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YAZOO CITY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2020



YAZOO CITY, MISSISSIPPI

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YAZOO CITY, MISSISSIPPI

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, Mississippi, (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, 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.

Other Matters

Required Supplementary Information

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

Other Information

The Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections – 2019 Tax Rolls, Schedule of Long-Term Debt, and Computation of Legal Debt Margin have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of Yazoo City, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yazoo City, 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 Yazoo City, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

April 30, 2021

YAZOO CITY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

Our discussion and analysis of Yazoo City's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows at the close of the 2020 fiscal year by \$4,160,124 (net position). Of this amount, the unrestricted net position showed a deficit balance of (\$6,428,175).
- The remaining net position of the City includes: \$7,850,210 invested in capital assets, net of related debt, and \$2,738,089 restricted (for General Government, Public Safety, Highways and Streets, Culture & Recreation, Debt Service, and Capital Projects).
- Other Statement of Net Position Increases (Decreases) from 2019.
 - Total Assets increased \$1,294,289.
 - Deferred outflows of resources increased \$417,341.
 - Total Liabilities decreased \$194,288.
 - Deferred inflows of resources increased \$517,311.
 - Total net position increased \$1,388,607.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

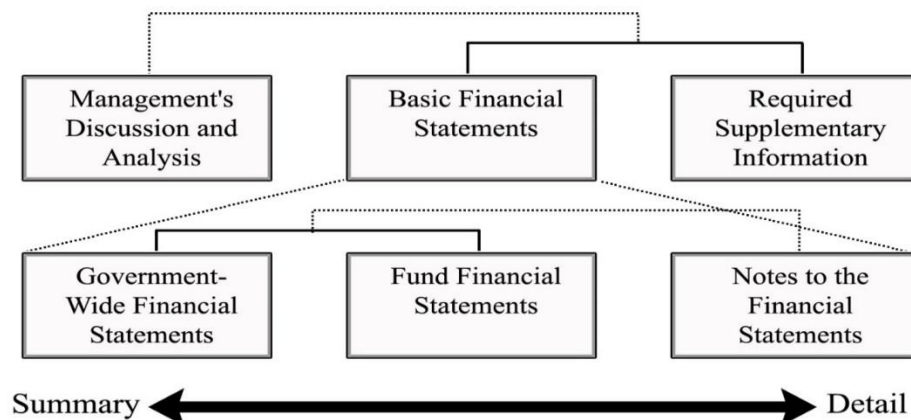


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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

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

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

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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

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

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

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

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

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

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

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

Yazoo City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt & Debt Service Funds, and Capital Project Funds

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 17 through 20.

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 7 fiduciary funds consisting of the police and fire pension fund, city separate school district tax clearing fund, payroll clearing fund, unemployment tax reserve, cemetery trust, and crump school trust fund. The combined fiduciary financial statement of fiduciary net position and changes in Fiduciary net position can be found on page 24.

3) Notes to the Financial Statements. The notes, presented on pages 25 through 51, provide additional narrative and tabular information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary control and pensions on pages 52 through 63.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2020, the assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows by \$4,160,124.

One of the largest portions of the City's net position, \$7,850,210 (189%) reflects its accumulation of funds to invest in capital assets (land, buildings, machinery and equipment, etc.). The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

(Table 1)
Net Position

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2020	2019	2020	2019	2020	2019		
Current and other assets	\$ 7,005,496	\$ 5,994,766	418,969	374,537	7,424,465	6,369,303	1,055,162	16.57%
Capital assets, net	14,451,762	14,204,971	719,130	726,794	15,170,892	14,931,765	239,127	1.60%
Total Assets	21,457,258	20,199,737	1,138,099	1,101,331	22,595,357	21,301,068	1,294,289	6.08%
Deferred outflows	617,705	240,039	62,272	22,597	679,977	262,636	417,341	158.90%
Current and other liabilities	618,398	261,948	11,689	1,647	630,087	263,595	366,492	139.04%
Net pension liability	9,456,137	9,683,699	871,147	879,598	10,327,284	10,563,297	(236,013)	-2.23%
Long-term debt	7,466,460	7,789,211	17,134	19,150	7,483,594	7,808,361	(324,767)	-4.16%
Total Liabilities	17,540,995	17,734,858	899,970	900,395	18,440,965	18,635,253	(194,288)	-1.04%
Deferred inflows	606,820	141,240	67,425	15,694	674,245	156,934	517,311	329.64%
Net Position:								
Net investment in capital assets	7,131,080	9,364,495	719,130	726,794	7,850,210	10,091,289	(2,241,079)	-22.21%
Restricted	2,738,089	466,765	-	-	2,738,089	466,765	2,271,324	486.61%
Unrestricted	(5,942,021)	(7,267,582)	(486,154)	(518,955)	(6,428,175)	(7,786,537)	1,358,362	-17.45%
Total Net Position	\$ 3,927,148	\$ 2,563,678	232,976	207,839	4,160,124	2,771,517	1,388,607	50.10%

The City's total assets increased \$1,294,289 during 2020 with governmental activities showing an increase of \$1,257,521 and business-type activities showing an increase of \$36,768.

The City's total liabilities decreased \$194,288 with governmental activities showing a decrease in liabilities of \$193,863 and business-type activities showing a decrease of \$425.

The City's net position increased \$1,388,607 from 2019.

Additional information on unrestricted net position:

In connection with the pension standards (GASB 68 & 71) on accounting and financial reporting for pensions, management presents the following additional information:

Pension Effect on Net Position				
	Total		Favorable (Unfavorable)	Percentage change
	2020	2019		
Total unrestricted net position (deficit)	\$ (6,428,175)	\$ (7,786,537)	1,358,362	17.45%
Plus: unrestricted deficit in net position resulting from recognition of pensions	10,321,552	10,457,595	(136,043)	-1.30%
Unrestricted net position, exclusive of the net pensions liability effect	\$ 3,893,377	\$ 2,671,058	\$ 1,222,319	45.76%

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

(Table 2)

Statement of Activities
Increase (Decrease) in Net Position

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2020	2019	2020	2019	2020	2019	(Decrease)	Change
Program Revenues:								
Charges for services	\$ 189,235	\$ 145,015	1,302,731	1,263,448	1,491,966	1,408,463	83,503	5.93%
Grants and contributions	832,517	246,613			832,517	246,613	585,904	237.58%
General Revenues:								
Property taxes	4,761,411	4,426,574			4,761,411	4,426,574	334,837	7.56%
Sales and tourism taxes	2,147,232	2,039,596			2,147,232	2,039,596	107,636	5.28%
Other taxes and other	845,695	751,508	(43,669)	(26,380)	802,026	725,128	76,898	10.60%
Total Revenues	8,776,090	7,609,306	1,259,062	1,237,068	10,035,152	8,846,374	1,188,778	13.44%
Program Expenses:								
General government	\$ 1,878,868	\$ 1,415,000			1,878,868	1,415,000	463,868	32.78%
Public safety	3,277,373	3,175,360			3,277,373	3,175,360	102,013	3.21%
Highways and streets	1,079,449	1,004,784			1,079,449	1,004,784	74,665	7.43%
Culture and recreation	238,725	69,126			238,725	69,126	169,599	245.35%
Economic development	17,875	17,875			17,875	17,875	-	0.00%
Cemetery	163,791	128,882			163,791	128,882	34,909	27.09%
Interest on long-term debt	224,048	398,553			224,048	398,553	(174,505)	-43.78%
Pension expense	532,491	898,891	58,605	81,809	591,096	980,700	(389,604)	-39.73%
Solid Waste			1,175,320	1,186,028	1,175,320	1,186,028	(10,708)	-0.90%
Total Expenses	7,412,620	7,108,471	1,233,925	1,267,837	8,646,545	8,376,308	270,237	3.23%
Increase (Decrease) in Net Position	\$ 1,363,470	\$ 500,835	25,137	(30,769)	1,388,607	470,066	918,541	195.41%

The City's governmental activities continue to be funded primarily by property taxes, which made up 54.25% of the total revenues. The other major revenue sources were sales and tourism taxes 24.47%, and other taxes and other revenue 9.64%. The major expense activities were public safety, general government, highways and streets, and pension expense, which comprise 44.21%, 25.35%, 14.56%, and 7.18% of total expenses, respectively. The City remains committed to providing the services its residents expect and need.

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

FUND FINANCIAL ANALYSIS

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

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

As of the year ended, the City's governmental funds reported a combined fund balance of \$6,396,564 which is an increase of \$629,710 over last year's total of \$5,766,854.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, Debt & Debt Service Funds, and Capital Projects Funds. The remaining governmental funds were

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

combined and reported as non-major governmental funds. The general fund, debt & debt service fund, capital projects fund and non-major governmental funds reflected a net change in fund balance of \$875,347, \$26,767, \$(616,312), and \$343,908, respectively. The 2020 year had a combined net change in fund balances of \$629,710.

Major Fund Budgeting Highlights

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

During the course of 2020, the City amended its general fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the Mayor and City Aldermen, as a whole, for ordinance enactment on the change. The City does not allow budget changes that modify line items within departments without aldermen approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the City had \$15,170,892 invested in a broad range of capital assets, including police, fire, solid waste equipment, and highways and streets (See Table 3 following). This amount represents a net increase (including additions, deletions, and adjustments) of approximately \$239,127 or 1.60% over the prior year. The following table is a summary of changes in capital assets, net of accumulated depreciation.

(Table 3)
CAPITAL ASSETS AT YEAR-END
(Capital Assets are Presented Net of Accumulated Depreciation)

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2020	2019	2020	2019	2020	2019		
Land	\$ 281,766	\$ 281,766	641,431	641,431	923,197	923,197	-	0.000%
Construction in progress	641,133	139,632	-	-	641,133	139,632	501,501	359.159%
Infrastructure	9,390,445	9,669,849			9,390,445	9,669,849	(279,404)	-2.889%
Buildings & improvements	2,434,403	2,527,636			2,434,403	2,527,636	(93,233)	-3.689%
Mobile and machinery equipment	632,710	524,606	75,898	83,562	708,608	608,168	100,440	16.515%
Furniture & equipment	132,910	151,976	1,801	1,801	134,711	153,777	(19,066)	-12.398%
Leased property under capital lease	938,395	909,506			938,395	909,506	28,889	3.176%
Totals	\$ 14,451,762	\$ 14,204,971	719,130	726,794	15,170,892	14,931,765	239,127	1.60%

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

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

Long-term Debt

At year-end, the City had \$7,483,594 in long term debt outstanding compared to \$7,808,361 last year, a decrease of \$324,767. Of the total debt outstanding, \$6,655,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are capital leases in the amount of \$642,460 and compensated absences in the amount of \$162,912.

The following table illustrates the total Long-term Debt of Yazoo City as of September 30, 2020:

(Table 4)

LONG-TERM DEBT
Outstanding at Year-end

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2020	2019	2020	2019	2020	2019		
General obligation bonds	6,655,000	6,970,000			6,655,000	6,970,000		
Add: premium on bonds	23,222	24,444			23,222	24,444		
Total General obligation bonds	6,678,222	6,994,444			6,678,222	6,994,444	(316,222)	-4.52%
Capital leases	642,460	639,659			642,460	639,659	2,801	0.44%
Compensated absences	145,778	155,108	17,134	19,150	162,912	174,258	(11,346)	-6.51%
Totals	7,466,460	7,789,211	17,134	19,150	7,483,594	7,808,361	(324,767)	-4.16%

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2021 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 85.55 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

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

YAZOO CITY, MISSISSIPPI

FINANCIAL STATEMENTS

YAZOO CITY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Service Commission
ASSETS				
Cash and cash equivalents	\$ 6,570,975	409,969	6,980,944	5,096,684
Accounts receivable, net of allowance for doubtful accounts of \$55,336				1,592,390
Fines receivable, net of allowance for doubtful accounts of \$1,264,689	48,341		48,341	
Accrued interest receivable				568
Intergovernmental receivables	379,437		379,437	
Other receivables	15,743		15,743	
Internal balances	(9,000)	9,000	-	
Inventories and prepaid items				718,562
Restricted assets-cash and cash equivalents				5,892,365
Capital assets, net				
Land and construction in progress	922,899	641,431	1,564,330	
Other capital assets, net	13,528,863	77,699	13,606,562	24,983,066
Total Assets	21,457,258	1,138,099	22,595,357	38,283,635
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	617,705	62,272	679,977	437,785
Total Deferred Outflows of Resources	617,705	62,272	679,977	437,785
LIABILITIES				
Accounts payable and accrued expenses	515,427	11,689	527,116	1,000,184
Liabilities payable from restricted assets				1,053,848
Accrued interest payable	57,807		57,807	
Unredeemed bond payable	45,164		45,164	
Long-term liabilities:				
Net pension liability	9,456,137	871,147	10,327,284	8,798,592
Due within one year:				
Capital related debt	541,519		541,519	301,701
Non-capital related debt				4,000
Due in more than one year:				
Capital related debt	6,779,163		6,779,163	2,493,128
Non-capital related debt	145,778	17,134	162,912	178,420
Total Liabilities	17,540,995	899,970	18,440,965	13,829,873
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	606,820	67,425	674,245	509,878
Total Deferred Inflows of Resources	606,820	67,425	674,245	509,878
NET POSITION				
Net investment in capital assets	7,131,080	719,130	7,850,210	24,923,863
Restricted:				
Expendable:				
General government	55,480		55,480	
Public safety	158,787		158,787	
Public works				5,892,365
Highways and streets	20,740		20,740	
Culture & recreation	95,940		95,940	
Debt service	229,827		229,827	
Capital projects	2,177,315		2,177,315	
Unrestricted	(5,942,021)	(486,154)	(6,428,175)	(6,434,559)
Total Net Position	\$ 3,927,148	232,976	4,160,124	24,381,669

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total	
<u>FUNCTIONS/PROGRAMS</u>								
Governmental activities:								
General government	\$ 1,878,868	189,235	54,952	128,610	(1,506,071)		(1,506,071)	
Public safety	3,277,373		355,889		(2,921,484)		(2,921,484)	
Highways and streets	1,079,449		197,126		(882,323)		(882,323)	
Culture and recreation	238,725			95,940	(142,785)		(142,785)	
Economic development	17,875				(17,875)		(17,875)	
Cemetery	163,791				(163,791)		(163,791)	
Interest on long-term debt	224,048				(224,048)		(224,048)	
Pension expense	532,491				(532,491)		(532,491)	
Total governmental activities	7,412,620	189,235	607,967	224,550	(6,390,868)		(6,390,868)	
Business-type activities:								
Solid Waste	1,233,925	1,302,731				68,806	68,806	
Total business-type activities	1,233,925	1,302,731				68,806	68,806	
Total primary government	8,646,545	1,491,966	607,967	224,550	(6,390,868)	68,806	(6,322,062)	
Component unit:								
Public Service Commission	13,570,728	14,780,869						1,210,141
Total Component Unit	\$ 13,570,728	14,780,869						1,210,141
General revenues:								
Property taxes					4,761,411		4,761,411	
Sales and tourism tax					2,147,232		2,147,232	
Franchise taxes					116,092		116,092	
Rental income					27,088		27,088	
PSC - Revenue sharing					256,983		256,983	
Unrestricted interest income					17,264	2,013	19,277	49,809
Cemetery					49,047		49,047	
Other taxes and other income					308,701	730	309,431	55,279
Gain (Loss) on disposal of assets					(10,672)		(10,672)	
Transfers					81,192	(46,412)	34,780	(257,384)
Pension expense								(404,943)
Total general revenues and transfers					7,754,338	(43,669)	7,710,669	(557,239)
Change in net position					1,363,470	25,137	1,388,607	652,902
Net Position, beginning					2,563,678	207,839	2,771,517	23,728,767
Net position, ending					\$ 3,927,148	\$ 232,976	\$ 4,160,124	\$ 24,381,669

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

YAZOO CITY, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Funds	Debt & Debt Service Funds	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,336,867	369,663	2,607,738	256,707	6,570,975
Fines receivable (net of allowance for uncollectibles of (\$1,264,689))	48,341				48,341
Intergovernmental receivables	283,497			95,940	379,437
Due from other funds	92,806	41,808		1,411	136,025
Total Assets	3,761,511	411,471	2,607,738	354,058	7,134,778
<u>LIABILITIES</u>					
Claims payable	82,174	2,750	430,423	80	515,427
Due to other funds	47,718	75,923		5,641	129,282
Unredeemed bond payable		45,164			45,164
Total Liabilities	129,892	123,837	430,423	5,721	689,873
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue - fines	48,341				48,341
Total deferred inflows of resources	48,341	-	-	-	48,341
<u>FUND BALANCES</u>					
Restricted for:					
General government				55,480	55,480
Public safety				158,787	158,787
Highways and streets				20,740	20,740
Culture & recreation				95,940	95,940
Debt service		287,634			287,634
Capital Projects			2,177,315		2,177,315
Unassigned	3,583,278			17,390	3,600,668
Total Fund Balances	3,583,278	287,634	2,177,315	348,337	6,396,564
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,761,511	411,471	2,607,738	354,058	7,134,778

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

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balance - Governmental Funds	\$ 6,396,564
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation of \$11,716,886.	14,451,762
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	48,341
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:	
Capital debt	(7,320,682)
Compensated absences	(145,778)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(57,807)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(9,456,137)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	617,705
Deferred inflows of resources related to pensions	(606,820)
Total Net Position - Governmental Activities	<u>\$ 3,927,148</u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Funds	Debt & Debt Service Funds	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 4,030,593	553,680			4,584,273
Licenses and permits	64,674				64,674
Intergovernmental:					
Federal grants	267,081			176,807	443,888
State of Mississippi:					
Grants	20,016			253,176	273,192
General sales tax	2,147,232				2,147,232
Grand gulf	14,000				14,000
Liquor Licenses	5,794				5,794
Municipal aid	7,732				7,732
Gasoline tax	9,901				9,901
Homestead reimbursement	148,344				148,344
Fire protection				68,792	68,792
Other state revenue	9,218				9,218
Franchise tax	116,092				116,092
Fines and forfeitures	102,335				102,335
Interest income	13,559	1,844	1,396	465	17,264
Rental income	27,088				27,088
Cemetery	49,047				49,047
Contributions	6,220				6,220
Other income	127,651			26,486	154,137
Total revenues:	7,166,577	555,524	1,396	525,726	8,249,223
<u>EXPENDITURES:</u>					
Current:					
General government	1,699,742	4,750		243,921	1,948,413
Public safety	3,610,444			11,266	3,621,710
Highways and streets	766,654		617,708	25,920	1,410,282
Culture and recreation	59,618			148,989	208,607
Cemetery	228,863				228,863
Debt service:					
Principal paid	274,559	315,000		24,368	613,927
Interest paid	8,061	209,003		10,550	227,614
Total expenditures:	6,647,941	528,753	617,708	465,014	8,259,416
Excess (deficiency) of revenues over (under) expenditures	518,636	26,771	(616,312)	60,712	(10,193)
<u>OTHER FINANCING SOURCES (USES):</u>					
PSC - Revenue sharing	256,983				256,983
Long-term capital debt issued	301,728				301,728
Transfers In	157,002			337,605	494,607
Transfers Out	(359,002)	(4)		(54,409)	(413,415)
Net other financing sources (uses)	356,711	(4)	-	283,196	639,903
Net change in fund balances	875,347	26,767	(616,312)	343,908	629,710
Fund Balance, beginning	2,707,931	260,867	2,793,627	4,429	5,766,854
Fund Balance, ending	\$ 3,583,278	287,634	2,177,315	348,337	6,396,564

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

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Changes in Fund Balances - Governmental Funds	\$ 629,710
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$885,701 exceeded depreciation expense of \$628,238.	257,463
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The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt payments of \$613,927 exceeds debt proceeds \$301,728.	312,199
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Fine revenue recognized on the modified accrual basis in the funds during the current year decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	22,226
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In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$10,672 and the proceeds from the sale of \$0- in the current period.	(10,672)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items:

Change in accrued interest on long-term debt	2,344
Change in compensated absences	9,330
Amortization of bond premium	1,222

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

Recording of pension expense for the current period	(532,491)
Recording of contributions made prior and subsequent to the measurement date	672,139

Change in Net Position of Governmental Activities	\$ 1,363,470
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The notes to the financial statements are an integral part of this statement.

**YAZOO CITY, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2020**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 409,969
Due from other funds	9,000
Total Current Assets	<u>418,969</u>
Non-current assets:	
Land	641,431
Mobile Equipment	759,005
Furniture & Equipment	18,000
Accumulated depreciation	(699,306)
Total Non-Current Assets	<u>719,130</u>
Total Assets	<u>1,138,099</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	62,272
Total Deferred Outflows of Resources	<u>62,272</u>
<u>LIABILITIES</u>	
Current liabilities:	
Claims payable	11,689
Total Current Liabilities	<u>11,689</u>
Non-current liabilities:	
Net pension liability	871,147
Non-Capital debt:	
Compensated absences	17,134
Total Non-Current Liabilities	<u>888,281</u>
Total Liabilities	<u>899,970</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	67,425
Total Deferred Inflows of Resources	<u>67,425</u>
<u>NET POSITION</u>	
Net investment in capital assets	719,130
Unrestricted	(486,154)
Total Net Position	<u>\$ 232,976</u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services:	
Garbage collection fees	\$ 1,302,731
Total Operating Revenues	<u>1,302,731</u>
<u>OPERATING EXPENSES:</u>	
Personal services	360,485
Contractual services	763,502
Consumable supplies	32,639
Capital outlay	11,030
Depreciation expense	7,664
Pension expense	58,605
Total Operating Expenses	<u>1,233,925</u>
Operating Income (Loss)	<u>68,806</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	2,013
Other income	730
Transfers out	(46,412)
Total Non-operating Revenues (Expenses)	<u>(43,669)</u>
Net Income (Loss)	<u>25,137</u>
Net Position, beginning	<u>207,839</u>
Net Position, Ending	<u><u>\$ 232,976</u></u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers and users	\$ 1,302,731
Payments to suppliers for goods and services	(786,100)
Payments to employees for services	(428,530)
Net Cash Provided (Used) by Operating Activities	<u>88,101</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on deposits	<u>2,013</u>
Net Cash Provided (Used) by Investing Activities	<u>2,013</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Transfers, net	(46,412)
Due from other funds	(9,000)
Other receipts	730
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(54,682)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,432
Cash and Cash Equivalents, October 1	<u>374,537</u>
Cash and Cash Equivalents, September 30	<u>\$ 409,969</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ 68,806
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	7,664
Pension expense adjustment	3,605
Increase (decrease) in accounts payable and accrued expenses	10,042
Increase (decrease) in compensated absences payable	(2,016)
Total adjustments	<u>19,295</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 88,101</u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020
and
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

STATEMENT OF FIDUCIARY NET POSITION			
	Cemetery Trust Fund	Crump School Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 87,836	\$ 362,441	\$ 286,313
Investments	227,103	1,962,620	
Accrued interest receivable		8,082	
Total Assets	314,939	2,333,143	286,313
LIABILITIES			
Intergovernmental payables		38,602	271,671
Due to other funds	1,100		14,642
Total Liabilities	1,100	38,602	\$ 286,313
NET POSITION			
Held in trust for:			
Individuals, organizations and other governments	\$ 313,839	\$ 2,294,541	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION		
	Cemetery Trust Fund	Crump School Trust Fund
ADDITIONS		
Contributions:		
Gifts, bequests and endowments	\$ 11,457	
Investment income:		
Interest and dividends	3,298	\$ 41,270
Total Additions	14,755	41,270
DEDUCTIONS		
Payments in accordance with trust agreements	4,312	25,656
Transfer out	56,177	
Total Deductions	60,489	25,656
CHANGES IN NET POSITION	(45,734)	15,614
Net Position - Beginning	359,573	2,278,927
Net Position - Ending	\$ 313,839	\$ 2,294,541

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Yazoo City, Mississippi (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosure

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

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

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

Discretely Presented Component Unit

Public Service Commission of Yazoo City, Mississippi

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

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

C. Basis of Presentation

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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

The City reports the following major governmental funds:

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

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

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPES

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

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

E. Account Classifications.

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

F. Deposits and Investments

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables

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

H. Inter-fund Transactions and Balances

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. Restricted Assets

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

J. Capital Assets, Depreciation, and Amortization

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

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

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

The following schedule details those thresholds and estimated useful lives:

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

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

K. Deferred Outflows/Inflows of Resources

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

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

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

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

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

L. Pensions

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

M. Long-Term Liabilities

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

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

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts 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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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.

N. Equity Classifications

Government-wide Financial Statements:

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

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 borrowings attributable to the acquisition, construction or improvement of those assets.

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

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

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption - When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

O. Risk Management

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

P. Estimates and Assumptions

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

Q. Property Taxes

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

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Yazoo County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the City by the Yazoo County Tax Collector each month. The millage rate for the City for the 2018 tax year was 82.37 mills as: 68.29 mills for the general fund, 7.91 mills for the debt service fund, 1.00 mills for library maintenance, 1.50 mills for park maintenance, and 3.67 mills for fire and police disability fund.

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

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

R. Intergovernmental Revenues in Governmental Funds

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

S. Compensated Absences

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

Personal Leave Benefits

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

Medical or Sick Leave Benefits

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

T. Changes in Accounting Standards

The City implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard have been incorporated into the financial statements and notes (See Note 9).

NOTE 2 – BUDGET POLICY

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

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and City Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City’s total deposits with financial institutions at September 30, 2020 was \$7,717,534, and the bank balance was \$8,197,962. The collateral for public entities’ deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss Code Ann (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation (FDIC).

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Investments

The City's investments consisted of the following at September 30, 2020:

Cemetery Trust Fund Investments

Investment Type	Maturity	Fair Value Level	Fair Value
Certificate of deposit – BYC	Less than one year	1	\$ 116,574
Certificate of deposit – BYC	Less than one year	1	110,529
Total			\$ <u>227,103</u>

Crump School Fund Investments

Investment Type	Maturity	Fair Value Level	Fair Value
United States Treasury Notes	Various	1	\$ <u>1,962,620</u>

The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. All City investments are considered Level 1 investments.

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

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

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

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Debt & Debt Service Fund	\$ 75,923
General Fund	Non-Major Governmental Funds	1,141
General Fund	Cemetery Fund	1,100
General Fund	Agency Fund	14,642
Debt & Debt Service Fund	General Fund	41,808
Non-Major Governmental	General Fund	1,411
Enterprise Fund	General Fund	4,500
Enterprise Fund	Non-Major Governmental Funds	4,500
Total		<u>\$ 145,025</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

The amounts due to: General Fund-represent amounts paid for interest on bonds (75,923), receipting error for seized forfeiture funds (1,141), disbursement error in Cemetery Fund (1,100), and error in disbursement to Payroll Fund (14,642); Debt & Debt Service Fund-represent amounts receipted in error for tax collections (41,808); Non-Major Governmental Funds-represent amounts receipted in error for state revenue (1,411); Enterprise Fund-represent errors in receipting revenue (9,000). All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Debt & Debt Service Fund	\$ 4
General Fund	Non-Major Governmental Funds	54,409
General Fund	Enterprise Fund	46,412
General Fund	Cemetery Fund	56,177
Non-Major Governmental Funds	General Fund	337,605
Agency Fund	General Fund	21,397
Total		<u>\$ 516,004</u>

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. The governmental and business-type funds financial statements reflect such transactions as transfers.

NOTE 5 – INTER-GOVERNEMENTAL RECEIVABLES

Governmental Activities:

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset, and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental receivables at September 30, 2020 include the following:

Description	Amount
Inter-governmental Receivables:	
Federal	
Cares Act Funds	\$ 267,081
Walking Trail Grant	95,940
Sub-total	<u>363,021</u>
State	
Police training reimbursement	3,600
MEMA disaster reimbursement	12,816
Sub-total	<u>16,416</u>
TOTAL	<u>\$ 379,437</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

GOVERNMENTAL ACTIVITIES	Balance				Balance
YAZOO CITY	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 281,766				281,766
Construction in progress	139,632	501,501			641,133
Total non-depreciable capital assets	421,398	501,501	-	-	922,899
Depreciable capital assets:					
Infrastructure	15,812,191				15,812,191
Buildings & Improvements	4,289,820				4,289,820
Mobile and machinery equipment	2,630,790	64,812	106,717	214,324	2,803,209
Furniture & equipment	1,009,029	17,650			1,026,679
Leased property under capital lease	1,226,436	301,738		(214,324)	1,313,850
Total depreciable capital assets	24,968,266	384,200	106,717	-	25,245,749
Less accumulated depreciation for:					
Infrastructure	6,142,342	279,404			6,421,746
Buildings & Improvements	1,762,184	93,233			1,855,417
Mobile and machinery equipment	2,106,184	83,111	96,045	77,249	2,170,499
Furniture & equipment	857,053	36,716			893,769
Leased property under capital lease	316,930	135,774		(77,249)	375,455
Total accumulated depreciation	11,184,693	628,238	96,045	-	11,716,886
Depreciable capital assets, net	13,783,573	(244,038)	10,672	-	13,528,863
Governmental activities capital assets, net	\$ 14,204,971	257,463	10,672	-	14,451,762
BUSINESS-TYPE ACTIVITIES	Balance				Balance
YAZOO CITY	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 641,431				641,431
Total non-depreciable capital assets	641,431				641,431
Depreciable capital assets:					
Mobile equipment	759,005				759,005
Furniture & equipment	18,000				18,000
Leased property under capital lease	-				-
Total depreciable capital assets	777,005	-	-	-	777,005
Less accumulated depreciation for:					
Mobile equipment	675,443	7,664			683,107
Furniture & equipment	16,199				16,199
Leased property under capital lease	-				-
Total accumulated depreciation	691,642	7,664	-	-	699,306
Depreciable capital assets, net	85,363	(7,664)	-	-	77,699
Business-Type activities capital assets, net	\$ 726,794	(7,664)	-	-	719,130

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

COMPONENT UNIT	Balance				Balance
PUBLIC SERVICE COMMISSION	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Capital assets:					
Electric utility plant in service	\$ 40,135,867	1,908,489	1,582,748	113,275	\$ 40,574,883
Water utility plant in service	14,090,074	474,353	181,484	2,587	14,385,530
Sewer utility plant in service	11,425,797	164,549	58,107	1,067	11,533,306
Total depreciable capital assets	<u>65,651,738</u>	<u>2,547,391</u>	<u>1,822,339</u>	<u>116,929</u>	<u>66,493,719</u>
Less accumulated depreciation for:					
Electric utility plant in service	26,811,030	1,143,264	531,358		27,422,936
Water utility plant in service	6,228,674	277,564	44,343		6,461,895
Sewer utility plant in service	7,499,160	162,905	36,243		7,625,822
Total accumulated depreciation	<u>40,538,864</u>	<u>1,583,733</u>	<u>611,944</u>	<u>-</u>	<u>41,510,653</u>
Capital assets, net	<u>\$ 25,112,874</u>	<u>963,658</u>	<u>1,210,395</u>	<u>116,929</u>	<u>\$ 24,983,066</u>

Depreciation expense was charged to the governmental functions as follows:

GOVERNMENTAL ACTIVITIES	Amount
General government	\$ 23,113
Public safety	177,607
Streets	364,051
Culture & recreation	30,118
Cemetery	15,474
Economic development	17,875
Total governmental activities depreciation expense	<u>\$ 628,238</u>
BUSINESS-TYPE ACTIVITIES	
Solid Waste	<u>\$ 7,664</u>

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
MLK & 15th Street	\$ 788,521	Unknown
City Hall Exterior Renovation	117,193	November 2020
Campanella Walking Trail	6,815	December 2020
Various Street Overlays	2,795,000	September 2021

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 7 – CAPITAL LEASES

As Lessee:

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile Equipment	\$ 1,313,850
Less: Accumulated depreciation	375,455
Leased Property Under Capital Leases	<u>\$ 938,395</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 171,519	\$ 16,368
2022	113,782	12,764
2023	88,057	9,697
2024	51,903	7,673
2025	28,309	6,610
2026-2030	155,002	19,589
2031	33,888	1,031
Total	<u>\$ 642,460</u>	<u>\$ 73,732</u>
	<u>Component Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	59,203	1,979
Total	<u>\$ 59,203</u>	<u>\$ 1,979</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

Plan Description. Yazoo City, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application to an annual retirement allowance payable monthly for life in the amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2020 PERS members were required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, and 2018 were \$550,002, \$466,162, and \$496,030, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the City reported a liability of \$8,711,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2020 net pension liability was 0.045 percent, which was based on a measurement date of June 30, 2020. This was a 0.005 percent decrease in the percentage from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$586,049. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,861	
Net difference between projected and actual earnings on pension plan investments	346,347	
Changes of assumptions	54,147	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		674,245
Contributions subsequent to the measurement date	146,368	
Total	<u>\$ 622,723</u>	<u>674,245</u>

The \$146,368 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2021	\$ (242,300)
2022	(84,377)
2023	13,481
2024	115,306
Total	<u>\$ (197,890)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases, including inflation	3.00 - 18.25 percent
Investment rate of return, net of pension plan investment expense, including inflation	7.75 percent

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 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled 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 long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimate of arithmetic real rates of return for each asset class are summarized in the following table:

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 11,275,937	8,711,478	6,594,768

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

YAZOO CITY COMPONENT UNIT

Public Service Commission of Yazoo City

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

Contributions. The Commission's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, and 2018 were \$536,400, \$509,225, and \$522,425, respectively, equal to the required contributions for each year.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

At September 30, 2020, the Commission reported a liability of \$8,798,592 for its proportionate share of the net pension liability. At June 30, 2020, the Commission's proportion was 0.045445 percent.

For the year ended September 30, 2020, the Commission recognized pension expense of \$941,343. At September 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,373	
Net difference between projected and actual earnings on pension plan investments	361,412	
Changes of assumptions		509,878
Total	\$ 437,785	509,878

Contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021.

Sensitivity to the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 11,388,696	8,798,592	6,660,715

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

General information about the Plan

Plan Description. The City also takes part in the Mississippi Municipal Retirement Systems ("MMRS") Yazoo City Fire and Police Plan which has been closed to new participants since July 1, 1976. MMRS is an agent multiple employer defined benefit plan administered by PERS. MMRS was designed to provide retirement benefits for firefighters and police officers. The City is one of seventeen cities providing retirement benefits to firefighters and police officers. Plan provisions are established by Miss. Code Ann. §21-29-1 et seq. (1972, as amended) and annual local and private legislation. The Mississippi Legislature may only amend statutes. PERS issues a publicly available report entitled the Report on the Annual Valuation of the Mississippi Municipal Retirement Systems. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601)359-3589 or 1-800-444-PERS.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Benefits Provided. Membership in the MMRS is comprised of employees who were hired prior to July 1, 1976, and includes only those eligible employees of the City who did not opt to become a member of PERS. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age. Any firefighter or police officer who has reached age 65 shall be retired forthwith. The annual retirement allowance payable to a retired member is equal to (1) 50.0 percent of average compensation, plus (2) 1.7 percent of average compensation for each year of credited service over 20. The aggregate amount of (1) and (2) shall not exceed 66-2/3 percent of average compensation, regardless of service.

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

A death benefit is payable upon the death of a member under the following conditions: (a) the member has retired; (b) the member is eligible to retire; (c) the death is in the line of duty; or (d) the death is not in the line of duty but occurs after the member has five years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66-2/3 percent of average compensation.

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

The allowances of certain retired members are adjusted annually by a Cost-of-Living Adjustment (COLA) based on the annual percentage change in each fiscal year of the Consumer Price Index. The Yazoo City adjustments are limited to a maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

At June 30, 2020 (measurement date), the following employees were covered by the plan:

Inactive Members or Their Beneficiaries Currently Receiving Benefits	12
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Contributions. Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2020, the City levied 3.57 mills to help fund MMRS. These millage rates are determined through review of the plan benefit structure during the MMRS annual actuarial valuation and certification

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

by the actuary as to the funding level required of the City. The City's contributions to the Yazoo City Fire and Police Plan for the fiscal year ended September 30, 2020, was \$166,020.

Net Pension Liability. The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liabilities in the June 30, 2020, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Valuation date	June 30, 2020
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases#	3.00% - 4.50%
*Includes price inflation at	2.75%
#Includes wage inflation at	3.00%
Cost of living adjustments	2.00%-3.75% depending upon municipality

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were adopted by the PERS Board of Trustees. Further details can be found on the PERS website.

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current employer contribution rate (3.57 mills). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Changes in Net Pension Liability. Changes in the City's net pension liability for the year ended September 30, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 2,144,395	377,084	1,767,311
Changes for the year:			
Service Cost			-
Interest	157,239		157,239
Changes of benefit terms			-
Difference between expected and actual experience	(136,234)		(136,234)
Changes of assumptions			-
Contributions - employer		166,020	(166,020)
Contributions - employee			-
Net Investment income		9,810	(9,810)
Benefit payments, including refunds of employee contributions	(231,011)	(231,011)	-
Administrative expense		(3,320)	3,320
Other changes			-
Net Changes	<u>(210,006)</u>	<u>(58,501)</u>	<u>(151,505)</u>
Balances at June 30, 2020	<u>\$ 1,934,389</u>	<u>318,583</u>	<u>1,615,806</u>

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 1,758,055	1,615,806	1,490,648

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

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

For the year ended September 30, 2020, the plan recognized pension expense of \$5,047.

At September 30, 2020, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 15,232	
Contributions subsequent to the measurement date	42,022	
Total	<u>\$ 57,254</u>	<u>-</u>

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

The \$42,022 amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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

Year ending September 30:	Amount
2021	\$ 842
2022	5,247
2023	5,788
2024	3,355
Total	<u>\$ 15,232</u>

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2020 by individual plan are as follows:

Description	PERS	MMRS	Total
Deferred outflows - pensions	\$ 622,723	57,254	679,977
Net pension liability	8,711,478	1,615,806	10,327,284
Deferred inflows - pensions	674,245	-	674,245
Pension expense	\$ 586,049	5,047	591,096

NOTE 9 – LONG-TERM DEBT

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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

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

The margin for additional debt under the above debt limits as of September 30, 2020 is approximately:

15% Debt Limit
\$ 1,663,215

20% Debt Limit
\$ 4,435,953

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
<u>A. General Obligation Bonds:</u>			
GO Bond-Public Improvement-Projects	\$ 1,675,000	3.75-5.13	12-2030
GO Bond-Capital Improvements-Series 2012	2,040,000	Avg 2.74	06-2032
GO Bond-Capital Improvements-Series 2019	2,940,000	2.25-3.00	03-2039
Total General Obligation Bonds	<u>\$ 6,655,000</u>		
<u>B. Capital Leases:</u>			
5 new 2017 Ford Police Interceptors	7,838	2.42	12-2020
Vehicle & Body Cameras	4,565	2.42	12-2020
2017 Case 580SN Tractor Loader/Backhoe	5,436	2.05	12-2020
2018 Mack GU432 with Knuckleboom Truck	8,276	1.91	12-2020
2 Chevy 4X4 Trucks Crew Cab 1500-Fire Dept	13,011	2.51	05-2021
Tractor/Alamo Cutter/Ztrak Mower	21,789	2.38	09-2021
3-2020 Tahoes & 1-2020 Ram Truck	115,214	2.71	02-2023
Regenerative Air Sweeper	144,014	2.73	04-2024
E-One Pumper	322,317	2.04	12-2030
Total Capital Leases	<u>\$ 642,460</u>		

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Component Unit Activities:

A. Loans Payable:

State Revolving Loan - amount drawn to date	\$ 2,543,581	1.95	11-2039
Grand Avenue Loan	192,045	1.00	05-2035
Total Loans Payable	<u>\$ 2,735,626</u>		

B. Capital Leases:

Equipment - Trustmark Bank	\$ 59,203	5.70	09-2021
Total Capital Leases	<u>\$ 59,203</u>		

The annual debt service requirements of long-term debt of September 30, 2020 are as follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2021	\$ 370,000	\$ 202,458
2022	380,000	189,942
2023	395,000	176,694
2024	415,000	163,994
2025	430,000	150,506
2026-2030	2,410,000	523,246
2031-2035	1,440,000	174,591
2036-2039	815,000	41,813
Totals	<u>\$ 6,655,000</u>	<u>\$ 1,623,244</u>

Component Unit Activities:

Year Ending September 30,	Loans Payable	
	Principal	
2021	\$	242,498
2022		247,151
2023		251,891
2024		256,731
2025		261,661
Thereafter		1,475,694
Totals	<u>\$</u>	<u>2,735,626</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 155,108		9,330		145,778	
General obligation bonds	6,970,000		315,000		6,655,000	370,000
Add:						
Premiums	24,444		1,222		23,222	
Capital leases	639,659	301,728	298,927		642,460	171,519
Total	<u>7,789,211</u>	<u>301,728</u>	<u>624,479</u>	<u>-</u>	<u>7,466,460</u>	<u>541,519</u>
Business-Type Activities:						
Compensated absences	19,150		2,016		17,134	
Total	<u>19,150</u>	<u>-</u>	<u>2,016</u>	<u>-</u>	<u>17,134</u>	<u>-</u>
Component Activities:						
Compensated absences	196,707		14,287		182,420	
Loans payable	2,543,581	192,045			2,735,626	242,498
Capital leases	157,562		98,359		59,203	59,203
Total	<u>\$ 2,897,850</u>	<u>192,045</u>	<u>112,646</u>	<u>-</u>	<u>2,977,249</u>	<u>301,701</u>

NOTE 10 – OTHER EMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

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

NOTE 11 – CONTINGENCIES

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

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12 – JOINTLY GOVERNED

Yazoo City is a participant with Yazoo County in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to run the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a twelve-member board, with five members appointed by Yazoo City, five members appointed by the Yazoo County Board of Supervisors, one member by the Yazoo City Municipal School District, and one member appointed by the Yazoo County School District. The City levied a 1.50 mill property tax and remitted \$74,756 to the Commission in fiscal year 2020. Complete financial statements for the Yazoo Recreation Commission may be obtained by written request to the Commission at P.O. Box 9, Yazoo City, MS 39194.

NOTE 13 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(5,942,021) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to the pension in the amount of \$173,752 results from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$443,953 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$606,820 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position deficit amount of \$(486,154) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to the pension in the amount of \$14,368 results from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$47,904 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$67,425 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 4 years.

NOTE 14 – SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Yazoo City evaluated the activity of the City through April 30, 2021 and determined that the following subsequent events occurred requiring disclosure in the notes to the financial statements.

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
1/27/2021	2.0134%	\$ 90,732	Lease Purchase	Ad valorem taxes
1/27/2021	2.0134%	\$ 123,080	Lease Purchase	Ad valorem taxes
1/27/2021	1.9500%	\$ 316,000	Lease Purchase	Ad valorem taxes
10/22/2020	1.000-1.500%	\$ 1,661,000	General Obligation Bonds	Ad valorem taxes

YAZOO CITY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

YAZOO CITY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (Non-GAAP Basis)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 3,971,847	4,030,593	4,030,593	-
Licenses, Permits & Franchise Fees	185,000	180,765	180,765	-
Grants & Intergovernmental	2,154,000	2,343,121	2,343,121	-
Fines and Forfeits	500,000	102,335	102,335	-
Rental	22,500	27,088	27,088	-
Other revenues	84,000	359,822	359,822	-
Total Revenues	6,917,347	7,043,724	7,043,724	-
EXPENDITURES:				
Supervision & Finance	1,648,516	1,701,398	1,701,398	-
Police Department	2,343,786	1,926,609	1,926,609	-
Fire Department	1,659,650	1,537,785	1,537,785	-
Culture & Recreational	62,450	58,180	58,180	-
Street Department	758,011	558,498	558,498	-
Cemetery Department	158,920	172,601	172,601	-
Debt Service:				
Principal paid	231,634	236,208	236,208	-
Interest paid			-	-
Total Expenditures	6,862,967	6,191,279	6,191,279	-
Excess of Revenues over (under) Expenditures	54,380	852,445	852,445	-
OTHER FINANCING SOURCES (USES)				
Long Term Debt Issued	303,032	301,728	301,728	-
PSC - revenue sharing		256,983	256,983	-
Operating transfers in (out)				
transfers in and cash		54,413	54,413	-
transfers (out)				-
Total other financing sources (uses)	303,032	613,124	613,124	-
Net Change in Fund Balance	357,412	1,465,569	1,465,569	-
Fund Balances - Beginning	77,536	3,891,583	3,891,583	-
Fund Balances - Ending	\$ 434,948	5,357,152	5,357,152	-

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

YAZOO CITY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
DEBT & DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 570,535	553,680	553,680	-
Other revenues	800	1,844	1,844	-
Total Revenues	571,335	555,524	555,524	-
EXPENDITURES:				
Supervision & Finance	700	2,000	2,000	-
Debt Service:				
Principal	315,000	315,000	315,000	-
Interest	254,549	209,003	209,003	-
Total Expenditures	570,249	526,003	526,003	-
Excess of Revenues over (under) Expenditures	1,086	29,521	29,521	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
transfers in			-	-
transfers (out)		(4)	(4)	-
Total other financing sources (uses)	-	(4)	(4)	-
Net Change in Fund Balance	1,086	29,517	29,517	-
Fund Balances - Beginning	(2,280,524)	(2,532,078)	(2,532,078)	-
Fund Balances - Ending	\$ (2,279,438)	(2,502,561)	(2,502,561)	-

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

YAZOO CITY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Other revenues	\$ -	1,397	1,397	-
Total Revenues	-	1,397	1,397	-
EXPENDITURES:				
Capital Improvements	-	418,123	418,123	-
Total Expenditures	-	418,123	418,123	-
Excess of Revenues over (under) Expenditures	-	(416,726)	(416,726)	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	-	(416,726)	(416,726)	-
Fund Balances - Beginning	-	3,024,465	3,024,465	-
Fund Balances - Ending	\$ -	2,607,739	2,607,739	-

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

YAZOO CITY, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERS
LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.045%	0.050%	0.050%	0.050%	0.049%	0.052%	0.054%
Proportionate share of the net pension liability (asset)	\$ 8,711,478	8,795,986	8,316,487	8,311,699	8,752,624	8,038,175	6,554,611
Covered payroll	\$ 3,292,396	2,959,599	3,126,693	3,191,141	3,164,924	3,254,776	3,131,181
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	264.59%	297.20%	265.98%	260.46%	276.55%	246.97%	209.33%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

YAZOO CITY, MISSISSIPPI
SCHEDULE OF CITY CONTRIBUTIONS - PERS
LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 550,002	466,162	496,030	491,121	505,383	512,627
Contributions in relation to the contractually required contribution	<u>550,002</u>	<u>466,162</u>	<u>496,030</u>	<u>491,121</u>	<u>505,383</u>	<u>512,627</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,160,930	2,890,567	3,149,406	3,118,220	3,208,773	3,254,776
Contributions as a percentage of covered payroll	17.40%	16.13%	15.75%	15.75%	15.75%	15.75%

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

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

YAZOO CITY, MISSISSIPPI
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - MMRS
LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability						
Service Cost	\$ -	\$ -	\$ -	-	-	-
Interest	157,239	161,272	164,947	165,195	170,894	175,392
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(136,234)	25,552	22,045	58,479	(8,459)	6,098
Changes of assumptions	-	(5,865)	-	6,890	-	70,508
Benefit payments	<u>(231,011)</u>	<u>(234,987)</u>	<u>(233,845)</u>	<u>(233,660)</u>	<u>(238,292)</u>	<u>(240,326)</u>
Net change in total pension liability	<u>(210,006)</u>	<u>(54,028)</u>	<u>(46,853)</u>	<u>(3,096)</u>	<u>(75,857)</u>	<u>11,672</u>
Total pension liability - beginning	<u>2,144,395</u>	<u>2,198,423</u>	<u>2,245,276</u>	<u>2,248,372</u>	<u>2,324,229</u>	<u>2,312,557</u>
Total pension liability - ending (a)	<u><u>\$ 1,934,389</u></u>	<u><u>\$ 2,144,395</u></u>	<u><u>\$ 2,198,423</u></u>	<u><u>2,245,276</u></u>	<u><u>2,248,372</u></u>	<u><u>2,324,229</u></u>
Plan fiduciary net position						
Contributions - employer	\$ 166,020	\$ 178,623	\$ 235,285	171,575	152,630	281,604
Contributions - member	-	-	-	-	-	-
Net investment income	9,810	17,978	32,763	50,690	2,158	15,090
Benefit payments	(231,011)	(234,987)	(233,845)	(233,660)	(238,292)	(240,326)
Administrative expense	(3,320)	(3,572)	(4,706)	(3,432)	(3,053)	(5,632)
Other	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>1,953</u>	<u>58</u>	<u>-</u>
Net change in plan fiduciary net position	<u>(58,501)</u>	<u>(41,958)</u>	<u>29,462</u>	<u>(12,874)</u>	<u>(86,499)</u>	<u>50,736</u>
Plan net position - beginning	<u>377,084</u>	<u>419,042</u>	<u>389,580</u>	<u>402,454</u>	<u>488,953</u>	<u>438,217</u>
Plan net position - ending (b)	<u><u>\$ 318,583</u></u>	<u><u>\$ 377,084</u></u>	<u><u>\$ 419,042</u></u>	<u><u>389,580</u></u>	<u><u>402,454</u></u>	<u><u>488,953</u></u>
Net pension liability (asset) - ending (a) - (b)	1,615,806	1,767,311	1,779,381	1,855,696	1,845,918	\$ 1,835,276
Plan fiduciary net position as a percentage of the total pension liability	16.47%	17.58%	19.06%	17.35%	17.90%	21.04%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled the City has only presented information for those years for which information is available.

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

YAZOO CITY, MISSISSIPPI
SCHEDULE OF CITY CONTRIBUTIONS - MMRS
LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 166,020	\$ 178,623	\$ 235,285	171,575	152,630	281,604
Contributions in relation to the actuarially determined contributions	<u>166,020</u>	<u>178,623</u>	<u>235,285</u>	<u>171,575</u>	<u>152,630</u>	<u>281,604</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll**	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied the City has only presented information for those years for which information is available.

** Payroll-related information is not provided because the Plan is closed to new entrants and there are very few remaining active members.

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

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

Governmental Fund Type	General Funds	Debt & Debt Service Funds	Capital Projects Funds
Budget (Cash Basis)	\$ 1,465,569	29,517	(416,726)
Increase (Decrease)			
Net adjustments for revenue accruals	225,439	-	-
Net adjustments for expense accruals	815,661	2,750	199,586
Net Change in Fund Balance - GAAP Basis	<u>875,347</u>	<u>26,767</u>	<u>(616,312)</u>

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

No funds with actual expenditures over Budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

Pension Schedules - PERS

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual and anticipated experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

The expectation of retired life mortality was changed to 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 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Pension Schedules – MMRS

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2020 were based on the June 30, 2018 actuarial valuation.

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Inflation	3.00%
Salary increases	3.25 – 4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

YAZOO CITY, MISSISSIPPI

OTHER INFORMATION

YAZOO CITY, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 2020

Name	Position	Bond Amount	Expiration Date	Surety Company
Diane Delaware	Mayor	100,000	4/9/2022	Travelers Casualty and Surety Co.
Ronald Johnson	Alderman Ward 1	100,000	4/9/2022	Travelers Casualty and Surety Co.
Andre Lloyd, Sr.	Alderman Ward 2	100,000	4/9/2022	Travelers Casualty and Surety Co.
Sir Johnathan Rucker	Alderman Ward 3	100,000	4/9/2022	Travelers Casualty and Surety Co.
Elizabeth W. Thomas	Alderman Ward 4	100,000	4/9/2022	Travelers Casualty and Surety Co.
Kaneilia Williams	City Clerk	50,000	5/1/2021	Western Surety Company
Shakyra Graves	Deputy City Clerk - A/P	50,000	2/14/2021	Western Surety Company
Alicia G. Fulgiam	Deputy City Clerk - A/P	50,000	7/2/2021	Western Surety Company
Lorinda Stewart	Deputy City Clerk - HR	50,000	3/13/2021	Western Surety Company
Jonquil Dent	Program Manager	50,000	6/5/2021	Western Surety Company
Leticia Carmichael	Municipal Court Deputy Clerk	50,000	1/10/2021	Western Surety Company
Mary Love Johnson	Municipal Court Clerk	50,000	5/30/2021	Western Surety Company
Otha Gilmore	Cemetery Sexton	50,000	1/22/2021	Western Surety Company
Russell Carter	City Building Inspector	50,000	7/1/2021	Western Surety Company
McDaniel Gatson	Landfill Operator	50,000	11/28/2020	Western Surety Company
Mary Whisenton	Jail Clerk	50,000	Indefinite	Fidelity and Deposit Co. of MD
Ronald Sampson, Sr.	Police Chief	50,000	11/1/2020	Western Surety Company

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2019 TAX ROLLS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Tax	
		Assessed	
Assessments - 2019 Tax Rolls		Valuation	Ad Valorem
Real property		\$ 34,234,958	
Personal property		11,364,242	
Mobile Home		46,207	
Auto		6,442,778	
Public Utility		3,366,580	
Total Assessed Valuation		55,454,765	
Total Ad Valorem Tax @ 0.08555 Mills		4,744,155	
Less: Homestead Exemption Credit		\$ (360,498)	
Net Ad Valorem Taxes			\$ 4,383,657
Other Collections:			
Actual Homestead Reimbursements			148,344
Prior Year Tax Collections			45,947
Penalties and Interest on Delinquent Taxes			42,408
Deductions:			
Yazoo County Tax Collector's Commission			(118,604)
Total Ad Valorem Taxes to be Accounted For			\$ 4,501,752
Collections:			
Allocated to:	Fund #	Taxes	Homestead Total
General Fund	001	3,298,666	148,344 3,447,010
Parks	001	72,456	72,456
Library	001	48,304	48,304
Debt Service	201	540,519	540,519
Fire & Police Pension	410	172,445	172,445
		4,132,389	148,344 4,280,733
Balance Represented by:			
Unpaid realty & unaccounted for under (over) collections			221,019
Total Ad Valorem Taxes Accounted for			\$ 4,501,752

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2019 TAX ROLLS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Tax millage levies for the current fiscal year (tax year 2019) were as follows:

<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General	68.29	General Current Expenditures & Maintenance
Parks	1.50	Park Current Expenditures & Maintenance
Library	1.00	Library Current Expenditures & Maintenance
Bond & Interest	11.19	General City Obligation Bonds & Interest
Fire & Police Disability	3.57	Fire & Police Disability Fund
Total Tax Levy	<u><u>85.55</u></u>	

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

\$ 3,791,262	Base 2018-2019	\$ 4,132,389	Taxes collected 2019-2020 net of growth component
<u>385,616</u>	Less: Applicable to Debt Service	<u>540,519</u>	Less: Applicable to Debt Service
3,405,646		3,591,870	
340,565	10 % Increase	148,344	Homestead Exemption
		<u>-</u>	Less: Applicable to Debt Service
		<u>148,344</u>	
		5,997	Under (Over) Limitation
<u><u>\$ 3,746,211</u></u>		<u><u>\$ 3,746,211</u></u>	

YAZOO CITY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Description	Issue	Balance	Issued	Paid	Balance	Amount Due	
	Date	10/01/19			09/30/20	2021	Thereafter
General Obligation Bonds							
GO Bond-Public Improvement-Projects	1/13/2011	\$ 1,795,000		120,000	1,675,000	125,000	1,550,000
GO Bond-Capital Improvements-Series 2012	6/1/2012	2,175,000		135,000	2,040,000	140,000	1,900,000
GO Bond-Capital Improvements-Series 2019	9/9/2019	3,000,000		60,000	2,940,000	105,000	2,835,000
		6,970,000	-	315,000	6,655,000	370,000	6,285,000
Capital Leases							
John Deere Tractor	11/24/2014	3,772		3,772	-	-	-
2018 Mack Dump Truck	8/21/2017	33,246		33,246	-	-	-
Tractor/Alamo Cutter/Ztrak Mower	9/15/2017	43,065		21,276	21,789	21,789	-
5 new 2017 Ford Police Interceptors	12/11/2017	54,190		46,352	7,838	7,838	-
Vehicle & Body Cameras	12/11/2017	31,560		26,995	4,565	4,565	-
2017 Case 580SN Tractor Loader/Backhoe	11/27/2017	37,652		32,216	5,436	5,436	-
2018 Mack GU432 with Knuckleboom Truck	12/27/2017	57,366		49,090	8,276	8,276	-
2 Chevy 4X4 Trucks Crew Cab 1500-Fire Dept	5/25/2018	32,123		19,112	13,011	13,011	-
2015 E-One Pumper	12/18/2015	346,685		24,368	322,317	25,110	297,207
3-2020 Tahoes & 1-2020 Ram Truck	2/24/2020	-	141,878	26,664	115,214	46,733	68,481
Regenerative Air Sweeper	4/5/2020	-	159,850	15,836	144,014	38,761	105,253
		639,659	301,728	298,927	642,460	171,519	470,941
Other:							
Compensated Absences		174,258	-	11,346	162,912		162,912
Total Long Term Debt		\$ 7,783,917	\$ 301,728	\$ 625,273	\$ 7,460,372	\$ 541,519	\$ 6,918,853

**YAZOO CITY, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Date of Issue	Description	Total Outstanding G/O Debt	Bonds Subject To 15% Limitation	Bonds Subject To 20% Limitation
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>				
1/13/2011	GO Bond-Public Improvement-Projects	\$ 1,675,000	1,675,000	1,675,000
6/1/2012	GO Bond-Capital Improvements-Series 2012	2,040,000	2,040,000	2,040,000
9/9/2019	GO Bond-Capital Improvements-Series 2019	2,940,000	2,940,000	2,940,000
	Total Outstanding General Obligation Debt	<u>6,655,000</u>	<u>6,655,000</u>	<u>6,655,000</u>
<u>AUTHORIZED DEBT LIMIT:</u>				
Assessed Value for the fiscal year ended September 30, 2020:		\$ 55,454,765	8,318,215	11,090,953
Present Debt (Subject to 15% and 20% Limitation, respectively)			<u>6,655,000</u>	<u>6,655,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)			<u>\$ 1,663,215</u>	<u>4,435,953</u>

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

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

YAZOO CITY, MISSISSIPPI

SPECIAL REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 30, 2021.

Internal Control over Financial Reporting

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

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 a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

April 30, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, Mississippi, as of and for the fiscal year ended September 30, 2020, which collectively comprise Yazoo City, Mississippi's basic financial statements and have issued our report thereon dated April 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on the City's compliance with these requirements was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general-purpose financial statements disclosed no material instances of noncompliance with state laws and regulations. The prior year findings have been corrected.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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Certified Public Accountants
Vicksburg, Mississippi

April 30, 2021

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

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

In planning and performing our audit of the financial statements of Yazoo City, Mississippi for the year ended September 30, 2020, we considered Yazoo City, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Yazoo City, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 30, 2021 on the financial statements of Yazoo City, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 30, 2021

YAZOO CITY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

YAZOO CITY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component unit | Unmodified |
| General Fund | Unmodified |
| Debt & Debt Service Fund | Unmodified |
| Capital Projects Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

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