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CITY OF VICKSBURG, MISSISSIPPI

Annual Financial Report with Independent Auditor's Report

Year Ended September 30, 2020

Booker T. Camper Jr., CPA PLLC

City of Vicksburg, Mississippi
For the Year Ended September 30, 2020

TABLE OF CONTENTS

I. REQUIRED SUPPLEMENTAL INFORMATION (PART A)	
Management's Discussion and Analysis (MDA)	1
II. BASIC FINANCIAL STATEMENTS	
Independent Auditor's Report	19
Government-wide Financial Statements:	
Statement of Net Position	23
Statement of Activities.....	24
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet:	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	29
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of the Statement of Activities.....	30
Proprietary Funds:	
Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Funds Net Position	33
Statement of Cash Flows	34
Fiduciary Funds:	
Statement of Fiduciary Net Assets	36
Notes to Financial Statements	37
III. REQUIRED SUPPLEMENTAL INFORMATION (PART B)	
Budget Comparison Schedules	
Budget and Actual (with Variances) – General Fund	78
Budget and Actual (with Variances) – City Bond and Interest Fund.....	79
Budget and Actual (with Variances) – Capital Projects Fund.....	80
Notes to Budget and Actual (with Variances).....	81
Proportionate Share of the Net Pension Liability	82
Schedules of City's Contributions	83
Proportionate Share of the Net Pension Liability (Fire and Police)	84
Schedule of City's Contributions.....	85
IV. OTHER ADDITIONAL INFORMATION	
Schedule of Surety Bonds for Municipal Officials	87
Schedule of Expenditures of Federal Awards	88
Summary Schedule of Prior Audit Findings	90
V. INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i>	92

City of Vicksburg, Mississippi
For the Year Ended September 30, 2020

TABLE OF CONTENTS CONT'D

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	94
Schedule of Findings, Responses and Questioned Costs	96
Report of Independent Auditor's on Compliance with State Laws and Regulations.....	98

I. REQUIRED SUPPLEMENTAL INFORMATION (PART A)

City of Vicksburg, Mississippi
Management's Discussion and Analysis (MDA)
For the Year Ended September 30, 2020

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, 2020. 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 \$117,636,468 (reported as "net position"). This compares to the previous year when assets exceeded liabilities by \$116,858,451. The City's total net position increased by \$778,017. Governmental activities' net position decreased during the fiscal year by \$2,820,064 and business-type activities' net position increased by \$3,598,082.

Fund Level - As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$22,214,523, with \$12,716,640 reported as unreserved fund balance. The portion of the balance that is reserved for a specific purpose totaled \$9,497,883. This compares to the prior year ending fund balance of \$23,973,894. The proprietary funds reported total Net Position of \$56,645,490. This compares to the prior year Net Position of \$53,047,409.

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, 2020

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, 2020

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, 2020

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 25. 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, 2020

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 29 of this report.

Notes to the Financial Statements

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

City of Vicksburg, Mississippi
For the Year Ended September 30, 2020

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 76-81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position Analysis (Table 1):

For the year ended September 30, 2020, the City's combined assets (governmental and business-type activities) totaled \$231.7 million dollars compared to \$231.6 million for fiscal year ending September 30, 2019. Cash and cash equivalents decreased by \$4.0 million. Total liabilities increased by \$2.5 million from \$119.8 million to \$117.3 million dollars and capital assets increased by \$2.9 million to \$193.3 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 \$117.6 million dollars after deducting total liabilities and outflows of \$119.8 million dollars from total assets.

The largest portion of the City's net position, \$164.2 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, 2020 and 2019
(In Millions of Dollars)

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Cash and Other Assets	35.2	37.5	3.1	3.7	38.3	41.2
Capital Assets	<u>134</u>	<u>134</u>	<u>59.7</u>	<u>54.3</u>	<u>193.3</u>	<u>190.5</u>
Total Assets	169	172	62.8	59.9	231.6	231.6
Liabilities						
Current and Other Liabilities	14.7	15.1	3.1	3.0	17.8	18.1
Long Term Liabilities	<u>98.9</u>	<u>92.8</u>	<u>3.1</u>	<u>3.9</u>	<u>102</u>	<u>96.7</u>
Total Liabilities	114	108	6.2	6.9	119.8	114.8
Net Position						
Invested in Capital Assets, Net of Related Debt	134	112	30.6	30.6	164.2	142.7
Restricted-Debt Service and Capital Projects	0	0	0	0	164.2	0
Unrestricted	<u>(72.6)</u>	<u>(48.3)</u>	<u>26.0</u>	<u>22.4</u>	<u>(46.6)</u>	<u>(25.9)</u>
Total Net Position	61.0	63.8	56.6	53.0	117.6	116.9

*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
For the Year Ended September 30, 2020

Statement of Activities Analysis (Table 2):

Revenues for fiscal year 2020 totaled \$58.04 million and were \$4.69 million less than expenses, which totaled \$62.73 million. The governmental activities expenses, which totaled \$44.33 million, exceeded revenues of \$36.04 million by \$8.29 million. The business-type activity's revenues, which totaled \$21.90 million, exceeded expenses of \$18.40 million by \$3.50 million. Utility rates have continued to be raised as necessary and a purchase gas adjustment mechanism was in place to adjust the price of natural gas on a monthly basis. The decline in the price of natural gas allowed the City to remove the purchase gas adjustment in March 2009. The water and sewer rates were also increased in October 2019 and October 2020 to cover prior year deficiencies and large capital improvement projects.

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

	<u>2020</u>		<u>2019</u>	
• General Government...\$11.06 million,	25.0%	\$12.68	27.4%	
• Public Safety\$16.91 million,	38.2%	\$16.85	36.5%	
• Public Works\$3.49 million,	7.86%	\$3.89 million,	8.42%	
• Culture and Recreation ..\$5.52 million,	12.5%	\$6.84 million,	14.8%	

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 \$18.69 million, which are \$3.72 million below charges for services for fiscal year 2019. 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>2020</u>		<u>2019</u>	
• Property Taxes.....\$10.08 million,	28%	\$11.32	29%	
• Franchise and Misc. Taxes\$8.49	24%	\$10.29	26%	
• Public Service Taxes Total\$10.17	28%	\$10.27	27%	

The final 20% 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 \$7.30 million for 2020. For 2019, the same items respected 18% of revenues at \$7.06 million.

City of Vicksburg, Mississippi
Table 2
Changes in Net Position
September 30, 2020 and 2019
(In Millions of Dollars)

	<u>Governmental</u> <u>Activities</u>		<u>Business Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues:						
Charges for Services						
Governmental Activities	0.17	2.15			0.17	2.15
Water Utility			5.81	6.09	5.81	6.09
Gas Utility			5.63	6.45	5.63	6.45
Sewer Utility			5.56	6.19	5.56	6.19
Refuse, Sanitation Fund			1.51	1.53	1.51	1.53
Transportation Fund						
Operating Grants and Contributions	0.00	2.11	0.00	1.31	0.00	3.42
Capital Grants and Contributions						
Total Program Revenues	0.17	4.26	18.51	21.57	18.68	25.83
General Revenues:						
Property Taxes, levied for General Purposes	8.37	9.92			8.37	9.92
Property Taxes, levied for Debt Service	1.71	1.4			1.71	1.40
Franchise & Miscellaneous Taxes	8.49	10.29			8.49	10.29
Public Service Taxes	10.17	10.75			10.17	10.75
Grants and Entitlements Not Restricted	5.94	0			5.94	0.00
Unrestricted Investment Earnings	0.25	0.27	0.06	0.05	0.31	0.32
Miscellaneous	4.11	2.41	0.12	0.13	4.23	2.54
Gain or (Loss) on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00
Total General Revenues	39.04	35.03	0.18	0.18	39.22	35.21
Total Revenues	39.21	39.29	18.69	21.75	57.90	61.04
Functions/Programs Expenses:						
General Government	11.06	12.68			11.06	12.68
Public Safety	16.91	16.85			16.91	16.85
Health, Welfare and Sanitation						
Public Works	3.48	3.89			3.48	3.89
Culture and Recreation	5.81	6.84			5.81	6.84
Pension Expense	5.52	4.93			5.52	4.93
Interest and Fiscal Charges	1.53	1.46			1.53	1.46
Total Business Related Expenses			18.40	18.44	18.40	18.44
Total Expenses	44.32	46.66	18.40	18.44	62.73	65.10
Increase (Decrease) in Net Position before Transfers	(5.11)	(7.38)	0.29	3.31	(4.83)	(4.07)
Transfers	(3.18)	(0.13)	3.31	(0.13)	0.14	0.00
Change in Net Position	(8.28)	(7.25)	3.60	1.79	(4.68)	(4.07)

*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, 2020**

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 \$28.75 million, and fell short of the budgeted amount of \$28.91 million by \$164,781. The final amended General Fund expense budget totaled \$36.3 million dollars. The total amount expended was \$32.3 million dollars, which is \$4.0 million short of the budgeted amount.

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, both the General Infrastructure Bond and Path Projects were in the funds.

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, 2020

Capital Assets – Continued

Fiscal year 2020 is the seventeenth 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, 2020, governmental activities capital assets totaled **\$258,502,472** with accumulated depreciation of **\$124,861,017** leaving a net capital assets balance of **\$133,641,544**. Business-type activities capital assets for year ended September 30, 2020 totaled **\$108,352,175** with total accumulated depreciation of **\$48,646,206** leaving a net business-type capital assets balance of **\$59,705,969**.

See Note 7 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, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land (Includes Construction in Progress)	18,638,035	17,976,421	9,099,109	\$4,232,141	27,737,144	\$22,208,562
Buildings	21,956,134	21,267,511	43,987,389	45,036,482	65,943,523	66,303,993
Furniture and Equipment	5,518,265	6,068,511	2,345,805	2,516,940	7,864,070	8,585,451
Other Capital Assets	40,014,817	41,695,327	4,273,666	4,468,519	44,288,483	46,163,846
Infrastructure	47,514,204	47,202,819	-	-	47,514,204	47,202,819
Total Capital Assets	\$133,641,455	\$134,210,589	\$59,705,969	\$56,254,082	\$193,347,424	\$190,464,671

City of Vicksburg, Mississippi
For the Year Ended September 30, 2020

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 fifteen 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.

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 \$43,546,658. At fiscal year ended, September 30, 2020, outstanding balances for bonds issued by the City, subject to the fifteen percent (15%) debt limit, totaled \$16,795,000. The City of Vicksburg would have the ability to issue additional bonds for \$26,751,658.

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, 2020, the twenty percent (20%) limit for the City of Vicksburg was \$58,062,210. The City's total outstanding debt, subject to this overall debt limit, totaled \$16,795,000. The City of Vicksburg has the ability to issue an additional amount of \$41,267,210. This figure represents seventy-one percent (71%) of the City's total debt capacity.

See Note 8 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, 2020

General Long Term Obligations—Continued

Statutory Debt Limits
September 30, 2020

	Twenty Percent (20%)		Fifteen Percent (15%)	
	<u>Debt Limit</u>	<u>Percent</u>	<u>Debt Limit</u>	<u>Percent</u>
Total Statutory Debt Capacity	\$58,062,210		\$43,546,658	
Current Outstanding Debt, subject to limit	<u>16,795,000</u>	<u>28.93%</u>	<u>16,795,000</u>	<u>38.57%</u>
Balance of Bonding Capacity	\$41,267,210	71.07%	\$26,751,658	61.43%

Statutory Debt Limits
September 30, 2019

	Twenty Percent (20%)		Fifteen Percent (15%)	
	<u>Debt Limit</u>	<u>Percent</u>	<u>Debt Limit</u>	<u>Percent</u>
Total Statutory Debt Capacity	\$ 64,919,849		\$ 48,689,887	
Current Outstanding Debt, subject to limit	<u>17,810,000</u>	<u>27.43%</u>	<u>17,810,000</u>	<u>36.58%</u>
Balance of Bonding Capacity	\$ 47,109,849	72.57%	\$ 30,879,887	63.42%

**City of Vicksburg, Mississippi
Management's Discussion and Analysis (MDA)
For the Year Ended September 30, 2020**

General Long Term Obligations – Continued

Bonds

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

- The 2015 GO bonds dated August 13, 2015 were issued for street, recreation and municipal building improvements. The outstanding balance is \$8.230 million.
- The 2019 GO bonds dated March 5, 2019 were issued for street, recreation and municipal building improvements. The outstanding balance is \$9.580 million.
- The 2019 GO bonds dated July 2, 2019 were issued for the construction of a sports complex. The outstanding balance is \$22.055 million.

City of Vicksburg, Mississippi
Management's Discussion and Analysis (MDA)
For the Year Ended September 30, 2020

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 \$0.

State Loans

The City has one state loan (SRF) in 2008 for sewer improvements with a total outstanding balance of \$1,685,260.

City of Vicksburg
Long Term Obligations
September 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
General Obligations Bonds	\$ 38,405,000	\$ 39,865,000	\$ -	\$ -	\$ 38,405,000	\$ 39,865,000
Revenue Bonds	-	-	-	-	-	-
State Loans	-	-	1,685,260	1,904,066	1,685,260	1,904,066
Tax Increment Financing (TIF) Bonds	-	-	-	-	-	-
Other	<u>4,486,722</u>	<u>2,009,956</u>	<u>2,100,180</u>	<u>2,645,268</u>	<u>6,586,902</u>	<u>4,655,224</u>
Total Long Term Obligations	<u>\$ 42,891,722</u>	<u>\$41,874,956</u>	<u>\$ 4,549,334</u>	<u>\$ 4,549,334</u>	<u>\$ 46,677,162</u>	<u>\$46,424,290</u>

City of Vicksburg, Mississippi
Management's Discussion and Analysis (MDA)
For the Year Ended September 30, 2020

Revenue Section Highlights

Governmental Funds revenues totaled \$40.88 million for the fiscal year 2020 as compared to \$38.02 million for 2019. The General Fund revenues totaled \$28.75 million dollars and the Bond and Interest Fund income for the year was \$1.62 million. The revenue in the Capital Projects Fund was \$2.70 million. The other funds of the Governmental Funds revenues totaled a combined \$7.82 million.

The largest components of the General Fund revenue are as follows for 2020:

Three Major Revenue Groups	Millions	Percent
Gaming taxes	\$4.6	16%
Sales Taxes: 18.5% of the State, 7% Sales Taxes on Sales in City	\$7.8	27%
Property Taxes: Real Estate, Business, Public Utilities, Auto	\$8.4	29%

The largest components of the General Fund revenue are as follows for 2019:

Three Major Revenue Groups	Millions	Percent
Gaming Taxes	\$5.3	17%
Sales Taxes: 18.5% of the State, 7% Sales Taxes on Sales in City	\$7.8	25%
Property Taxes: Real Estate, Business, Public Utilities, Auto	\$9.9	32%

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 2019 the total operating income for the proprietary funds was a profit of \$3.19 million, for fiscal year 2020 total operating income was a profit of \$3.60 million.

City of Vicksburg, Mississippi
Management's Discussion and Analysis (MDA)
For the Year Ended September 30, 2020

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. You may also visit the City's website at www.vicksburg.org.

II. BASIC FINANCIAL STATEMENTS



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Booker T. Camper Jr., CPA PLLC

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, 2020, 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 opinions 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, 2020 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

None

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, 77-81 and 82-85 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 other supplementary information such as combining and individual nonmajor fund financial statements and 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, and the other information, such as 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 budgetary schedules and the other schedules 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 June 21, 2020 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.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a long horizontal flourish extending to the right.

Booker T. Camper, Jr., CPA & CGMA

Memphis, Tennessee

June 21, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Vicksburg, Mississippi
STATEMENT OF POSITION
September 30, 2020

	Primary Government		
	Governmental Activities	Business -Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,715,647	\$ 2,820,753	\$ 5,536,400
Investments	3,492,468	3,818	3,496,286
Receivables	18,277,866	1,314,023	19,591,890
Internal Balances (Due From)	1,888,976	(1,655,752)	233,224
Due from Other Governmental Agencies	184,500	-	184,500
Inventories	488,356	-	488,356
Total Current Assets	\$ 27,047,812	\$ 2,482,842	\$ 29,530,655
Noncurrent Assets			
Restricted Cash	\$ 7,448,304	\$ 600,877	\$ 8,049,181
Other Noncurrent Assets	731,815	-	731,815
Capital Assets:			
Land, Improvements and Construction in Progress Not Depreciated	12,581,543	1,200,300	13,781,843
Infrastructure and Infrastructure in Progress Net of Depreciation	53,570,697	94,248,207	147,818,904
Buildings, Net of Depreciation	21,956,134	1,312,217	23,268,351
Equipment and Furniture, Net of Depreciation	5,518,265	11,591,451	17,109,716
Other Capital Assets, Net of Depreciation	40,014,817	(48,646,207)	(8,631,390)
Capital Assets, Net	133,641,455	59,705,968	193,347,422
Total Noncurrent Assets	141,821,574	60,306,845	202,128,419
Total Assets	\$ 168,869,386	\$ 62,789,688	\$ 231,659,074
DEFERRED OUTFLOWS OF RESOURCES	\$ 5,774,517	\$ -	\$ 5,774,517
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 174,643,903	\$ 62,789,688	\$ 237,433,591
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 2,773,132	\$ 2,124,198	\$ 4,897,330
Due to Other Governmental Agencies	162,981	69,458	232,439
Unearned Income	10,080,315	-	10,080,315
Other Current Due within One Year:			
Bonds, Capital Leases and Contracts	1,684,472	856,623	2,541,095
Accrued Interest	-	13,794	13,794
Compensated Absences	-	-	-
Claims and Judgements	2,746	-	2,746
Total Current Liabilities	14,703,647	3,064,072	17,767,719
Noncurrent Liabilities			
Bonds, Capital Leases and Contracts	41,207,550	2,955,600	44,163,150
Pension Liability	56,777,138	-	56,777,138
Accrued Interest	-	-	-
Compensated Absences	964,593	124,521	1,089,114
Claims and Judgements	-	-	-
Total Noncurrent Liabilities	98,949,281	3,080,122	102,029,403
Total Liabilities	\$ 113,652,928	\$ 6,144,194	\$ 119,797,121
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 113,652,928	\$ 6,144,194	\$ 119,797,121
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 133,579,168	\$ 30,650,088	\$ 164,229,256
Restricted for:			
Capital Projects	-	-	-
Debt Service	-	-	-
Other Projects	-	-	-
Unrestricted	(72,588,193)	25,995,404	(46,592,789)
Total Net Position	\$ 60,990,975	\$ 56,645,494	\$ 117,636,468

See accompanying notes to financial statements

City of Vicksburg, Mississippi
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

					Net (Expenses) Revenue and Changes in Net Assets		
		Program Revenues			Primary Government		
		Charges for	Operating	Capital	Governmental	Business-Type	
Function/Programs	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	Totals
Primary Government							
Governmental Activities							
General Government	\$ 11,061,343	\$ 175,916	\$ -	\$ -	\$ (10,885,427)	\$ -	\$ (10,885,427)
Public Safety	16,912,971		-	-	(16,912,971)	-	(16,912,971)
Public Works	3,485,647	-	-	-	(3,485,647)	-	(3,485,647)
Culture and Recreation	5,810,166	-	-	-	(5,810,166)	-	(5,810,166)
Pension Expense	5,523,461	-	-	-	(5,523,461)	-	(5,523,461)
Interest and Redemption Long Term Debt	1,532,991	-	-	-	(1,532,991)	-	(1,532,991)
Total Governmental Activities	44,326,579	175,916	-	-	(44,150,663)	-	(44,150,663)
Business-Type Activities							
Water	5,695,507	5,811,653	-	-	-	116,147	116,147
Gas	5,886,459	5,629,365	-	-	-	(257,094)	(257,094)
Sewer	5,155,454	5,556,620	-	-	-	401,166	401,166
Refuse	1,666,806	1,513,635	-	-	-	(153,172)	(153,172)
Transportation	-	-	-	-	-	-	-
Total Business-Type Activities	18,404,227	18,511,273	-	-	-	107,046	107,046
Total Primary Governmental	\$ 62,730,806	\$ 18,687,189	\$ -	\$ -	\$ (44,150,663)	\$ 107,046	\$ (44,043,617)
General Revenues							
Taxes:							
Property Taxes, Levied for General					\$ 8,366,989	\$ -	\$ 8,366,989
Property Taxes, Levied for Specific Purpose					1,712,800	-	1,712,800
Franchise and Miscellaneous Taxes					8,487,464	-	8,487,464
Public Service Taxes					10,173,533	-	10,173,533
Grants and Contributions Unrestricted					5,935,276	-	5,935,276
Unrestricted Investment Earnings					251,711	57,322	309,033
Miscellaneous					4,108,258	125,328	4,233,586
Gain (Loss) on Sale of Assets					-	-	-
Transfers In (Out) and Other					(3,174,494)	3,308,385	133,891
Total General Revenue and Transfers					35,861,536	3,491,035	39,352,571
Change in Net Assets					(8,289,127)	3,598,081	(4,691,046)
Net Position, October 1, 2019					\$ 63,811,039	53,047,412	116,858,451
Prior Period Adjustment					5,469,063	-	5,469,063
Net Position, September 30, 2020					\$ 60,990,975	\$ 56,645,494	\$ 117,636,468

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Vicksburg, Mississippi
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020

	General Fund	City Bond and Interest	Capital Projects Fund	Other Non-major Government Funds	Total Government Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 3,633,801	\$ 605,960	\$ 3,147,457	\$ 2,912,375	\$ 9,887,896
Investments	-	-	-	3,492,468	3,904,165
Taxes Receivable, Net	6,090,051	2,130,351	-	-	8,220,402
Due from Other Funds	3,152,629	1,013	133,295	-	3,286,936
Receivables from Other Governments	184,500	-	-	-	184,500
Other Receivables	8,163,099	11,137	7,446	1,799,480	9,981,162
Inventories	108,086	-	-	26,981	135,067
Prepaid Expenses	732,103	-	-	(287)	731,815
Total Assets	<u>22,064,268</u>	<u>2,748,461</u>	<u>3,288,198</u>	<u>8,231,016</u>	<u>36,331,943</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	1,663,827	2,263	1,547	1,101,715	2,769,353
Due to Other Funds	164,881	-	-	936,109	1,100,990
Payable to Other Governments	162,981	-	-	-	162,981
Unearned Income	7,357,543	2,130,351	-	592,421	10,080,315
Other Accrued Expenses	-	-	-	-	-
Other Payables	(1,604)	1,036	-	4,350	3,782
Total Liabilities	<u>9,347,628</u>	<u>2,133,650</u>	<u>1,547</u>	<u>2,634,595</u>	<u>14,117,421</u>
DEFERRED INFLOWS/OUTFLOWS OF RESOURCES	\$ -	-	-	-	-
FUND BALANCES					
Unassigned	12,716,640	-	-	-	12,716,640
Assigned:	-	-	-	-	-
Debt Service	-	614,811	-	-	614,811
Capital Projects	-	-	3,286,651	-	3,286,651
Encumbrances and Other	-	-	-	5,596,421	5,596,421
Total Fund Balances	<u>\$ 12,716,640</u>	<u>\$ 614,811</u>	<u>\$ 3,286,651</u>	<u>\$ 5,596,421</u>	<u>\$ 22,214,523</u>

See accompanying notes to financial statements

City of Vicksburg, Mississippi
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
For the Year Ended September 30, 2020

Fund Balances - Total Governmental Funds	\$	22,214,523
Amounts reported for Governmental Activities in Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Financial Statement.		
		5,397,226
Governmental Capital Assets		
Less Accumulated Depreciation		133,641,455
Certain other Long-Term Assets are not available to pay current period expenditures and therefore are not reported in the Fund Financial Statement.		
		201,458
Pension Liability		(56,777,138)
The Assets and Liabilities of certain Internal Service Funds are not included in the Fund Financial Statement.		
		170,065
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.		
		(43,856,615)
Net Position of Governmental Activities	\$	<u>60,990,975</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, 2020

	General Fund	City Bond and Interest	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 8,366,989	\$ 1,597,201	\$ -	\$ 115,599	\$ 10,079,789
Sales and Miscellaneous Taxes	12,972,768	-	-	2,183,769	15,156,537
Fees and Fines	2,233,386	-	-	-	2,233,386
Licenses and Permits	1,174,812	-	-	-	1,174,812
Intergovernmental	3,376,037	-	-	4,888,887	8,264,924
Charges for Services	175,916	-	-	-	175,916
Investment Earnings (Loss)	77,491	18,735	76,271	79,214	546,962
Miscellaneous	372,742	-	-	549,164	921,906
Program Income	-	-	-	-	-
Total Revenues	<u>28,750,141</u>	<u>1,615,935</u>	<u>2,699,902</u>	<u>7,816,633</u>	<u>38,258,981</u>
Expenditures					
Current (Operating)					
General Government	5,674,461	-	12,071	-	5,686,533
Public Safety	16,912,971	-	-	341,299	17,254,269
Public Works	3,485,647	-	-	-	3,485,647
Culture and Recreation	3,083,705	-	-	1,261,236	4,344,940
Debt Service:					
Principal	146,992	1,015,000	-	445,000	1,606,992
Interest and Other Charges	55,572	590,215	-	887,204	1,532,991
Capital Outlay	<u>2,949,825</u>	<u>-</u>	<u>2,216,408</u>	<u>230,993</u>	<u>5,397,226</u>
Total Expenditures	<u>32,309,172</u>	<u>1,605,215</u>	<u>2,228,479</u>	<u>3,165,732</u>	<u>39,308,599</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,559,031)</u>	<u>10,720</u>	<u>(2,152,208)</u>	<u>4,650,901</u>	<u>(1,049,618)</u>
Other Financing Sources and Uses, Including Transfers					
Other Sources (Uses)	-	-	-	-	-
Transfers In (Out)	<u>2,895,912</u>	<u>-</u>	<u>(1,653,408)</u>	<u>(4,575,889)</u>	<u>(3,333,385)</u>
Total Other Financing Sources (Uses)	<u>2,895,912</u>	<u>-</u>	<u>(1,653,408)</u>	<u>(4,575,889)</u>	<u>(3,333,385)</u>
Net Change in Fund Balances	<u>(663,119)</u>	<u>10,720</u>	<u>(3,805,616)</u>	<u>75,012</u>	<u>(4,383,003)</u>
Fund Balances, October 1, 2019	<u>13,379,759</u>	<u>604,091</u>	<u>4,468,637</u>	<u>5,521,408</u>	<u>23,973,894</u>
Prior Period Adjustment	-	-	-	-	-
Fund Balances, September 30, 2020	<u>\$ 12,716,640</u>	<u>\$ 614,811</u>	<u>\$ 663,021</u>	<u>\$ 5,596,420</u>	<u>\$ 19,590,892</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(4,383,003)
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Amounts reported for Governmental Activities in Statement of
 of Activities are different because:

Governmental Funds report Capital Outlays as Expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as Depreciation Expense. This is the amount by which Capital Outlays exceeded Depreciation.		(5,966,362)
---	--	-------------

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.		(1,823,223)
---	--	-------------

Capital Lease proceeds provide current financial resources to Governmental Funds, but issuing Debt Increases Long-Term Liabilities in the Statement of Net Assets.		(1,640,000)
---	--	-------------

Pension Expense		<u>5,523,461</u>
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Change in Net Assets of the Governmental Funds	\$	<u>(8,289,127)</u>
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See accompanying notes to financial statements

PROPRIETARY FUNDS

City of Vicksburg, Mississippi
STATEMENT OF POSITION
PROPRIETARY FUNDS
September 30, 2020

	Business -Type Activities - Enterprise Funds					Internal Service
	Water Fund	Gas Fund	Sewer Fund	Other	Total	Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 118,473	\$ 2,024,991	\$ 73,220	\$ 605,439	\$ 2,822,124	\$ (135,642)
Accounts Receivable, Net	743,270	(47,370)	491,966	126,158	1,314,023	76,302
Due from Other Funds	10,999	7,596,791	257	-	7,608,048	-
Receivables from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	353,289
Prepaid Expenses	-	-	-	-	-	-
Total Current Assets	<u>872,742</u>	<u>9,574,412</u>	<u>565,443</u>	<u>731,597</u>	<u>11,744,195</u>	<u>293,949</u>
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	381,407	2,447	219,470	-	603,325	-
Capital Assets:		-			-	
Land and Improvements	445,421	412,558	342,322	-	1,200,300	30,536
Utility System	37,632,905	9,292,121	39,020,359	404,014	86,349,399	53,245
Construction in Progress	7,162,201	166,269	570,339	-	7,898,808	-
Buildings	146,703	599,003	566,510	-	1,312,217	264,106
Equipment and Furniture	4,430,927	3,432,505	3,646,389	81,630	11,591,450	138,394
Less Accumulated Depreciation	(22,205,960)	(7,911,273)	(18,195,716)	(333,259)	(48,646,207)	(292,430)
Capital Assets, Net	<u>27,612,196</u>	<u>5,991,183</u>	<u>25,950,203</u>	<u>152,385</u>	<u>59,705,968</u>	<u>193,850</u>
Total Noncurrent Assets	<u>27,993,604</u>	<u>5,993,631</u>	<u>26,169,673</u>	<u>152,385</u>	<u>60,309,292</u>	<u>193,850</u>
Total Assets	<u>\$ 28,866,346</u>	<u>\$ 15,568,043</u>	<u>\$ 26,735,116</u>	<u>\$ 883,982</u>	<u>\$ 72,053,486</u>	<u>\$ 487,799</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 1,144,233	\$ 704,520	\$ 228,007	\$ 47,438	\$ 2,124,198	3,779
Overdrafts	-	-	-	-	-	-
Accrued Interest Payable	5,822	4,985	2,988	-	13,794	-
Due to Other Funds	4,700,418	-	4,458,734	104,648	9,263,800	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>198,393</u>	<u>261,578</u>	<u>396,652</u>	<u>-</u>	<u>856,623</u>	<u>-</u>
Total Current Liabilities	<u>6,048,865</u>	<u>971,083</u>	<u>5,086,381</u>	<u>221,544</u>	<u>12,327,873</u>	<u>300,750</u>
Noncurrent Liabilities:						
Compensated Absences	17,676	78,658	28,187	-	124,521	16,984
Capital Lease Obligation	-	-	-	-	-	-
Bonds, Notes and Loans Payable	<u>548,598</u>	<u>546,101</u>	<u>1,860,901</u>	<u>-</u>	<u>2,955,600</u>	<u>-</u>
Total Noncurrent Liabilities	<u>566,275</u>	<u>624,760</u>	<u>1,889,088</u>	<u>-</u>	<u>3,080,122</u>	<u>16,984</u>
Total Liabilities	<u>\$ 6,615,139</u>	<u>\$ 1,595,842</u>	<u>\$ 6,975,469</u>	<u>\$ 221,544</u>	<u>\$ 15,407,995</u>	<u>\$ 317,734</u>
NET POSITION						
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>8,506,789</u>	<u>10,931,877</u>	<u>6,349,253</u>	<u>207,484</u>	<u>25,995,402</u>	<u>38,502</u>
Total Net Position	<u>\$ 22,251,206</u>	<u>\$ 13,972,201</u>	<u>\$ 19,759,647</u>	<u>\$ 662,438</u>	<u>\$ 56,645,490</u>	<u>\$ 170,065</u>

See accompanying notes to financial statements

City of Vicksburg, Mississippi
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
September 30, 2020

	Business -Type Activities					Internal Service
	Water Fund	Gas Fund	Sewer Fund	Other	Total	Funds
OPERATING REVENUES:						
Charge for Services	\$ 5,811,653	\$ 5,629,365	\$ 5,556,620	\$ 1,513,635	\$ 18,511,273	\$ 952,965
Other Revenue	123,258	1,080	990	-	125,328	-
Total Operating Revenue	<u>5,934,911</u>	<u>5,630,445</u>	<u>5,557,610</u>	<u>1,513,635</u>	<u>18,636,601</u>	<u>952,966</u>
OPERATING EXPENSES:						
Personnel Services	596,000	1,998,948	826,876	-	3,421,823	426,046
Contractual Services	2,404,313	3,027,010	2,314,600	1,605,186	9,351,109	10,878
Utilities	362,730	33,440	180,095	-	576,265	10,044
Repairs and Maintenance	305,788	196,019	445,161	4,500	951,469	1,830
Other Supplies and Expenses	1,025,649	226,809	331,487	28,487	1,612,432	646,109
Insurance Claims and Expenses	87,010	66,978	55,597	10,294	219,879	6,604
Depreciation	819,362	297,273	916,826	18,339	2,051,800	10,344
Total Operating Expenses	<u>5,600,853</u>	<u>5,846,477</u>	<u>5,070,641</u>	<u>1,666,806</u>	<u>18,184,777</u>	<u>1,111,856</u>
Operating Income (Loss)	<u>334,058</u>	<u>(216,032)</u>	<u>486,969</u>	<u>(153,172)</u>	<u>451,824</u>	<u>(158,891)</u>
NON-OPERATING REVENUE (EXPENSES)						
Interest and Investment Income	-	45,431	-	11,891	57,322	-
Operating Grants and Contributions	-	-	-	-	-	-
Interest Expense	(19,654)	(19,982)	(45,923)	-	(85,559)	-
Total Non-Operating Revenue (Expenses)	<u>(19,654)</u>	<u>25,449</u>	<u>(45,923)</u>	<u>11,891</u>	<u>(28,237)</u>	<u>-</u>
Income (Loss) before Transfers	<u>314,405</u>	<u>(190,584)</u>	<u>441,046</u>	<u>(141,280)</u>	<u>423,587</u>	<u>(158,891)</u>
TRANSFERS & Other Sources (Uses)						
Other	-	-	-	-	-	-
Transfers In (Out)	3,233,385	(20,000)	(38,891)	-	3,174,494	158,891
Total Transfers & Other Sources (Uses)	<u>3,233,385</u>	<u>(20,000)</u>	<u>(38,891)</u>	<u>-</u>	<u>3,174,494</u>	<u>158,891</u>
Change in Net Position	<u>3,547,790</u>	<u>(210,584)</u>	<u>402,156</u>	<u>(141,280)</u>	<u>3,598,081</u>	<u>-</u>
TOTAL NET POSITION - BEGINNING OF YEAR	18,703,416	14,182,784	19,357,492	803,718	53,047,409	170,065
Prior Period Adjustment	-	-	-	-	-	-
TOTAL NET POSITION - BEGINNING OF YEAR (Restated)	<u>18,703,416</u>	<u>14,182,784</u>	<u>19,357,492</u>	<u>803,718</u>	<u>53,047,409</u>	<u>170,065</u>
NET POSITION - END OF YEAR	<u>\$ 22,251,206</u>	<u>\$ 13,972,201</u>	<u>\$ 19,759,648</u>	<u>\$ 662,438</u>	<u>\$ 56,645,490</u>	<u>\$ 170,065</u>

See accompanying notes to financial statements

City of Vicksburg, Mississippi
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
September 30, 2020

	Business -Type Activities					Internal Service Fund
	Water Fund	Gas Fund	Sewer Fund	Other Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 5,934,911	\$ 5,630,445	\$ 5,557,610	\$ 1,513,635	\$ 18,636,601	\$ 952,965
Receipts from Interfund Services provided	-	241,321	260,545	-	501,866	158,891
Payments to Suppliers	(4,185,490)	(3,550,256)	(3,326,940)	(1,648,467)	(12,711,153)	(471,892)
Payments to Employees	(596,000)	(1,998,948)	(826,876)	-	(3,421,824)	(426,046)
Payments from Interfund Services Used	(722,200)	-	-	(40,639)	(762,839)	(210,504)
Net Cash Provided by Operating Activities	431,221	322,562	1,664,339	(175,471)	2,242,652	3,414
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from Capital Debt	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Acquisition and Construction of Capital Assets	51,802	(731,826)	(1,371,027)	77,126	(1,973,925)	23,702
Principal Paid on Capital Debt and Leases	-	-	-	-	-	-
Interest Paid on Capital Debt	(19,654)	(19,982)	(45,923)	-	(85,559)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	32,148	(751,808)	(1,416,950)	77,126	(2,059,484)	23,702
CASH FLOWS FROM INVESTING ACTIVITIES:						
Operating Contributions	-	-	-	-	-	-
Interest and Dividends Received	-	45,431	-	11,891	57,322	-
Net Cash Provided by (Used for) Investing Activities	-	45,431	-	11,891	57,322	-
Net Increase (Decrease) in Cash and Cash Equivalents	463,369	(383,815)	247,389	(86,454)	240,489	27,116
CASH BEGINNING OF YEAR	36,511	2,411,253	45,301	691,892	3,184,957	(162,758)
CASH END OF YEAR	<u>\$ 499,880</u>	<u>\$ 2,027,438</u>	<u>\$ 292,690</u>	<u>\$ 605,439</u>	<u>\$ 3,425,449</u>	<u>\$ (135,642)</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income	\$ 334,058	\$ (216,032)	\$ 486,969	\$ (153,172)	\$ 451,824	(158,891)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:						
Depreciation	819,362	297,273	916,826	18,339	2,051,800	10,344
Increase (Decrease) in:						
Receivables	(77,068)	(48,075)	(121,017)	6,800	(239,360)	(27,116)
Due from Other Funds	-	215,000	-	-	215,000	-
Prepaid Expenses and Inventories	-	-	-	-	-	141,268
Increase (Decrease) in:						
Accounts Payable	19,869	74,396	(68,439)	(47,438)	(21,612)	37,809
Other Accrued Expenses	-	-	-	-	-	-
Due to Other Funds	(665,000)	-	450,000	-	(215,000)	-
Customer Deposits	-	-	-	-	-	-
Capital Lease Payable	-	-	-	-	-	-
Net Cash Provided by Operating Activities	<u>\$ 431,221</u>	<u>\$ 322,562</u>	<u>\$ 1,664,339</u>	<u>\$ (175,471)</u>	<u>\$ 2,242,652</u>	<u>\$ 3,414</u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

City of Vicksburg, Mississippi
STATEMENTS OF FUDICIARY NET ASSETS
September 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 274,884
Other Receivables	<u>0</u>
Total Assets	<u>\$ 274,884</u>

LIABILITIES

Other Payables	\$ <u>274,884</u>
Total Liabilities	<u>\$ 274,884</u>

NET ASSETS

Held in trust for benefit and other purposes	<u>\$ -</u>
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See accompanying notes to financial statements

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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 in the subsequent sections of this note.

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, 2020

B. Financial Reporting Entity - Continued

- 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.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

The City reports the following major governmental funds:

General Fund – This fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

City Bond and Interest Fund – This fund is used to 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 – This fund is used to accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Fund – This fund is used to 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, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

Other Fund Types

The City also reports the following fund types:

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

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

D. Measurement Focus and Basis of Accounting

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.

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.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus and Basis of Accounting-Continued

“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.

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.

E. Equity Classification

Net position in government-wide and proprietary fund financial statements are classified in three components:

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowing attributable to the acquisition, construction or improvement of those assets.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Equity Classification – Continued

RESTRICTED

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

UNRESTRICTED

Unrestricted net position is all other net position not meeting the definition of “restricted” or “net investment in capital assets.”

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (“GASB Statement No. 54”), which became effective in fiscal 2011. Under GASB Statement No. 54, fund balance in governmental fund financial statements is classified as: non-spendable, restricted, committed, assigned, and unassigned.

The governmental fund type classified fund balances as follows:

- **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, 2020

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 properly approved.

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

G. Interfund Balances and Activity

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of fiscal year are referred to as "Due to/from other funds." Noncurrent portions of interfund receivables and payable are reported as "Advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account, if applicable, to indicate that they are available for appropriation and are not expendable available financial resources. Interfund receivables and payable between funds within governmental activities are eliminated in the Statements of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal balances."

H. Prepaid Items

Prepaid items are for payments made by the City in the current year to provide services in the subsequent fiscal year. Prepaid items are recorded using the consumption method.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Inventories

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

J. Capital Assets and Depreciation

Capital assets, which include land, construction in progress, infrastructure, buildings and improvements, leased equipment and equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are capitalized at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows.

<u>Description</u>	<u>Estimated Lives</u>
Land	-0- years
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
Leased property under Capital Leases	*

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

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Capital Assets and Depreciation - Continued

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. 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 accounts 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 the proprietary and financial statements, outstanding debts are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position.

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.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 \$ -0- 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 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.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

S. Pensions

For the purposes of measuring the net pension 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, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

T. 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.

U. Intergovernmental Revenue in Government Funds

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

V. 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.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

V. Recent Accounting Pronouncement - Continued

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.

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, 2019 and later year-ends). The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

GASB adopted the following Statements effective as the fiscal year September 30, 2020 with potential effective dates of December 31, 2020 due to COVID19: No. 83, "Assets Retirement Obligations," Statements No. 84, "Fiduciary Activities," Statement 88, "Debt Disclosures," and Statement 90,"Majority Equity Interests." The potential effective dates of December 31, 2020 also apply to IG 2019-1 update and IG 2019-2.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

W. 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.

NOTE 2. CASH AND CASH EQUIVALENTS

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, 2020, 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, 2020, the carrying amount (recorded on the City's books) of the City's demand deposits was \$13,585,581 and the bank balance was \$14,161,760. The City also has \$3,492,286 (carrying value) of investments held in trust and insured at two local trust departments for the perpetual care non-expendable trust. Of the bank balances, \$750,000.00 was insured by the FDIC and the \$ 13,411,760 was covered by pooled and/or pledged collateral. As of September 30, 2020, the carrying amount of the City's restricted cash was \$ 8,049,181.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Government Obligations	Cost	FMV
Treasury and Federal Agencies	\$14,513	\$14,513
Equity Mutual Funds	1,042,831	1,042,831
Fixed Income Mutual Funds	2,386,600	2,386,600
Cash and Equivalents	52,342	52,342
	<u>\$3,496,286</u>	<u>\$3,496,286</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. Investments are classified by credit risk by Level 1, which is insured, or registered securities held by the bank's trust department. Current rating of the mutual funds as of September 30, 2020 ranges from A to AAA to BBB. As of SEPTEMBER 30, 2020, 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
Corporate Bonds	\$2,337,646	\$ 105,297		
Equities	\$1,042,831	-	-	-
U. S. Government Agencies	\$ 14,512		-	-

Custodial Credit Risk: All investments are not exposed to custodial credit risk as they are entirely insured and registered 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, 2020

NOTE 3. 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 4. 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	5.14
Total Mills	<u>35.88</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, 2020

NOTE 4. 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, 2020

NOTE 5. RECEIVABLES AND PAYABLES

Receivables at September 30, 2020 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Allowance</u>	<u>Total</u>
Governmental Activities				
Total Governmental Activities	\$ <u>15,756,091</u>	\$ <u>4,002,887</u>	\$ <u>(1,481,112)</u>	\$ <u>18,277,866</u>
Business-type Activities				
Total Business-type Activities	\$ <u>1,479,495</u>	\$ <u>270,322</u>	\$ <u>(435,794)</u>	\$ <u>1,314,023</u>

Payables at September 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities				
Total Governmental Activities	\$ <u>2,535,231</u>	\$ <u>142,191</u>	\$ <u>95,710</u>	\$ <u>2,773,132</u>
Business-type Activities				
Total Business-type Activities	\$ <u>1,579,097</u>	\$ <u>501,784</u>	\$ <u>43,317</u>	\$ <u>2,124,198</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2020 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, 2020

NOTE 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2020, for the primary government is as follows:

	Beginning Balance	Additions	Retirement/ Transfers	Ending Balance
Governmental Activities:				
Land	\$ 12,581,542	\$ -	\$ -	\$ 12,581,542
Buildings	35,207,405	1,344,906	-	36,552,310
Furniture and Equipment	26,931,435	1,171,809	-	28,103,244
Other Capital Assets	57,288,327	340,622	-	57,628,949
Infrastructure	115,701,657	1,878,276	-	117,579,933
Construction in Progress	5,394,879	3,157,821	2,496,207	6,056,493
Total Capital Assets	\$ 253,105,245	\$ 7,893,434	\$ 2,496,207	\$258,502,472
Less Accumulated Depreciation for:				
Buildings	\$ 13,910,283	\$ 685,893	\$ -	\$ 14,596,176
Furniture and Equipment	20,843,096	1,741,883	-	22,584,979
Other Capital Assets	15,629,903	1,984,229	-	17,614,132
Infrastructure	68,511,373	1,554,356	-	70,065,729
Total Accumulated Depreciation	\$ 118,894,655	\$ 5,966,362	\$ -	\$124,861,017
Net Governmental Activities Capital Assets	\$ 134,210,590	\$ 1,927,072	\$ 2,496,207	\$133,641,455
Business-Type Activities:				
Land	\$ 1,200,300	\$ -	\$ -	\$ 1,200,300
Buildings, Plant and System	79,054,419	240,400	-	79,294,819
Furniture and Equipment	11,240,908	314,754	-	11,555,662
Other Capital Assets	8,321,020	81,565	-	8,402,585
Construction in Progress	3,031,841	5,068,229	201,261	7,898,808
Total Capital Assets	\$ 102,848,489	\$ 5,704,948	\$ 201,261	\$108,352,175
Less Accumulated Depreciation for:				
Buildings, Plant and System	\$ 34,025,508	\$ 1,281,922	\$ -	\$ 35,307,430
Furniture and Equipment	8,712,999	496,858	-	9,209,857
Other Capital Assets	3,855,899	273,020	-	4,128,919
Total Accumulated Depreciation	\$ 46,594,406	\$ 2,051,800	\$ -	\$ 48,646,206
Net Business-Type Activities Capital Assets	\$ 56,254,083	\$ 3,653,147	\$ 201,261	\$ 59,705,968

Depreciation expenses of \$8,018,162 for the year ended September 30, 2020, was charged to the following governmental activities:

Governmental activities:	<u>\$5,966,362</u>
Business-type activities:	<u>\$2,051,800</u>

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 8. 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, 2020:

	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>
<u>Governmental Activities</u>			
General Obligation Bonds:			
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%
2018 General Obligation Bond	March-2038	\$ 9,930,000	2.0-3.75%
2018 General Obligation Bond (Sport Complex)	July-2048	\$ 22,495,000	2.0-5.00%
<u>Business-Type Activities</u>			
Other:			
2008 State Revolving Fund Loan	November-2027	\$ 4,163,589	1.75%

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 8. LONG-TERM OBLIGATION- CONTINUED

<u>Description of Debt</u>	<u>Balance - 10/1/2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance - 9/30/2020</u>	<u>Due Within One Year</u>
<u>Government Activities:</u>					
General Obligation Bonds:					
Unredeemed Bond (Old Compromise)	\$ 300	\$ -	\$ -	\$ 300	\$ -
2015 General Obligation Bond	8,870,000	-	655,000	7,575,000	655,000
2018 General Obligation Bond	9,580,000	-	360,000	9,220,000	370,000
2018 General Obligation Bond Bond (Sports Complex)	22,055,000	-	445,000	21,610,000	460,000
	<u>40,505,300</u>	<u>-</u>	<u>1,460,000</u>	<u>38,405,300</u>	<u>1,485,000</u>
<u>Business-Type Activities:</u>					
General Obligation Bonds:					
2008 State Revolving Fund Loan	1,904,066		218,806	1,685,260	222,666
	<u>\$ 1,904,066</u>	<u>\$ -</u>	<u>\$ 218,806</u>	<u>\$ 1,685,260</u>	<u>\$ 218,806</u>
TOTAL	\$ 41,769,066	\$ -	\$ 1,678,806	\$ 40,090,260	\$ 1,717,666

The **debt service requirement** on long-term obligations at September 30, 2020, is as follows:

	Governmental Activities			
	General Obligation Bonds		Other	
	Principal	Interest	Principal	Interest
Year Ending September 30,				
2021	\$ 1,495,000	\$ 1,428,631	\$ -	\$ -
2022	1,530,000	1,390,281	-	-
2023	1,575,000	1,344,231	-	-
2024	1,625,000	1,292,706	-	-
2025	1,690,000	1,230,231	-	-
2062-2030	9,410,000	5,195,028	-	-
2031-2035	6,305,000	3,799,919		
2036-2040	6,135,000	2,583,597		
2041-2045	5,025,000	1,604,000		
2046-2050	3,615,300	367,500	-	-
Total	\$ 38,405,300	\$ 20,236,124	\$ -	\$ -

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 8. LONG-TERM OBLIGATION- CONTINUED

	Business-Type Activities			
	General Obligation Bonds		Other	
	Principal	Interest	Principal	Interest
Year Ending September 30,				
2021	\$ -	\$ -	\$ 222,666	\$ 27,712
2022	-	-	226,594	23,784
2023	-	-	230,591	19,786
2024	-	-	234,659	15,718
2025	-	-	238,799	11,579
2026-2030	-	-	531,951	10,536
2031-2035	-	-	-	-
2036-2040	-	-	-	-
Total	\$ -	\$ -	\$ 1,685,260	\$ 109,115

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.

Governmental Activities Debt Analysis
As of September 30, 2020

	9/30/20 Balance	Current Liability Due Within One Year	Noncurrent Liab. Due in More Than One Year
2015 GO Bond	\$7,575,000	\$665,000	\$6,910,000
2018 GO Bond	\$9,220,000	\$370,000	\$8,850,000
2018 GO Bond (Sports Complex)	\$21,610,000	\$460,000	\$21,150,000
2020 Trustmark Path Loan	\$2,623,631	\$38,491	\$2,585,140
Trustmark ESCO Loan	\$748,429	\$98,636	\$649,793
MDA CAP Loan	\$1,114,663	\$52,345	\$1,062,317
Totals	\$42,891,722	\$1,684,472	\$41,207,250

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

	Twenty Percent (20%) Debt Limit	Percent	Fifteen Percent (15%) Debt Limit	Percent
Total Statutory Debt Capacity	\$58,062,210		\$43,546,658	
Current Outstanding Debt, subject to limit	<u>16,795,000</u>	<u>28.93%</u>	<u>16,795,000</u>	<u>38.57%</u>
Balance of Bonding Capacity	\$41,267,210	71.07%	\$26,751,658	61.43%

Covenant of Indebtedness

In no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxation property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15) of the assessment upon which taxes were levied for its fiscal year ending September 30, 2020, whichever is greater.

Compensated Absences

The annual changes to compensated absences included in general long-term debt as of September 30, 2020, are as follows:

	Governmental Activities	Business-Type Activities
Beginning Balance	\$ 903,186	\$ 153,555
Additions	433,175	78,714
Reduction	<u>(371,768)</u>	<u>(107,748)</u>
Ending Balance	<u>\$ 964,593</u>	<u>\$ 124,521</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, 2020

NOTE 8. 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, 2020, were as follows:

Year Ending September 30,	Governmental Activities	Business- Type
2021	\$ 371,073	\$ 674,244
2022	444,168	674,244
2023	444,168	674,244
2024	444,168	521,066
2025	444,168	61,531
2026-2030	1,868,357	61,531
2031-2035	1,512,566	-
2036-2040	141,782	-
Total Minimum Lease Payments	\$ 5,670,450	\$ 2,115,678
Less: Amount Representing Interest	1,107,358	91,867
Present Value of Minimum Lease Payments	\$ <u>4,563,092</u>	\$ <u>2,023,811</u>
 Current Principal Portion Due in One Year	 \$ <u>190,952</u>	 \$ <u>633,957</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, 2020, such interfund premiums did not exceed reimbursable expenditures.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 8. 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>
2019		
Balance, Beginning of the Year	\$ 227,231	\$ 42,139
Claims Incurred	3,898,345	882,724
Claims Payments	<u>3,911,927</u>	<u>860,624</u>
Balance, End of the Year	<u>\$ 213,649</u>	<u>\$ 64,239</u>
	<u>Government Activities</u>	<u>Business-Type Activities</u>
2020		
Balance, Beginning of the Year	\$ 227,123	\$ 46,087
Claims Incurred	3,326,250	756,977
Claims Payments	<u>3,326,250</u>	<u>760,925</u>
Balance, End of the Year	<u>\$ 227,123</u>	<u>\$ 42,139</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, 2020

NOTE 9. 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. The Public Employees' Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans.

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 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,171.8 million and members contributed \$594.7 million for fiscal year 2020. PERS employers contributed \$1,038.1 million and members contributed \$580.9 million for fiscal year 2019.

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.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

General Information about the Pension Plan - Continued

Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with 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 amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, is fixed at 17.40 percent of earned compensation. Contributions to the pension plan from the City for the years ended September 30, 2020, 2019 and 2018 were \$ 2,725,357, \$2,592,368 and \$2,550,296, respectively. The contributions for each year met the required contributions.

GASB Statement No.68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability, deferred outflows of Resources, deferred inflows of resources, and pension liability.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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

Pension Liability. At September 30, 2020, the City reported a liability of \$47,391,210 for its proportionate share of net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. 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, 2020 relative to the total actual contributions of all participating employers for the year ended September 30, 2020. At the September 30, 2020 measurement date, the City's proportion was 0.244804 percent. The proportion measured as of September 30, 2019 was 0.252727 percent.

Pension Expense. For the year ended September 30, 2020, the City recognized a pension expense of \$4,501,042.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2020, 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	\$ 411,361	\$ -
Changes in assumptions	265,108	0
Net difference between projected and actual earnings on pension plan investments	1,946,650	0
Entity contributions subsequent to the measurement date	<u>2,836,357</u>	<u>-</u>
Total	<u>\$ 5,459,476</u>	<u>\$ -</u>

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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,	
2021	\$ 167,510
2022	905,366
2023	922,962
2024	627,280

Actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The TPL as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019. 18. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.00-18.25 Percent, including Inflation
Investment Rate of Return	7.75 Percent, Net of Pension Plan Investment Expenses, including Inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 15% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scale up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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, 2020

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>
Domestic Equity	4.90%	27%
International Equity	4.75%	22%
Global Equity	5.00%	12%
Fixed Income	0.50%	20%
Real Estate	4.00%	10%
Private Equity	6.25%	8%
Cash	(0.00)%	1%
		100%

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 contribution rate (17.40%). 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 PERS, calculated using the discount rate of 7.75 percent, as well as what PERS'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, 2020

	<u>1% Decrease</u> <u>(6.75)%</u>	<u>Current Discount Rate</u> <u>(7.75)%</u>	<u>1% Increase</u> <u>(8.75)%</u>
City of Vicksburg's Proportionate Share of the Net Pension Liability	\$ 61,342,098	\$47,391,210	\$ 35,876,122

Payable to the Pension Plan

At June 30, 2019, 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, 2019.

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.

The Plan is included in the PERS Comprehensive Annual Report (CAFR) as part of the Pension Trust Funds. The systems most recent CAFR for the year ended June 30, 2020 should be read in conjunction with these financial statements.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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. *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, 2020, the total COLAs for MRS plans were \$ 5,451,000.

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.

Contributions to the pension plan from the City for the years ended September 30, 2020, 2019 and 2018 were \$1,365,617, \$ 294,277 and \$ 818,979, respectively. The contributions for each year met the required contributions.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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

Pension Liability. At September 30, 2020, the City reported a liability of \$9,385,928 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, 2020 relative to the total actual contributions of all participating employers for the year ended September 30, 2020. At the September 30, 2020 measurement date, the City's proportion was 8.22 percent.

Pension Expense. For the year ended September 30, 2020, the City recognized a pension expense of \$1,022,419.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2020, 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, 2020

	<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	315,041	-
Entity contributions subsequent to the measurement date	-	-
Total	<u>\$ 315,041</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,	
2021	\$ (11,773)
2022	119,218
2023	122,478
2024	85,118
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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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, 2020, for further information pertaining to the methods used to estimate the fair value of the Plan's Investments.

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:

	<u>1% Decrease</u> <u>(6.75)%</u>	<u>Current Discount Rate</u> <u>(7.75)%</u>	<u>1% Increase</u> <u>(8.75)%</u>
City of Vicksburg's Proportionate Share of the Net Pension Liability	\$ 10,727,015	\$ 9,385,928	\$ 8,207,478

NOTE 10. FUND EQUITY

Total governmental fund balances have positive balances of \$ 19,590,892 at the end of the fiscal year. Although the total governmental funds reflect an excess of expenditures over revenue of \$1,049,618 with transfers out of \$3,333,385, the ending fund balance is a positive balance of \$19,590,892. All other funds of the total governmental funds have positive fund balances at the end of the current fiscal year.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 11. 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, 2020, for a monthly management fee of \$10,927.27 per month.

NOTE 12. UNEARNED INCOME

Income represents property taxes assessed as of September 30, 2020 but due in fiscal year 2020.

NOTE 13. 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, 2020

NOTE 14. PRIOR PERIOD ADJUSTMENT

The City has a prior period adjustment of \$ 5,469,063 resulting from pension adjustments in records and accounts.

NOTE 15. EFFECTS OF DEFERRED AMOUNTS ON NET POSITION

The \$ 5,774,517 balance of the deferred outflow of resources at September 30, 2020 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 60,990,975 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pension.

The \$ -0- balance of the deferred inflow of resources at September 30, 2020 will be a material effect on the financial statements as a result of the cases presently in progress. The unrestricted net position amount of \$ 60,990,975 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 16. 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 17. 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 five (5) tax abatement agreements with five (5) entities as of September 30, 2020, 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, 2020

NOTE 17. TAX ABATEMENTS – continued

Three abatements were effective for FY2020 as follows:

Category	% of Taxes Abated	Amount of Taxes Abated
Hotel, Apartments and Restaurants	3.588%	\$ 16,392

These three 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 18. 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 June 21, 2021, (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 June 21, 2021.
- There are no Equal Employment Opportunity Commission claims as of September 30, 2020.

City of Vicksburg, Mississippi
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

NOTE 18. SUBSEQUENT EVENTS - Continued

- On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures and worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. Nevertheless, City had maintained all services from March 9, 2020 through June 21, 2021, (the date of the financial statements was available to be issued). The City's major revenue sources, including businesses that collect sales taxes, has not directly negatively impact the City. However, the resulting impact of this pandemic upon the operations of the City is uncertain at this time.
- A bidder for a construction project of \$641,265.00 for two (2) parks in the City of Vicksburg, MS contested the awarding of the project to the second lowest bid for \$ 727,580.91. The lowest bidder did not comply with the requirement of the bid and did not sign his proposal. Based upon the review by the City's attorney the decision will be upheld in the favor of the Board of Mayor and Aldermen for the second lowest offer.

III. REQUIRED SUPPLEMENTAL INFORMATION (PART B)

BUDGET COMPARISON SCHEDULES

City of Vicksburg, Mississippi
BUDGET AND ACTUAL (WITH VARIANCES) – GENERAL FUND
September 30, 2020

	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 8,540,500	\$ 8,360,359	\$ 8,366,989	\$ 6,630
Sales and Miscellaneous Taxes	13,882,606	12,862,759	12,972,768	110,009
Fees and Fines	2,579,100	2,208,557	2,233,386	24,829
Licenses and Permits	1,375,400	1,220,400	1,174,812	(45,588)
Intergovernmental	2,650,000	3,575,270	3,376,037	(199,233)
Charges for Services	150,000	150,000	175,916	25,916
Investment Earnings (Loss)	40,000	40,000	77,491	37,491
Miscellaneous	417,000	497,577	372,742	(124,835)
Total Revenues	<u>29,634,606</u>	<u>28,914,922</u>	<u>28,750,141</u>	<u>(164,781)</u>
EXPENDITURES				
Current:				
General Government	5,822,051	5,924,537	5,674,461	(250,076)
Public Safety	15,776,175	16,960,014	16,912,971	(47,043)
Public Works	3,573,345	3,515,398	3,485,647	(29,751)
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	3,537,290	3,232,875	3,083,705	(149,170)
Debt Service:				
Principal	340,923	88,309	146,992	58,683
Interest and Other Charges	114,257	114,257	55,572	(58,685)
Capital Outlay	349,200	6,458,686	2,949,825	(3,508,861)
Total Expenditures	<u>29,513,241</u>	<u>36,294,076</u>	<u>32,309,172</u>	<u>(3,984,904)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>121,365</u>	<u>(7,379,154)</u>	<u>(3,559,031)</u>	<u>3,820,123</u>
OTHER FINANCING SOURCES (USES)				
Other Sources (Uses)	-	-	-	-
Transfers In (Out)	192,557	4,384,274	2,895,912	(1,488,362)
Total Other Financing Sources and Uses	<u>192,557</u>	<u>4,384,274</u>	<u>2,895,912</u>	<u>(1,488,362)</u>
Net Change in Fund Balances	313,922	(2,994,880)	(663,119)	2,331,761
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>13,379,759</u>	<u>13,379,759</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,716,641</u>	<u>\$ 12,716,641</u>

See accompanying notes to required supplemental information.

City of Vicksburg, Mississippi
BUDGET AND ACTUAL (WITH VARIANCES) – CITY BOND AND INTEREST FUND
September 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 1,597,000	\$ 1,597,000	\$ 1,597,201	\$ 201
Sales and Miscellaneous Taxes	-	-	-	-
Fees and Fines	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings (Loss)	10,000	10,000	18,735	8,735
Miscellaneous	-	-	-	-
Total Revenues	<u>1,607,000</u>	<u>1,607,000</u>	<u>1,615,936</u>	<u>8,936</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	1,015,000	1,015,000	1,015,000	-
Interest and Other Charges	862,000	862,000	590,215	(271,785)
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,877,000</u>	<u>1,877,000</u>	<u>1,605,215</u>	<u>(271,785)</u>
				-
Excess (Deficiency) of Revenues Over Expenditures	<u>(270,000)</u>	<u>(270,000)</u>	<u>10,721</u>	<u>280,721</u>
OTHER FINANCING SOURCES (USES)				
Other Sources (Uses)	-	-	-	-
Transfers In (Out)	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	10,721	10,721
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>604,091</u>	<u>604,091</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,812</u>	<u>\$ 614,812</u>

See accompanying notes to required supplemental information.

City of Vicksburg, Mississippi
BUDGET AND ACTUAL (WITH VARIANCES)
CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales and Miscellaneous Taxes	-	-	-	-
Fees and Fines	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings (Loss)	10,000	10,000	76,271	66,271
Miscellaneous	-	-	2,623,631	2,623,631
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>2,699,902</u>	<u>2,689,902</u>
EXPENDITURES				
Current:				
General Government	-	-	12,071	12,071
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health, Welfare and Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	2,216,408	2,216,408
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,228,479</u>	<u>2,228,479</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,000</u>	<u>10,000</u>	<u>471,423</u>	<u>461,423</u>
OTHER FINANCING SOURCES (USES)				
Other Sources(Uses)	-	-	-	-
Transfers In (Out)	-	(2,283,902)	(1,653,408)	630,494
Total Other Financing Sources and Uses	<u>-</u>	<u>(2,283,902)</u>	<u>(1,653,408)</u>	<u>630,494</u>
Net Change in Fund Balances	-	-	(1,181,985)	(1,181,985)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>4,468,637</u>	<u>4,468,637</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,286,652</u>	<u>\$ 3,286,652</u>

See accompanying notes to required supplemental information.

City of Vicksburg, Mississippi
NOTES TO BUDGET AND ACTUAL (WITH VARIANCES)
YEAR ENDED SEPTMEBER 30, 2019

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, 2020, 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Vicksburg's Proportion of the Net Pension Liability	0.244804%	0.252727%	0.253562%	0.26027%	0.25433%	0.24669%
City of Vicksburg's Proportionate Share of the Net Pension Liability	\$ 47,391,210	\$ 44,459,666	\$ 42,174,894	\$ 43,265,375	\$ 45,429,689	\$ 38,162,780
City of Vicksburg's Covered-Employee Payroll	\$ 16,312,902	\$ 14,898,667	\$ 15,211,770	\$ 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	290.51%	286.29%	277.25%	275.30%	279.22%	228.56%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.97%	61.59%	62.54%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Vicksburg's Required Contribution	\$ 2,836,357	\$ 2,592,368	\$ 2,550,296	\$ 2,629,671	\$ 2,562,542	\$ 2,629,750
City of Vicksburg's Contributions in relation to the Contractually Required Contribution	<u>\$ 2,836,357</u>	<u>\$ 2,592,368</u>	<u>\$ 2,550,296</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Vicksburg's Covered Employee Payroll	\$ 16,312,902	\$ 14,898,667	\$ 15,211,770	\$ 15,715,578	\$ 16,270,108	\$ 16,696,825
Contributions as a Percentage of Covered Employee Payroll	17.40%	17.40%	16.77%	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>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Vicksburg's Proportion of the Net Pension Liability	6.97233%	6.83982%	5.5665%	4.650767%	5.3788%	8.2220%
City of Vicksburg's Proportionate Share of the Net Pension Liability	\$ 9,255,583	\$ 9,874,141	\$ 9,747,489	\$ 9,198,477	\$ 9,454,217	\$ 9,385,928
City of Vicksburg's Covered-Employee Payroll	N/A	N/A	N/A	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	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.04%	63.07%	53.32%	53.48%	49.90%	48.81%

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
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM (PERS) (FIRE & POLICE)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Vicksburg's Required Contribution	\$1,287,302	\$294,777	\$871,320	\$1,037,826	\$ 862,607	\$ 970,498
City of Vicksburg's Contributions in relation to the Contractually Required Contribution	\$1,365,617	\$294,777	\$818,979	\$ 987,105	\$1,009,216	\$1,134,434
City of Vicksburg's Contribution Deficiency (Excess)	<u>\$ (78,315)</u>	<u>\$ -</u>	<u>\$ 52,341</u>	<u>\$ 50,721</u>	<u>\$ (146,609)</u>	<u>\$ (163,936)</u>
City of Vicksburg's Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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, 2020

OFFICIAL'S ADMINISTRATION OCTOBER 1, 2019 TO SEPTEMBER 30, 2020

<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
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	2/25/2022
Tasha Wynn Jordon	Deputy City Clerk	Western Surety Company	\$ 150,000	10/8/2021
Deborah Nickson	Deputy City Clerk	Traveler Casualty Company	\$ 150,000	7/14/2021
Robert L. Stewart, III	Deputy Chief of Police	Western Surety Company	\$ 50,000	7/25/2021
Eric Paymon	Deputy Chief of Police	Western Surety Company	\$ 50,000	7/5/2021

City of Vicksburg, Mississippi
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying #	Federal Expenditure
U.S. Department of Justice:			
Direct Programs:			
Bureau of Justice Department, coronavirus Emergency Supplemental Funding (CESF) Program	16.034	2020-BX-BX-0368	\$53,210
Total U. S. Department of Justice			<u>\$53,210</u>
U. S. Department of Homeland Security			
Pass through program from Mississippi Emergency Management Agency: Public Assistance – (April 13th Tornado/storm)	97.036	FEMA 4450-DR-MS	37,207
Pass through program from Mississippi Emergency Management Agency: MS Homeland Security	97.036	FEMA-4528-DR-MS	56,461
Total U.S. Department of Homeland Security			<u>\$93,668</u>
U. S. Department of Health and Human Services			
Direct Programs:			
CARES Provider Relief Fund (Ambulance)	93.498	HHS-79911296903	\$36,417
Total U. S. Department of Health and Human Services			<u>\$36,417</u>
U.S. Department of Transportation (DOT)			
Direct Programs:			
Federal Aviation Administration	20.106	3-28-0073-010-2019	121,343
Federal Aviation Administration - (CARES ACT)	20.106	3-28-0073-010-2020	30,000
			<u>\$151,343</u>
Pass through programs from MS Department of Transportation (MDOT)			
Transportation Alternative Program (TAP)	20.205		
Division of Public Safety Planning (402 Occupant)	20.600	STP-0440-00(014)LPA/106875-70100	44,630
			<u>\$44,630</u>
Total U.S. Department of Transportation			<u>\$195,973</u>
U.S. Department of Housing & Urban Development (HUD)			
Pass through program from MS Home Corporation (MHC) 2016 HOME Rehabilitation/Reconstruction Project	14.239	1228-M16-SG-280-374	460,260
			<u>\$460,260</u>
Total U.S. Department of Housing & Urban Development (HUD)			<u>\$460,260</u>
U.S. Department of Environmental Protection Agency (EPA)			
Direct Programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00D60616	(900)
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01D1230	5,577
			<u>\$4,677</u>
Pass thru Mississippi Department of Environmental Quality Clean Water Pollution Control Revolving Loan	66.458	SFR-C280-733-04	\$144,132
Total U.S. Department of Environmental Protection Agency (EPA)			<u>\$148,809</u>
U. S. Department of Defense			
Pass through programs from Dept of Army, Office of the Chief Engineers MS Environmental Infrastructure - Section 592 Waterline Improvement	12.124	592 Waterline Improvement	3,308,385
Total Department of Defense			<u>\$3,308,385</u>
U.S. Dept. of Agriculture			
Pass through programs from Natural Resources Conservation Service (NRCS) Emergency Watershed Protection Program – Hennessey Bayou Project	10.923	NR204423XXXXC014	253,153
Total U.S. Department of Agriculture			<u>\$253,153</u>
U.S. Dept. of Army			
Pass through US Army Corps of Engineers, Vicksburg District (USACE,MVK)	12.011	W912EE-19-2-0001	54,974
Total U.S. Dept of Army			<u>\$54,974</u>
U.S. Department of the Treasury			
Pass through Mississippi Home Corporation	21.unknown	BEP-004	15,967
Pass thru Mississippi Emergency Management Agency Mississippi Emergency Relief Program (MERP) CARES ACT	21.019	MERP	\$558,755
			<u>\$574,722</u>
TOTAL EXPENDITURES OF FEDERAL AWARD:			<u>\$5,179,571</u>

City of Vicksburg, Mississippi
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under the programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200. Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Vicksburg, Mississippi.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reports as expenditures in prior years.

3. Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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, 2020

The City has taken corrective actions on findings from the prior reports from October 1, 2007 through SEPTEMBER 30, 2019, except as follows:

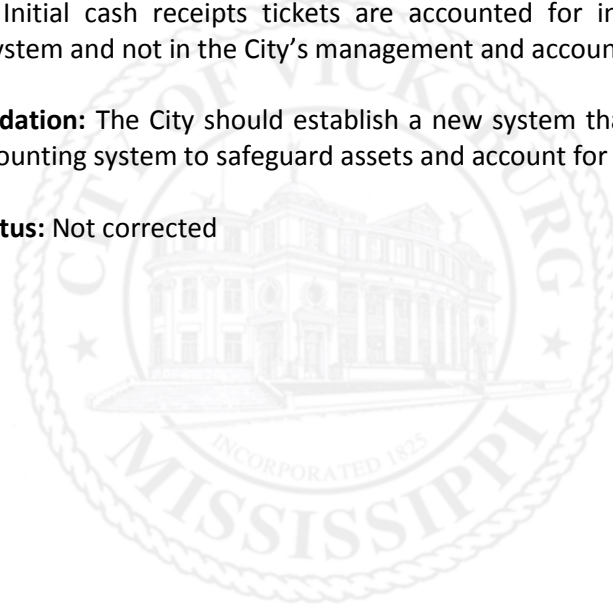
2009-9; 2010-8; 2011-8; 2012-3; 2013-002; 2014-002; 2015-001; 2016-001; 2017-0016; 2018-001 and 2019-001.

Cash Receipts System – Fines and Fees – Police Station

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

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



V. INTERNAL CONTROL AND COMPLIANCE



Booker T. Camper Jr., CPA PLLC

**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, 2020, and the related notes to the financial statements, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements, and have issued my report thereon dated June 21, 2021.

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 (2020-001).

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.

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

Booker T. Camper, Jr.

Memphis, Tennessee

June 21, 2021



Booker T. Camper Jr., CPA PLLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Aldermen
City of Vicksburg, Mississippi

Report on Compliance for Each Major Federal Program

I have audited the City of Vicksburg, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. City of Vicksburg, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance on the City of Vicksburg, Mississippi's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Its Major Federal Program

In my opinion, the City of Vicksburg, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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

Booker T. Camper, Jr.

Memphis, Tennessee

June 21, 2021

City of Vicksburg, Mississippi
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? One (1) reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
12.124	U. S. Department of Defense

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as low-risk auditee? Yes.

City of Vicksburg, Mississippi
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2020-001 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 2020 audit report.

Schedule II: Financial Statements Findings

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

Section III: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to the financial awards.



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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, 2020, which collectively comprise the City of Vicksburg, Mississippi's basic financial statements and have issued my report thereon dated June 21, 2021. 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 and requires an investment policy approved by the Board of the City commensurate with the State rules and regulations.

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

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

Booker T. Camper, Jr.
Memphis, Tennessee
June 21, 2021