were required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014, and 2013 were \$512,627, \$476,047, and \$445,391 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

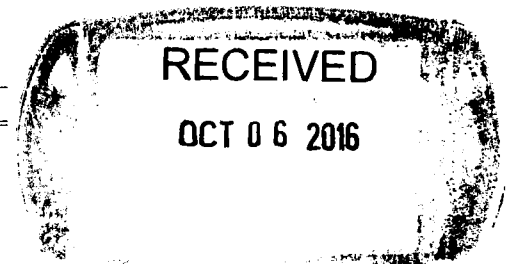
At September 30, 2015 the City reported a liability of \$8,038,175 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2015, the City's proportion was 0.052 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$890,114. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,703	
Net difference between projected and actual earnings on pension plan investments	470,319	
Changes of assumptions	692,461	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		\$ 184,683
Contributions subsequent to the measurement date	115,896	
	<u>\$ 1,402,379</u>	<u>\$ 184,683</u>

\$115,896 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. 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:	Amount
2016	\$ 349,742
2017	349,742
2018	284,736
2019	117,580
Total	<u>\$ 1,101,800</u>



YAZOO CITY, MISSISSIPPI
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Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases, including inflation	3.75 - 19 percent
Investment rate of return, net of pension plan investment expense, including inflation	7.75 percent

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

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 log-normal 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 as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
	<u>100.00 %</u>	

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 (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 to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability 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 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 10,595,050	8,038,175	5,916,446

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

YAZOO CITY COMPONENT UNIT

Public Service Commission of Yazoo City

Plan Description. The Public Service Commission of Yazoo City (Commission) contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Commission's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$452,196, \$438,317, and \$403,316, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the Commission reported a liability of \$7,619,149 for its proportionate share of the net pension liability. At June 30, 2015, the Commission's proportion was 0.04538 percent, which was a decrease of 0.0057 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Commission recognized pension expense of \$831,683. At September 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,972	
Net difference between projected and actual earnings on pension plan investments		188,408
Changes of assumptions	-	
Changes in the proportion and differences between actual contributions and proportionate share of contributions	446,888	
Contributions subsequent to the measurement date	1,311,169	
	<u>\$ 1,921,029</u>	<u>\$ 188,408</u>

\$1,311,169 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016.

Sensitivity to the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability 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 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 10,057,277	7,619,149	5,638,170

NOTE 9 – LONG-TERM DEBT

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

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

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

The margin for additional debt under the above debt limits as of September 30, 2015 is approximately:

<u>15% Debt Limit</u>	<u>20% Debt Limit</u>
\$1,796,736	\$4,130,648

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
<u>A. General Obligation Bonds:</u>			
GO Bond-Public Improvement-Streets	\$ 300,000	5.00	11-2017
GO Bond-Public Improvement-Projects	2,235,000	3.75-5.13	12-2030
GO Bond-Capital Improvements-Series 2012	2,670,000	Avg 2.74	06-2032
Total General Obligation Bonds	<u>\$ 5,205,000</u>		
<u>B. Other Loans</u>			
Sun Belt Fire Truck	\$ 81,378	2.00	05-2017
Total Other Loans	<u>\$ 81,378</u>		
<u>C. Capital Leases:</u>			
Trucks/Police Cars/Dump Truck/Tractor	\$ 222,926	2.75	09-2016
Total Capital Leases	<u>\$ 222,926</u>		
Business-Type Activities:			
<u>C. Capital Leases:</u>			
Garbage Trucks/Excavator/Bulldozer Lease	\$ 219,737	2.75	09-2016
Total Capital Leases	<u>\$ 219,737</u>		
Component Unit Activities:			
<u>C. Capital Leases:</u>			
Equipment - Trustmark Bank	\$ 500,559		09-2021
Total Capital Leases	<u>\$ 500,559</u>		

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

The annual debt service requirements of long-term debt of September 30, 2015 are as follows:

Governmental Activities

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 325,000	\$ 176,568	\$ 48,503	\$ 1,185
2017	330,000	165,488	32,875	247
2018	335,000	153,808		
2019	245,000	143,976		
2020	255,000	135,749		
2021-2025	1,415,000	539,784		
2026-2030	1,710,000	274,495		
2031-2032	590,000	21,246		
Totals	<u>\$ 5,205,000</u>	<u>\$ 1,611,114</u>	<u>\$ 81,378</u>	<u>\$ 1,432</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Due within one year
Governmental Activities:						
Compensated absences	\$ 20,000				20,000	
General obligation bonds	5,525,000		320,000		5,205,000	\$ 325,000
Other Loans	308,443		52,539	(174,526)	81,378	48,503
Capital leases		107,674	59,274	174,526	222,926	64,104
Total	<u>5,853,443</u>	<u>107,674</u>	<u>431,813</u>	<u>-</u>	<u>5,529,304</u>	<u>437,607</u>
Business-Type Activities:						
Compensated absences	1,500				1,500	
Other Loans	207,309			(207,309)	-	
Capital leases	122,681		110,253	207,309	219,737	113,617
Total	<u>331,490</u>	<u>-</u>	<u>110,253</u>	<u>-</u>	<u>221,237</u>	<u>113,617</u>
Component Activities:						
Compensated absences	154,946	22,960			177,906	
Capital leases	574,606		74,047	74,047	500,559	78,379
Total	<u>\$ 729,552</u>	<u>22,960</u>	<u>74,047</u>	<u>74,047</u>	<u>678,465</u>	<u>\$ 78,379</u>

NOTE 10 – OTHER EMPLOYMENT BENEFITS

Plan Description

The aldermen administer the City's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The City's health insurance plan may be amended by the City aldermen. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan).

Funding Policy

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 11 – CONTINGENCIES

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

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

NOTE 12 – JOINTLY GOVERNED

Yazoo City is a participant with Yazoo County in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a twelve-member board, with five members appointed by Yazoo City, five members appointed by the Yazoo county Board of Supervisors, one member by the Yazoo City Municipal School District, and one member appointed by the Yazoo County School District. The City levied a 2.75 mill property tax and remitted \$125,490 to the Commission in fiscal year 2015. Complete financial statements for the Yazoo Recreation Commission may be obtained by written request to the Commission at P.O. Box 9, Yazoo City, MS 39194.

NOTE 13 – SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Yazoo City evaluated the activity of the City through August 10, 2016 and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2015, Yazoo City issued the following debt obligation.

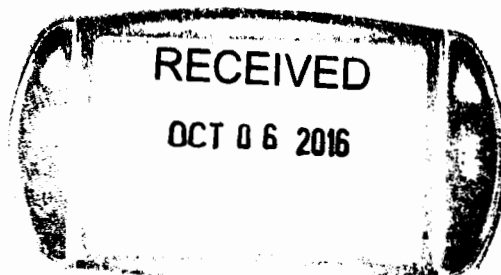
<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12-18-2015	3.00%	\$415,557	Lease Purchase	Property Tax

YAZOO CITY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

Yazoo City, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2015

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 2,671,400	\$ 3,065,530	\$ 3,065,530	\$ -
Licenses, Permits & Franchise Fees	133,000	160,007	160,007	-
Grants & Intergovernmental	2,228,054	1,933,418	1,933,418	-
Fines and Forfeits	195,000	161,625	161,625	-
Rental	30,000	28,060	28,060	-
Other revenues	109,500	716,544	716,544	-
Total Revenues	5,366,954	6,065,184	6,065,184	-
EXPENDITURES:				
Supervision & Finance	1,812,363	1,465,594	1,465,594	-
Police Department	1,967,222	1,859,889	1,859,889	-
Fire Department	1,459,125	1,370,699	1,370,699	-
Culture & Recreational	106,970	79,132	79,132	-
Street Department	935,616	725,726	725,726	-
Cemetery Department	153,429	116,710	116,710	-
Economic Development	5,293	5,272	5,272	-
E-911 Services	225,000	225,000	225,000	-
Debt Service:				
Principal paid	137,584	86,316	86,316	-
Interest paid				-
Total Expenditures	6,802,602	5,934,338	5,934,338	-
Excess of Revenues over (under) Expenditures	(1,435,648)	130,846	130,846	-
OTHER FINANCING SOURCES (USES)				
Long Term Debt Issued		107,674	107,674	-
Operating transfers in (out)				
transfers in and cash	1,915,965	31,986	31,986	-
transfers (out)		(214,790)	(214,790)	-
Total other financing sources (uses)	1,915,965	(75,130)	(75,130)	-
Net Change in Fund Balance	480,317	55,716	55,716	-
Fund Balances - Beginning	526,333	2,413,314	2,413,314	-
Fund Balances - Ending	\$ 1,006,650	\$ 2,469,030	\$ 2,469,030	\$ -



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

Yazoo City, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Debt & Debt Service Fund
For the Year Ended September 30, 2015

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 605,089	\$ 480,512	\$ 480,512	\$ -
Other revenues	1,000	580	580	-
Total Revenues	606,089	481,092	481,092	-
EXPENDITURES:				
Supervision & Finance		56,558	56,558	-
Street Department		18,868	18,868	-
Debt Service:				
Principal	312,085	320,000	320,000	-
Interest		186,790	186,790	-
Total Expenditures	312,085	582,216	582,216	-
Excess of Revenues over (under) Expenditures	294,004	(101,124)	(101,124)	-
OTHER FINANCING SOURCES (USES)				
Long Term Debt Issued				
Operating transfers in (out)				
transfers in				
transfers (out)				-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	294,004	(101,124)	(101,124)	-
Fund Balances - Beginning	(2,376,460)	(2,019,125)	(2,019,125)	-
Fund Balances - Ending	\$ (2,082,456)	\$ (2,120,249)	\$ (2,120,249)	\$ -

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

Yazoo City, Mississippi
 Budgetary Comparison Schedule
 Budget and Actual (Non-GAAP Basis)
 Capital Project Fund
 For the Year Ended September 30, 2015

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Other revenues	\$ 1,000	\$ 587	\$ 587	\$ -
Total Revenues	1,000	587	587	-
EXPENDITURES:				
Street Paving & Improvements	3,800,000	3,932,454	3,932,454	-
Total Expenditures	3,800,000	3,932,454	3,932,454	-
Excess of Revenues over (under) Expenditures	(3,799,000)	(3,931,867)	(3,931,867)	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(3,799,000)	(3,931,867)	(3,931,867)	-
Fund Balances - Beginning	4,226,224	4,110,632	4,110,632	-
Fund Balances - Ending	\$ 427,224	\$ 178,765	\$ 178,765	\$ -

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

Yazoo City, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Fiscal Year Ended September 30, 2015

	2015	2014
Proportion of the net pension liability (asset)	0.052%	0.054%
Proportionate share of the net pension liability (asset)	\$ 8,038,175	6,554,611
Covered-employee payroll	\$ 3,254,776	3,131,181
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	246.97%	209.33%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

Yazoo City, Mississippi
Schedule of City Contributions - Pension
Last 10 Fiscal Years*
For the Fiscal Year Ended September 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 512,627
Contributions in relation to the contractually required contribution	<u>512,627</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 3,254,776
Contributions as a percentage of covered-employee payroll	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2015

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation

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

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

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

Governmental Fund Type	General Funds	Debt & Debt Service Funds	Capital Project Fund
Budget (Cash Basis)	\$ 55,716	\$ (101,124)	\$ (3,931,867)
Increase (Decrease)			
Net adjustments for revenue accruals	(197,095)	97,579	
Net adjustments for expense accruals	(239,594)		(1,526,307)
Net Change in Fund Balance - GAAP Basis	<u>\$ (380,973)</u>	<u>\$ (3,545)</u>	<u>\$ (2,405,560)</u>

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

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2015

Pension Schedules

A. Changes in benefit terms

No none changes were noted.

B. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

YAZOO CITY, MISSISSIPPI

OTHER INFORMATION

YAZOO CITY, MISSISSIPPI
SCHEDULE OF SURETY BONDS
September 30, 2015

Name	Position	Bond Amount	Expiration Date	Surety Company
Diane Delaware	Mayor	100,000	4/14/2018	Travelers Casualty and Surety Co.
Ron Johnson	Alderman	100,000	4/14/2018	Travelers Casualty and Surety Co.
Dr. Jack Varner	Alderman	100,000	4/14/2018	Travelers Casualty and Surety Co.
Aubrey Brent	Alderman	100,000	4/14/2018	Travelers Casualty and Surety Co.
Gregory Robertson	Alderman	100,000	4/14/2018	Travelers Casualty and Surety Co.
Mario Edwards	City Clerk	50,000	11/14/2015	Western Surety Company
Meko Hill	Deputy Clerk	50,000	5/28/2016	Western Surety Company
Lillian Pickett	Deputy Clerk	50,000	Indefinite	Western Surety Company
Mary Johnson	Municipal Court Clerk	50,000	5/30/2016	Western Surety Company
Yvonne Turnage	Municipal Court Deputy Clerk	50,000	4/26/2015	Fidelity and Deposit Company of Maryland
Tijuana Priest	Municipal Court Deputy Clerk	50,000	4/9/2016	Western Surety Company
Jeff Curtis	Police Chief	50,000	3/31/2017	Western Surety Company
Prentiss Young	Cemetery Sexton	50,000	11/1/2015	Fidelity and Deposit Company of Maryland
Russ Carter	Planning Department	50,000	7/1/2016	Western Surety Company
Stacy Trotter	Solid Waste	50,000	2/26/2016	Fidelity and Deposit Company of Maryland
Henry Cooper	Solid Waste	50,000	8/26/2016	Western Surety Company

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2014 TAX ROLLS
For the Fiscal Year Ended September 30, 2015

		Tax	
		Assessed Valuation	Ad Valorem
<u>Assessments - 2014 Tax Rolls</u>			
Real property		\$ 32,411,001	
Personal property		9,293,339	
Mobile Home		59,709	
Auto		6,066,520	
Public Utility		3,270,490	
Total Assessed Valuation		51,101,059	
Total Ad Valorem Tax @ 73.74 Mills		3,768,192	
Less: Homestead Exemption Credit		\$ (326,139)	
Net Ad Valorem Taxes			\$ 3,442,053
Other Collections:			
Actual Homestead Reimbursements			167,242
Prior Year Tax Collections			34,841
Penalties and Interest on Delinquent Taxes			39,819
Deductions:			
Yazoo County Tax Collector's Commission			(84,366)
Total Ad Valorem Taxes to be Accounted For			\$ 3,599,589
Collections:			
Allocated to:	Fund #	Taxes	Homestead Total
General Fund	001	2,397,083	167,242 2,564,325
Parks	001	125,490	125,490
Library	001	58,866	58,866
Debt Service	201	605,089	605,089
Fire & Police Pension	410	178,424	178,424
		<u>3,364,952</u>	<u>167,242 3,532,194</u>
Balance Represented by:			
Unpaid realty & unaccounted for under (over) collections			67,395
Total Ad Valorem Taxes Accounted for			\$ 3,599,589

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2014 TAX ROLLS (Cont'd)
For the Fiscal Year Ended September 30, 2015

Tax millage levies for the current fiscal year (tax year 2014) were as follows:

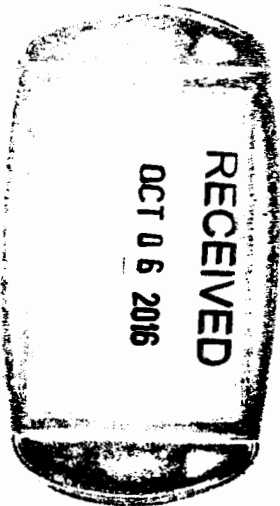
<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General	52.53	General Current Expenditures & Maintenance
Parks	2.75	Park Current Expenditures & Maintenance
Library	1.29	Library Current Expenditures & Maintenance
Bond & Interest	13.26	General City Obligation Bonds & Interest
Fire & Police Disability	3.91	Fire & Police Disability Fund
Total Tax Levy	<u><u>73.74</u></u>	

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

\$ 3,353,130	Base 2013-2014	\$ 3,364,952	Taxes collected 2013 - 2014
<u>602,963</u>	Less: Applicable to Debt Service	<u>605,089</u>	Less: Applicable to Debt Service
2,750,167		2,759,863	
275,017	10 % Increase	167,242	Homestead Exemption
		<u>-</u>	Less: Applicable to Debt Service
		<u>167,242</u>	
		98,079	Under (Over) Limitation
<u><u>\$ 3,025,184</u></u>		<u><u>\$ 3,025,184</u></u>	

YAZOO CITY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2015

Description	Issue Date	Balance 10/01/14	Issued	Paid	Balance 09/30/15	Amount Due	
						2016	Thereafter
General Obligation Bonds							
GO Bond-Public Improvement-Streets	10/28/2002	\$ 400,000	\$ -	\$ 100,000	\$ 300,000	\$ 100,000	\$ 200,000
GO Bond-Public Improvement-Projects	1/13/2011	2,340,000		105,000	2,235,000	105,000	2,130,000
GO Bond-Capital Improvements-Series 2012	6/1/2012	2,785,000		115,000	2,670,000	120,000	2,550,000
		<u>5,525,000</u>	<u>-</u>	<u>320,000</u>	<u>5,205,000</u>	<u>325,000</u>	<u>4,880,000</u>
Other Loans							
Triangle Roof	3/12/1999	4,995		4,995	-		
Sun Belt Fire Truck	5/1/2007	128,922		47,544	81,378	48,503	32,875
		<u>133,917</u>	<u>-</u>	<u>52,539</u>	<u>81,378</u>	<u>48,503</u>	<u>32,875</u>
Capital Leases							
Excavator/Bulldozer Lease	10/23/2011	122,681		60,255	62,426	62,426	-
BYC-Equipment Lease	8/2/2013	381,835		92,089	289,746	94,287	195,459
BYC-Equipment Lease	11/24/2014	-	107,674	17,183	90,491	21,008	69,483
		<u>504,516</u>	<u>107,674</u>	<u>169,527</u>	<u>442,663</u>	<u>177,721</u>	<u>264,942</u>
Other:							
Compensated Absences		<u>21,500</u>			<u>21,500</u>		
Total Long Term Debt		<u>\$ 6,184,933</u>	<u>\$ 107,674</u>	<u>\$ 542,066</u>	<u>\$ 5,750,541</u>	<u>\$ 551,224</u>	<u>\$ 5,177,817</u>



YAZOO CITY, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Fiscal Year Ended September 30, 2015

Date of Issue	Description	Total Outstanding G/O Debt	Bonds Subject To 15% Limitation	Bonds Subject To 20% Limitation
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>				
10/28/2002	GO Bond-Public Improvement-Streets	\$ 300,000	\$ 300,000	\$ 300,000
1/13/2011	GO Bond-Public Improvement-Projects	2,235,000	2,235,000	2,235,000
6/1/2012	GO Bond-Capital Improvements-Series 2012	2,670,000	2,670,000	2,670,000
	Total Outstanding General Obligation Debt	<u>5,205,000</u>	<u>5,205,000</u>	<u>5,205,000</u>

AUTHORIZED DEBT LIMIT:

Assessed Value for the fiscal year ended September 30, 2015	\$ 46,678,239	7,001,736	9,335,648
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>5,205,000</u>	<u>5,205,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 1,796,736</u>	<u>\$ 4,130,648</u>

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

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

YAZOO CITY, MISSISSIPPI

SPECIAL REPORTS



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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 10, 2015. The report is qualified on the governmental activities because the City has not maintained adequate subsidiary records documenting the existence, completeness and valuation of the Governmental Activities capital assets which is required by accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2015-001 and 2015-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2015-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yazoo City, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2015-001 and 2015-002.

We also noted certain matters that we reported to the management of Yazoo City, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 10, 2015 included within this document.

City's Responses to Findings

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

Purpose of this Report

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC

Certified Public Accountants

Vicksburg, Mississippi

August 10, 2015

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

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

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

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

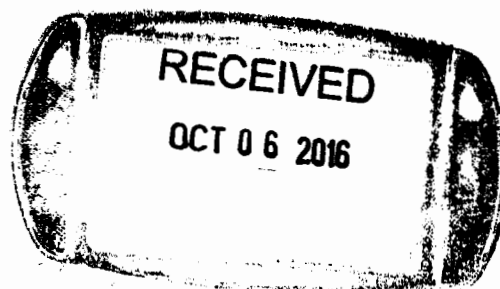
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the fiscal year ended September 30, 2015, which collectively comprise Yazoo City, Mississippi's basic financial statements and have issued our report thereon dated August 10, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed instances of noncompliance in the accompanying Schedule of Findings and Responses as items 2015-001 and 2015-002.

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
August 10, 2015





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

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

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

In planning and performing our audit of the financial statements of Yazoo City, Mississippi for the year ended September 30, 2015, we considered Yazoo City, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Yazoo City, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 10, 2015 on the financial statements of Yazoo City, Mississippi.

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

Mayor and Board of Aldermen

1. Finding:

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

Recommendation:

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

Response:

The City will evaluate the recommendation.

City Clerk's Office

1. Finding:

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

Recommendation:

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

Response:

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

2. Finding:

In reviewing the general ledgers, we noted numerous general journal entries recording and correcting transactions using general ledger balance sheet accounts as clearing accounts.

Recommendation:

The general ledger balance sheet accounts, with the exception of the cash account, should not be used to record transactions that involve the receipt or disbursement of cash. The City should revise its procedures for recording transactions that have no effect on the general ledger cash account.

Response:

The City will review its current process concerning general journal entries and initiate or revise policies and procedures it uses regarding these type entries.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
August 10, 2015

YAZOO CITY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

**YAZOO CITY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Unmodified |
| General Fund | Unmodified |
| Debt & Debt Service Fund | Unmodified |
| Capital Project Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Material Weakness

2015-001 – Finding:

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

Recommendation:

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

Response:

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

**YAZOO CITY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Material Weakness

2015-002 – Finding:

The City did not conduct an annual inventory of the assets. During our audit procedures we found the following:

The City failed to capitalize the following assets:

Fund 001 – Mayor’s Office	\$ 58,191	building improvement	Mayor’s office
Fund 001 – Police Department	\$ 30,784	purchase of vehicle	
Fund 001 – Street Department	\$ 84,615	infrastructure project	Pierce St.
Fund 001 – Street Department	<u>\$107,674</u>	purchase of tractor	
Total	<u>\$281,264</u>		

The City failed to dispose of the following assets:

Fund 001 – Mayor’s Office	\$110,769	4 police vehicles	wrecked vehicles ... should
---------------------------	-----------	-------------------	-----------------------------

Recommendation:

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

Response:

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

Significant Deficiency

2015-003 – Finding:

During the course of our audit, we found the City failed to properly distribute property tax and solid waste receipts to the proper receiving funds on a required and timely basis. Certain receipts are designated to be distributed and held by a particular fund until their intended purpose is realized.

Recommendation:

The City is required to distribute designated receipts such as property taxes and solid waste revenues to the proper fund on required and timely basis. These receipts should not be comingled with other funds receipts which could falsely inflate their cash position or be used for an improper purpose. The City should review its accounting policies and procedures pertaining to the required and timely distribution of receipts to the proper intended funds.

Response:

We will review our accounting policies and procedures and make the necessary corrections to achieve the required and timely distribution of all receipt of revenues received by the City.

