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# CITY OF VICKSBURG, MISSISSIPPI

Annual Financial Report  
Year Ended September 30, 2017  
with Independent Auditor's Report

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**City of Vicksburg, Mississippi**  
**For the Year Ended September 30, 2017**

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**City of Vicksburg, Mississippi  
For the Year Ended September 30, 2017**

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

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**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

The following discussion and analysis of the City of Vicksburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements, which immediately follow this discussion and analysis.

**FINANCIAL HIGHLIGHTS**

**Government-wide** - The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$118,404,709 (reported as "net position"). This compares to the previous year when assets exceeded liabilities by \$115,198,224. The City's total net position decreased by \$3,206,485, including the prior period adjustment of \$2,317,101, due to the recording of the prior year net pension liability. Governmental activities' net position decreased during the fiscal year by \$7,680,999 and business-type activities' net position increased by \$2,850,854.

**Fund Level** - As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$21,579,122, with \$16,474,115 reported as unreserved fund balance. The portion of the balance that is reserved for a specific purpose totaled \$5,105,007. This compares to the prior year ending fund balance of \$25,349,012. The proprietary funds reported total Net Position of \$48,518,725. This compares to the prior year Net Position of \$47,960,682.

**USING THIS ANNUAL FINANCIAL REPORT**

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

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Government-Wide Financial Statements**

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

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

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

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

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

**The Statement of Activities** – The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. *Revenues* - uncollected fines and *Expenses* - earned but unused vacation leave).

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Government-Wide Financial Statements - Continued**

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

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

**Top Section**

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



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Government-Wide Financial Statements - Continued**

**Bottom Section**

This section contains the following:

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Information about the City's governmental funds begins on page 27. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds. These categories use different accounting approaches and should be interpreted differently.

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

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

**City of Vicksburg, Mississippi**  
**Management's Discussion and Analysis (MDA)**  
**For the Year Ended September 30, 2017**

**Fund Financial Statements – Continued**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the City's near-term financing decisions.

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statement can be found on page 35 of this report.

**Notes to the Financial Statements**

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

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**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as a budgetary comparison schedule for the general fund. Required supplementary information can be found on pages 76-84 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

For the year ended September 30, 2017, the City's combined assets (governmental and business-type activities) totaled \$201.5 million dollars compared to \$199.1 million for fiscal year ending September 30, 2016. Cash and cash equivalents decreased by \$8.5 million. Total liabilities increased by \$4.1 million from \$92.3 million to \$88.2 million dollars and capital assets increased by \$7.8 million to \$158.8 million dollars. This comparison is very helpful in reflecting the City's ability to provide uninterrupted services to the public in the future.

The total net position of the City equaled \$118.4 million dollars after deducting total liabilities of \$89.1 million dollars from total assets.

The largest portion of the City's net position, \$109.5 million dollars, consist of its investment in capital assets such as land, buildings, furniture and equipment, improvements-other and infrastructure, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The City's investment in capital assets are reported net of related debt, thus it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Vicksburg, Mississippi**  
**(Table 1)**  
**Net Assets**  
**September 30, 2017 and 2016**  
**(In Millions of Dollars)**

	<u>Governmental</u> <u>Activities</u>		<u>Business Type</u> <u>Activities</u>		<u>Totals</u>	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Cash and Other Assets	35.3	38.6	7.4	9.5	42.7	48.2
Capital Assets	<u>109.6</u>	<u>112.0</u>	<u>49.2</u>	<u>48.1</u>	<u>158.8</u>	<u>151.0</u>
<b>Total Assets</b>	<b>144.8</b>	<b>141.5</b>	<b>56.6</b>	<b>57.6</b>	<b>201.5</b>	<b>199.1</b>
<b>Liabilities</b>						
Current and Other Liabilities	14.9	15.4	2.6	3.1	17.5	18.5
Long Term Liabilities	<u>65.2</u>	<u>67.4</u>	<u>535.0</u>	<u>6.5</u>	<u>70.7</u>	<u>73.8</u>
<b>Total Liabilities</b>	<b>80.1</b>	<b>82.8</b>	<b>8.1</b>	<b>9.6</b>	<b>88.2</b>	<b>92.4</b>
<b>Net Position</b>						
Invested in Capital Assets, Net of Related Debt	109.5	102.8	30.7	30.7	140.1	133.5
Restricted-Debt Service and Capital Projects	0	538	0.0	0.0	0.0	5.8
Unrestricted	<u>(39.6)</u>	<u>(41.4)</u>	<u>17.9</u>	<u>17.3</u>	<u>(21.7)</u>	<u>(24.1)</u>
<b>Total Net Position</b>	<b>69.9</b>	<b>67.2</b>	<b>48.5</b>	<b>48</b>	<b>118.4</b>	<b>115.2</b>

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

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

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

Revenues for fiscal year 2017 totaled \$57.45 million and were exceeded by expenses, which totaled \$56.57 million, by \$889 thousand dollars. The governmental activities expenses, which totaled \$38.32 million, exceeded revenues of \$38.65 million by \$331 thousand. The business-type activity's revenues, which totaled \$18.80 million, exceeded expenses of \$18.24 million by \$558 thousand. Utility rates have continued to be raised as necessary and a purchase gas adjustment mechanism was in place to adjust the price of natural gas on a monthly basis. The decline in the price of natural gas allowed the City to remove the purchase gas adjustment in March 2014. The water and sewer rates were also increased in March 2014 to cover prior year deficiencies.

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

	<u>2017</u>	<u>2016</u>
• General Government .....	\$11.43 million, 29.8%	\$9.34 million, 24.2%
• Public Safety .....	\$15.72 million, 41.0%	\$15.63 million, 38.5%
• Public Works.....	\$3.66 million, 9.5%	\$3.64 million, 9.0%
• Culture and Recreation.....	\$3.77 million, 9.8%	\$4.42 million, 10.9%

The costs of some of the services provided by the City of Vicksburg are paid directly by the recipient of those services. Revenues from charges for services totaled \$21.06 million, which are \$219,933 below charges for services for fiscal year 2016. Charges for services are primarily in the business-type activities. This group includes the water, gas, sewer utilities, and the sanitation services. Police fines and charges for emergency medical services (ambulance) make up a large portion of the program revenues for the governmental activities. The balance of the costs is paid with taxes collected directly from the taxpayers of the City along with taxes and revenues from other governments. The general revenues of the City consist of the following:

	<u>2017</u>	<u>2016</u>
• Property taxes.....	\$11.44 million, 30%	\$11.42 million, 33%
• Franchise and misc. taxes.....	\$9.22 million, 24%	\$9.52 million, 27%
• Public service taxes total .....	\$8.69 million, 22%	\$8.78 million, 25%

The final 24% of revenues came from grants and contributions not restricted for a specific purpose, the sale of assets, charges for services, interest earnings and other miscellaneous sources, which totaled \$9.31 million for 2017. For 2016, the same items respected 7% of revenues at \$2.55 million.

**City of Vicksburg, Mississippi**  
**Table 2**  
**Changes in Net Position**  
**September 30, 2017 and 2016**  
**(In Millions of Dollars)**

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services						
Governmental Activities	3.34	2.64			3.34	2.64
Water Utility			5.55	5.82	5.55	5.82
Gas Utility			5.46	5.90	5.46	5.90
Sewer Utility			5.18	5.39	5.18	5.39
Refuse, Sanitation Fund			1.52	1.52	1.52	1.52
Transportation Fund						
Operating Grants and Contributions	0.67	0.72			0.67	0.72
Capital Grants and Contributions						
<b>Total Program Revenues</b>	<b>4.01</b>	<b>3.36</b>	<b>17.71</b>	<b>18.63</b>	<b>21.72</b>	<b>21.99</b>
<b>General Revenues:</b>						
Property Taxes, levied for General Purposes	9.08	9.03			9.08	9.03
Property Taxes, levied for Debt Service	2.36	2.39			2.36	2.39
Franchise & Miscellaneous Taxes	9.22	9.52			9.22	9.52
Public Service Taxes	8.69	8.78			8.69	8.78
Grants and Entitlements Not Restricted	0.24	0.15			0.24	0.18
Unrestricted Investment Earnings	0.03	0.07	0.00	0.00	0.03	0.07
Miscellaneous	5.86	1.81	0.35	0.12	6.21	1.93
Gain or (Loss) on Sale of Assets	0.00	0.00	0.00	(0.02)	0.00	(0.02)
<b>Total General Revenues</b>	<b>35.48</b>	<b>31.75</b>	<b>0.35</b>	<b>0.10</b>	<b>35.81</b>	<b>31.88</b>
<b>Total Revenues</b>	<b>39.47</b>	<b>35.12</b>	<b>18.06</b>	<b>18.73</b>	<b>57.53</b>	<b>53.25</b>
<b>Functions/Programs Expenses:</b>						
General Government	11.43	9.84			11.43	9.84
Public Safety	15.72	15.63			15.72	15.63
Health, Welfare and Sanitation						
Public Works	3.66	3.64			3.66	3.64
Culture and Recreation	3.77	4.42			3.77	4.42
Pension Expense	3.35	6.69			3.35	6.69
Interest and Fiscal Charges	0.39	0.38			0.39	0.38
Total Business Related Expenses			18.24	16.09	18.24	16.09
<b>Total Expenses</b>	<b>38.32</b>	<b>40.60</b>	<b>18.24</b>	<b>16.09</b>	<b>56.56</b>	<b>56.69</b>
<b>Increase (Decrease) in Net Position before Transfers</b>	<b>1.15</b>	<b>(5.48)</b>	<b>(0.18)</b>	<b>2.64</b>	<b>0.97</b>	<b>(2.84)</b>
Transfers	(0.82)	(0.21)	0.73	0.21	(0.08)	0.00
<b>Change in Net Position</b>	<b>0.33</b>	<b>(5.69)</b>	<b>0.55</b>	<b>2.85</b>	<b>0.89</b>	<b>(2.84)</b>

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

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**THE CITY'S FUNDS ANALYSIS**

**Budgeting Highlights**

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

General Fund revenue for the fiscal year totaled \$30.10 million, and exceeded the budgeted amount of \$31.38 million by \$215,770. The final amended General Fund expense budget totaled \$44.1 million dollars. The total amount expended was \$39.3 million dollars, leaving an unexpended balance of \$4.6 million dollars for uncompleted projects.

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

The City's Capital Projects Fund budgets the total amount of ongoing bond projects, therefore should be below budgeted amounts.

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

**Capital Assets**

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

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

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

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Capital Assets – Continued**

Fiscal year 2017 is the fourteenth year that the City has complied with the GASB34 requirements concerning the statement and depreciation of its capital assets. The City continues to improve the accuracy of its data concerning its capital assets. The Mississippi, Office of State Auditor promulgates the rules for accounting for municipal fixed assets.

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

For the year ended September 30, 2017, governmental activities capital assets totaled **\$218,520,278** with accumulated depreciation of **\$108,940,052** leaving a net capital assets balance of **\$109,580,227**. Business-type activities capital assets for year ended September 30, 2017 totaled **\$91,910,538** with total accumulated depreciation of **\$42,730,635** leaving a net business-type capital assets balance of **\$49,179,903**.

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

**City of Vicksburg  
Capital Assets, Net of Depreciation  
September 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land(Includes Construction in Progress)	\$12,465,165	\$17,875,116	\$1,200,300	\$3,884,305	\$13,665,465	\$21,759,421
Buildings	21,799,379	19,374,716	34,369,629	38,239,795	56,169,008	57,614,511
Furniture and Equipment	6,427,835	5,163,329	10,369,773	2,219,853	16,797,608	7,383,182
Other Capital Assets	12,863,080	11,939,480	3,240,201	3,706,792	16,103,281	15,646,272
Infrastructure	56,024,768	48,565,056	0	0	56,024,768	48,565,056
<b>Total Capital Assets</b>	<b><u>\$109,580,227</u></b>	<b><u>\$102,917,697</u></b>	<b><u>\$49,179,903</u></b>	<b><u>\$48,050,745</u></b>	<b><u>\$158,760,130</u></b>	<b><u>\$150,968,442</u></b>



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**General Long Term Obligations**

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

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

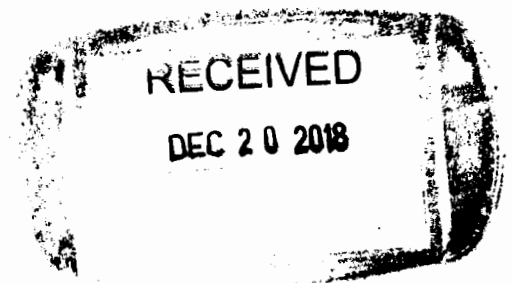
**Limits on Debt**

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

The City's current fifteen percent (15%) limit is \$49,118,348. At fiscal year ended, September 30, 2017, outstanding balances for bonds issued by the City, subject to the fifteen percent (15%) debt limit, totaled \$9,876,050. The City of Vicksburg would have the ability to issue additional bonds for \$39,242,298.

State law imposes an overall debt limit on municipalities of twenty percent (20%) of the assessed value of the taxable property within the City. At September 30, 2017, the twenty percent (20%) limit for the City of Vicksburg was \$65,491,131. The City's total outstanding debt, subject to this overall debt limit, totaled \$9,876,050. The City of Vicksburg has the ability to issue an additional amount of \$55,615,081. This figure represents eighty-two percent (85%) of the City's total debt capacity.

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



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**General Long Term Obligations—Continued**

**Statutory Debt Limits  
September 30, 2017**

	Twenty Percent (20%)		Fifteen Percent (15%)	
	Debt Limit	Percent	Debt Limit	Percent
Total Statutory Debt Capacity	\$65,491,131		\$49,118,348	
Current Outstanding Debt, subject to limit	9,876,050	15.08%	9,876,050	20.11%
Balance of Bonding Capacity	<b>\$55,615,081</b>	<b>84.92%</b>	<b>\$39,242,298</b>	<b>79.89%</b>

**Statutory Debt Limits  
September 30, 2016**

	Twenty Percent (20%)		Fifteen Percent (15%)	
	Debt Limit	Percent	Debt Limit	Percent
Total Statutory Debt Capacity	\$64,745,694		\$48,559,270	
Current Outstanding Debt, subject to limit	11,756,295	18.16%	11,756,295	24.20%
Balance of Bonding Capacity	<b>\$52,989,399</b>	<b>81.84%</b>	<b>\$36,802,975</b>	<b>75.79%</b>



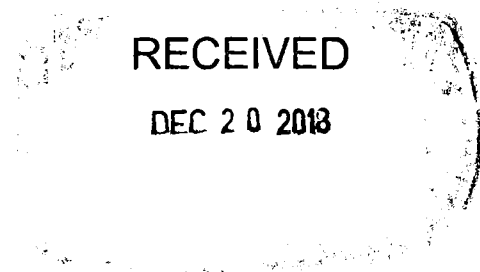
**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**General Long Term Obligations - Continued**

**Bonds**

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

- The 2014 Refunding Bond dated August 28, 2014, to refund the 2003 issue for \$1.93 million. The 2003 issue was used for water, gas and sewer improvements. The outstanding amount is \$123,950.
- The 2014 Refunding Bond dated August 28, 2014, to refund the 2007 Public Improvement Bonds for \$5.86 million. The 2007 issue was used for street and recreation improvements. The outstanding balance is \$376,050.
- The 2015 GO bonds dated August 13, 2015 were issued for street, recreation and municipal building improvements. The outstanding balance is \$9.500 million.



**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**General Long Term Obligations - Continued**

**TIF**

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

The City has issued \$3,268,000 in Tax Increment Financing (TIF) bonds for new developments since 1991. The total balance outstanding for TIF bonds is \$42,000.

**State Loans**

The City has two state loans (SRF) in 2008 for sewer improvements with a total outstanding balance of \$2,330,364.

**City of Vicksburg  
Long Term Obligations  
September 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Obligations Bonds	\$9,876,050	\$11,756,295	\$123,950	\$743,705	\$10,000,000	\$12,500,000
Revenue Bonds	0	0	0	0	0	0
State Loans	0	0	2,330,364	2,537,987	2,330,364	2,537,987
Tax Increment Financing (TIF) Bonds	42,000	90,000	0	0	42,000	90,000
Other	<u>2,291,784</u>	<u>1,152,324</u>	<u>3,844,666</u>	<u>4,443,127</u>	<u>6,136,450</u>	<u>5,595,451</u>
<b>Total Long Term Obligations</b>	<b><u>\$12,209,834</u></b>	<b><u>\$12,998,619</u></b>	<b><u>\$6,298,980</u></b>	<b><u>\$7,724,819</u></b>	<b><u>\$18,508,814</u></b>	<b><u>\$20,723,438</u></b>

**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**Revenue Section Highlights**

Governmental Funds revenues totaled \$34.71 million for the fiscal year 2017 as compared to \$34.30 million for 2016. The General Fund revenues totaled \$31.17 million dollars and the Bond and Interest Fund income for the year was \$2.24 million. The revenue in the Capital Projects Fund was \$2,729. The other funds of the Governmental Funds revenues totaled a combined \$1.29 million.

The largest components of the General Fund revenue are as follows for 2017:

<b>Three Major Revenue Groups</b>	<b>Millions</b>	<b>Percent</b>
Gaming taxes	\$5.1	16%
Sales taxes: 18.5% of the state, 7% sales taxes on sales in City	\$8.4	27%
Property taxes: real estate, business, public utilities, auto	\$9.1	29%

The largest components of the General Fund revenue are as follows for 2016:

<b>Three Major Revenue Groups</b>	<b>Millions</b>	<b>Percent</b>
Gaming taxes	\$5.7	18%
Sales taxes: 18.5% of the state, 7% sales taxes on sales in City	\$8.5	28%
Property taxes: real estate, business, public utilities, auto	\$9.0	29%

**Utility System Revenues**

The City is continuing to evaluate its utility system revenues and making adjustments when necessary. The effects of the adjustments are reflected in this fiscal year. In fiscal year 2016 the total operating income for the proprietary funds was a profit of \$2.85 million, for fiscal year 2017 total operating income was a profit of \$558 thousand.

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**City of Vicksburg, Mississippi  
Management's Discussion and Analysis (MDA)  
For the Year Ended September 30, 2017**

**CONTACT INFORMATION**

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

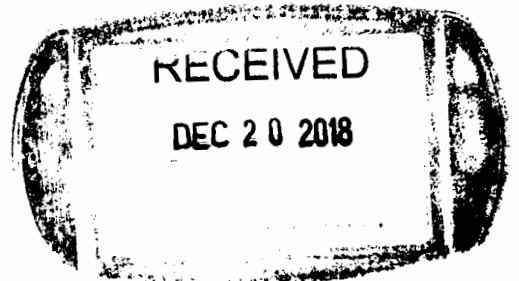
The citizens of Vicksburg should be able to use the reports to tell them how their taxes and fees for services have been used and to determine if their taxes or fees for services will increase. The citizens should also be able to assess the City's ability to continue the services which the citizens desire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

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

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

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

**II. BASIC FINANCIAL STATEMENTS**





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Memphis, TN 38116-6336

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bcamper@btcjrpa.com  
whitehavenlevi@bellsouth.net

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

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### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vicksburg, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements as listed in the table of contents.

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

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

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

### **Opinions**

In my opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vicksburg, Mississippi, as of September 30, 2017 and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

In regard to Note 1, section C, to the financial statements, a Single Audit is not required because the City expended less than \$ 750,000 of federal awards for the fiscal year ended September 30, 2017.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles general accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability and of the City's Contributions on pages 1-17, 76-79 and 80-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for the placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basis financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### **Other Supplementary Information and Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary schedules, the other schedule, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

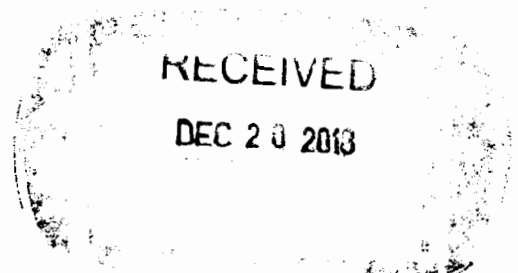
The introductory and statistical sections and the schedule of surety bonds of the City's officials have not been subjected to the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated August 27, 2018 on my consideration of the City of Vicksburg, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Vicksburg, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Vicksburg, Mississippi's internal control over financial reporting and compliance.



**Booker T. Camper, Jr., CPA & CGMA**  
Memphis, Tennessee  
August 27, 2018



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF POSITION**  
**September 30, 2017**

	Primary Government		
	Governmental Activities	Business -Type Activities	Totals
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 5,288,640	\$ 7,872,410	\$ 13,161,050
Investments	3,153,645	-	3,153,645
Receivables	15,749,499	637,670	16,387,170
Internal balances(Due From)	1,871,001	(1,659,583)	211,418
Due from other governmental agencies	184,500	-	184,500
Inventories	272,872	-	272,872
<b>Total current assets</b>	<b>\$ 26,520,156</b>	<b>\$ 6,850,497</b>	<b>\$ 33,370,653</b>
<b>Noncurrent assets</b>			
Restricted cash	8,449,379	600,877	9,050,256
Other noncurrent assets	293,953	-	293,953
<b>Capital Assets:</b>			
Land, improvements and construction in progress not depreciated	12,465,165	1,200,300	13,665,465
Infrastructure and infrastructure in progress net of depreciation	56,024,768	33,057,412	89,082,180
Buildings, net of depreciation	21,799,379	1,312,217	23,111,596
Equipment and furniture, net of depreciation	6,427,835	10,369,773	16,797,609
Other capital assets, net of depreciation	12,863,080	3,240,201	16,103,282
Capital assets, net	109,580,227	49,179,904	158,760,131
<b>Total noncurrent assets</b>	<b>118,323,559</b>	<b>49,780,781</b>	<b>168,104,341</b>
<b>Total Assets</b>	<b>\$ 144,843,716</b>	<b>\$ 56,631,279</b>	<b>\$ 201,474,994</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,054,863</b>	<b>-</b>	<b>6,054,863</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>150,898,580</b>	<b>56,631,279</b>	<b>207,529,857</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 4,007,020	1,575,563	5,582,583
Due to other governmental agencies	162,981	69,458	232,439
Unearned Income	9,540,762	-	9,540,762
<b>Other current due within one year:</b>			
Bonds, capital leases and contracts	1,191,017	928,980	2,119,997
Accrued Interest	1,036	13,794	14,829
Compensated absences	-	-	-
Claims and judgements	-	-	-
<b>Total current liabilities</b>	<b>\$ 14,902,816</b>	<b>\$ 2,587,795</b>	<b>\$ 17,490,610</b>
<b>Noncurrent liabilities</b>			
Bonds, capital leases and contracts	11,018,840	5,371,202	16,390,042
Pension Liability	53,012,864	-	53,012,864
Accrued Interest	-	-	-
Compensated absences	903,186	153,555	1,056,741
Claims and judgements	229,977	-	229,977
<b>Total noncurrent liabilities</b>	<b>65,164,867</b>	<b>5,524,757</b>	<b>70,689,623</b>
<b>Total Liabilities</b>	<b>\$ 80,067,683</b>	<b>\$ 8,112,551</b>	<b>\$ 88,180,234</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 944,914</b>	<b>-</b>	<b>944,914</b>
<b>TOTAL LIABILITIES AND OUTFLOWS</b>	<b>81,012,597</b>	<b>8,112,551</b>	<b>89,125,148</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ 109,491,128	30,650,088	140,141,216
<b>Restricted for:</b>			
Capital Projects	1,250,950	-	1,250,950
Debt Service	-	-	-
Other Projects	-	-	-
Unrestricted	(40,856,096)	17,868,638	(22,987,458)
<b>Total Net Position</b>	<b>\$ 69,885,982</b>	<b>\$ 48,518,727</b>	<b>\$ 118,404,709</b>

See accompanying notes to financial statements

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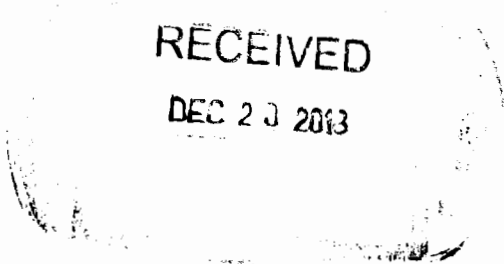
**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

Function/Programs	Expenses	Program Revenues			Net(Expenses)Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental activities</b>							
General government	\$ 11,426,348	\$ -	\$ -	\$ -	\$ (11,426,348)	\$ -	\$ (11,426,348)
Public safety	15,723,275	3,343,130	-	-	(12,380,145)	-	(12,380,145)
Public works	3,658,855	-	667,403	-	(2,991,451)	-	(2,991,451)
Culture and recreation	3,767,782	-	-	-	(3,767,782)	-	(3,767,782)
Pension Expense	3,350,564	-	-	-	(3,350,564)	-	(3,350,564)
Interest and redemption long term debt	394,962	-	-	-	(394,962)	-	(394,962)
Total governmental activities	<u>38,321,785</u>	<u>3,343,130</u>	<u>667,403</u>	<u>-</u>	<u>(34,311,252)</u>	<u>-</u>	<u>(34,311,252)</u>
<b>Business-type activities</b>							
Water	6,014,465	5,546,996	-	-	-	(467,469)	(467,469)
Gas	5,490,624	5,461,416	-	-	-	(29,208)	(29,208)
Sewer	5,293,212	5,182,356	-	-	-	(110,856)	(110,856)
Refuse	1,443,961	1,523,846	-	-	-	79,885	79,885
Transportation	1,680	-	-	-	-	(1,680)	(1,680)
Total business-type activities	<u>18,243,943</u>	<u>17,714,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(529,328)</u>	<u>(529,328)</u>
Total primary governmental	<u>\$ 56,565,728</u>	<u>\$ 21,057,745</u>	<u>\$ 667,403</u>	<u>\$ -</u>	<u>\$ (34,311,252)</u>	<u>\$ (529,328)</u>	<u>\$ (34,840,580)</u>
<b>General revenues</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					\$ 9,078,502	\$ -	\$ 9,078,502
Property taxes, levied for specific purpose					2,361,015	-	2,361,015
Franchise and miscellaneous taxes					9,215,850	-	9,215,850
Public service taxes					8,691,111	-	8,691,111
Grants and contributions unrestricted					239,333	-	239,333
Unrestricted investment earnings					25,351	4,889	30,240
Miscellaneous					5,855,052	352,331	6,207,383
Gain(loss) on sale of assets					-	4,276	4,276
Transfers In(Out) and Other					(823,622)	725,876	(97,746)
Total general revenue and transfers					<u>34,642,593</u>	<u>1,087,372</u>	<u>35,729,965</u>
Change in net positoin					331,341	558,044	889,385
Net Position, October 1, 2016					3 67,237,540	47,960,683	115,198,224
Prior Period Adjustment					2,317,101	-	2,317,101
Net Position, September 30, 2017					<u>\$ 69,885,982</u>	<u>\$ 48,518,727</u>	<u>\$ 118,404,710</u>

See accompanying notes to financial statements

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2017**

	General Fund	City Bond and Interest	Capital Projects Fund	Other Non-major Government Funds	Total Government Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 9,431,793	\$ 1,360,195	\$ 964,953	\$ 1,946,392	\$ 13,703,332
Investments	-	-	-	3,153,645	3,153,645
Taxes receivable, net	6,090,051	2,130,351	-	-	8,220,402
Due from other funds	4,432,653	1,013	133,295	-	4,566,961
Receivables from other governments	184,500	-	-	-	184,500
Other Receivables	7,164,203	13,812	7,446	262,349	7,447,810
Inventories	76,830	-	-	26,981	103,810
Prepaid expenses	294,240	-	-	(287)	293,953
Total Assets	<u>27,674,270</u>	<u>3,505,370</u>	<u>1,105,694</u>	<u>5,389,078</u>	<u>37,674,413</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts Payable	3,470,739	2,263	1,547	514,226	3,988,775
Due to other funds	164,881	1,298,000	-	936,109	2,398,990
Payable to other governments	162,981	-	-	-	162,981
Unearned income	7,401,553	2,130,351	-	11,604	9,543,508
Other accrued expenses	-	-	-	-	-
Other payables	-	1,036	-	-	1,036
Total liabilities	<u>11,200,155</u>	<u>3,431,650</u>	<u>1,547</u>	<u>1,461,938</u>	<u>16,095,291</u>
<b>DEFERRED INFLOWS/OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Unassigned	16,474,115	-	-	-	16,474,115
Assigned:	-	-	-	-	-
Debt Service	-	73,720	-	-	73,720
Capital Projects	-	-	1,104,147	-	1,104,147
Encumbrances and other	-	-	-	3,927,140	3,927,140
Total Fund Balances	<u>\$ 16,474,115</u>	<u>\$ 73,720</u>	<u>\$ 1,104,147</u>	<u>\$ 3,927,140</u>	<u>\$ 21,579,122</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 27,674,270</u>	<u>\$ 3,505,370</u>	<u>\$ 1,105,694</u>	<u>\$ 5,389,078</u>	<u>\$ 37,674,413</u>

See accompanying notes to financial statements





**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
CITY OF VICKSBURG, MISSISSIPPI  
For the Year Ended September 30, 2017**

Fund Balances - total governmental funds	\$	21,579,122
<p>Amounts reported for governmental activities in Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statement.</p>		
Governmental capital assets		
Less accumulated depreciation		109,580,227
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statement.</p>		
		(197,999)
Pension Liability		(53,012,864)
<p>The assets and liabilities of certain internal service funds are not included in the fund financial statement.</p>		
		170,564
<p>Some liabilities (such as Notes Payable, Capital Lease Payable, Long term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement.</p>		
		<u>(8,233,071)</u>
Net Assets of Governmental Activities	\$	<u>69,885,982</u>

See accompanying notes to financial statements

**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

	General Fund	City Bond and Interest	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 9,078,502	\$ 2,243,580	\$ -	\$ 117,435	\$ 11,439,517
Sales and miscellaneous taxes	14,185,353	-	-	-	14,185,353
Fees and fines	3,115,092	-	-	-	3,115,092
Licenses and permits	175,698	-	-	-	175,698
Intergovernmental	2,745,520	-	-	-	2,745,520
Charges for services	1,241,055	-	-	-	1,241,055
Investment earnings(loss)	3,967	943	2,729	17,711	25,351
Miscellaneous	620,538	-	-	1,158,926	1,779,464
Program Income	-	-	-	-	-
<b>Total Revenues</b>	<u>31,165,725</u>	<u>2,244,523</u>	<u>2,729</u>	<u>1,294,073</u>	<u>34,707,050</u>
<b>Expenditures</b>					
<b>Current(Operating)</b>					
General government	5,669,426	-	-	-	5,669,426
Public safety	15,442,707	-	-	416,517	15,859,224
Public works	3,658,855	-	-	-	3,658,855
Culture and recreation	3,362,195	-	-	269,638	3,631,832
<b>Debt service:</b>					
Principal	142,714	1,880,245	-	44,000	2,066,959
Interest and other charges	51,396	345,681	-	4,890	401,967
Capital Outlay	10,991,829	-	-	142,922	11,134,751
<b>Total Expenditures</b>	<u>39,319,122</u>	<u>2,225,927</u>	<u>-</u>	<u>877,967</u>	<u>42,423,015</u>
Excess of revenues over (under) expenditures	<u>(8,153,397)</u>	<u>18,596</u>	<u>2,729</u>	<u>416,106</u>	<u>(7,715,965)</u>
<b>Other financing sources ad uses, including transfers</b>					
Other Sources(Uses)	4,769,698	-	-	-	4,769,698
Transfers In(Out)	4,150,712	-	(4,779,476)	(194,858)	(823,622)
<b>Total other financing sources(uses)</b>	<u>8,920,409</u>	<u>-</u>	<u>(4,779,476)</u>	<u>(194,858)</u>	<u>3,946,076</u>
Net change in fund balances	767,013	18,596	(4,776,747)	221,248	(3,769,890)
Fund Balances, October 1, 2016	15,707,103	55,124	5,880,893	3,705,893	25,349,012
Prior Period Adjustment	-	-	-	-	-
<b>Fund Balances, September 30, 2017</b>	<u>\$ 16,474,116</u>	<u>\$ 73,720</u>	<u>\$ 1,104,147</u>	<u>\$ 3,927,141</u>	<u>\$ 21,579,122</u>

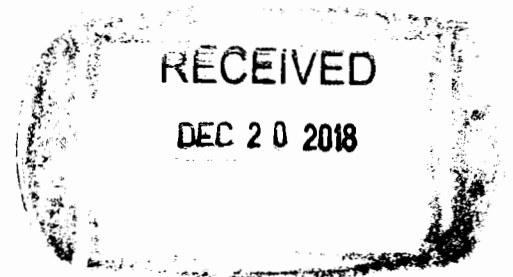
See accompanying notes to financial statements

**CITY OF VICKSBURG, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

Net Change in Fund Balances - total governmental funds	\$	(3,769,890)
<p>Amounts reported for governmental activities in Statement of of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.</p>		6,686,884
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		(1,302,049)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>		2,066,959
Pension Expense		(3,350,563)
Change in Net Assets of the Governmental Funds	\$	331,341

**See accompanying notes to financial statements**

**PROPRIETARY FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF POSITION**  
**Proprietary Funds**  
**September 30, 2017**

	Business -Type Activities - Enterprise Funds					Internal Service Funds
	Water Fund	Gas Fund	Sewer Fund	Other	Total	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 57,955	\$ 6,838,393	\$ 76,212	\$ 899,850	\$ 7,872,410	\$ 34,687
Accounts receivable, net	303,181	44,470	227,078	62,942	637,670	81,287
Due from other funds	7,268	4,346,791	157	-	4,354,217	-
Receivables from other governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	169,061
Prepaid expenses	-	-	-	-	-	-
Total current assets	<u>368,404</u>	<u>11,229,654</u>	<u>303,448</u>	<u>962,791</u>	<u>12,864,297</u>	<u>285,035</u>
Noncurrent assets:						
Restricted cash and cash equivalents	381,407	-	219,470	-	600,877	-
Capital Assets:						
Land and improvements	445,421	412,558	342,322	-	1,200,300	30,536
Utility system	34,668,191	8,913,994	31,750,186	399,864	75,732,235	53,245
Construction in progress	581,125	37,952	2,621,124	-	3,240,201	-
Buildings	146,703	599,003	566,510	-	1,312,217	264,106
Equipment and furniture	4,083,002	3,111,389	3,149,564	81,630	10,425,585	135,130
Less accumulated depreciation	<u>(19,807,840)</u>	<u>(7,059,470)</u>	<u>(15,583,589)</u>	<u>(279,736)</u>	<u>(42,730,635)</u>	<u>(262,355)</u>
Capital assets, net	<u>20,116,601</u>	<u>6,015,427</u>	<u>22,846,118</u>	<u>201,758</u>	<u>49,179,904</u>	<u>220,663</u>
Total noncurrent assets	<u>20,498,008</u>	<u>6,015,427</u>	<u>23,065,588</u>	<u>201,758</u>	<u>49,780,781</u>	<u>220,663</u>
Total Assets	<u>\$ 20,866,411</u>	<u>\$ 17,245,081</u>	<u>\$ 23,369,036</u>	<u>\$ 1,164,550</u>	<u>\$ 62,645,076</u>	<u>\$ 505,698</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 585,720	\$ 670,574	\$ 308,747	\$ 10,523	\$ 1,575,563	\$ 18,244
Overdrafts	-	-	-	-	-	-
Accrued interest payable	5,822	4,985	2,988	-	13,794	-
Due to other funds	1,800,418	-	4,108,734	104,648	6,013,800	296,970
Payable to other governments	-	-	-	69,458	69,458	-
Other accrued expenses	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-
Claims and judgements	-	-	-	-	-	-
Bonds, notes and loans payable	<u>255,284</u>	<u>277,263</u>	<u>396,432</u>	<u>-</u>	<u>928,980</u>	<u>-</u>
Total current liabilities	<u>2,647,243</u>	<u>952,822</u>	<u>4,816,901</u>	<u>184,629</u>	<u>8,601,595</u>	<u>315,214</u>
Noncurrent liabilities:						
Compensated absences	38,689	67,424	47,443	-	153,555	19,920
Capital lease obligation	-	-	-	-	-	-
Bonds, notes and loans payable	<u>1,108,881</u>	<u>1,265,281</u>	<u>2,997,040</u>	<u>-</u>	<u>5,371,202</u>	<u>-</u>
Total noncurrent liabilities	<u>1,147,570</u>	<u>1,332,705</u>	<u>3,044,483</u>	<u>-</u>	<u>5,524,757</u>	<u>19,920</u>
Total Liabilities	<u>\$ 3,794,813</u>	<u>\$ 2,285,527</u>	<u>\$ 7,861,384</u>	<u>\$ 184,629</u>	<u>\$ 14,126,352</u>	<u>\$ 335,134</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	13,744,417	3,040,323	13,410,394	454,954	30,650,088	131,563
Unrestricted	<u>3,327,181</u>	<u>11,919,231</u>	<u>2,097,258</u>	<u>524,967</u>	<u>17,868,637</u>	<u>39,001</u>
Total Net Position	<u>\$ 17,071,599</u>	<u>\$ 14,959,554</u>	<u>\$ 15,507,652</u>	<u>\$ 979,921</u>	<u>\$ 48,518,725</u>	<u>\$ 170,564</u>

See accompanying notes to financial statements

**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**Proprietary Fund**  
**For the Year Ended September 30, 2017**

	Business -Type Activities				Total	Internal Service Funds
	Water Fund	Gas Fund	Sewer Fund	Other		
<b>OPERATING REVENUES:</b>						
Charge for services	\$ 5,546,996	\$ 5,461,416	\$ 5,182,356	\$ 1,523,846	\$ 17,714,615	\$ 944,324
Other Revenue	129,263	855	226,490	-	356,608	720
Total Operating Revenue	<u>5,676,259</u>	<u>5,462,271</u>	<u>5,408,846</u>	<u>1,523,846</u>	<u>18,071,222</u>	<u>945,045</u>
<b>OPERATING EXPENSES:</b>						
Personnel services	793,907	1,618,649	1,217,715	-	3,630,271	411,463
Contractual services	2,603,993	3,203,314	2,533,429	1,393,857	9,734,593	585,987
Utilities	396,694	43,672	164,462	-	604,828	9,542
Repairs and maintenance	350,119	75,832	253,404	11,744	691,099	1,021
Other supplies and expenses	998,529	196,935	227,986	12,161	1,435,611	18,727
Insurance claims and expenses	80,644	64,179	44,907	10,286	200,017	6,453
Depreciation	745,808	246,268	779,403	17,592	1,789,071	9,596
Total Operating Expenses	<u>5,969,693</u>	<u>5,448,850</u>	<u>5,221,306</u>	<u>1,445,641</u>	<u>18,085,490</u>	<u>1,042,790</u>
Operating Income(Loss)	<u>(293,433)</u>	<u>13,421</u>	<u>187,540</u>	<u>78,205</u>	<u>(14,267)</u>	<u>(97,746)</u>
<b>NON-OPERATING REVENUE(EXPENSES)</b>						
Interest and investment income	12	4,320	126	431	4,889	-
Operating grants and contributions	-	-	-	-	-	-
Interest expense	(44,773)	(41,774)	(71,906)	-	(158,453)	-
Total Non-operating revenue(expenses)	<u>(44,761)</u>	<u>(37,454)</u>	<u>(71,780)</u>	<u>431</u>	<u>(153,564)</u>	<u>-</u>
Income(loss) before transfers	<u>(338,194)</u>	<u>(24,033)</u>	<u>115,760</u>	<u>78,636</u>	<u>(167,831)</u>	<u>(97,746)</u>
<b>TRANSFERS &amp; Other Sources(Uses)</b>						
Other	-	-	-	-	-	-
Transfers in(out)	604,338	(4,126)	125,663	-	725,876	97,746
Total Transfers & Other sources(uses)	<u>604,338</u>	<u>(4,126)</u>	<u>125,663</u>	<u>-</u>	<u>725,876</u>	<u>97,746</u>
Change in net assets	<u>266,144</u>	<u>(28,158)</u>	<u>241,423</u>	<u>78,636</u>	<u>558,044</u>	<u>-</u>
NET ASSETS -BEGINNING OF YEAR	16,805,455	14,987,712	15,266,229	901,285	47,960,681	170,563
Prior Period Adjustment	-	-	-	-	-	-
NET ASSETS -BEGINNING OF YEAR(Restated)	<u>16,805,455</u>	<u>14,987,712</u>	<u>15,266,229</u>	<u>901,285</u>	<u>47,960,681</u>	<u>170,563</u>
NET ASSETS - END OF YEAR	<u>\$ 17,071,598</u>	<u>\$ 14,959,553</u>	<u>\$ 15,507,651</u>	<u>\$ 979,921</u>	<u>\$ 48,518,725</u>	<u>\$ 170,564</u>

See accompanying notes to financial statements

**CITY OF VICKSBURG, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Fund**  
**September 30, 2017**

	Business -Type Activities				Total	Internal Service Fund
	Water Fund	Gas Fund	Sewer Fund	Other Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 5,546,996	\$ 5,461,416	\$ 5,182,356	\$ 1,523,846	\$ 17,714,614	\$ -
Receipts from interfund services provided	-	-	-	-	-	944,324
Payments to suppliers	(4,255,394)	(5,414,392)	(1,743,048)	(1,430,281)	(12,843,115)	(592,554)
Payments to employees	(793,907)	(1,618,649)	(1,217,715)	-	(3,630,271)	(411,463)
Payments from interfund services used	-	-	-	-	-	-
Net cash provided by operating activities	<u>497,695</u>	<u>(1,571,625)</u>	<u>2,221,593</u>	<u>93,565</u>	<u>1,241,229</u>	<u>(59,693)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-
Acquisition and construction of capital assets	(510,188)	(904,310)	(2,286,756)	-	(3,701,254)	187,391
Principal paid on capital debt and leases	-	-	-	-	-	-
Interest paid on capital debt	(44,773)	41,774	(71,906)	-	(74,905)	-
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>(554,961)</u>	<u>(862,536)</u>	<u>(2,358,662)</u>	<u>-</u>	<u>(3,776,159)</u>	<u>187,391</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Operating contributions	-	-	-	-	-	-
Interest and dividends received	12	4,320	126	431	4,889	-
Net cash provided by (used for) investing activities	<u>12</u>	<u>4,320</u>	<u>126</u>	<u>431</u>	<u>4,889</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	(57,254)	(2,429,841)	(136,943)	93,996	(2,530,042)	127,698
<b>CASH BEGINNING OF YEAR</b>	496,616	9,268,234	432,625	805,853	11,003,328	(93,011)
<b>CASH END OF YEAR</b>	<u>\$ 439,362</u>	<u>\$ 6,838,393</u>	<u>\$ 295,682</u>	<u>\$ 899,850</u>	<u>\$ 8,473,287</u>	<u>\$ 34,687</u>
Reconciliation of Operating Income to Net Cash Provided(Used) by Operating Activities:						
Operating income	\$ (293,433)	\$ 13,421	\$ 187,540	\$ 78,205	\$ (14,267)	\$ (97,746)
Adjustments to reconcile operating loss to net cash provided by operating activities:						
Depreciation	745,808	246,268	779,403	17,592	1,789,072	9,596
Increase(Decrease) in:						
Receivables	(58,685)	(43,178)	(30,804)	(12,755)	(145,422)	(7,259)
Due from other funds	(325)	(1,825,000)	-	-	(1,825,325)	-
Prepaid expenses and Inventories	-	-	-	-	-	22,509
Increase(Decrease) in:						
Accounts payable	(100,670)	36,864	(14,546)	10,523	(67,829)	13,207
Other accrued expenses	-	-	-	-	-	-
Due to other funds	205,000	-	1,300,000	-	1,505,000	-
Customer deposits	-	-	-	-	-	-
Capital lease payable	-	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 497,695</u>	<u>\$ (1,571,625)</u>	<u>\$ 2,221,593</u>	<u>\$ 93,565</u>	<u>\$ 1,241,229</u>	<u>\$ (59,693)</u>

See accompanying notes to financial statements

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## **FIDUCIARY FUNDS**



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

**A. General Statement**

The City of Vicksburg was incorporated in 1825. The City amended its charter in accordance with Section 21-17-9 M.C.A, which was approved on June 19, 2017 by the State of Mississippi's Governor and Attorney General, and adopted by the Mayor and Aldermen of the City of Vicksburg on February 10, 2017. The City charter was amended with following charter provisions such as 1) inspection of City's book; 2) requires corporate officers to be qualified electors of City's officers; 3) to amend the provisions regarding the jurisdiction of the municipal court to comply with state laws; 4) to amend the provisions regarding the municipal court clerk; 5) to mend the provision regarding the City's sexton; 6) to amend the provisions regarding the City's jail and City's prisoners; 7) to amend the provision regarding the building and repairing of sidewalks; 8) to amend the provision regarding the speed of horses; 9) to repeal the provision authorizing the appropriation of funds to a public hospital; and 10) to repeal the establishment, jurisdiction and regulations regarding the Vicksburg Harbor and Port Commission, and for related matters.

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

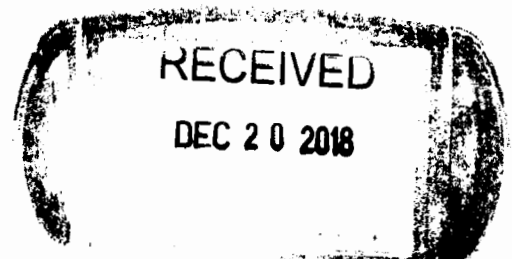
The City complies with accounting principles accepted in the United States of America ("GAAP"). The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting framework and the more significant accounting policies of the City are described below.

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

**B. Financial Reporting Entity**

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

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

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

**C. Basis of Presentation**

The government-wide financial statements include a Statement of Net Position and the Statement of activities. These statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Government-Wide Financial Statements**

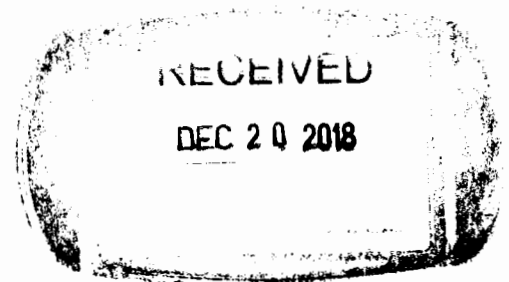
The Statements of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to general government.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on fund financial statements.

**Single Audit Act and the Uniform Guidance**

The Single Audit Act and the Uniform Guidance require a nonfederal entity that expends \$ 750,000 or more of federal awards in a fiscal year to have a single or program-specific audit. The City of Vicksburg expends less than \$ 750,000 of federal awards in the current fiscal year 2017 and therefore a Single audit is not required for this fiscal year.



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Financial Statement Presentation – Continued

*Governmental Funds*

The City reports the following major governmental funds:

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

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

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

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

*Proprietary Funds*

The City reports the following major proprietary funds using the economic measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities and maintenance of the water and sewer system, as well as the billing and collection activities. All costs are financed through charges to utility customers with rates reviewed by the Board of Aldermen.

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

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

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

C. Financial Statement Presentation – Continued

*Other Fund Types*

The City also reports the following fund types:

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

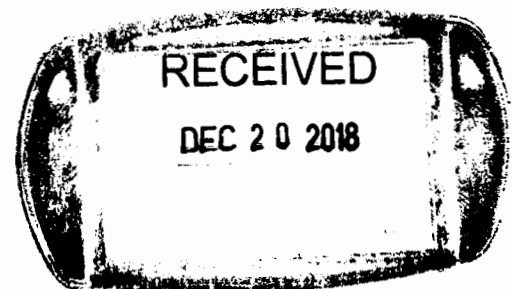
**Agency Fund** – accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

*Other Fund Types*

The City also reports the following fund types:

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

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



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide and fund financial statements for proprietary funds are reported using the economic resource measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current), deferred outflows of resources and deferred inflows of resources are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in the net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized when earned and expenses are recognized when incurred. Property tax revenues are at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting, pursuant to GASB Statement No. 33. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A two-month availability period is used for recognition of all other Government Fund revenues. Expenditures are recognized when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are generally not measurable or available until actually received.

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

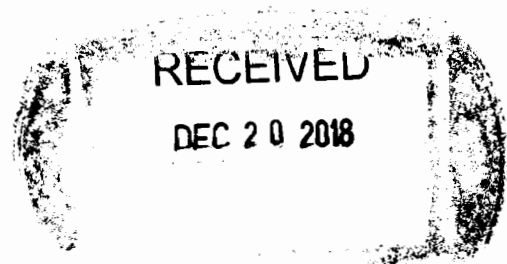
The City's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the City's utility type funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other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

*Allocation of Indirect Expenses*

The City allocates indirect expenses primarily comprised of central government services to operating functions and programs benefiting from those services. Central services include overall City management, accounting, financial reporting, payroll, procurement contracting and oversight, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

**E. Fund Balance Presentation**

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



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**F. Cash and Cash Equivalents**

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

State statutes permit the City to invest funds in excess of sums required for immediate expenditure or current obligation in certificates of deposit and other time deposits with financial institutions approved for the deposit of State funds, debt instruments of the U.S. government and its agencies of the State of Mississippi, or of any county or municipality when such county or municipal bonds have been property approved.

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

**G. Interfund Balances and Activity**

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

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

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**H. Prepaid Items**

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

**I. Inventories**

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

**J. Capital Assets and Depreciation**

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

*Government-wide Statements*

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

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

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



**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

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

**J. Capital Assets – Continued**

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

*Fund Financial Statements*

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

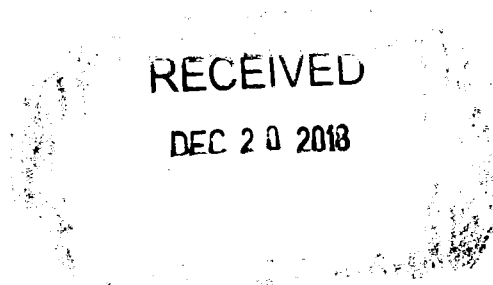
The cost of normal maintenance and repair that does not add to the value of capital assets or materially extend their respective lives is not capitalized. Interest expenditures are not capitalized on capital assets.

**K. Compensated Absences**

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

**L. Long-term Obligations**

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



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

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

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

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

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

**N. Net Position**

The government-wide statement of Net Position reports a total of \$ 1,250,950 of restricted assets for governmental activities, of which the same amount is restricted by enabling legislation.

**O. Extraordinary and Special Items**

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

**P. Estimates**

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Estimates – Continued

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

**Q. Budgets and Budgetary Accounting**

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

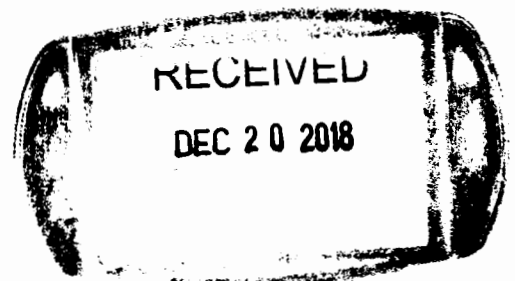
**R. Deferred Outflows /Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred 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 (expenses/expenditures) until that time.

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Notes 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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions – The amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Notes for additional details.



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**S. Property Tax Revenue**

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 Board of Aldermen, 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 that become a lien are due in the month that coincides with the month of the original purchase.

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 the original purchase occurs.

**T. Recent Accounting Pronouncement**

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, Tax Abatement Disclosures and GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73. The provisions of these standards have been incorporated into the financial statements and notes.

In November 2017, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations." The Statement addresses accounting and financial reporting for certain assets retirement obligations, defined as "a legally enforceable liability associated with the retirement of a tangible capital asset." Under the Statement, a government that has a legal obligation to perform future asset retirement activities related to its tangible capital assets would be required to recognize a liability based on guidance provided in the documents. The Statement 83 is effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

**T. Recent Accounting Pronouncement- Continued**

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities." The GASB released this standard regarding the reporting of activities in which a government has a fiduciary responsibility. A government is a fiduciary and has a fiduciary responsibility when it controls assets from a pass-through grant, trust agreement, or for the benefit of an individual.

The Statement 84 is effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In March 2017, the GASB adopted Statement No. 85, "2017 Omnibus." Omnibus standards are issued to address an assortment of topics, such as blending component units, goodwill, fair Value measurement and application, postemployment benefits, recognition and measurement of on-behalf payments for persons or OPEB in employer financial statements, presentation of payroll-related measures in RSI by OPEB and employers that provide OPEB, classification of employer-paid member contributions for OPEB, alternative measures method for OPEB, OPEB provided through certain multiple-employer defined benefit OPEB plans, notes to the financial statements, required supplementary information, required supplementary information and notes to the RSI. The Statement 84 is effective for reporting periods beginning after June 15, 2017 (June 30, 2018 and later year-ends). The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5- Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. At September 30, 2017, all of the City's bank deposits were covered under the collateral pool administered by the State Treasurer, with the exception of the amounts held in the Perpetual Care trust accounts at an in-state bank.

At September 30, 2017, the carrying amount (recorded on the City's books) of the City's demand deposits was \$22,211,306 and the bank balance was \$22,344,270. The City also has \$3,153,554 (carrying value) of investments held in trust at two local trust departments for the perpetual care non-expendable trust.

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

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

Fair market value is based on quoted market prices. This amount consists of the following:

<u>Government Obligations</u>	<u>Cost</u>	<u>FMV</u>
Treasury and Federal Agencies	\$1,975,710	\$2,318,763
Equity Mutual Funds	-	-
Fixed Income Mutual Funds	750,170	789,240
Preferred Stock	-	-
Cash and Equivalents	45,551	45,551
	<u>\$2,771,431</u>	<u>\$3,153,554</u>

**Interest Risk:** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Current rating of the mutual funds as of September 30, 2017 ranges from A to AAA to BBB. As of SEPTEMBER 30, 2017, the maturities of investments subject to interest risk are as follows:

Investment maturities at fair value (in years):

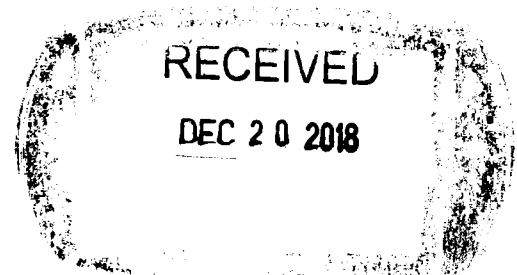
Investment Type	Less than 1	1-5	6-10	More than 10
Mutual Funds	\$ 501,317	-	-	-
U. S. Government Agencies	\$ 950,239	\$1,701,998	-	-

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

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

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

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



**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

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

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

As of August 27, 2018, Moody’s Investors Service has assigned the City an A2 bond rating.

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

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

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

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

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

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

*General Accounts Receivables and Uncollectible Accounts*

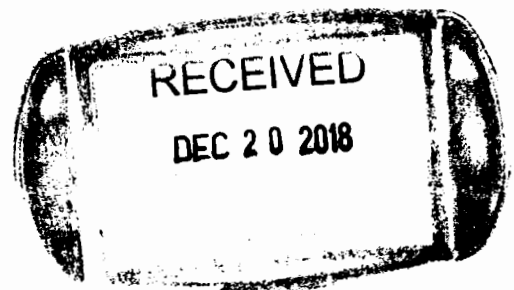
Significant receivables include amounts for fines and forfeitures from the court system and charges for ambulance transportation. The court system receivables are due when the City has an enforceable legal claim against the organization or individual. Revenues and receivables for court fines and forfeitures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

*Enterprise Receivables and Uncollectible Accounts*

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

*Receivables from Other Governments and Deferred Revenue*

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





**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 4. RECEIVABLES AND PAYABLES**

Receivables at September 30, 2017 were as follows:

	Accounts	Taxes	Allowance	Total
Governmental Activities				
Total Governmental Activities	\$ <u>14,716,063</u>	\$ <u>3,175,715</u>	\$ <u>(2,142,279)</u>	\$ <u>15,749,499</u>
Business-type Activities				
Total Business-type Activities	\$ <u>597,151</u>	\$ <u>157,105</u>	\$ <u>(116,586)</u>	\$ <u>637,670</u>

Payables at September 30, 2017 were as follows:

	Vendors	Salaries & Benefits	Other	Total
Governmental Activities				
Total Governmental Activities	\$ <u>3,119,061</u>	\$ <u>750,118</u>	\$ <u>137,841</u>	\$ <u>4,007,020</u>
Business-type Activities				
Total Business-type Activities	\$ <u>1,251,067</u>	\$ <u>296,326</u>	\$ <u>28,170</u>	\$ <u>1,575,563</u>

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

Interfund balances at September 30, 2017 for Governmental funds and Business-Type Activities, resulting from interfund goods and services, transactions recorded in the accounting system and payments between funds, are recorded and total amount of the interfund balances are in agreement with each interfund balance.

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended September 30, 2017, for the primary government is as follows:

	Beginning Balance	Additions	Retirement/ Transfers	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 12,442,985	\$ 22,180	\$ -	\$ 12,465,165
Buildings	31,488,329	3,030,653	-	34,518,982
Furniture and Equipment	21,565,018	2,846,126	-	24,411,144
Other Capital Assets	24,026,084	1,722,835	-	25,748,919
Infrastructure	112,434,097	1,350,072	-	113,784,169
Construction in Progress	5,432,131	4,301,844	2,142,076	7,591,899
<b>Total Capital Assets</b>	<b>\$ 207,388,644</b>	<b>\$ 13,273,710</b>	<b>\$ 2,142,076</b>	<b>\$ 218,520,278</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 12,113,613	\$ 605,990	\$ -	\$ 12,719,603
Furniture and Equipment	16,401,689	1,561,806	-	17,963,495
Other Capital Assets	12,086,604	745,990	-	12,832,594
Infrastructure	63,880,683	1,543,676	-	65,424,359
<b>Total Accumulated Depreciation</b>	<b>\$ 104,482,589</b>	<b>\$ 4,457,463</b>	<b>\$ -</b>	<b>\$ 108,940,052</b>
<b>Net Governmental Activities Capital Assets</b>	<b>\$ 102,906,055</b>	<b>\$ 8,816,248</b>	<b>\$ 2,142,076</b>	<b>\$ 109,580,227</b>
<b>Business-Type Activities:</b>				
Land	\$ 1,200,300	\$ -	\$ -	\$ 1,200,300
Buildings, Plant and System	68,663,750	154,178	-	68,817,928
Furniture and Equipment	9,689,899	695,747	-	10,385,646
Other Capital Assets	6,754,842	1,511,620	-	8,266,462
Construction in Progress	2,684,005	1,843,658	1,287,462	3,240,202
<b>Total Capital Assets</b>	<b>\$ 88,992,796</b>	<b>\$ 4,205,203</b>	<b>\$ 1,287,462</b>	<b>\$ 91,910,538</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings, Plant and System	\$ 30,423,955	\$ 1,111,370	\$ -	\$ 31,535,325
Furniture and Equipment	7,470,046	405,979	-	7,876,025
Other Capital Assets	3,047,563	271,721	-	3,319,284
<b>Total Accumulated Depreciation</b>	<b>\$ 40,941,564</b>	<b>\$ 1,789,071</b>	<b>\$ -</b>	<b>\$ 42,730,635</b>
<b>Net Business-Type Activities Capital Assets</b>	<b>\$ 48,051,232</b>	<b>\$ 2,416,132</b>	<b>\$ 1,287,462</b>	<b>\$ 49,179,903</b>

Depreciation expenses of \$ 6,246,534 for the year ended September 30, 2017, was charged to the following governmental functions:

Governmental activities:	<u>\$4,457,463</u>
Business-type activities:	<u>\$1,789,071</u>

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION**

**Bonds and Note Payable**

General Obligation Bonds

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

**Other**

State Revolving Fund Loan (SRFL)

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

Tax Increment Financial (TIF) Bonds

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

Restricted Assets

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

The following is a summary of the city's long-term debt transactions for the year ended September 30, 2017:

	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>
<b><u>Governmental Activities</u></b>			
<b>General Obligation Bonds:</b>			
Unredeemed Bond (Old Compromise)	N/A		0%
2014 General Obligation Refunding Bond	September-2018	\$ 5,855,084	2.0-3.0%
2015 General Obligation Bond	June-2030	\$ 9,500,000	2.0-3.625%
<b>Other:</b>			
2009 Tax Increment Limited Obligation Bond	April-2018	\$ 343,000	4.60%
<b><u>Business-Type Activities</u></b>			
<b>General Obligation Bonds:</b>			
2014 General Obligation Refunding Bond	September-2018	\$ 1,929,916	2.0-3.0%
<b>Other:</b>			
2008 State Revolving Fund Loan	November-2027	\$ 4,163,589	0.0175

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

<u>Description of Debt</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><u>Government Activities:</u></b>					
General Obligation Bonds:					
Unredeemed Bond (Old Compromise)	\$ 300	\$ -	\$ -	\$ 300	\$ -
2014 General Obligation Bond					
Refunding Bond	2,256,295	-	1,880,245	376,050	376,050
2015 General Obligation Bond	9,500,000	-	-	9,500,000	-
Other:					
2009 Tax Increment Limited Obligation Bond	90,000	-	44,000	42,000	42,000
<b><u>Business-Type Activities:</u></b>					
General Obligation Bonds:					
2014 General Obligation Refunding Bond	743,705	-	619,755	123,950	123,950
Other:					
2008 State Revolving Fund Loan	\$ 2,537,987	\$ -	\$ 207,623	\$ 2,330,364	\$ 211,286
<b>TOTAL</b>	<b>\$ 15,128,287</b>	<b>\$ -</b>	<b>\$ 2,751,623</b>	<b>\$ 12,372,664</b>	<b>\$ 753,286</b>

The debt service requirement on long-term obligations at September 30, 2017, is as follows:

	Governmental Activities			
	General Obligation Bonds		Other	
	Principal	Interest	Principal	Interest
Year Ending September 30,				
2018	\$ 1,006,050	\$ 283,025	\$ 46,000	\$ 2,116
2019	640,000	259,144	-	-
2020	655,000	246,344	-	-
2021	665,000	233,244	-	-
2022	680,000	219,944	-	-
2023-2027	3,710,000	781,569	-	-
2028-2032	2,520,000	179,738	-	-
<b>Total</b>	<b>\$ 9,876,050</b>	<b>\$ 2,203,007</b>	<b>\$ 46,000</b>	<b>\$ 2,116</b>



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 7. LONG-TERM OBLIGATION- CONTINUED

Year Ending September 30,	Business-Type Activities			
	General Obligation Bonds		Other	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 123,951	\$ 3,719	\$ 211,286	\$ 39,092
2018	-	-	215,013	35,365
2019	-	-	218,806	31,572
2020	-	-	222,666	27,712
2021	-	-	226,594	23,784
2022-2026	-	-	1,194,360	57,529
2027-2031	-	-	41,640	90
2032-2036	-	-	-	-
<b>Total</b>	<u>\$ 123,951</u>	<u>\$ 3,719</u>	<u>\$ 2,330,365</u>	<u>\$ 215,143</u>

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

Compensated Absences

The annual changes to compensated absences included in general long-term debt as of September 30, 2017, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Beginning Balance	\$ 903,186	\$ 238,906
Additions	412,021	80,271
Reduction	<u>(431,941)</u>	<u>(165,622)</u>
Ending Balance	<u>\$ 883,266</u>	<u>\$ 153,555</u>

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

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

NOTE 7. LONG-TERM OBLIGATION- CONTINUED

**Capital Leases**

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

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30,	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
2018	\$ 202,564	\$ 674,244
2019	202,564	674,244
2020	202,564	674,244
2021	202,564	674,244
2022	202,564	674,244
2023-2027	1,012,817	767,190
2028-2032	425,345	-
2033-2037	396,989	-
Total Minimum Lease Payments	\$ 2,847,971	\$ 4,138,410
Less: Amount Representing Interest	556,186	293,744
Present Value of Minimum Lease Payments	<u>\$ 2,291,785</u>	<u>\$ 3,844,666</u>
Current Principal Portion Due in One Year	<u>\$ 138,967</u>	<u>\$ 593,743</u>

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

Range of interest rates is from 2.15% to 3.00%.

**Claims and Judgments**

The City established a limited risk management program for health insurance in prior years. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claim expenditures reported in the general fund. As of September 30, 2017, such interfund premiums did not exceed reimbursable expenditures.

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

NOTE 7. LONG-TERM OBLIGATION – CONTINUED

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

	<u>Government Activities</u>	<u>Business-Type Activities</u>
2017		
Balance beginning of the year	\$ 209,285	\$ 41,883
Claims incurred	3,771,939	829,826
Claims payments	<u>3,753,993</u>	<u>825,622</u>
Balance, end of year	<u>\$ 227,231</u>	<u>\$ 46,087</u>

	<u>Government Activities</u>	<u>Business-Type Activities</u>
2016		
Balance beginning of the year	\$ 209,285	\$ 42,139
Claims incurred	4,057,328	892,356
Claims payments	<u>4,057,321</u>	<u>892,612</u>
Balance, end of year	<u>\$ 209,292</u>	<u>\$ 41,883</u>

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

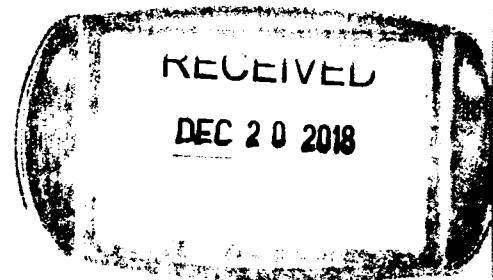
**Defined Benefit Pension Plan**

*Pensions.* For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of PERS. Investments are reported at fair value. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1- et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' System available at [www.PERS.ms.gov](http://www.PERS.ms.gov).

**General Information about the Pension Plan**

*Plan description.* PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 15.75 percent for employer contributions and 9.00 percent for members. PERS employers contributed \$1,019.1 million and members contributed \$570.1 million for fiscal year 2017. PERS employers contributed \$1,021.3 million and members contributed \$552.6 million for fiscal year 2016.

*Benefits provided.* A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled,





**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS General Information about the Pension Plan - Continued

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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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

*Contributions.* Per Chapter 11 of Title 25, Miss Code Ann. (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation. Effective July 1, 2010 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, the employee contribution rate was fixed at 9.00 percent of earned compensation. The City's contractually required contribution rate, effective July 1, 2013 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, was fixed at 15.75 percent of earned compensation. Contributions to the pension plan from the City for the years ended September 30, 2017, 2016 and 2015 were \$ 2,629,671, \$2,562,542 and \$2,629,750, respectively. The contributions for each year met the required contributions.

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

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

*Pension liability.* At September 30, 2017, the City reported a liability of \$43,265,375 for its proportionate share of net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2017 relative to the total actual contributions of all participating employers for the year ended September 30, 2017. At the September 30, 2017 measurement date, the City's proportion was 0.260268 percent. The proportion measured as of September 30, 2016 was 0.254330 percent.

*Pension expense.* For the year ended September 30, 2017, the City recognized a pension expense of \$5,303,419.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 621,585	\$	315,695
Changes in assumptions	961,625		73,724
Net difference between projected and actual earnings on pension plan investments	0		555,495
Entity contributions subsequent to the measurement date	<u>657,418</u>		<u>-</u>
Total	<u>\$ 2,240,628</u>	\$	<u>944,914</u>



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

Year ending September 30,	
2018	\$ 752,544
2019	681,171
2020	40,310
2021	(835,728)

*Actuarial assumptions.* The actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Broad	4.60%	27%
International Equity	4.50%	18%
Emerging Market Equity	4.75%	4%
Global	4.75%	12%
Fixed Income	0.75%	18%
Real Estate	3.50%	10%
Private Equity	5.10%	8%
Emerging Debt	2.25%	2%
Cash	(0.00)%	1%
		<u>100%</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, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
City of Vicksburg's proportionate share of the net pension liability	\$ 56,745,428	\$ 43,265,375	\$ 32,074,003

**Payable to the Pension Plan**

At June 30, 2017, the City of Vicksburg reported a payable of \$0.00 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

**PENSION OBLIGATIONS  
Mississippi Retirement System (PERS) Fire and Police**

**General Information about the Pension Plan**

*Plan description.* The Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS or the Plan) is an agent multiple-employer defined benefit pension plan comprised of municipal employee plans from around the State of Mississippi for municipal employees, firefighters, and police officers serving in the participating municipalities. The Public Employees' Retirement System of Mississippi (PERS), in coordination with the governing authorities of the respective municipalities, has administered these plans since July 1, 1987.

Membership in the two general municipal employee plans and the 17 fire and police disability and relief systems under MRS was granted to all municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. All MRS plans were closed to new members by July 1, 1987. Eligible employees hired after July 1, 1987, automatically become members of PERS. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS.

Plan provisions are established by Mississippi Code Ann. Section 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended), and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

**Administration of the Plan**

The Plan is administered as an agent multiple-employer defined benefit pension plan by PERS, in coordination with the governing authorities of the respective municipalities.

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

*Description of the Benefits Terms.* Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50.0% of their average monthly compensation and to an additional 1.7 % for each year of creditable service beyond 20 years, not to exceed 66.67% of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the MRS plans is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of membership service. MRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

*Cost-of-Living*

The retirees and beneficiaries of MRS plans with provisions for a Cost-of-Living Adjustment (COLA) who are receiving a retirement allowance on July 1 of each fiscal year may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than the one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2017, the total COLAs for MRS plans were \$ 5,536,896.

*Contributions Requirements.*

Each plan has an established employee contribution rate. Employer contributions in each municipality are paid through an annual millage rate on the assessed property values in that municipality. These millage rates are determined through reviews of each plan's benefit structure during the MRS annual actuarial valuation and certifications by the actuary as to the funding level required of each participating municipality.

Service credit is awarded for employment in a covered position based on the number of months a member works during a fiscal year. All wages and contributions must be properly reported before service credit can be awarded.

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

*Pension liability.* At September 30, 2017, the City reported a liability of \$9,747,489 for its proportionate share of net pension liability. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2017 relative to the total actual contributions of all participating employers for the year ended September 30, 2017. At the September 30, 2017 measurement date, the City's proportion was 5.5665 percent.

*Pension expense.* For the year ended September 30, 2017, the City recognized a pension expense of \$1,663,921.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	197,459	-
Entity contributions subsequent to the measurement date	-	-
<b>Total</b>	<u>\$ 197,459</u>	<u>\$ -</u>

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

Year ending September 30,	
2018	\$ 148,495
2019	148,496
2020	31,461
2021	(130,993)
Thereafter	0

*Actuarial assumptions.* The actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:



**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
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Inflation	3.00 percent
Salary increases	4.00-5.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expenses, including inflation

**Investment Income**

Investment income is recognized when earned and includes an estimate for the fair value of investments. Net investment income credited to each employer is allocated to each employer based on the employer's balance of Fiduciary Net Position. Please refer to the Plan's financial statements as of and for the year ended June 30, 2017, for further information pertaining to the methods used to estimate the fair value of the Plan's Investments.

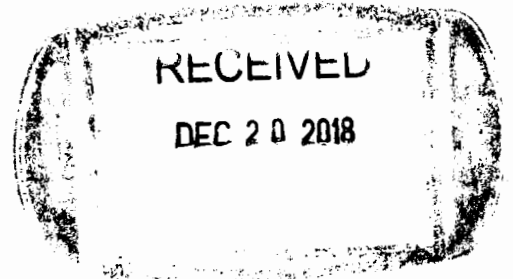
**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The sensitivity of the NPL to changes in the discount rate must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

	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
City of Vicksburg's proportionate share of the net pension liability	\$ 11,389,152	\$ 9,747,489	\$ 8,314,794

**NOTE 9. FUND EQUITY**

Total governmental fund balances have positive balances of \$ 21,579,122 at the end of the fiscal year; however, the general fund reflects an excess of expenditures over revenue and transfers equal to \$ (3,769,890), which when carried forward against the beginning fund balance of \$ 25,349,012 results in a positive fund balance of \$ 21,579,122. All other funds of the total governmental funds have positive fund balances at the end of the fiscal year.



**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 10. CONTINGENCIES AND COMMITMENTS**

Litigation

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

Grants

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

Commitments

The City has entered into a long-term contract with a management company for the convention center. The contract is through September 30, 2017, for a monthly management fee of \$10,927.27 per month.

**NOTE 11. UNEARNED INCOME**

Income represents property taxes assessed as of September 30, 2017 but due in fiscal year 2017.

**NOTE 12. RISK MANAGEMENT**

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

**CITY OF VICKSBURG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 13. PRIOR PERIOD ADJUSTMENT**

The City has a prior period adjustment of \$ 2,231,101 representing pension adjustments in records and accounts.

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

The \$ 6,054,863 balance of the deferred outflow of resources at September 30, 2017 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 69,885,982 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pension.

The \$ 944,914 balance of the deferred inflow of resources at September 30, 2017 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 69,885,982 includes the effect of deferring the recognition of expenses resulting from a deferred inflow from pension. An expense and will decrease the unrestricted net position over the next 3 years.

**NOTE 15. LITIGATION**

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

**NOTE 16. TAX ABATEMENTS**

For the year beginning October 1, 2016, the Governmental Accounting Standards (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments and the citizen of those governments.

The City of Vicksburg adopted the Tax Abatement Program for Central Business District and Historic District Board on August 21, 2017 as set forth in Sections 22-43 to Section 22-52 of the Code of Ordinances of the City of Vicksburg, MS for Abatement of the increases in ad Valorem taxes on an individual basis. All abatements are for seven (7) years and are for economic development purposes. The City has four (4) tax abatement agreements with four (4) entities as of September 30, 2017, effective as of August 21, 2017 for fiscal years beginning in 2018 through 2024.

**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

NOTE 16. TAX ABATEMENTS - continued

Category	% of Taxes Abated	Amount of Taxes Abated
Hotel, Apartments and Restaurants	\$ -0-	\$ -0-

These companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes.

NOTE 17. SUBSEQUENT EVENTS

Events that occur 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 has evaluated the activity of the City through August 27, 2018, (the date of the financial statements was available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

- In regard to Environmental Protection Agency (EPA) and the City of Vicksburg's Water and Sanitary system, the City of Vicksburg entered into an Administrative Order on Consent (AOC) (injunction relief) on April 10, 2013 and a Consent Agreement (civil penalty) on May 28, 2013. The City has paid the \$ 17,000.00 fine as required by the Consent Agreement and Compliance with Consent Order will be an on-going expense to the City with required evaluations and approvals by EPA. Compliance with the Consent Order will be an ongoing expense to the City, which estimated to be approximately \$ 3.6 Million per year for through 2025. On December 3, 2014, the City has approved capital improvement plan for the next five (5) years for sewer treatment plant and sewer system for \$ 3.6 Million per year for the next ten (10) years. The Consent Agreement is still in effect as of August 27, 2018.
- There are no Equal Employment Opportunity Commission claims as of August 27, 2018.

On May 4, 2018, the City issued a Series 2018 Bond Obligation Project for the amount of \$ 9,930,000 maturing March 1, 2038 at a 30-year fixed interest rate of 2.00-5.00%.

On July 2, 2018, the City issued a Series 2018, Special Obligation Bonds for Vicksburg, MS Sports Complex General Obligation Bond Project, for the amount of \$ 22,495,000 maturing July 1, 2048 at a 30-year fixed interest rate of 2.00-5.00%. First principal payment date is January 1, 2019 and first principal payment date is July 1, 2019.

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



## **BUDGET COMPARISON SCHEDULES**

**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 9,037,500	\$ 9,103,500	\$ 9,078,502	\$ (24,998)
Sales and Miscellaneous Taxes	14,479,890	14,342,090	14,185,353	(156,737)
Fees and Fines	2,231,250	3,075,850	3,115,092	39,242
Licenses and Permits	177,400	171,700	175,698	3,998
Intergovernmental	2,301,135	2,898,235	2,745,520	(152,715)
Charges for Services	1,215,000	1,058,400	1,241,055	182,655
Investment Earnings (Loss)	-	-	3,967	3,967
Miscellaneous	661,000	731,720	620,538	(111,182)
Total Revenues	<u>\$ 30,103,175</u>	<u>\$ 31,381,495</u>	<u>\$ 31,165,725</u>	<u>\$ (215,770)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 5,947,945	\$ 5,971,996	\$ 5,669,426	\$ (302,570)
Public Safety	16,050,840	16,741,362	15,442,707	(1,298,655)
Public Works	4,249,473	4,178,615	3,658,855	(519,760)
Health, welfare and sanitation	-	-	-	-
Culture and recreation	3,476,223	3,688,086	3,362,195	(325,891)
Debt service:				
Principal	173,751	137,716	142,714	4,998
Interest and Other Charges	36,866	56,401	51,396	(5,005)
Capital Outlay	13,425,642	13,362,650	10,991,829	(2,370,821)
Total Expenditures	<u>\$ 43,360,740</u>	<u>\$ 44,136,826</u>	<u>\$ 39,319,121</u>	<u>\$ (4,817,705)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (13,257,565)</u>	<u>\$ (12,755,331)</u>	<u>\$ (8,153,395)</u>	<u>\$ 4,601,936</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	\$ 6,886,000	\$ 6,964,000	\$ 4,769,698	\$ (2,194,302)
Transfers In (Out)	4,726,964	4,431,991	4,150,712	(281,279)
Total Other Financing Sources and Uses	<u>4,726,964</u>	<u>4,431,991</u>	<u>8,920,409</u>	<u>4,488,418</u>
Net Change in Fund Balances	(8,530,601)	(8,323,340)	767,014	9,090,354
Fund Balances - Beginning	-	-	15,707,103	15,707,103
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,474,118</u>	<u>\$ 16,474,118</u>

See accompanying notes to required supplemental information.



**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
CITY BOND AND INTEREST FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 2,187,500	\$ 2,187,500	\$ 2,243,580	\$ 56,080
Sales and Miscellaneous Taxes	-	-	-	-
Fees and Fines	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings (Loss)	-	-	943	943
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 2,187,500</u>	<u>\$ 2,187,500</u>	<u>\$ 2,244,523</u>	<u>\$ 57,023</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	1,880,300	1,880,300	1,880,245	(55)
Interest and Other Charges	345,144	345,144	345,681	537
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 2,225,444</u>	<u>\$ 2,225,444</u>	<u>\$ 2,225,927</u>	<u>\$ 483</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(37,944)</u>	<u>(37,944)</u>	<u>18,596</u>	<u>56,540</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	-	-	-	-
Transfers In (Out)	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,596</u>	<u>\$ 18,596</u>
Fund Balances - Beginning	-	-	55,124	55,124
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,720</u>	<u>\$ 73,720</u>

See accompanying notes to required supplemental information.

**CITY OF VICKSBURG, MISSISSIPPI  
BUDGET AND ACTUAL (WITH VARIANCES)  
CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and Miscellaneous Taxes	-	-	-	-
Fees and Fines	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings (Loss)	-	-	2,715	2,715
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,714.89</u>	<u>\$ 2,714.89</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>2,715</u>	<u>2,715</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources(Uses)	-	-	-	-
Transfers In (Out)	<u>(10,225,000)</u>	<u>(10,225,000)</u>	<u>(4,779,476)</u>	<u>5,445,524</u>
Total Other Financing Sources and Uses	<u>(10,225,000)</u>	<u>(10,225,000)</u>	<u>(4,779,476)</u>	<u>5,445,524</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,776,761)</u>	<u>\$ (4,776,761)</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>5,880,893</u>	<u>5,880,893</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,132</u>	<u>\$ 1,104,132</u>

See accompanying notes to required supplemental information.

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**CITY OF VICKSBURG, MISSISSIPPI  
NOTES TO BUDGET AND ACTUAL (WITH VARIANCES)  
YEAR ENDED SEPTMEBER 30, 2017**

**BUDGETS**

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

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

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

For the year ended SEPTEMBER 30, 2017, GAAP basis budgets were adopted for all the funds.

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

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

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF VICKSBURG'S**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF MISSISSIPPI (PERS)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Vicksburg's proportion of the net pension liability	0.26027%	0.25433%	0.24669%
City of Vicksburg's proportionate share of the net pension liability	\$ 43,265,375	\$ 45,429,689	\$ 38,162,780
City of Vicksburg's covered-employee payroll	\$ 15,715,578	\$ 16,270,108	\$ 16,696,825
City of Vicksburg's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.30%	279.22%	228.56%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.48%	61.70%

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

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

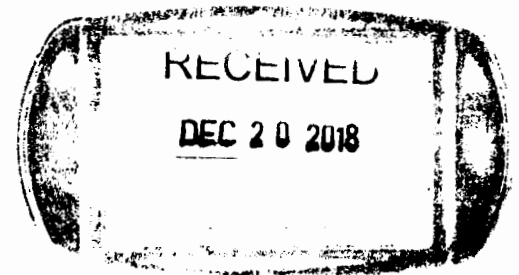
	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Vicksburg's required contribution	\$ 2,629,671	\$ 2,562,542	\$ 2,629,750
City of Vicksburg's contributions in relation to the contractually required contribution	<u>\$ 2,629,671</u>	<u>\$ 2,562,542</u>	<u>\$ 2,629,750</u>
City of Vicksburg's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Vicksburg's covered employee payroll	\$ 15,715,578	\$ 16,270,108	\$ 16,696,825
Contributions as a percentage of covered employee payroll	16.73%	15.75%	15.75%

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

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF VICKSBURG'S**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM (PERS) (FIRE & POLICE)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Vicksburg's proportion of the net pension liability	6.97233%	6.83982%	5.5665%
City of Vicksburg's proportionate share of the net pension liability	\$ 9,255,583	\$ 9,874,141	\$ 9,747,489
City of Vicksburg's covered-employee payroll	N/A	N/A	N/A
City of Vicksburg's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	56.04%	63.07%	53.32%

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



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

**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2017**

OFFICIAL'S ADMINISTRATION OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>	<u>Expiration Date</u>
George Flaggs, Jr.	Mayor and Treasurer	Lexon Insurance Company	\$ 150,000	7/1/2021
Alex J. Monsour, Jr.	Alderman	Western Surety Company	\$ 150,000	7/1/2021
Michael A. Mayfield, Sr.	Alderman	Western Surety Company	\$ 150,000	7/26/2021
Walter Lee Armstrong	Police Chief	Western Surety Company	\$ 50,000	7/11/2021
Milton Moore	Police Chief	Western Surety Company	\$ 50,000	7/5/2021
Walter W. Osborne, Jr.	City Clerk	Western Surety Company	\$ 150,000	7/19/2021
Janice Carter	Municipal Court Clerk	Western Surety Company	\$ 50,000	2/25/2019
Tasha Wynn Jordon	Deputy City Clerk	Western Surety Company	\$ 150,000	10/8/2021
Robert L. Stewart, III	Deputy Chief of Police	Western Surety Company	\$ 50,000	7/25/2021



**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice:</b>			
Direct Programs:			
Bureau of Justice Department, Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2016-DJ-BX-0079	\$ 11,902
			<u>\$ 11,902</u>
Pass through programs from the MS Division of Public Safety Planning STOP Violence Against Women Act (VAWA)	16.588	15-SC-234-1	23,395
			<u>\$ 23,395</u>
Pass through program from MS State Department of Health - FFY 2016 STOP Violence Against Women Act (VAWA)	16.588	2016-WF-AX-0043	9,188
			<u>9,188</u>
<b>Total U. S. Department of Justice</b>			<u>\$ 44,485</u>
<b>U. S. Department of Homeland Security</b>			
Pass through program from Mississippi Emergency Management Agency: Public Assistance - (2011 Flood)	97.036	FEMA 1983-DR-MS ( EM3220)	1,980
			<u>\$ 1,980</u>
Pass through program from MS Dept of Public Safety MS Homeland Security	97.067	16HS374	25,296
Pass through program from MS Dept of Public Safety MS Homeland Security	97.067	16HS374A	5,000
			<u>\$ 30,296</u>
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 32,276</u>
<b>U.S. Department of Health and Human Services</b>			
Pass through program from Centers for Disease Control & Prevention thru 501c3 My Brother's Keeper, Inc.	93.331	City Parks Physical Amenities Project	25,644
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 25,644</u>
<b>U.S. Department of Transportation</b>			
Direct Programs:			
Federal Aviation Administration	20.106	3-28-0073-009-2017	20,520
Federal Aviation Administration	20.106	3-28-0073-007-2015	37,553
			<u>\$ 58,073</u>
Pass through programs from National Highway Traffic Safety Administration (NHTSA), and the MS Dept of Public Safety Division of Public Safety Planning (402 Occupant)	20.600	2017-OP-23-41	10,611
			<u>\$ 10,611</u>
Pass through programs from Federal Highway Administration and MS Dept of Wildlife, Parks & Fisheries (Halls Ferry Walking Trail)	20.219	28-RTP-252	93,384
			<u>\$ 93,384</u>
<b>Total U.S. Department of Transportation</b>			<u>\$ 162,068</u>
<b>U.S. Department of Housing &amp; Urban Development (HUD)</b>			
Pass through program from MS Development Authority (MDA)	14.228	1131-14-374-PF-01	134,200
<b>Total U.S. Department of Housing &amp; Urban Development (HUD)</b>			<u>\$ 134,200</u>
<b>U.S. Department of Environmental Protection Agency</b>			
Direct Programs:			
Office of Solid Waste and Emergency Response Brownfields Assessment and Cleanup Grant	66.818	BF-00D46316	199,584
<b>Total U.S. Department of Environmental Protection Agency (EPA)</b>			<u>\$ 199,584</u>
<b>U.S. Department of Defense</b>			
Pass through program from Dept. of Army, Office of the Chief Engineers, MS Environmental Infrastructure – Section 592 – <u>ARRA RECOVERY</u>	12.124		82,829
<b>Total U.S. Department of Defense</b>			<u>\$ 82,829</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 681,086</u>

GEORGE FLAGGS, JR.  
MAYOR



ALEX J. MONSOUR, JR.  
ALDERMAN

MICHAEL A. MAYFIELD, SR.  
ALDERMAN

## City of Vicksburg

1401 WALNUT STREET • VICKSBURG, MS 39181 • (601) 636-3411

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDING YEAR ENDED SEPTEMBER 30, 2017

The City has taken corrective actions on findings from the prior reports from October 1, 2007 through SEPTEMBER 30, 2016, except as follows:

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

Cash Receipts System – Fines and Fees – Police Station

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

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

**Current Status:** Not corrected

FY10	\$	59,608
FY11	\$	20,770

*Incorporated 1825*

City Website: <http://www.vicksburg.org>

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



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Fax: 901.398.4114  
bcamper@btcjrpa.com  
whitehavenlevi@bellsouth.net

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

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

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vicksburg, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements, and have issued my report thereon dated August 27, 2018.

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

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings, responses and questioned costs that I consider to be significant deficiencies (2017-001).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

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

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

### **Purpose of this Report**

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



**Booker T. Camper, Jr.**

Memphis, Tennessee

August 27, 2018

**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2017**

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

**A. SUMMARY OF AUDIT RESULTS**

**FINANCIAL STATEMENTS:**

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

2. There are no instances of material weaknesses; however, there is one (1) instance of significant deficiency disclosed during the audit of the financial statements which are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

**NONCOMPLIANCE MATERIAL TO FINANCIAL STATEMENT:**

3. There are no instances of noncompliance material to the financial statements of the City of Vicksburg, Mississippi, which would be required to be reported in accordance with *Government Auditing Standards*.

**FEDERAL AWARDS:**

4. A Single Audit was not required by the Single Audit Act and the Uniform Guidance because the City did not expend federal awards in excess of \$ 750,000.

**CITY OF VICKSBURG, MISSISSIPPI  
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2017**

**B. SCHEDULE II**

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**2017-001 Cash Receipts System – Fines and Fees – Police Station/Court Services**

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

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

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

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

*Response:* The City engaged a CPA to perform a forensic examination of Court Services, bonds, traffic receipts and other receipts of the Police Department and a report was issued on March 16, 2017. Based upon the CPA recommendation, the City is advised to employ an internal auditor for monitor, oversee financial operations and financial reporting. The objective of an internal auditor is to bring a systemic, disciplined approach to evaluate and improve the effectiveness of the system of internal control and governance processes. The City has not employed an internal auditor at the date of the 2017 audit report.

**FINANCIAL STATEMENTS FINDINGS:**

NONE

**COMPLIANCE AND OTHER MATTERS**

NONE



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whitehavenlevi@bellsouth.net

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

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

Honorable Mayor and Board of Aldermen  
City of Vicksburg, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vicksburg, Mississippi as of and for the year ended September 30, 2017, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements and have issued my report thereon dated August 27, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of my audit and, accordingly, I did not express such an opinion.

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

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

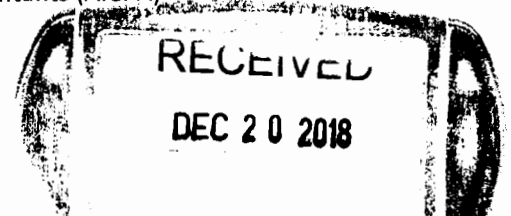
**Response:** - The City's legal department will review state statute and recommend to the City's board its compliance or noncompliance.

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

Booker T. Camper, Jr.  
Memphis, Tennessee  
August 27, 2018

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





**APPLICATION FOR EXEMPTION FROM AUDIT - FOR MUNICIPALITIES WITH REVENUES OR EXPENDITURES OF \$100,000 OR LESS**

NAME OF GOVERNMENT:	TOWN OF BIG CREEK	For the Fiscal Year Ended September 30, <u>2018</u>
ADDRESS:	P. O. BOX 2098 BIG CREEK, MS 38914	
CONTACT PERSON:	DORIS FLEMONS	
TELEPHONE:	662-628-6966	
E-MAIL:	dkflem62@gmail.com	
FAX:	n/a	

Return to: State of Mississippi  
Office of the State Auditor  
Technical Assistance Division  
P. O. Box 956  
Jackson, MS 39205  
FAX: (601) 576-2750  
Email: tech@osa.ms.gov  
Call (800) 321-1275 if you need help completing this form.

Regulations issued by the Office of the State Auditor explain the requirement to apply for an exemption from audit.

If total revenues or expenditures are \$100,000 or less you may use this form.

**Instructions:**

In order to ensure that your government's application will be accepted by the Office of the State Auditor, you must do the following:

1. Prepare this form completely and accurately. Please note that there are seven parts to this form and all questions must be answered for the application to be considered complete.
2. File this form with the Office of the State Auditor within **3 months** after the end of the fiscal year. For years ended September 30, the form **must** be in the Office of the State Auditor by December 31.
3. The form **must** be completed by a person skilled in governmental accounting.
4. The application may be **mailed, faxed, or emailed** as indicated above. If faxed or emailed, a resolution of the governing board **must** accompany the application from exemption from audit in a format that includes the signatures of a majority of the governing body (see sample resolution). If mailed, an original plus one copy should be sent.
5. The **preparer must sign** the application that is submitted in order for it to be accepted.
6. Additional information may be attached to the exemption at the preparer's discretion.

**PART 1 - CERTIFICATION OF PREPARER**

1-1	Name: Doris Flemons	Title: Town Clerk	
1-2	Firm name (if applicable):		
1-3	Address: P. O. Box 2098, Big Creek, MS 38914		
1-4	Date prepared: December 12, 2018	Telephone number: 662-628-6966	
1-5	<b>Signature:</b>		
	The person that completes this form must be skilled in governmental accounting. (Skilled means possessing sufficient knowledge of governmental accounting to complete the exemption form.)	<b>Check One</b>	
		Yes	No
1-6	Are you a person skilled in governmental accounting?	xx	
	If no, this exemption will be rejected.		

**PART 2 - REVENUE (Receipts-Cash Basis)**

REVENUE: All revenues for all funds must be reflected in this section including proceeds from the sale of the government's land, building, and equipment and proceeds from debt or lease transactions.		
	Description	(Omit cents)
2-1	Taxes: MV \$3180; ROAD TAX, \$16; GASOLINE TAX \$462; MUN AID \$77	\$ 3735. -
2-2	Property ADV TAX \$9508; HOMESTEAD \$1080; MH ADV \$69	\$ 10657. -
2-3	Sales \$4053	\$ 4053. -
2-4	Franchise \$2696	\$ 2696. -
2-5	Licenses and permits	\$ 40. -
2-6	Intergovernmental	\$ -
2-7	Fines	\$ -
2-8	Investment earnings	\$ -
2-9	Payments in lieu of tax TVA	\$ 875. -
2-10	Drug forfeitures	\$ -
2-11	Charges for utility services	\$ -
2-12	Debt proceeds	\$ -
2-13	Lease proceeds	\$ -
2-14	Proceeds from sale of capital assets Sale of town pickup	\$ 1864. -
2-15	Other (specify): RENTAL OF TOWN BLDGS	\$ 800. -
2-16	POLICE TRAINING REIMBURSEMENT	\$ 325. -
2-17	CALHOUN COUNTY FIRE REBATE	\$ 5326. -
2-18	CALHOUN COUNTY FIRE FUND	\$ 3800. -
2-19	CALHOUN COUNTY TAX LEVY	\$ 7000. -
2-20	FIRE PROTECTION ALLOCATION	\$ 879. -
2-21	PAYMENT FROM SABOUGLA FIRE DEPT.	600. -
	<b>TOTAL REVENUE</b> all sources	\$ 42,650. -

### PART 3 - EXPENDITURES(Disbursements-Cash Basis)

EXPENDITURES: All expenditures for all funds must be reflected in this section including the purchase of fixed and movable assets and principal and interest payments on long-term debt.		
	Description	(Omit cents)
3-1	Administrative BONDS: Mayor, Clerk, Police Chief, Aldermen	\$ 1125. -
3-2	Salaries Police Officer - \$4322 Town Clerk - \$3555	\$ 7877. -
3-3	Payroll taxes	\$ 1258. -
3-4	Contract services Mowing	\$ 2500. -
3-5	Employee benefits	\$ -
3-6	Insurance Fire Bldg, \$1708; Municipal Liability \$1132; Workmen Comp \$750, 3590 (total)	\$ 750. 3590 (total) -
3-7	Accounting and legal fees Acct Fees: \$100 Public Notices \$182	\$ \$282 -
3-8	Repair and maintenance Fire Dept: Repairs, Maintenance, Supplies	\$ 9177. -
3-9	Supplies Office: 76, Misc \$618, Postage \$190	\$ 884. -
3-10	Utilities and telephone Electric - \$7912; Gas - \$1592	\$ 9504. -
3-11	Police Police School Training - 575; Police Vehicle Expense \$582	\$ 1157. -
3-12	Fire	\$ -
3-13	Streets and highways	\$ -
3-14	Public health	\$ -
3-15	Culture and recreation	\$ -
3-16	Utility operations	\$ -
3-17	Capital outlay	\$ -
3-18	Debt service principal	\$ -
3-19	Debt service interest	\$ -
3-20	Contribution to pension plan	\$ -
3-21	Other (specify): MMA Dues	\$ 346. -
3-22	Bank Fees: Gen Fund, \$421; Fire Fund \$331	\$ 752. -
3-23	Tax Roll Prep \$73.	\$ 73. -
3-24		\$ -
3-25	<b>TOTAL EXPENDITURES</b> all categories	\$ 38525. -

### PART 4 - DEBT OUTSTANDING, ISSUED AND RETIRED

Please answer the following questions by marking the appropriate box	Yes	No

4-1	Do you have outstanding debt? No						
If yes:	Is the debt repayment schedule attached?						
	Please complete the following debt schedule, if applicable:		Outstanding at start of fiscal year	Total issued during fiscal year (add)	Total retired during fiscal year (less)	Outstanding at fiscal year end	
	General obligation bonds		\$ -	\$ -	\$ -	\$ -	
	Revenue bonds		\$ -	\$ -	\$ -	\$ -	
	Notes/loans		\$ -	\$ -	\$ -	\$ -	
	Leases		\$ -	\$ -	\$ -	\$ -	
	Other (specify):		\$ -	\$ -	\$ -	\$ -	
<b>Please answer the following questions by marking the appropriate box</b>							
						Yes	No
4-2	Does the municipality have any authorized, but unissued debt?						XX
If yes:	If yes, how much?		\$ -				
	If yes, what is the authorization date?						
4-3	Does the municipality intend to issue debt within the next fiscal year?						XX
If yes:	If yes, how much?		\$ -				

PART 5 - CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR							
Please provide the entity's cash deposit and investment balances.		Checking Accounts	Savings Accounts	Certificates of Deposit	Total		
5-1	Cash deposits	\$25,693.80	\$ -0-	\$10,463.16	\$36,156.96		
5-2	Investments:						
5-3					\$ -		
5-4					\$ -		
5-5					\$ -		
5-6					\$ -		
5-7	<b>Total Investments</b>				\$ -		
5-8	<b>Total Cash and Investments</b>				\$36,156.96		
<b>Please answer the following question by marking in the appropriate box</b>							
						Yes	No
5-9	Are your deposits in an eligible public depository (Sec 27-105-5 & 27-105-353)					XX	
5-10	If no, please explain:						

PART 6 - CAPITAL ASSETS							
Please answer the following questions by marking in the appropriate boxes					Yes	No	
6-1	Do you have land, buildings, and/or equipment?					XX	
6-2	Have you prepared an inventory of your land, buildings, and/or equipment					XX	
If yes:	If no, please explain:						
	Complete the following table:		Balance - Beginning of the Year	Additions	Deletions	Balance - End of the Year	
	Land	\$ 10,000. -	\$ -0- -	\$ -0- -	\$10,000. -		
	Buildings	\$ 80,000 -	\$ -0- -	\$ -0- -	\$80,000 -		
	Machinery and equipment	\$ 70,000 -	\$ -0- -	\$ -0- -	\$70,000 -		
	Furniture and fixtures	\$ 1,800. -	\$ -0- -	\$ -0- -	\$ 1,800. -		
	Other (explain):	\$ -	\$ -	\$ -	\$ -		

PART 7 - BUDGET INFORMATION				
Please answer the following question by marking in the appropriate boxes			Yes	No
7-1	Did the municipality approve a budget for the next fiscal year end?			XX
7-2	If no, please explain:			

If yes:	Please indicate the amount appropriated for each of your funds for the next fiscal year end:	
	Fund Name	Budgeted fiscal year end Expenditures
	GENERAL FUND	\$ 28,150.00 -
	FIRE FUND	\$ 16,400.00 -
		\$ -

**PART 8 - GENERAL INFORMATION**

	Please answer the following question by marking in the appropriate boxes	Yes	No
8-1	Has the Municipal Compliance Questionnaire been completed, adopted by your board and now part of your minutes? If no please explain:	XX	

**PART 9 - GOVERNING BODY APPROVAL**

We, the undersigned, certify that this Application for Exemption from Audit has been:  
 Prepared consistent with regulations by OSA, which states that an Application with revenues or expenditures of \$100,000 or less must be prepared by a person skilled in governmental accounting;  
 Completed to the best of our knowledge and is accurate and true;  
 Reviewed and approved by a majority of the governing body.

	Name (please print or type all current members of the governing body)	Date Term Expires	Signature
9-1	Dwight Devall (Mayor)	7/3/2021	<i>Dwight Devall</i>
9-2	Wanda Harrison (Alderman)	7/3/2021	<i>Wanda Harrison</i>
9-3	Larry Baker, Jr. (Alderman)	7/3/2021	<i>Larry Baker Jr.</i>
9-4	Herman K. Clanton (Alderman)	7/3/2021	<i>Herman K. Clanton</i>
9-5	T. J. Clanton (Alderman)	7/3/2021	<i>T.J. Clanton</i>
9-6			
9-7			
9-8			

