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# City of Yazoo City

Founded 1839

P.O. Box 689, 128 E. Jefferson St., Yazoo City, Mississippi 39194  
Phone: (662) 746-3211 \* Fax: (662) 746-6506 \* [www.cityofyazoocity.org](http://www.cityofyazoocity.org)

**Mayor Diane Delaware**

**Ron Johnson**  
Alderman, Ward 1

**Gregory Robertson**  
Alderman, Ward 3

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

**Aubry N. Brent, Jr.**  
Alderman, Ward 4

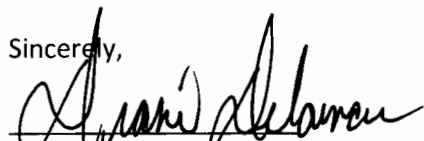
December 20, 2017

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

RE: Annual Municipal Audit

Accompanying this letter are two copies of the annual audit for the city of Yazoo City, Mississippi, for the fiscal year ended September 30, 2016. A separate management letter was not written to the City in connection with this audit.

Sincerely,

  
Diane Delaware, Mayor

**City of Yazoo City, Mississippi**  
**Municipal Compliance Questionnaire**  
**For the Fiscal Year Ended September 30, 2016**

As part of the municipality's audit, the governing authorities of the municipality must make certain assertions with regard to legal compliance. The municipal compliance questionnaire was developed for this purpose.

The following questionnaire and related certification must be completed at the end of the municipality's fiscal year and entered into the official minutes of the governing authorities at their next regular meeting.

The governing authorities should take care to answer these questions accurately. Incorrect answers could reduce the auditor's reliance on the questionnaire responses, resulting in the need to perform additional audit procedures at added cost.

**Information**

*Note: Due to the size of some municipalities, some of the questions may not be applicable. If so, mark N/A in answer blanks. Answers to other questions may require more than "yes" or "no," and, as a result, more information on this questionnaire may be required and/or separate work papers may be needed.*

Name and address of municipality:

**Yazoo City**  
**128 E. Jefferson St.**  
**Yazoo City, MS 39194**

1. List the date and population of the latest official U.S. Census or most recent official census:  
2010 U.S. Census Population

2. Names, addresses and telephone numbers of officials:

<b>MAYOR</b>	<b>ALDERPERSON</b>	<b>ALDERPERSON</b>
Diane Delaware 805 Lee Ave Yazoo City, MS 39194 (662) 763-8636	Ron Johnson 1006 Leach St Yazoo City, MS 39194 (662) 590-6530	Dr. Jack D. Varner, DVM 1240 Majestic Oaks Yazoo City, MS 39194 (662) 746-1789
<b>CHIEF OF POLICE</b>	<b>ALDERPERSON</b>	<b>ALDERPERSON</b>
Ronald Sampson P.O. Box 129 Yazoo City, MS 39194 (662) 590-5993	Gregory Robertson 736 East Fifth St Yazoo City, MS 39194 (662) 571-2489	Aubry N. Brent, Jr. 927 Prentiss Ave Yazoo City, MS 39194 (662) 746-7600
<b>CITY CLERK</b>		<b>ATTORNEY</b>
Kaneilia Williams P.O. Box 689 Yazoo City, MS 39194 (662) 746-1401		Lilli Evans Bass P.O. Box 22969 Jackson, MS 39225 (601) 665-8568

3. Period of time covered by this questionnaire: October 1, 2015 to September 30, 2016

4. Expiration date of current elected officials' term: April 2018

# MUNICIPAL COMPLIANCE QUESTIONNAIRE

City of Yazoo City, Mississippi

Year Ended September 30, 2016

Answer All Questions: Y - YES, N - NO, N/A - NOT APPLICABLE

## PART I - General

1. Have all ordinances been entered into the ordinance book and included in the minutes? (Section 21-13-13) Yes
2. Do all municipal vehicles have public license plates and proper markings? (Sections 25-1-87 and 27-19-27) Yes
3. Are municipal records open to the public? (Section 25-61-5) Yes
4. Are meetings of the board open to the public? (Section 25-41-5) Yes
5. Are notices of special or recess meetings posted? (Section 25-41-13) Yes
6. Are all required personnel covered by appropriate surety bonds?  
Board or council members (Sec. 21-17-5) Yes  
Appointed officers and those handling money, see statutes governing the form of government (i.e., Section 21-3-5 for Code Charter) Yes  
Municipal clerk (Section 21-15-38) Yes  
Deputy clerk (Section 21-15-23) Yes  
Chief of police (Section 21-21-1) Yes  
Deputy police (Section 45-5-9) (if hired under this law) N/A
7. Are minutes of board meetings prepared to properly reflect the actions of the board? (Sections 21-15-17 and 21-15-19) Yes
8. Are minutes of board meetings signed by the mayor or majority of the board within 30 days of the meeting? (Section 21-15-33) Yes
9. Has the municipality complied with the nepotism law in its employment practices? (Section 25-1-53) Yes
10. Did all officers, employees of the municipality, or their relatives avoid any personal interest in any contracts with the municipality during their term or within one year after their terms of office or employment? (Section 25-4-105) Yes
11. Does the municipality contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of each fiscal year? (Section 21-35-31) Yes
12. Has the municipality published a synopsis or notice of the annual audit within 30 days of acceptance? (Section 21-35-31 or 21-17-19) Yes

## **MUNICIPAL COMPLIANCE QUESTIONNAIRE**

**City of Yazoo City, Mississippi**

**Year Ended September 30, 2016**

### **PART II - Cash and Related Records**

1. Where required, is a claims docket maintained? (Section 21-39-7) Yes
2. Are all claims paid in the order of their entry in the claims docket? (Section 21-39-9) Yes
3. Does the claims docket identify the claimant, claim number, amount and fund from which each warrant will be issued? (Section 21-39-7) Yes
4. Are all warrants approved by the board, signed by the mayor or majority of the board, attested to by the clerk, and bearing the municipal seal? (Section 21-39-13) Yes
5. Are warrants for approved claims held until sufficient cash is available in the fund from which it is drawn? (Section 21-39-13) Yes
6. Has the municipality adopted and entered on its minutes a budget in the format prescribed by the Office of the State Auditor? (Sections 21-35-5, 21-35-7 and 21-35-9) Yes
7. Does the municipality operate on a cash basis budget, except for expenditures paid within 30 days of fiscal year end or for construction in progress? (Section 21-35-23) Yes
8. Has the municipality held a public hearing and published its adopted budget? (Sections 21-35-5, 27-39-203, & 27-39-205) Yes
9. Has the municipality complied with legal publication requirements when budgetary changes of 10% or more are made to a department's budget? (Section 21-35-25) Yes
10. If revenues are less than estimated and a deficit is anticipated, did the board revise the budget by its regular July meeting? (Section 21-35-25) N/A
11. Have financial records been maintained in accordance with the chart of accounts prescribed by the State Auditor? (Section 21-35-11) Yes
12. Does the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item? (Section 21-35-13) Yes
13. Does the board avoid approving claims and the city clerk not issue any warrants which would be in excess of budgeted amounts, except for court-ordered or emergency expenditures? (Section 21-35-17) Yes
14. Has the municipality commissioned municipal depositories? (Sections 27-105-353 and 27-105-363) Yes
15. Have investments of funds been restricted to those instruments authorized by law? (Section 21-33-323) Yes
16. Are donations restricted to those specifically authorized by law? [Section 21-17-5 (Section 66, Miss. Constitution) -- Sections 21-19-45 through 21-19-59, etc.] Yes
17. Are fixed assets properly tagged and accounted for? (Section II - Municipal Audit and Accounting Guide) No

## MUNICIPAL COMPLIANCE QUESTIONNAIRE

City of Yazoo City, Mississippi

Year Ended September 30, 2016

18. Is all travel authorized in advance and reimbursements made in accordance with Section 25-3-41? Yes
19. Are all travel advances made in accordance with the State Auditor's regulations? (Section 25-3-41) Yes

### PART III - Purchasing and Receiving

1. Are bids solicited for purchases, when required by law (written bids and advertising)? [Section 31-7-13(b) and (c)] Yes
2. Are all lowest and best bid decisions properly documented? [Section 31-7-13(d)] Yes
3. Are all one-source item and emergency purchases documented on the board's minutes? [Section 31-7-13(m) and (k)] Yes
4. Do all officers and employees understand and refrain from accepting gifts or kickbacks from suppliers? (Section 31-7-23) Yes

### PART IV - Bonds and Other Debt

1. Has the municipality complied with the percentage of taxable property limitation on bonds and other debt issued during the year? (Section 21-33-303) Yes
2. Has the municipality levied and collected taxes, in a sufficient amount for the retirement of general obligation debt principal and interest? (Section 21-33-87) Yes
3. Have the required trust funds been established for utility revenue bonds? (Section 21-27-65) N/A
4. Have expenditures of bond proceeds been strictly limited to the purposes for which the bonds were issued? (Section 21-33-317) Yes
5. Has the municipality refrained from borrowing, except where it had specific authority? (Section 21-17-5) Yes

### PART V - Taxes and Other Receipts

1. Has the municipality adopted the county ad valorem tax rolls? (Section 27-35-167) Yes
2. Are interest and penalties being collected on delinquent ad valorem taxes? (Section 21-33-53) Yes
3. Has the municipality conducted an annual land sale for delinquent ad valorem taxes? (Section 21-33-63) Yes
4. Have the various ad valorem tax collections been deposited into the appropriate funds? (Separate Funds for Each Tax Levy) (Section 21-33-53) Yes
5. Has the increase in ad valorem taxes, if any, been limited to amounts allowed by law? (Sections 27-39-320 and 27-39-321) Yes

## **MUNICIPAL COMPLIANCE QUESTIONNAIRE**

**City of Yazoo City, Mississippi**

**Year Ended September 30, 2016**

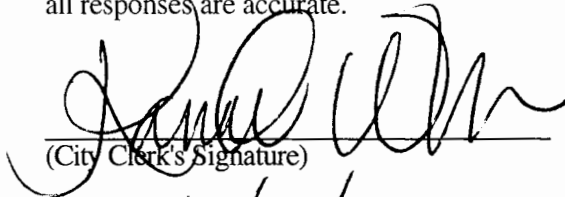
6. Are local privilege taxes collected from all businesses located within the municipality, except those exempted? (Section 27-17-5) Yes
7. Are transient vendor taxes collected from all transient vendors within the municipality, except those exempted? (Section 75-85-1) Yes
8. Is money received from the state's "Municipal Fire Protection Fund" spent only to improve municipal fire departments? (Section 83-1-37) Yes
9. Has the municipality levied or appropriated not less than ¼ mill for fire protection and certified to the county it provides its own fire protection or allowed the county to levy such tax? (Sections 83-1-37 and 83-1-39) Yes
10. Are state-imposed court assessments collected and settled monthly? (Section 99-19-73, 83-39-31, etc.) Yes
11. Are all fines and forfeitures collected when due and settled immediately to the municipal treasury? (Section 21-15-21) Yes
12. Are bids solicited by advertisement or, under special circumstances, three appraisals obtained when real property is sold? (Section 21-17-1) Yes
13. Has the municipality determined the full and complete cost for solid waste for the previous fiscal year? (Section 17-17-347) Yes
14. Has the municipality published an itemized report of all revenues, costs and expenses incurred by the municipality during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system? (Section 17-17-348) Yes
15. Has the municipality conducted an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor? (MMAAG) No

City of Yazoo City, Mississippi

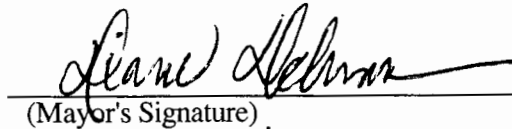
Certification to Municipal Compliance Questionnaire

Year Ended September 30, 2016

We have reviewed all questions and responses as contained in this Municipal Compliance Questionnaire for the Municipality of the City of Yazoo City, and, to the best of our knowledge and belief, all responses are accurate.

  
(City Clerk's Signature)

12/21/2017  
(Date)

  
(Mayor's Signature)

12/21/2017  
(Date)

Minute Book References:

Book Number 26

Page \_\_\_\_\_

*(Clerk is to enter minute book references when questionnaire is accepted by board.)*



**YAZOO CITY, MISSISSIPPI**

**Audited Financial Statements and Special Reports**

**For the Year Ended September 30, 2016**

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

# YAZOO CITY, MISSISSIPPI

## TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR’S REPORT .....	2
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	5
FINANCIAL STATEMENTS .....	14
Statement of Net Position .....	15
Statement of Activities .....	16
Balance Sheet – Governmental Funds .....	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Net Position – Proprietary Funds .....	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds .....	23
Statement of Fiduciary Assets and Liabilities .....	24
Notes to Financial Statements .....	25
REQUIRED SUPPLEMENTARY INFORMATION .....	51
Budgetary Comparison Schedule–Budget and Actual (Non-GAAP Basis) General Fund .....	52
Budgetary Comparison Schedule–Budget and Actual (Non-GAAP Basis) Debt & Debt Service Fund .....	53
Budgetary Comparison Schedule–Budget and Actual (Non-GAAP Basis) Capital Project Fund .....	54
Schedule of the City’s Proportionate Share of the Net Pension Liability .....	55
Schedule of the City’s Contributions - Pension .....	56
Notes to Required Supplementary Information .....	57
OTHER INFORMATION .....	59
Schedule of Surety Bonds for City Officials .....	60
Reconciliation of Tax Assessments to Fund Collections - 2015 Tax Rolls .....	61
Schedule of Long-Term Debt .....	63
Computation of Legal Debt Margin .....	64
SPECIAL REPORTS .....	65
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	66
Independent Auditor’s Report on Compliance with State Laws and Regulations .....	68
Limited Internal Control and Compliance Review Management Report .....	69
SCHEDULE OF FINDINGS AND RESPONSES .....	71

# **YAZOO CITY, MISSISSIPPI**

## **FINANCIAL SECTION**



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

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S  
GOVERNMENT AUDIT QUALITY CENTER

## 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 year ended September 30, 2016, 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, 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.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yazoo City, Mississippi, as of September 30, 2016, 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 – 2015 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 November 30, 2017, 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

November 30, 2017

## **YAZOO CITY, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YAZOO CITY, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

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, 2016. 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 2016 fiscal year by \$1,670,221 (net position). Of this amount the unrestricted net position showed a deficit balance of (\$7,904,995).
- The remaining net position of the City includes: \$8,765,962 invested in capital assets, net of related debt; and \$426,353 restricted (for capital improvements, debt service and other).
- Total assets increased \$2,193,924 from 2015.
- Total liabilities increased \$2,557,306 from 2015.
- The City's total net position decreased \$147,756 from 2015.

**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**

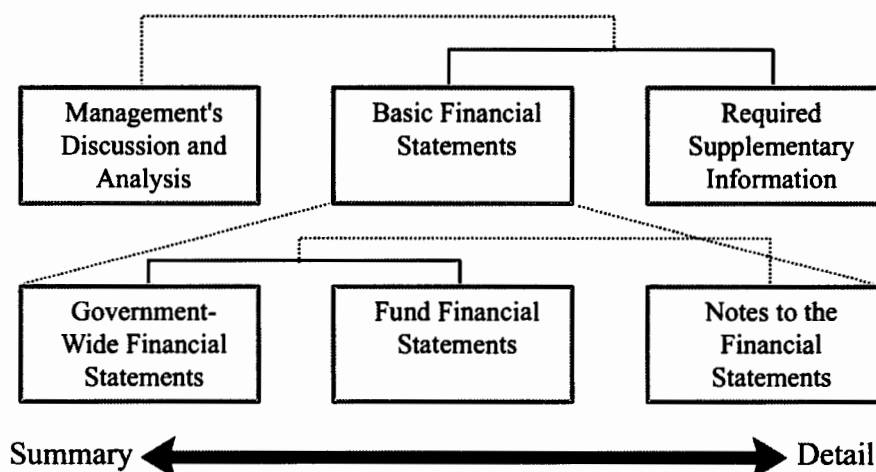


Figure 1 shows how required parts of this annual report are arranged and relate to one another.



**YAZOO CITY, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

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**

<b>Government-Wide Financial Statements</b>		<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in net position</li> </ul>
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, 2016**

**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 are 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, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

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.

**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 24.

**3) Notes to the Financial Statements.** The notes, presented on pages 25 through 50, provide additional narrative and tabular information that is essential to obtain 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 51 through 58.

**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, 2016, the assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows by \$1,670,221.

One of the largest portions of Yazoo City's net position, \$8,765,962 (525%) 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, 2016**

(Table 1)

**Net Position**

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2016	2015	2016	2015	2016	2015		
Current and other assets	\$ 2,188,577	3,805,051	311,847	770,214	2,500,424	4,575,265	(2,074,841)	-45.35%
Capital assets, net	13,403,195	9,088,044	956,411	1,002,797	14,359,606	10,090,841	4,268,765	42.30%
Total Assets	15,591,772	12,893,095	1,268,258	1,773,011	16,860,030	14,666,106	2,193,924	14.96%
Deferred outflows	1,667,633	1,220,070	237,598	182,309	1,905,231	1,402,379	502,852	35.86%
Current and other liabilities	190,375	262,593	3,097	14,516	193,472	277,109	(83,637)	-30.18%
Net pension liability	9,460,700	6,993,212	1,137,841	1,044,963	10,598,541	8,038,175	2,560,366	31.85%
Long-term debt	5,693,266	5,529,304	137,852	221,237	5,831,118	5,750,541	80,577	1.40%
Total Liabilities	15,344,341	12,785,109	1,278,790	1,280,716	16,623,131	14,065,825	2,557,306	18.18%
Deferred inflows	410,561	160,674	61,348	24,009	471,909	184,683	287,226	155.52%
<b>Net Position:</b>								
Invested in capital assets, net of related debt	7,915,671	3,578,740	850,291	783,060	8,765,962	4,361,800	4,404,162	100.97%
Restricted	809,254	2,366,240			809,254	2,366,240	(1,556,986)	-65.80%
Unrestricted	(7,220,422)	(4,777,598)	(684,573)	(132,465)	(7,904,995)	(4,910,063)	(2,994,932)	61.00%
Total Net Position	1,504,503	1,167,382	165,718	650,595	1,670,221	1,817,977	(147,756)	-8.13%

The City's total assets increased \$2,193,924 during 2016 with governmental activities showing an increase of \$2,698,677 and business-type activities showing a decrease of \$504,753.

The City's total liabilities increased \$2,557,306. The increase (decrease) in liabilities are \$2,559,232 in governmental activities and \$(1,926) in business-type activities with a net decrease of \$83,637 in other liabilities.

The City's net position decreased \$147,756 from 2015, which includes a negative prior period adjustment of \$1,805,944 related to pensions.

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (7,904,995)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	9,165,219
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 1,260,224</u>

**YAZOO CITY, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

(Table 2)  
**Statement of Activities**

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2016	2015	2016	2015	2016	2015	(Decrease)	Change
<b>Program Revenues:</b>								
Charges for services	\$ 510,108	197,028	1,072,349	1,073,401	1,582,457	1,270,429	312,028	24.56%
Grants and contributions	3,056,550	275,661			3,056,550	275,661	2,780,889	1008.81%
<b>General Revenues:</b>								
Property taxes	3,691,385	3,643,620			3,691,385	3,643,620	47,765	1.31%
Sales and tourism taxes	1,729,534	1,725,611			1,729,534	1,725,611	3,923	0.23%
Other taxes and other	1,020,760	338,837	11,605	812	1,032,365	339,649	692,716	203.95%
<b>Total Revenues</b>	<b>10,008,337</b>	<b>6,180,757</b>	<b>1,083,954</b>	<b>1,074,213</b>	<b>11,092,291</b>	<b>7,254,970</b>	<b>3,837,321</b>	<b>52.89%</b>
<b>Program Expenses:</b>								
General government	\$ 1,627,835	1,580,346			1,627,835	1,580,346	47,489	3.00%
Public safety	3,196,555	3,028,028			3,196,555	3,028,028	168,527	5.57%
Highways and streets	1,316,246	764,986			1,316,246	764,986	551,260	72.06%
Culture and recreation	72,575	89,711			72,575	89,711	(17,136)	-19.10%
Economic development	42,916	7,527			42,916	7,527	35,389	470.16%
Cemetery	157,257	105,651			157,257	105,651	51,606	48.85%
Interest on long-term debt	193,915	221,802	3,702	15,319	197,617	237,121	(39,504)	-16.66%
Pension expense	1,082,846	774,399			1,082,846	774,399	308,447	
Solid Waste			1,536,846	1,048,114	1,536,846	1,048,114	488,732	46.63%
<b>Total Expenses</b>	<b>7,690,145</b>	<b>6,572,450</b>	<b>1,540,548</b>	<b>1,063,433</b>	<b>9,230,693</b>	<b>7,635,883</b>	<b>1,594,810</b>	<b>20.89%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 2,318,192</b>	<b>(391,693)</b>	<b>(456,594)</b>	<b>10,780</b>	<b>1,861,598</b>	<b>(380,913)</b>	<b>2,242,511</b>	<b>-588.72%</b>

The City's governmental activities continue to be funded primarily by property taxes, which made up 36.88% of the total revenues. The other major revenue sources were grants and contributions 30.54%, sales and tourism taxes 17.28%, and other taxes and other revenue 10.20%. The major expense activities were public safety, general government, highways and streets, and pension expense, which comprise 42%, 21%, 17%, and 14% of total expenses, respectively. The City remains 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 of the year ended, the City's governmental funds reported a combined fund balance of \$1,938,320 which is \$1,566,454 lower than last year's total of \$3,504,774.

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

**YAZOO CITY, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

reported as non-major governmental funds. The general, debt & debt service, and capital project funds reflected a net change in fund balance of \$(2,187), \$(178,956), and \$(1,526,164), respectively. The 2016 year had a combined net change in fund balance of \$(1,566,454).

**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 2016, the City amended its general fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the Mayor and City Aldermen, as a whole, 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.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2016, the City had \$25,398,144 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 \$4,104,336 or 19.27% over the prior year.

(Table 3)  
**CAPITAL ASSETS AT YEAR-END**

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2016	2015	2016	2015	2016	2015		
Land	\$ 281,766	281,766	641,431	641,431	923,197	923,197	-	0.000%
Construction in progress	6,765,041	2,717,518	-	-	6,765,041	2,717,518	4,047,523	148.942%
Infrastructure	8,248,132	8,248,132	-	-	8,248,132	8,248,132	-	0.000%
Buildings & improvements	3,563,213	3,519,713	-	-	3,563,213	3,519,713	43,500	1.236%
Mobile and machinery equipment	3,100,452	3,594,144	465,327	422,749	3,565,779	4,016,893	(451,114)	-11.230%
Furniture & equipment	1,055,208	965,961	18,000	30,198	1,073,208	996,159	77,049	7.735%
Leased property under capital lease	710,262	322,884	549,312	549,312	1,259,574	872,196	387,378	44.414%
<b>Totals</b>	<b>\$ 23,724,074</b>	<b>19,650,118</b>	<b>1,674,070</b>	<b>1,643,690</b>	<b>25,398,144</b>	<b>21,293,808</b>	<b>4,104,336</b>	<b>19.27%</b>

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

**YAZOO CITY, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2016**

**Long-term Debt**

At year-end, the City had \$5,831,118 in long term debt outstanding compared to \$5,750,541 last year, an increase of \$80,577. Of the total debt outstanding \$4,880,000 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 \$32,875, capital leases in the amount of \$680,769 and compensated absences in the amount of \$237,474.

The following table illustrates the total Long-term Debt of Yazoo City as of September 30, 2016:

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

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2016	2015	2016	2015	2016	2015	(Decrease)	Change
General obligation bonds	\$ 4,880,000	5,205,000		-	4,880,000	5,205,000	(325,000)	-6.24%
Other loans	32,875	81,378		-	32,875	81,378	(48,503)	-59.60%
Capital leases	574,649	222,926	106,120	219,737	680,769	442,663	238,106	53.79%
Compensated absences	205,742	20,000	31,732	1,500	237,474	21,500	215,974	1004.53%
Totals	\$ 5,693,266	5,529,304	137,852	221,237	5,831,118	5,750,541	80,577	1.40%

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 2016 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 75.32 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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Service Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,883,595	311,847	2,195,442	2,785,935
Investments				
Accrued interest receivable				284
Accounts receivable, net of allowance for doubtful accounts of \$78,243				1,749,632
Fines receivable, net of allowance for doubtful accounts of \$1,296,728.	126,074		126,074	
Inventories and prepaid items				862,987
Restricted assets-cash and cash equivalents	178,908		178,908	3,597,753
Capital assets, net				
Land and construction in progress	13,403,195	641,431	14,044,626	
Other capital assets, net		314,980	314,980	24,076,249
<b>Total Assets</b>	<b>15,591,772</b>	<b>1,268,258</b>	<b>16,860,030</b>	<b>33,072,840</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	1,667,633	237,598	1,905,231	5,898,497
<b>Total Deferred Outflows of Resources</b>	<b>1,667,633</b>	<b>237,598</b>	<b>1,905,231</b>	<b>5,898,497</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	79,019	2,890	81,909	1,046,205
Liabilities payable from restricted assets				932,192
Accrued interest payable	66,192	207	66,399	
Unredeemed bond payable	45,164		45,164	
Long-term liabilities:				
Net pension liability	9,460,700	1,137,841	10,598,541	8,445,189
Due within one year:				
Capital related debt	450,739	52,430	503,169	
Non-capital related debt				
Due in more than one year:				
Capital related debt	5,036,785	53,690	5,090,475	339,214
Non-capital related debt	205,742	31,732	237,474	180,444
<b>Total Liabilities</b>	<b>15,344,341</b>	<b>1,278,790</b>	<b>16,623,131</b>	<b>10,943,244</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	410,561	61,348	471,909	22,441
<b>Total Deferred Inflows of Resources</b>	<b>410,561</b>	<b>61,348</b>	<b>471,909</b>	<b>22,441</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	7,915,671	850,291	8,765,962	23,654,070
Restricted:				
Expendable:				
Public safety	192,254		192,254	
Public works	7,216		7,216	3,597,753
Highways and streets	178,908		178,908	
Economic development and assistance	4,523		4,523	
Capital Projects	119,689		119,689	
Debt service	306,664		306,664	
Unrestricted	(7,220,422)	(684,573)	(7,904,995)	753,829
<b>Total Net Position</b>	<b>\$ 1,504,503</b>	<b>165,718</b>	<b>1,670,221</b>	<b>28,005,652</b>

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

**YAZOO CITY, MISSISSIPPI  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2016**

	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 Government		Total	
					Governmental Activities	Business-type Activities		
<b>FUNCTIONS/PROGRAMS</b>								
<b>Governmental activities:</b>								
General government	\$ 1,627,835	510,108			(1,117,727)		(1,117,727)	
Public safety	3,196,555		15,154		(3,181,401)		(3,181,401)	
Highways and streets	1,316,246		33,191	2,904,033	1,620,978		1,620,978	
Culture and recreation	72,575				(72,575)		(72,575)	
Economic development	42,916			98,794	55,878		55,878	
Cemetery	157,257				(157,257)		(157,257)	
Interest on long-term debt	193,915				(193,915)		(193,915)	
Pension expense	1,082,846				(1,082,846)		(1,082,846)	
<b>Total governmental activities</b>	<b>7,690,145</b>	<b>510,108</b>	<b>48,345</b>	<b>3,002,827</b>	<b>(4,128,865)</b>		<b>(4,128,865)</b>	
<b>Business-type activities:</b>								
Solid Waste	1,159,062	1,072,349				(86,713)	(86,713)	
<b>Total business-type activities</b>	<b>1,159,062</b>	<b>1,072,349</b>				<b>(86,713)</b>	<b>(86,713)</b>	
<b>Total primary government</b>	<b>8,849,207</b>	<b>1,582,457</b>	<b>48,345</b>	<b>3,002,827</b>	<b>(4,128,865)</b>	<b>(86,713)</b>	<b>(4,215,578)</b>	
<b>Component unit:</b>								
Public Service Commission	13,705,922	14,775,646						
<b>Total Component Unit</b>	<b>\$ 13,705,922</b>	<b>14,775,646</b>						<b>1,069,724</b>
<b>General revenues:</b>								
Property taxes					3,691,385		3,691,385	
Sales and tourism tax					1,729,534		1,729,534	
Franchise taxes					119,275		119,275	
Rental income					26,298		26,298	
PSC - Revenue sharing					332,702		332,702	
Unrestricted interest income					1,916	290	2,206	9,755
Grants and contributions not restricted to specific programs					5,378		5,378	
Cemetery					50,915		50,915	
Other taxes and other income					402,948	11,315	414,263	
Interest and other miscellaneous expenses						(3,702)	(3,702)	(26,453)
Transfers					86,706	(377,784)	(291,078)	(337,702)
Pension expense								(1,039,379)
Total general revenues and transfers					6,447,057	(369,881)	6,077,176	(1,393,779)
<b>Change in net position</b>					<b>2,318,192</b>	<b>(456,594)</b>	<b>1,861,598</b>	<b>(324,055)</b>
Net Position - beginning, as originally reported					1,167,382	650,595	1,817,977	23,906,347
Prior period adjustment					(1,981,071)	(28,283)	(2,009,354)	4,423,360
Net Position - beginning, as restated					(813,689)	622,312	(191,377)	28,329,707
<b>Net position, ending</b>	<b>\$ 1,504,503</b>				<b>165,718</b>	<b>1,670,221</b>		<b>28,005,652</b>

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

**YAZOO CITY, MISSISSIPPI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	General Funds	Debt & Debt Service Funds	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 1,141,893	537,709	178,908	203,993	2,062,503
Fines receivable (net of allowance for uncollectibles of (\$1,296,728))	126,074				126,074
<b>Total Assets</b>	<b>1,267,967</b>	<b>537,709</b>	<b>178,908</b>	<b>203,993</b>	<b>2,188,577</b>
<b><u>LIABILITIES</u></b>					
Claims payable	79,019				79,019
Unredeemed bond payable		45,164			45,164
<b>Total Liabilities</b>	<b>79,019</b>	<b>45,164</b>	<b>-</b>	<b>-</b>	<b>124,183</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>					
Unavailable revenue - fines	126,074				126,074
<b>Total deferred inflows of resources</b>	<b>126,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,074</b>
<b><u>FUND BALANCES</u></b>					
Restricted for:					
Public safety				192,254	192,254
Public works				7,216	7,216
Highways and streets			178,908		178,908
Economic development and assistance				4,523	4,523
Capital Improvements		119,689			119,689
Debt service		372,856			372,856
Unassigned	1,062,874				1,062,874
<b>Total Fund Balances</b>	<b>1,062,874</b>	<b>492,545</b>	<b>178,908</b>	<b>203,993</b>	<b>1,938,320</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,267,967</b>	<b>537,709</b>	<b>178,908</b>	<b>203,993</b>	<b>2,188,577</b>

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, 2016**

Total Fund Balance - Governmental Funds	\$ 1,938,320
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 \$10,320,879.	13,403,195
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	126,074
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	(5,487,524)
Compensated absences	(205,742)
Changes in interest accrued on long-term liabilities not reported in the governmental fund financial statements.	(66,192)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(9,460,700)
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	1,667,633
Deferred inflows of resources related to pensions	(410,561)
Total Net Position - Governmental Activities	<u>\$ 1,504,503</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, 2016**

	General Funds	Debt & Debt Service Funds	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 3,193,822	497,563			3,691,385
Licenses and permits	27,785				27,785
Intergovernmental:					
Federal grants	382,818			131,985	514,803
State of Mississippi:					
Grants	15,154		2,521,215		2,536,369
General sales tax	1,729,534				1,729,534
Grand gulf	8,838				8,838
Liquor Licenses	8,100				8,100
Municipal aid	6,115				6,115
Privilege tax	35,313				35,313
Gasoline tax	9,901				9,901
Homestead reimbursement	159,724				159,724
Fire protection				73,134	73,134
Other state revenue	9,289				9,289
Franchise tax	119,275				119,275
Fines and forfeitures	455,356				455,356
Interest income	1,533	99	144	140	1,916
Rental income	26,298				26,298
Cemetery	50,915				50,915
Contributions	5,378				5,378
Other income	151,886			880	152,766
Total revenues:	6,397,034	497,662	2,521,359	206,139	9,622,194
<b>EXPENDITURES:</b>					
Current:					
General government	1,576,673	2,955		77,818	1,657,446
Public safety	4,041,842				4,041,842
Highways and streets	1,317,039		4,047,523		5,364,562
Culture and recreation	42,457				42,457
Economic development	27,296			97,050	124,346
Cemetery	166,477				166,477
Debt service:					
Principal paid	112,607	325,000			437,607
Interest paid	11,077	178,069			189,146
Total expenditures:	7,295,468	506,024	4,047,523	174,868	12,023,883
Excess (deficiency) of revenues over (under) expenditures	(898,434)	(8,362)	(1,526,164)	31,271	(2,401,689)
<b>OTHER FINANCING SOURCES (USES):</b>					
PSC - Revenue sharing	332,702				332,702
Long-term capital debt issued	415,827				415,827
Transfers In	438,796	48,000		110,099	596,895
Transfers Out	(291,078)	(218,594)		(517)	(510,189)
Net other financing sources (uses)	896,247	(170,594)	-	109,582	835,235
Net change in fund balances	(2,187)	(178,956)	(1,526,164)	140,853	(1,566,454)
Fund Balance, beginning, as previously stated	1,077,111	671,501	1,705,072	51,090	3,504,774
Fund Reclassification	(12,050)			12,050	-
Fund Balance, beginning, as restated	1,065,061	671,501	1,705,072	63,140	3,504,774
Fund Balance, ending	\$ 1,062,874	492,545	178,908	203,993	1,938,320

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, 2016**

Net Changes in Fund Balances - Governmental Funds \$ (1,566,454)

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 \$4,695,577 exceeded depreciation expense of \$320,194. 4,375,383

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 \$437,607 exceeds debt proceeds of \$415,827. 21,780

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. 26,967

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 loss of \$60,232 in the current period. (60,232)

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	(4,769)
Change in compensated absences	(10,615)

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	(1,082,846)
Recording of contributions made prior and subsequent to the measurement date	618,978

Change in Net Position of Governmental Activities	\$ 2,318,192
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The notes to the financial statements are an integral part of this statement.

**YAZOO CITY, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2016**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 311,847
Due from other funds	
<b>Total Current Assets</b>	<u>311,847</u>
Non-current assets:	
Land	641,431
Mobile Equipment	465,327
Furniture & Equipment	18,000
Leased equipment	549,312
Accumulated depreciation	(717,659)
<b>Total Non-Current Assets</b>	<u>956,411</u>
<b>Total Assets</b>	<u>1,268,258</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflows related to pensions	237,598
<b>Total Deferred Outflows of Resources</b>	<u>237,598</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Claims payable	2,890
Accrued interest payable	207
Capital debt:	
Capital leases payable	52,430
<b>Total Current Liabilities</b>	<u>55,527</u>
Non-current liabilities:	
Net pension liability	1,137,841
Capital debt:	
Capital lease payable	53,690
Non-Capital debt:	
Compensated absences	31,732
<b>Total Non-Current Liabilities</b>	<u>1,223,263</u>
<b>Total Liabilities</b>	<u>1,278,790</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflows related to pensions	61,348
<b>Total Deferred Inflows of Resources</b>	<u>61,348</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	850,291
Unrestricted	(684,573)
<b>Total Net Position</b>	<u>\$ 165,718</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, 2016**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<b><u>OPERATING REVENUES:</u></b>	
Charges for services:	
Garbage collection fees	\$ 1,083,664
<b>Total Operating Revenues</b>	<u>1,083,664</u>
<b><u>OPERATING EXPENSES:</u></b>	
Personal services	549,586
Contractual services	291,670
Consumable supplies	88,213
Depreciation expense	88,964
Pension expense	140,629
<b>Total Operating Expenses</b>	<u>1,159,062</u>
<b>Operating Income (Loss)</b>	<u>(75,398)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest income	290
Interest expenses	(3,702)
Transfers out	(377,784)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(381,196)</u>
<b>Net Income (Loss)</b>	<u>(456,594)</u>
Net Position, beginning, as previously reported	650,595
Prior period adjustment	(28,283)
Net Position, beginning, as restated	<u>622,312</u>
<b>Total Net Position, Ending</b>	<u><u>\$ 165,718</u></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, 2016**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from customers and users	\$ 1,101,521
Payments to suppliers for goods and services	(334,532)
Payments to employees for services	(508,280)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>258,709</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
Principal payments on long-term debt	(113,617)
Interest paid on bonds, loans and capital leases	(3,709)
Acquisition of fixed assets	(42,578)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(159,904)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
Interest on deposits	290
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>290</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>	
Transfers out	(377,784)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(377,784)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(278,689)
<b>Cash and Cash Equivalents, October 1</b>	<u>590,536</u>
<b>Cash and Cash Equivalents, September 30</b>	<u><u>\$ 311,847</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET</u></b>	
<b><u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	
Operating income (loss)	\$ (75,398)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	88,964
(Increase) decrease in interfund receivables	179,687
(Increase) decrease in deferred outflows of resources	(55,289)
Increase (decrease) in accounts payable and accrued expenses	(11,286)
Increase (decrease) in accrued interest payable	(133)
Increase (decrease) in compensated absences payable	1,947
Increase (decrease) in net pension liability	92,878
Increase (decrease) in deferred inflows of resources	37,339
Total adjustments	<u>334,107</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 258,709</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, 2016**

	<b>Cemetery Trust Fund</b>	<b>Crump School Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 139,680	\$ 48,965	\$ 199,157
Investments	219,500	2,212,155	
Accrued interest receivable		6,228	
<b>Total Assets</b>	<u>359,180</u>	<u>2,267,348</u>	<u>199,157</u>
<b>LIABILITIES</b>			
Intergovernmental payables		29,638	199,157
<b>Total Liabilities</b>	<u>-</u>	<u>29,638</u>	<u>\$ 199,157</u>
<b>NET POSITION</b>			
Held in trust for:			
Individuals, organizations and other governments	<u>\$ 359,180</u>	<u>\$ 2,237,710</u>	

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

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

**A. Financial Reporting Entity**

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

**B. Individual Component Unit Disclosure**

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

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

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

**Discretely Presented Component Unit**

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

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

**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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**Government-wide Financial Statements:**

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

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

**Fund Financial Statements:**

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

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

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

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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.

**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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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.

**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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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 of 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 unmatured 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.



**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

*Unrestricted net position*- All other net position 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 City'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 City'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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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 year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1<sup>st</sup> become delinquent February 1<sup>st</sup> of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Yazoo County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and 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 2015 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:

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

**NOTE 2 – BUDGET POLICY**

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

- A. Prior to August 1<sup>st</sup>, 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 1<sup>st</sup>. 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 15<sup>th</sup>, 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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 3 – PRIOR PERIOD ADJUSTMENTS**

A summary of significant equity adjustments is as follows:

Statement of Activities.	
Explanation	Amount
Adjustment to record the Mississippi Municipal Retirement System-fire and police plan	\$ (1,805,944)
Adjustment to correct compensated absences	(175,127)
Total prior period adjustments governmental activities	<u>(1,981,071)</u>
Adjustment to correct compensated absences	(28,283)
Total prior period adjustments business-type activities	<u>(28,283)</u>
Total prior period adjustments governmental and business-type activities	<u>\$ (2,009,354)</u>
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.	
Explanation	Amount
Adjustment to correct compensated absences	\$ (28,283)
Total prior period adjustments	<u>\$ (28,283)</u>

**NOTE 4 – DEPOSITS AND INVESTMENTS**

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2016 was \$2,709,318, and the bank balance was \$2,889,081. 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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Investments

The City's investments consisted of the following at September 30, 2016:

**Cemetery Trust Fund Investments**

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of deposit – Bank Plus	Less than one year	\$ 106,950
Certificate of deposit – Bank of Yazoo City	Less than one year	112,550
Total		<u>\$ 219,500</u>

**Crump School Fund Investments**

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
United States Treasury Notes	Various	\$ <u>2,212,155</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.

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**

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Debt & Debt Service Funds	\$ 218,594
General Fund	Other Governmental Funds	517
General Fund	Enterprise Fund	219,685
Debt & Debt Service Fund	Enterprise Fund	48,000
Other Governmental Funds	Enterprise Fund	110,099
Agency Funds	General Fund	291,078
Total		<u>\$ 887,973</u>

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2016, was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>					
<b>YAZOO CITY</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2016</b>
Non-depreciable capital assets:					
Land	\$ 281,766				281,766
Construction in progress	2,717,518	4,047,523			6,765,041
Total non-depreciable capital assets	2,999,284	4,047,523	-	-	7,046,807
Depreciable capital assets:					
Infrastructure	8,248,132				8,248,132
Buildings & Improvements	3,519,713	43,500			3,563,213
Mobile and machinery equipment	3,594,144	60,190	582,061	28,179	3,100,452
Furniture & equipment	965,961	128,807	39,560		1,055,208
Leased property under capital lease	322,884	415,557		(28,179)	710,262
Total depreciable capital assets	16,650,834	648,054	621,621	-	16,677,267
Less accumulated depreciation for:					
Infrastructure	5,461,114	39,671			5,500,785
Buildings & Improvements	1,414,133	79,747			1,493,880
Mobile and machinery equipment	2,748,781	102,366	523,855	15,217	2,342,509
Furniture & equipment	829,381	42,099	37,534		833,946
Leased property under capital lease	108,665	56,311		(15,217)	149,759
Total accumulated depreciation	10,562,074	320,194	561,389	-	10,320,879
Depreciable capital assets, net	6,088,760	327,860	60,232	-	6,356,388
Governmental activities capital assets, net	\$ 9,088,044	4,375,383	60,232	-	13,403,195
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>YAZOO CITY</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2016</b>
Non-depreciable capital assets:					
Land	\$ 641,431				641,431
Total non-depreciable capital assets	641,431				641,431
Depreciable capital assets:					
Mobile equipment	422,749	42,578			465,327
Furniture & equipment	30,198		12,198		18,000
Leased property under capital lease	549,312				549,312
Total depreciable capital assets	1,002,259	42,578	12,198	-	1,032,639
Less accumulated depreciation for:					
Mobile equipment	372,115	16,024			388,139
Furniture & equipment	19,141	2,314	12,198		9,257
Leased property under capital lease	249,637	70,626			320,263
Total accumulated depreciation	640,893	88,964	12,198	-	717,659
Depreciable capital assets, net	361,366	(46,386)	-	-	314,980
Business-Type activities capital assets, net	\$ 1,002,797	(46,386)	-	-	956,411

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Depreciation expense was charged to the governmental functions as follows:

**GOVERNMENTAL ACTIVITIES**

General government	\$ 19,146
Public safety	185,915
Streets	67,140
Culture & recreation	30,118
Economic development	17,875
Total governmental activities depreciation expense	<u>\$ 320,194</u>

**BUSINESS-TYPE ACTIVITIES**

Solid Waste	<u>\$ 88,964</u>
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COMPONENT UNIT	Balance				Balance
PUBLIC SERVICE COMMISSION	Oct. 1, 2015	Additions	Deletions	Adjustments	Sept. 30, 2016
Capital assets:					
Electric utility plant in service	\$ 37,812,319	1,030,075	543,730		\$ 38,298,665
Water utility plant in service	10,894,250	725,131	594,908		11,024,473
Sewer utility plant in service	10,602,279	266,014	105,628		10,762,666
Total depreciable capital assets	<u>59,308,848</u>	<u>2,021,221</u>	<u>1,244,265</u>	<u>-</u>	<u>60,085,804</u>
Less accumulated depreciation for:					
Electric utility plant in service	22,870,897	1,147,703	113,506		23,905,094
Water utility plant in service	5,251,333	259,630	13,252		5,497,711
Sewer utility plant in service	6,280,458				6,280,458
Total accumulated depreciation	<u>34,402,688</u>	<u>1,407,333</u>	<u>126,758</u>	<u>-</u>	<u>35,683,263</u>
Capital assets, net	<u>\$ 24,906,160</u>	<u>613,888</u>	<u>1,117,507</u>	<u>-</u>	<u>\$ 24,402,541</u>

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

**GOVERNMENTAL ACTIVITIES – YAZOO CITY**

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Willie Morris Parkway	\$1,130,946	2017

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 7 – CAPITAL LEASES**

**As Lessee:**

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Mobile Equipment	\$ 710,262	\$ 549,312
Less: Accumulated depreciation	149,759	320,263
Leased Property Under Capital Leases	<u>\$ 560,503</u>	<u>\$ 229,049</u>

The following is a schedule by years of the total payments due as of September 30, 2016:

<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>
2017	\$ 87,864	\$ 15,526	\$ 52,430	\$ 1,953
2018	90,051	13,338	53,690	692
2019	46,007	11,599		
2020	28,140	10,560		
2021	25,110	9,808		
2022-2026	137,487	37,105		
2027-2031	159,990	14,872		
Total	<u>\$ 574,649</u>	<u>\$ 112,808</u>	<u>\$ 106,120</u>	<u>\$ 2,645</u>

	<u>Component Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 82,966	\$ 21,919
2018	27,820	17,065
2019	92,959	11,926
2020	98,398	6,487
2021	60,037	1,145
Total	<u>\$ 362,180</u>	<u>\$ 58,542</u>



**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Public Employees Retirement System**

*General Information about the Pension Plan*

Plan Description. Yazoo City, Mississippi 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 information 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 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, 2016 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, 2016 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, 2016, 2015, and 2014 were \$505,383, \$512,627, and \$476,047, respectively, equal to the required contributions for each year.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

At September 30, 2016 the City reported a liability of \$8,752,624 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.049 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$1,081,761. At September 30, 2016, 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	\$ 222,614	
Net difference between projected and actual earnings on pension plan investments	1,044,379	
Changes of assumptions	437,880	23,259
Changes in the proportion and differences between actual contributions and proportionate share of contributions		448,650
Contributions subsequent to the measurement date	122,801	
	<u>\$ 1,827,674</u>	<u>471,909</u>

\$122,801 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, 2017. 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
2017	\$ 437,679
2018	372,677
2019	249,701
2020	172,907
Total	<u>\$ 1,232,964</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 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-2015 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2016, with males' rates set forward one year.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. The experience report is dated May 4, 2016.

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, 2016, 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	\$ 11,222,826	8,752,624	6,703,156

**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, 2016**

**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, 2016, 2015 and 2014 were \$465,210, \$452,196, and \$438,317, 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, 2016 the Commission reported a liability of \$8,445,189 for its proportionate share of the net pension liability. At June 30, 2016, the Commission's proportion was 0.047585 percent, which was an increase of 0.002205 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Commission recognized pension expense of \$1,039,379. At September 30, 2016, 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	\$ 235,560	
Net difference between projected and actual earnings on pension plan investments		22,441
Changes in the proportion and differences between actual contributions and proportionate share of contributions	4,848,208	
Contributions subsequent to the measurement date	814,729	
	<u>\$ 5,898,497</u>	<u>\$ 22,441</u>

\$814,729 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, 2017.

*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	8,445,189	5,638,170

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**Agent Multiple-Employer Defined Benefit Pension Plan - Mississippi Municipal Retirement Systems**

*General information about the Plan*

Plan Description. The City also participates in the Mississippi Municipal Retirement Systems ("MMRS") City of Yazoo City Fire and Police Plan which has been closed to new participants since July 1, 1976. MMRS is an agent multiple-employer defined benefit plan administered by PERS. MMRS was designed to provide retirement benefits for firefighters and police officers. The City is one of seventeen cities providing retirement benefits to firefighters and police officers. Plan provisions are established by Miss. Code Ann. §21-29-1 et seq. (1972, as amended) and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature. PERS issues a publicly available report entitled the Report on the Annual Valuation of the Mississippi Municipal Retirement Systems. 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 the MMRS is comprised of employees who were hired prior to July 1, 1976, and includes only those eligible employees of the City who did not opt to become a member of PERS. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age. Any firefighter or police officer who has attained age 65 shall be retired forthwith. The annual retirement allowance payable to a retired member is equal to (1) 50.0 percent of average compensation, plus (2) 1.7 percent of average compensation for each year of credited service over 20. The aggregate amount of (1) and (2) shall not exceed 66.6 percent of average compensation, regardless of service.

A disability retirement allowance is payable to any member who is not eligible for a service retirement benefit, but who becomes totally and permanently disabled regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the member must have completed at least five years of creditable service to be eligible for disability retirement. The annual disability retirement allowance payable is equal to 50.0 percent of the member's salary at the time of retirement, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20 years, times the member's salary at the time of retirement for firefighters and police officers.

A death benefit is payable upon the death of a member under the following conditions: (a) the member has retired; (b) the member is eligible to retire; (c) the death is in the line of duty; or (d) the death is not in the line of duty, but occurs after the member has five years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66.67 percent of average compensation.

Upon a member's termination of employment for any reason before retirement, the member's accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, the member's accumulated contributions are paid to the member's beneficiary.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

The minimum monthly allowance paid to members for all retirement and death benefits is \$600.

The allowances of certain retired members are adjusted annually by a Cost-of-Living Adjustment ("COLA") on the basis of the annual percentage change in each fiscal year of the Consumer Price Index. All retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999, were granted a 3.9 percent ad-hoc benefit increase.

At June 30, 2016 (measurement date), the following employees were covered by the plan:

Inactive Members or Their Beneficiaries Currently Receiving Benefits	14
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Contributions. Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2016, the City levied 3.91 mills to help fund MMRS. These millage rates are determined through review of the plan benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City. The City's contributions to the Yazoo City Fire and Police Plan for the fiscal year ended September 30, 2016, was \$.

Net Pension Liability. The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plans was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Valuation date	June 30, 2016
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases#	4.50% - 6.00%
Inflation	3.50%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2014, was adopted on April 21, 2015. Further details can be found on the PERS website.

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 employer contributions will be made at the current employer contribution rate (3.91 mills). 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.

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Changes in Net Pension Liability. Changes in the City's net pension liability for the year ended September 30, 2016 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at June 30, 2015</b>	\$ 2,324,229	488,953	1,835,276
Changes for the year:			
Service Cost	-	-	-
Interest	170,894		170,894
Changes of assumptions	-		-
Difference between expected and actual experience	(8,459)		(8,459)
Contributions - employer		152,630	(152,630)
Contributions - employee		-	-
Net Investment income		2,158	(2,158)
Benefit payments, including refunds of employee contributions	(238,292)	(238,292)	-
Administrative expense		(3,053)	3,053
Other changes		58	(58)
Net Changes	(75,857)	(86,499)	10,642
<b>Balances at June 30, 2016</b>	<u>\$ 2,248,372</u>	<u>402,454</u>	<u>1,845,918</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	<b>1% Decrease (6.75%)</b>	<b>Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Proportionate share of the net pension liability	\$ 2,019,666	1,845,918	1,693,827

Pension Plan Fiduciary Net Position. Detailed information about the pension plans fiduciary net position is available in the separately issued PERS and MMRS financial reports.

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

For the year ended September 30, 2016, the plan recognized pension expense of \$141,713.

At September 30, 2016, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	38,673	
Contributions subsequent to the measurement date	<u>38,883</u>	
	\$ <u><u>77,556</u></u>	<u><u>-</u></u>

The above deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September</u>	<u>Amount</u>
2017	\$ 10,739
2018	10,739
2019	10,739
2020	6,458
Total	<u><u>\$ 38,675</u></u>

**Summary of Pension Plan Balances**

The City's pension related balances presented on the Statement of Net Position as of September 30, 2016, by individual plan are as follows:

	<u>PERS</u>	<u>MMRS</u>	<u>Total</u>
Deferred outflows - Pensions	1,827,675	77,556	1,905,231
Net pension liability	8,752,624	1,845,918	10,598,542
Deferred inflows - Pensions	471,909	-	471,909
Pension expense	1,081,761	141,713	1,223,474



**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**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.

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, 2016 is approximately:

**15% Debt Limit**  
\$2,934,982

**20% Debt Limit**  
\$5,539,976

Debt outstanding as of September 30, 2016, consisted of the following:

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<u>A. General Obligation Bonds:</u>			
GO Bond-Public Improvement-Streets	\$ 200,000	5.00	11-2017
GO Bond-Public Improvement-Projects	2,130,000	3.75-5.13	12-2030
GO Bond-Capital Improvements-Series 2012	2,550,000	Avg 2.74	06-2032
Total General Obligation Bonds	<u>\$ 4,880,000</u>		
<u>B. Other Loans:</u>			
Sun Belt Fire Truck	\$ 32,875	2.00	05-2017
Total Other Loans	<u>\$ 32,875</u>		
<u>C. Capital Leases:</u>			
Trucks/Police Cars/Dump Truck/Tractor	\$ 158,822	2.75	09-2016
E-One Pumper	415,827	2.04	
Total Capital Leases	<u>\$ 574,649</u>		
<b>Business-Type Activities:</b>			
<u>C. Capital Leases:</u>			
Garbage Trucks/Excavator/Bulldozer Lease	\$ 106,120	2.75	09-2016
Total Capital Leases	<u>\$ 106,120</u>		
<b>Component Unit Activities:</b>			
<u>C. Capital Leases:</u>			
Equipment - Trustmark Bank	\$ 362,180		09-2021
Total Capital Leases	<u>\$ 362,180</u>		

The annual debt service requirements of long-term debt of September 30, 2016 are as follows:

**Governmental Activities:**

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 330,000	\$ 165,488	\$ 32,875	\$ 247
2018	335,000	153,808		
2019	245,000	143,976		
2020	255,000	135,749		
2021	265,000	126,946		
2022-2026	1,465,000	491,374		
2027-2031	1,780,000	211,567		
2032	205,000	5,638		
Totals	<u>\$ 4,880,000</u>	<u>\$ 1,434,546</u>	<u>\$ 32,875</u>	<u>\$ 247</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2016:

**YAZOO CITY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 20,000	10,615		175,127	205,742	
General obligation bonds	5,205,000		325,000		4,880,000	330,000
Other Loans	81,378		48,503		32,875	32,875
Capital leases	222,926	415,827	64,104		574,649	87,864
Total	<u>5,529,304</u>	<u>426,442</u>	<u>437,607</u>	<u>175,127</u>	<u>5,693,266</u>	<u>450,739</u>
<b>Business-Type Activities:</b>						
Compensated absences	1,500	1,947		28,285	31,732	
Capital leases	219,737		113,617		106,120	52,430
Total	<u>221,237</u>	<u>1,947</u>	<u>113,617</u>	<u>28,285</u>	<u>137,852</u>	<u>52,430</u>
<b>Component Activities:</b>						
Compensated absences	177,906	2,538			180,444	
Capital leases	500,559		138,379		362,180	82,966
Total	<u>\$ 678,465</u>	<u>2,538</u>	<u>138,379</u>	<u>-</u>	<u>542,624</u>	<u>82,966</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.

**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, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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 \$126,748 to the Commission in fiscal year 2016. 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 November 30, 2017 and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2016, Yazoo City issued the following debt obligations.

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>
10/16/2017	2.05%	\$ 94,995	Capital Lease
10/27/2017	1.91%	144,934	Capital Lease
11/29/2017	2.38%	87,703	Capital Lease

## **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, 2016**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 3,103,342	3,193,822	3,193,822	-
Licenses, Permits & Franchise Fees	163,500	27,785	27,785	-
Grants & Intergovernmental	2,259,500	2,517,302	2,517,302	-
Fines and Forfeits	200,000	455,356	455,356	-
Rental	30,000	26,298	26,298	-
Other revenues	188,500	491,499	491,499	-
<b>Total Revenues</b>	<b>5,944,842</b>	<b>6,712,062</b>	<b>6,712,062</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Supervision & Finance	1,905,512	1,539,235	1,539,235	-
Police Department	1,689,035	1,860,588	1,860,588	-
Fire Department	1,600,795	2,038,477	2,038,477	-
Culture & Recreational	63,550	42,306	42,306	-
Street Department	859,780	1,314,185	1,314,185	-
Cemetery Department	177,285	166,300	166,300	-
Economic Development	23,448	26,185	26,185	-
E-911 Services	180,000	180,000	180,000	-
Debt Service:			-	
Principal paid		112,607	112,607	-
Interest paid		11,077	11,077	-
<b>Total Expenditures</b>	<b>6,499,405</b>	<b>7,290,960</b>	<b>7,290,960</b>	<b>-</b>
<b>Excess of Revenues over</b>				
<b>(under) Expenditures</b>	<b>(554,563)</b>	<b>(578,898)</b>	<b>(578,898)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long Term Debt Issued		415,827	415,827	-
Operating transfers in (out)				
transfers in and cash		438,796	438,796	-
transfers (out)		(291,078)	(291,078)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>563,545</b>	<b>563,545</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(554,563)</b>	<b>(15,353)</b>	<b>(15,353)</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>1,006,650</b>	<b>2,469,030</b>	<b>2,469,030</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 452,087</b>	<b>2,453,677</b>	<b>2,453,677</b>	<b>-</b>

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

**Yazoo City, Mississippi**  
**Budgetary Comparison Schedule**  
**Budget and Actual (Non-GAAP Basis)**  
**Debt & Debt Service Fund**  
**For the Year Ended September 30, 2016**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 502,845	497,563	497,563	-
Other revenues		384	384	-
<b>Total Revenues</b>	<b>502,845</b>	<b>497,947</b>	<b>497,947</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Supervision & Finance		2,955	2,955	-
Debt Service:				
Principal	502,560	325,000	325,000	-
Interest		178,067	178,067	-
<b>Total Expenditures</b>	<b>502,560</b>	<b>506,022</b>	<b>506,022</b>	<b>-</b>
<b>Excess of Revenues over</b>				
<b>(under) Expenditures</b>	<b>285</b>	<b>(8,075)</b>	<b>(8,075)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
transfers in		48,000	48,000	-
transfers (out)		(218,594)	(218,594)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(170,594)</b>	<b>(170,594)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>285</b>	<b>(178,669)</b>	<b>(178,669)</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>(2,082,456)</b>	<b>(2,120,249)</b>	<b>(2,120,249)</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ (2,082,171)</b>	<b>(2,298,918)</b>	<b>(2,298,918)</b>	<b>-</b>

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

**Yazoo City, Mississippi**  
**Budgetary Comparison Schedule**  
**Budget and Actual (Non-GAAP Basis)**  
**Capital Project Fund**  
**For the Year Ended September 30, 2016**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Other revenues	\$ 3,000,000	2,521,359	2,521,359	-
<b>Total Revenues</b>	<b>3,000,000</b>	<b>2,521,359</b>	<b>2,521,359</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Street Paving & Improvements	4,526,308	4,047,523	4,047,523	-
<b>Total Expenditures</b>	<b>4,526,308</b>	<b>4,047,523</b>	<b>4,047,523</b>	<b>-</b>
Excess of Revenues over (under) Expenditures	(1,526,308)	(1,526,164)	(1,526,164)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(1,526,308)	(1,526,164)	(1,526,164)	-
Fund Balances - Beginning	427,224	178,765	178,765	-
Fund Balances - Ending	\$ (1,099,084)	(1,347,399)	(1,347,399)	-

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, 2016**

	2016	2015	2014
Proportion of the net pension liability (asset)	0.049%	0.052%	0.054%
Proportionate share of the net pension liability (asset)	\$ 8,752,624	8,038,175	6,554,611
Covered-employee payroll	\$ 3,164,924	3,254,776	3,131,181
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.55%	246.97%	209.33%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	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, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 505,383	512,627
Contributions in relation to the contractually required contribution	<u>505,383</u>	<u>512,627</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
Covered-employee payroll	\$ 3,208,773	3,254,776
Contributions as a percentage of covered-employee payroll	15.75%	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, 2016**

**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:

<b>Governmental Fund Type</b>	<b>General Funds</b>	<b>Debt &amp; Debt Service Funds</b>	<b>Capital Project Fund</b>
Budget ( Cash Basis )	\$ (15,353)	(178,669)	(1,526,164)
Increase (Decrease)			
Net adjustments for revenue accruals	(17,674)	(287)	
Net adjustments for expense accruals	30,840		
Net Change in Fund Balance - GAAP Basis	<u>\$ (2,187)</u>	<u>(178,956)</u>	<u>(1,526,164)</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, 2016**

**Pension Schedules**

**A. Changes in benefit terms**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

**B. Changes of assumptions**

The assumed rate of interest credited of employee contributions was changed from 3.50% to 2.00%.

## **YAZOO CITY, MISSISSIPPI**

## **OTHER INFORMATION**

**YAZOO CITY, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS**  
**September 30, 2016**

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	11/14/2017	Western Surety Company
Meko Hill	Deputy Clerk	50,000	5/28/2016	Western Surety Company
Mary Johnson	Municipal Court Clerk	50,000	5/30/2018	Western Surety Company
Yvonne Turnage	Municipal Court Deputy Clerk	50,000	2/26/2017	Fidelity and Deposit Company of Maryland
Tijuana Priest	Municipal Court Deputy Clerk	50,000	4/9/2017	Western Surety Company
Jeff Curtis	Police Chief	50,000	3/31/2017	Western Surety Company
Prentiss Young	Cemetery Sexton	50,000	11/1/2017	Fidelity and Deposit Company of Maryland
Russ Carter	Planning Department	50,000	7/1/2017	Western Surety Company
Stacy Trotter	Solid Waste	50,000	2/26/2016	Fidelity and Deposit Company of Maryland

**YAZOO CITY, MISSISSIPPI**  
**RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2015 TAX ROLLS**  
**For the Fiscal Year Ended September 30, 2016**

		Tax	
		Assessed Valuation	Ad Valorem
<u>Assessments - 2015 Tax Rolls</u>			
Real property		\$ 32,637,815	
Personal property		9,668,615	
Mobile Home		52,755	
Auto		6,341,551	
Public Utility		3,399,144	
Total Assessed Valuation		52,099,880	
Total Ad Valorem Tax @ 75.32 Mills		3,924,163	
Less: Homestead Exemption Credit		\$ (327,560)	
Net Ad Valorem Taxes			\$ 3,596,603
Other Collections:			
Actual Homestead Reimbursements			159,724
Prior Year Tax Collections			36,575
Penalties and Interest on Delinquent Taxes			42,587
Deductions:			
Yazoo County Tax Collector's Commission			(86,984)
<b>Total Ad Valorem Taxes to be Accounted For</b>			<b>\$ 3,748,505</b>
Collections:			
Allocated to:	Fund #	Taxes	Homestead Total
General Fund	001	2,602,257	159,724 2,761,981
Parks	001	126,748	126,748
Library	001	59,456	59,456
Debt Service	201	502,845	502,845
Fire & Police Pension	410	180,213	180,213
		<u>3,471,519</u>	<u>159,724 3,631,243</u>
Balance Represented by:			
Unpaid realty & unaccounted for under (over) collections			117,262
<b>Total Ad Valorem Taxes Accounted for</b>			<b>\$ 3,748,505</b>

**YAZOO CITY, MISSISSIPPI**  
**RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2015 TAX ROLLS (Cont'd)**  
**For the Fiscal Year Ended September 30, 2016**

Tax millage levies for the current fiscal year (tax year 2015) were as follows:

<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General	56.46	General Current Expenditures & Maintenance
Parks	2.75	Park Current Expenditures & Maintenance
Library	1.29	Library Current Expenditures & Maintenance
Bond & Interest	10.91	General City Obligation Bonds & Interest
Fire & Police Disability	3.91	Fire & Police Disability Fund
<b>Total Tax Levy</b>	<u>75.32</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:

\$ 3,364,952	Base 2014-2015	\$ 3,471,519	Taxes collected 2015 - 2016
<u>605,089</u>	Less: Applicable to Debt Service	<u>502,845</u>	Less: Applicable to Debt Service
2,759,863		2,968,674	
275,986	10 % Increase	159,724	Homestead Exemption
		<u>-</u>	Less: Applicable to Debt Service
		159,724	
		<u>(92,549)</u>	Under (Over) Limitation
<u>\$ 3,035,849</u>		<u>\$ 3,035,849</u>	



**YAZOO CITY, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Fiscal Year Ended September 30, 2016**

Description	Issue	Balance	Issued	Paid	Balance	Amount Due	
	Date	10/01/15			09/30/16	2017	Thereafter
<b>General Obligation Bonds</b>							
GO Bond-Public Improvement-Streets	10/28/2002	\$ 300,000		100,000	200,000	100,000	100,000
GO Bond-Public Improvement-Projects	1/13/2011	2,235,000		105,000	2,130,000	110,000	2,020,000
GO Bond-Capital Improvements-Series 2012	6/1/2012	2,670,000		120,000	2,550,000	120,000	2,430,000
		5,205,000	-	325,000	4,880,000	330,000	4,550,000
<b>Other Loans</b>							
Sun Belt Fire Truck	5/1/2007	81,378		48,503	32,875	32,875	-
		81,378	-	48,503	32,875	32,875	-
<b>Capital Leases</b>							
Excavator/Bulldozer Lease	10/23/2011	62,426		62,426	-		-
BYC-Equipment Lease	8/2/2013	289,746		94,287	195,459	96,569	98,890
BYC-Equipment Lease	11/24/2014	90,491		21,008	69,483	21,452	48,031
E-One Pumper	12/18/2015		415,827		415,827	22,273	393,554
		442,663	415,827	177,721	680,769	140,294	540,475
<b>Other:</b>							
Compensated Absences		21,500	215,974		237,474		
<b>Total Long Term Debt</b>		\$ 5,750,541	631,801	551,224	5,831,118	503,169	5,090,475

**YAZOO CITY, MISSISSIPPI**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**For the Fiscal Year Ended September 30, 2016**

Date of Issue	Description	Total Outstanding G/O Debt	Bonds Subject To 15% Limitation	Bonds Subject To 20% Limitation
<b><u>OUTSTANDING GENERAL OBLIGATION DEBT:</u></b>				
10/28/2002	GO Bond-Public Improvement-Streets	\$ 200,000	200,000	200,000
1/13/2011	GO Bond-Public Improvement-Projects	2,130,000	2,130,000	2,130,000
6/1/2012	GO Bond-Capital Improvements-Series 2012	2,550,000	2,550,000	2,550,000
	Total Outstanding General Obligation Debt	<u>4,880,000</u>	<u>4,880,000</u>	<u>4,880,000</u>

**AUTHORIZED DEBT LIMIT:**

Assessed Value for the fiscal year ended September 30, 2016:	\$ 52,099,880	7,814,982	10,419,976
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>4,880,000</u>	<u>4,880,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 2,934,982</u>	<u>\$ 5,539,976</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  
GOVERNMENT AUDIT QUALITY CENTER

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2017. 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.

**YAZOO CITY, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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

**Financial Statements:**

- |   |            |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: |            |
| Governmental activities   | Unmodified |
| 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?                              | No         |
| b. Significant deficiency identified?                           | No         |
| 3. Noncompliance material to the financial statements noted?    | No         |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

## **YAZOO CITY, MISSISSIPPI**

### **SCHEDULE OF FINDINGS AND RESPONSES**



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

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S  
GOVERNMENT AUDIT QUALITY CENTER

**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, 2016, which collectively comprise Yazoo City, Mississippi's basic financial statements and have issued our report thereon dated November 30, 2017. 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 no instances of noncompliance.

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

November 30, 2017

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.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Yazoo City, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 30, 2017 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

November 30, 2017





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L. KARL GOODMAN, CPA, MBA

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AMERICAN INSTITUTE 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, 2016, 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 November 30, 2017 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:

### City Clerk's Office

#### 1. 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

November 30, 2017



# City of Yazoo City

Founded 1839

P.O. Box 689, 128 E. Jefferson St., Yazoo City, Mississippi 39194  
Phone: (662) 746-3211 \* Fax: (662) 746-6506 \* [www.cityofyazoocity.org](http://www.cityofyazoocity.org)

**Mayor Diane Delaware**

Ron Johnson  
Alderman, Ward 1

Gregory Robertson  
Alderman, Ward 3

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

Aubry N. Brent, Jr.  
Alderman, Ward 4

November 30, 2017

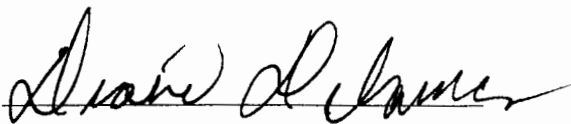
Bridgers & Goodman, PLLC  
3528 Manor Drive  
Vicksburg, Mississippi 39180

We are providing this letter in connection with your audit of the financial statements of Yazoo City, Mississippi as of September 30, 2016 and for the period then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position 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 and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud. We confirm, to the best of our knowledge and belief, as of November 30, 2017 the following representations made to you during your audit.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity with the exception of municipal court receivables and fixed assets.
- 2) We have made available to you all—
  - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Minutes of the meetings of the board of alderman or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financials with the exception of municipal court receivables and fixed assets.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:

- a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 8) We have a process to track the status of audit findings and recommendations.
- 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 10) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 11) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 12) The following, if any, have been properly recorded or disclosed in the financial statements:
  - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b) Guarantees, whether written or oral, under which the City is contingently liable.
  - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 13) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 14) There are no—
  - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b) Un-asserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
  - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 15) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 16) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 17) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 18) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 19) The financial statements properly classify all funds and activities.
- 20) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 21) Components of net position (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 22) Provisions for uncollectible receivables have been properly identified and recorded with the exception of municipal court receivables.
- 23) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 24) Inter-fund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 25) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 26) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 27) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 28) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 29) We have evaluated the City's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
- 30) We have evaluated and classified any subsequent events as recognized or non-recognized through the date of this letter. Only those events which have been disclosed, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and responses.



Diane Delaware, Mayor

November 30, 2017

Date



Kaneila Williams, City Clerk

November 30, 2017

Date

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