

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

YAZOO CITY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2022



YAZOO CITY, MISSISSIPPI
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YAZOO CITY, MISSISSIPPI

FINANCIAL SECTION

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PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Yazoo City, Mississippi, as of September 30, 2022, 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.

We did not audit the financial statements of the Public Service Commission, which represents 58%, 72%, and 63%, respectively, of the assets, net position, and revenues of Yazoo City. 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 Public Service Commission is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit

of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections – 2021 Tax Rolls, Schedule of Long-Term Debt, and Computation of Legal Debt Margin but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024 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
February 16, 2024

YAZOO CITY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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, 2022. 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 2022 fiscal year by \$9,237,061 (net position). Of this amount, the unrestricted net position showed a deficit balance of (\$5,243,346).
- The remaining net position of the City includes: \$13,031,633 invested in capital assets, net of related debt, and \$1,448,774 restricted (for General Government, Public Safety, and Debt Service).
- Other Statement of Net Position Increases (Decreases) from 2021.
 - Total Assets increased \$4,124,627.
 - Deferred outflows of resources increased \$955,120.
 - Total Liabilities increased \$5,165,618.
 - Deferred inflows of resources decreased \$2,265,231.
 - Total net position increased \$2,179,360.

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

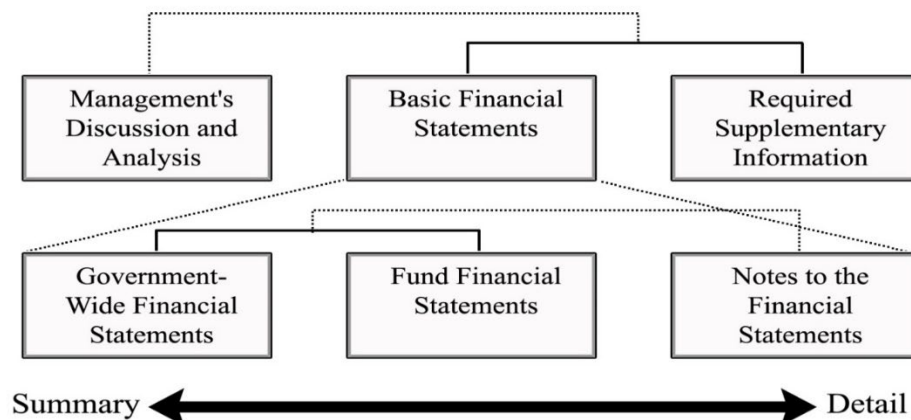


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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, 2022

1) Government-wide Financial Statements. The government-wide financial statements presented on pages 16 and 17 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, health and sanitation, 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 25 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, 15th Street Improvements, Capital Projects, and American Rescue Plan Funds which are considered to be major funds. All other funds are considered non-

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

major and are presented in a single column. The governmental fund financial statements are presented on pages 18 through 21.

Yazoo City adopts an annual budget. A budgetary comparison schedule has been provided for the General Funds, 15th Street Improvements Funds, Capital Projects Funds, and American Rescue Plan 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 22 through 24.

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 6 fiduciary funds consisting of the police and fire pension fund, city separate school district tax 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 25.

3) Notes to the Financial Statements. The notes, presented on pages 26 through 53, 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 54 through 66.

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, 2022, the assets and deferred outflows of Yazoo City exceeded its liabilities and deferred inflows by \$9,237,061.

One of the largest portions of the City's net position, \$13,031,633 (141%) 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, 2022

(Table 1)
Net Position

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2022	2021	2022	2021	2022	2021		
Current and other assets	\$ 8,972,642	\$ 7,568,695	445,221	365,022	9,417,863	7,933,717	1,484,146	18.71%
Capital assets, net	20,024,814	17,762,836	1,130,619	752,116	21,155,433	18,514,952	2,640,481	14.26%
Total Assets	28,997,456	25,331,531	1,575,840	1,117,138	30,573,296	26,448,669	4,124,627	15.59%
Deferred outflows	1,536,109	662,019	154,587	73,557	1,690,696	735,576	955,120	129.85%
Current and other liabilities	3,145,261	1,936,280	319	82	3,145,580	1,936,362	1,209,218	62.45%
Net pension liability	10,432,530	7,604,276	988,013	665,119	11,420,543	8,269,395	3,151,148	38.11%
Long-term debt	7,910,840	7,406,828	385,447	84,207	8,296,287	7,491,035	805,252	10.75%
Total Liabilities	21,488,631	16,947,384	1,373,779	749,408	22,862,410	17,696,792	5,165,618	29.19%
Deferred inflows	148,069	2,188,038	16,452	241,714	164,521	2,429,752	(2,265,231)	-93.23%
Net Position:								
Net investment in capital assets	12,267,349	10,479,074	764,284	681,057	13,031,633	11,160,131	1,871,502	16.77%
Restricted	1,448,774	1,275,318	-	-	1,448,774	1,275,318	173,456	13.60%
Unrestricted	(4,819,258)	(4,896,264)	(424,088)	(481,484)	(5,243,346)	(5,377,748)	134,402	2.50%
Total Net Position	\$ 8,896,865	\$ 6,858,128	340,196	199,573	9,237,061	7,057,701	2,179,360	30.88%

The City's total assets increased \$4,124,627 during 2022 with governmental activities showing an increase of \$3,665,925 and business-type activities showing an increase of \$458,702.

The City's total liabilities increased \$5,165,618 with governmental activities showing an increase in liabilities of \$4,541,247 and business-type activities showing an increase of \$624,371.

The City's net position increased \$2,179,360 from 2021.

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
	2022	2021		
Total unrestricted net position (deficit)	\$ (5,243,346)	\$ (5,377,748)	134,402	2.50%
Plus: unrestricted deficit in net position resulting from recognition of pensions	9,894,368	9,963,571	(69,203)	-0.69%
Unrestricted net position, exclusive of the net pensions liability	\$ 4,651,022	\$ 4,585,823	\$ 65,199	1.42%

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

(Table 2)

Statement of Activities
Increase (Decrease) in Net Position

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2022	2021	2022	2021	2022	2021	(Decrease)	Change
Program Revenues:								
Charges for services	\$ 201,328	\$ 110,719	1,378,672	1,280,869	1,580,000	1,391,588	188,412	13.54%
Grants and contributions	1,516,025	1,252,621	-	-	1,516,025	1,252,621	263,404	21.03%
General Revenues:								
Property taxes	4,718,714	4,676,794	-	-	4,718,714	4,676,794	41,920	0.90%
Sales and tourism taxes	2,778,563	2,386,861	-	-	2,778,563	2,386,861	391,702	16.41%
Other taxes and other revenues	318,736	791,886	224	167	318,960	792,053	(473,093)	-59.73%
Total Revenues	9,533,366	9,218,881	1,378,896	1,281,036	10,912,262	10,499,917	412,345	3.93%
Program Expenses:								
General government	\$ 1,825,585	\$ 1,487,449	-	-	1,825,585	1,487,449	338,136	22.73%
Public safety	3,428,108	3,217,613	-	-	3,428,108	3,217,613	210,495	6.54%
Health and sanitation	24,492	57,549	-	-	24,492	57,549	(33,057)	-57.44%
Highways and streets	988,990	919,885	-	-	988,990	919,885	69,105	7.51%
Culture and recreation	131,145	89,585	-	-	131,145	89,585	41,560	46.39%
Cemetery	184,465	139,851	-	-	184,465	139,851	44,614	31.90%
Interest on long-term debt	142,188	251,143	-	-	142,188	251,143	(108,955)	-43.38%
Pension expense	842,502	124,826	77,094	65,046	919,596	189,872	729,724	384.32%
Solid Waste	-	-	1,247,649	14,644,476	1,247,649	14,644,476	(13,396,827)	-91.48%
Total Expenses	7,567,475	6,287,901	1,324,743	14,709,522	8,892,218	20,997,423	(12,105,205)	-57.65%
Increase (Decrease) in Net Position	\$ 1,965,891	\$ 2,930,980	54,153	(13,428,486)	2,020,044	(10,497,506)	12,517,550	119.24%

The City's governmental activities continue to be funded primarily by property taxes, which made up 49.50% of the total revenues. The other major revenue sources were sales and tourism taxes 29.15%, and grants and contributions 15.90%. The major expense activities were public safety, general government, highways and streets, and pension expense, which comprise 45.30%, 24.12%, 13.07% and 11.13% 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 \$ 5,862,419 which is an increase of \$163,360 over last year's total of \$5,699,059.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, 15th Street Improvements Fund, Capital Projects Funds, and American Rescue Plan Funds. The remaining governmental funds were combined and reported as non-major governmental funds. The

YAZOO CITY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

general fund, 15th Street Improvements Fund, Capital Projects Funds, American Rescue Plan Fund and non-major governmental funds reflected a net change in fund balance of \$539,318, \$(235,506), \$(795,106), \$0 and \$581,808, respectively. The 2022 year had a combined net change in fund balances of \$90,514.

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 2022, 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 2022, the City had \$21,155,433 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 \$2,640,482 or 14.26% 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
	2022	2021	2022	2021	2022	2021		
Land	\$ 281,766	281,766	641,431	641,431	923,197	923,197	-	0.000%
Construction in progress	5,151,783	3,620,619	-	-	5,151,783	3,620,619	1,531,164	42.290%
Infrastructure	8,831,637	9,111,041	-	-	8,831,637	9,111,041	(279,404)	-3.067%
Buildings & improvements	2,628,468	2,725,325	-	-	2,628,468	2,725,325	(96,857)	-3.554%
Mobile and machinery equipment	3,009,523	952,612	487,387	108,883	3,496,910	1,061,495	2,435,415	229.433%
Furniture & equipment	121,637	129,608	1,801	1,801	123,438	131,409	(7,971)	-6.066%
Leased property under capital lease	-	941,865	-	-	-	941,865	(941,865)	-100.000%
Totals	\$ 20,024,814	\$ 17,762,836	1,130,619	752,115	21,155,433	18,514,951	2,640,482	14.26%

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, 2022

Long-term Debt

At year-end, the City had \$8,296,287 in long term debt outstanding compared to \$7,491,035 last year, an increase of \$805,252. Of the total debt outstanding, \$5,958,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are financed purchases in the amount of \$2,145,022 and compensated absences in the amount of \$172,487.

The following table illustrates the total Long-term Debt of Yazoo City as of September 30, 2022:

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

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2022	2021	2022	2021	2022	2021		
General obligation bonds	5,958,000	6,363,000	-	-	5,958,000	6,363,000	(405,000)	-6.36%
Add: premium on bonds	20,778	22,000	-	-	20,778	22,000	(1,222)	-5.55%
Total General obligation bonds	5,978,778	6,385,000	-	-	5,978,778	6,385,000	(406,222)	-6.36%
Financed Purchases	1,778,687	898,762	366,335	71,059	2,145,022	969,821	1,175,201	121.18%
Compensated absences	153,375	123,066	19,112	13,148	172,487	136,214	36,273	26.63%
Totals	7,910,840	7,406,828	385,447	84,207	8,296,287	7,491,035	805,252	10.75%

More detailed information about the City's long-term debt is presented in Note (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 2023 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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Service Commission
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,186,101	347,155	8,533,256	2,907,747
Accounts receivable, net of allowance for doubtful accounts of \$47,197	-	-	-	1,664,088
Fines receivable, net of allowance for doubtful accounts of \$1,491,029	44,311	-	44,311	-
Accrued interest receivable	-	-	-	568
Intergovernmental receivables	635,704	98,066	733,770	-
Other receivables	106,526	-	106,526	-
Inventories	-	-	-	858,440
Prepaid expenses	-	-	-	58,757
Restricted assets-cash and cash equivalents	-	-	-	6,769,034
Capital assets, net				
Land and construction in progress	5,433,549	641,431	6,074,980	-
Other capital assets, net	14,591,265	489,188	15,080,453	30,279,472
Total Assets	28,997,456	1,575,840	30,573,296	42,538,106
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to pensions	1,536,109	154,587	1,690,696	563,042
Total Deferred Outflows of Resources	1,536,109	154,587	1,690,696	563,042
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	109,459	-	109,459	2,480,968
Liabilities payable from restricted assets	-	-	-	1,163,776
Intergovernmental payables	238,624	-	238,624	-
Unearned revenues	2,672,665	-	2,672,665	-
Accrued interest payable	79,349	319	79,668	-
Unredeemed bond payable	45,164	-	45,164	-
Long-term liabilities:				
Net pension liability	10,432,530	988,013	11,420,543	8,443,409
Due within one year:				
Capital related debt	800,868	163,401	964,269	196,001
Non-capital related debt	-	-	-	4,000
Lease payable	-	-	-	72,354
Due in more than one year:				
Capital related debt	6,956,597	202,934	7,159,531	4,990,144
Non-capital related debt	153,375	19,112	172,487	235,926
Lease payable	-	-	-	330,694
Total Liabilities	21,488,631	1,373,779	22,862,410	17,917,272
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pensions	148,069	16,452	164,521	1,652,622
Total Deferred Inflows of Resources	148,069	16,452	164,521	1,652,622
<u>NET POSITION</u>				
Net investment in capital assets	12,267,349	764,284	13,031,633	28,891,834
Restricted:				
Expendable:				
General government	969,090	-	969,090	-
Public safety	217,420	-	217,420	-
Public works	-	-	-	6,769,034
Debt service	262,264	-	262,264	-
Capital projects	-	-	-	-
Unrestricted	(4,819,258)	(424,088)	(5,243,346)	(12,129,614)
Total Net Position	\$ 8,896,865	340,196	9,237,061	23,531,254

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, 2022

		Program Revenues			Net (Expense) Revenue and Change in Net Position			
					Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	Public Service Commission
Expenses		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
FUNCTIONS/PROGRAMS								
Governmental activities:								
General government	\$ 1,825,585	201,328	927,857	41,566	(654,834)		(654,834)	
Public safety	3,428,108	-	251,839	8,000	(3,168,269)		(3,168,269)	
Health and sanitation	24,492	-	-	28,320	3,828		3,828	
Highways and streets	988,990	-	-	258,443	(730,547)		(730,547)	
Culture and recreation	131,145	-	-	-	(131,145)		(131,145)	
Cemetery	184,465	-	-	-	(184,465)		(184,465)	
Interest on long-term debt	142,188	-	-	-	(142,188)		(142,188)	
Pension expense	842,502	-	-	-	(842,502)		(842,502)	
Total governmental activities	7,567,475	201,328	1,179,696	336,329	(5,850,122)		(5,850,122)	
Business-type activities:								
Solid Waste	1,324,743	1,378,672	-	-		53,929	53,929	
Total business-type activities	1,324,743	1,378,672	-	-		53,929	53,929	
Total primary government	8,892,218	1,580,000	1,179,696	336,329	(5,850,122)	53,929	(5,796,193)	
Component unit:								
Public Service Commission	18,929,836	18,257,780						(672,056)
Total Component Unit	\$ 18,929,836	18,257,780						(672,056)
General revenues:								
Property taxes					4,718,714	-	4,718,714	-
Sales and tourism tax					2,778,563	-	2,778,563	-
Franchise taxes					170,504	-	170,504	-
Rental income					28,238	-	28,238	-
Unrestricted interest income					3,971	224	4,195	12,393
Cemetery					59,542	-	59,542	-
Other taxes and other income					102,999	-	102,999	-
Gain (Loss) on disposal of assets					(46,518)	-	(46,518)	-
Total general revenues and transfers					7,816,013	224	7,816,237	12,393
Change in net position					1,965,891	54,153	2,020,044	(659,663)
Net Position, beginning, as originally reported					6,858,128	199,573	7,057,701	24,190,917
Prior period adjustments					72,846	86,470	159,316	
Net Position, beginning, as restated					6,930,974	286,043	7,217,017	24,190,917
Net position, ending	\$ 8,896,865				\$ 8,896,865	\$ 340,196	\$ 9,237,061	\$ 23,531,254

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

YAZOO CITY, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Funds	15th Street Improvements	Capital Projects Funds	American Rescue Plan	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 3,952,650	-	143,973	2,672,665	1,416,813	8,186,101
Fines receivable (net of allowance for uncollectibles of \$1,491,029)	44,311	-	-	-	-	44,311
Intergovernmental receivables	421,479	-	-	-	214,225	635,704
Other receivables	24,435	-	-	-	-	24,435
Due from other funds	1,237,300	-	-	-	-	1,237,300
Total Assets	5,680,175	-	143,973	2,672,665	1,631,038	10,127,851
<u>LIABILITIES</u>						
Claims payable	59,509	-	32,887	-	17,063	109,459
Unearned revenues	-	-	-	2,672,665	-	2,672,665
Intergovernmental payables	238,624	-	-	-	-	238,624
Due to other funds	-	235,506	879,015	-	40,688	1,155,209
Unredeemed bond payable	-	-	-	-	45,164	45,164
Total Liabilities	298,133	235,506	911,902	2,672,665	102,915	4,221,121
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable revenue - fines	44,311	-	-	-	-	44,311
Total deferred inflows of resources	44,311	-	-	-	-	44,311
<u>FUND BALANCES</u>						
Restricted for:						
General government	-	-	-	-	969,090	969,090
Public safety	-	-	-	-	217,420	217,420
Debt service	-	-	-	-	341,613	341,613
Capital Projects	-	-	-	-	-	-
Unassigned	5,337,731	(235,506)	(767,929)	-	-	4,334,296
Total Fund Balances	5,337,731	(235,506)	(767,929)	-	1,528,123	5,862,419
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,680,175	-	143,973	2,672,665	1,631,038	10,127,851

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, 2022

Total Fund Balance - Governmental Funds	\$ 5,862,419
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 \$12,905,757.	20,024,814
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	44,311
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	(7,757,465)
Compensated absences	(153,375)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(79,349)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(10,432,530)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	1,536,109
Deferred inflows of resources related to pensions	(148,069)
Total Net Position - Governmental Activities	<u>\$ 8,896,865</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, 2022

	General Funds	15th Street Improvements	Capital Projects Funds	American Rescue Plan	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>						
Taxes	\$ 4,122,979	-	-	-	595,735	4,718,714
Licenses and permits	110,645	-	-	-	-	110,645
Intergovernmental:						
Federal grants	8,000	-	28,320	-	318,403	354,723
State of Mississippi:						
Grants	337,456	-	258,443	-	222,127	818,026
General sales tax	2,778,563	-	-	-	-	2,778,563
Grand gulf	11,463	-	-	-	-	11,463
Liquor Licenses	5,400	-	-	-	-	5,400
Municipal aid	5,677	-	-	-	-	5,677
Gasoline tax	9,530	-	-	-	-	9,530
Homestead reimbursement	145,460	-	-	-	-	145,460
Other state revenue	20,206	-	-	-	130,385	150,591
Franchise tax	170,504	-	-	-	-	170,504
Fines and forfeitures	69,195	-	-	-	-	69,195
Interest income	2,763	-	307	-	901	3,971
Rental income	28,238	-	-	-	-	28,238
Cemetery	59,542	-	-	-	-	59,542
Contributions	15,155	-	-	-	-	15,155
Other income	102,999	-	-	-	-	102,999
Total revenues:	8,003,775	-	287,070	-	1,267,551	9,558,396
<u>EXPENDITURES:</u>						
Current:						
General government	1,851,909	-	-	-	38,641	1,890,550
Public safety	5,001,210	-	-	-	-	5,001,210
Highways and streets	1,087,736	370,771	1,047,868	-	71,096	2,577,471
Health and sanitation	-	-	24,492	-	-	24,492
Culture and recreation	62,959	-	32,411	-	-	95,370
Cemetery	200,187	-	-	-	-	200,187
Debt service:						
Principal paid	298,267	-	-	-	430,405	728,672
Interest paid	28,528	-	-	-	124,999	153,527
Total expenditures:	8,530,796	370,771	1,104,771	-	665,141	10,671,479
Excess (deficiency) of revenues over (under) expenditures	(527,021)	(370,771)	(817,701)	-	602,410	(1,113,083)
<u>OTHER FINANCING SOURCES (USES):</u>						
Long-term capital debt issued	1,203,597	-	-	-	-	1,203,597
Transfers In	20,602	135,265	22,595	-	-	178,462
Transfers Out	(157,860)	-	-	-	(20,602)	(178,462)
Net other financing sources (uses)	1,066,339	135,265	22,595	-	(20,602)	1,203,597
Net change in fund balances	539,318	(235,506)	(795,106)	-	581,808	90,514
Fund Balance, beginning, as previously stated	4,334,275	-	332,895	-	1,031,889	5,699,059
Prior period adjustments	464,138	-	(305,718)	-	(85,574)	72,846
Fund Balance, beginning, as restated	4,798,413	-	27,177	-	946,315	5,771,905
Fund Balance, ending	5,337,731	(235,506)	(767,929)	-	1,528,123	5,862,419

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, 2022

Net Changes in Fund Balances - Governmental Funds	\$	90,514
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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 \$3,016,901 exceeded depreciation expense of \$708,405.		2,308,496
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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 (\$46,518) and the proceeds from the sale of \$0 in the current period.		(46,518)
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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 proceeds of \$1,203,597 exceeds debt payments of \$728,672.		(474,925)
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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.		21,488
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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		10,117
Change in compensated absences		(30,309)
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		(842,502)
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Recording of contributions made during the year		928,308
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Change in Net Position of Governmental Activities	\$	<u>1,965,891</u>
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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, 2022**

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 347,155
Intergovernmental receivables	98,066
Total Current Assets	<u>445,221</u>
Non-current assets:	
Land	641,431
Mobile Equipment	1,243,669
Furniture & Equipment	18,000
Accumulated depreciation	(772,481)
Total Non-Current Assets	<u>1,130,619</u>
Total Assets	<u>1,575,840</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	154,587
Total Deferred Outflows of Resources	<u>154,587</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accrued interest payable	319
Capital debt, current portion	163,401
Total Current Liabilities	<u>163,720</u>
Non-current liabilities:	
Net pension liability	988,013
Capital debt	202,934
Non-Capital debt:	
Compensated absences	19,112
Total Non-Current Liabilities	<u>1,210,059</u>
Total Liabilities	<u>1,373,779</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	16,452
Total Deferred Inflows of Resources	<u>16,452</u>
<u>NET POSITION</u>	
Net investment in capital assets	764,284
Unrestricted	(424,088)
Total Net Position	<u>\$ 340,196</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, 2022

	<u>Business-Type Activities Enterprise Fund Solid Waste Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services:	
Garbage collection fees	\$ 1,378,672
Total Operating Revenues	<u>1,378,672</u>
<u>OPERATING EXPENSES:</u>	
Personal services	348,633
Contractual services	800,896
Consumable supplies	30,131
Depreciation expense	62,314
Pension expense	77,094
Total Operating Expenses	<u>1,319,068</u>
Operating Income (Loss)	<u>59,604</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	224
Interest expense	(5,675)
Total Non-operating Revenues (Expenses)	<u>(5,451)</u>
Net Income (Loss)	<u>54,153</u>
Net Position, beginning, as originally reported	199,573
Prior period adjustments	86,470
Net Position, beginning, as restated	<u>286,043</u>
Net Position, Ending	<u>\$ 340,196</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, 2022

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers and users	\$ 1,280,607
Payments to suppliers for goods and services	(831,085)
Payments to employees for services	(403,162)
Net Cash Provided (Used) by Operating Activities	<u>46,360</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on deposits	<u>224</u>
Net Cash Provided (Used) by Investing Activities	<u>224</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Proceeds of long-term debt	400,188
Acquisition of capital assets	(400,188)
Principal paid on long-term debt	(104,912)
Interest paid on debt	(5,380)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(110,292)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Interfund loan prior period adjustments	50,341
Net Cash Provided (Used) by Noncapital Financing Activities	<u>50,341</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,367)
Cash and Cash Equivalents, October 1	<u>360,522</u>
Cash and Cash Equivalents, September 30	<u><u>347,155</u></u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating income (loss)	59,604
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	62,314
Pension expense adjustment	16,602
(Increase) decrease is garbage fees receivable	(98,066)
Increase (decrease) in accounts payable and accrued expenses	(58)
Increase (decrease) in compensated absences payable	5,964
Total adjustments	<u>(13,244)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 46,360</u></u>

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

YAZOO CITY, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022
and
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

STATEMENT OF FIDUCIARY NET POSITION			
	Cemetery Trust Fund	Crump School Trust Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 106,843	93,056	-
Investments	231,570	2,295,143	-
Intergovernmental receivables	-	-	72,833
Accrued interest receivable	-	8,761	-
Total Assets	338,413	2,396,960	72,833
LIABILITIES			
Intergovernmental payables	-	67,071	-
Due to other funds	9,258	-	72,833
Total Liabilities	\$ 9,258	67,071	72,833
NET POSITION			
Held in trust for:			
Individuals, organizations and other governments	\$ 329,155	\$ 2,329,889	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION		
	Cemetery Trust Fund	Crump School Trust Fund
ADDITIONS		
Contributions:		
Gifts, bequests and endowments	\$ 10,650	-
Investment income:		
Interest and dividends	1,904	33,151
Total Additions	12,554	33,151
DEDUCTIONS		
Payments in accordance with trust agreements	10,358	-
Total Deductions	10,358	-
CHANGES IN NET POSITION	2,196	33,151
Net Position - Beginning	326,959	2,296,738
Net Position - Ending	\$ 329,155	2,329,889

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, 2022**

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, 2022

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 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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 nonoperating.

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.

15th Street Improvements Fund- This fund is used to account for revenues and expenditures related to the capital improvement of 15th Street.

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.

American Rescue Plan Fund- This fund is used to account for and report grant revenues derived from the American Rescue Plan Act and the related expenditures.

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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

PROPRIETARY FUND 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

Custodial 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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

I. Restricted Assets

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

J. Capital Assets, Depreciation, and Amortization

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

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

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

The following schedule details those thresholds and estimated useful lives:

<u>Asset Classification</u>	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ No minimum	N/A
Infrastructure	No minimum	20-50 years
Buildings	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
Intangible assets	*	*

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The term “depreciation” includes the amortization of intangible assets.

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 11 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 11 for additional details.

L. Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

For the year ended September 30, 2022, the City did not have any leases that were required to be recorded under Statement No. 87.

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 financed purchases 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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 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. 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.

O. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example, an employee resigns or retires.

P. 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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 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.

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 2022 tax year was 85.55 mills as: 68.35 mills for the general fund, 11.77 mills for the debt service fund, 1.00 mills for library maintenance, 1.50 mills for park maintenance, and 2.93 mills for fire and police disability fund.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

R. Intergovernmental Revenues in Governmental Funds

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

S. 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.

T. 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.

U. Changes in Accounting Standards

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

NOTE 2 – BUDGET POLICY

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

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Aldermen.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

- D. The budget is formally revised during the year and properly amended by the Mayor and City Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

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

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

A summary of significant equity adjustments is as follows:

Exhibit 2- Statement of Activities	
Explanation	Amount
Governmental Activities	
To record client changes to due to-due from accounts	\$ 72,846
Total prior period adjustments	<u>\$ 72,846</u>
Business-Type Activities	
To record client changes to due to-due from accounts	\$ 45,841
To correct accumulated depreciation from prior year	40,629
Total prior period adjustments	<u>\$ 86,470</u>
Exhibit 4- Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	
Explanation	Amount
To record client changes to due to-due from accounts	\$ 72,846
Total prior period adjustments	<u>\$ 72,846</u>
Exhibit 6- Statement of Revenues, Expenditures and Changes in Net Position- Proprietary Fund	
Explanation	Amount
To record client changes to due to-due from accounts	\$ 45,841
To correct accumulated depreciation from prior year	40,629
Total prior period adjustments	<u>\$ 86,470</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2021 was \$8,733,155, and the bank balance was \$9,657,724. 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 Depository Insurance Corporation (FDIC).

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

Investments

The City's investments consisted of the following at September 30, 2022:

Cemetery Trust Fund Investments

Investment type	Maturity	Fair Value Level	Fair Value
Certificate of Deposit- BYC	Less than one year	1	\$ 118,836
Certificate of Deposit- BYC	Less than one year	1	112,734
Total			\$ 231,570

Crump School Fund Investments

Investment type	Maturity	Fair Value Level	Fair Value
United States Treasury Notes	Various	1	\$ 2,295,143
Total			\$ 2,295,143

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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

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

NOTE 5 – INTER-FUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	15th Street Improvements Fund	\$ 235,506
General Fund	Capital Projects Fund	879,015
General Fund	Other Governmental Funds	40,688
General Fund	Fiduciary Funds	9,258
General Fund	Custodial Funds	72,833
Total		<u>\$ 1,237,300</u>

The amounts due to General Fund-represent amounts paid for expenditures made for other funds. 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	Other Governmental Funds	\$ 20,602
15th Street Improvements Fund	General Fund	135,265
Capital Projects Fund	General Fund	22,595
Total		<u>\$ 178,462</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 6 – INTER-GOVERNMENTAL 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.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Intergovernmental receivables at September 30, 2022 include the following:

Description	Amount
Governmental Activities	
Sales Tax	\$ 420,348
MEMA Grant	212,856
MDOT Grant	1,369
Overload Tax	1,131
TOTAL	<u>\$ 635,704</u>
Business-Type Activities	
Public Service Commission Garbage Contract Fees	98,066
TOTAL	<u>\$ 98,066</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

GOVERNMENTAL ACTIVITIES YAZOO CITY	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 281,766	-	-	-	281,766
Construction in progress	3,620,619	1,531,164	-	-	5,151,783
Total non-depreciable capital assets	<u>3,902,385</u>	<u>1,531,164</u>	<u>-</u>	<u>-</u>	<u>5,433,549</u>
Depreciable capital assets:					
Infrastructure	15,812,191	-	-	-	15,812,191
Buildings & Improvements	4,677,599	-	-	-	4,677,599
Mobile and machinery equipment	3,539,806	1,479,740	216,618	1,155,965	5,958,893
Furniture & equipment	1,042,342	5,997	-	-	1,048,339
Leased property under capital lease	1,155,965	-	-	(1,155,965)	-
Total depreciable capital assets	<u>26,227,903</u>	<u>1,485,737</u>	<u>216,618</u>	<u>-</u>	<u>27,497,022</u>
Less accumulated depreciation for:					
Infrastructure	6,701,150	279,404	-	-	6,980,554
Buildings & Improvements	1,952,274	96,857	-	-	2,049,131
Mobile and machinery equipment	2,587,194	318,176	170,100	214,100	2,949,370
Furniture & equipment	912,734	13,968	-	-	926,702
Leased property under capital lease	214,100	-	-	(214,100)	-
Total accumulated depreciation	<u>12,367,452</u>	<u>708,405</u>	<u>170,100</u>	<u>-</u>	<u>12,905,757</u>
Depreciable capital assets, net	<u>13,860,451</u>	<u>777,332</u>	<u>46,518</u>	<u>-</u>	<u>14,591,265</u>
Governmental activities capital assets, net	<u>17,762,836</u>	<u>2,308,496</u>	<u>46,518</u>	<u>-</u>	<u>20,024,814</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

BUSINESS-TYPE ACTIVITIES	Balance				Balance
YAZOO CITY	Oct. 1, 2021	Additions	Deletions	Adjustments	Sept. 30, 2022
Non-depreciable capital assets:					
Land	641,431	-	-	-	641,431
Total non-depreciable capital assets	641,431				641,431
Depreciable capital assets:					
Mobile equipment	843,481	400,188	-	-	1,243,669
Furniture & equipment	18,000	-	-	-	18,000
Total depreciable capital assets	861,481	400,188	-	-	1,261,669
Less accumulated depreciation for:					
Mobile equipment	734,597	62,314	-	(40,629)	756,282
Furniture & equipment	16,199	-	-	-	16,199
Total accumulated depreciation	750,796	62,314	-	(40,629)	772,481
Depreciable capital assets, net	110,685	337,874	-	40,629	489,188
Business-Type activities capital assets, net	752,116	337,874	-	40,629	1,130,619

COMPONENT UNIT	Balance				Balance
PUBLIC SERVICE COMMISSION	Oct. 1, 2021	Additions	Deletions	Adjustments	Sept. 30, 2022
Capital assets:					
Electric utility plant in service	\$ 42,693,577	775,573	271,324	-	\$ 43,197,826
Water utility plant in service	15,298,623	3,030,594	240,823		18,088,394
Sewer utility plant in service	11,545,229	281,848	39,635	-	11,787,442
Total depreciable capital assets	69,537,429	4,088,015	551,782	-	73,073,662
Less accumulated depreciation for:					
Electric utility plant in service	28,278,480	1,336,195	271,199	-	29,343,476
Water utility plant in service	6,822,225	436,493	240,823	-	7,017,895
Sewer utility plant in service	7,770,487	199,812	39,636	-	7,930,663
Total accumulated depreciation	42,871,192	1,972,500	551,658	-	44,292,034
Capital assets, net	\$ 26,666,237	2,115,515	124	-	\$ 28,781,628

Depreciation expense was charged to the governmental functions as follows:

GOVERNMENTAL ACTIVITIES	Amount
General government	\$ 28,040
Public safety	225,827
Highways & streets	418,764
Culture & recreation	35,774
Total governmental activities depreciation expense	<u>\$ 708,405</u>
BUSINESS-TYPE ACTIVITIES	
Solid Waste	<u>\$ 62,314</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
MLK & 15th Street	Unknown	Unknown
Various Street Overlays	Unknown	Unknown

NOTE 8 –LEASES

YAZOO CITY COMPONENT UNIT

Public Service Commission of Yazoo City

The Commission leases equipment under a non-cancellable lease agreement. The lease expires during 2027. Total lease expense was as follows:

	2022
Lease Expense	
Amortization expense by class of underlying asset	\$ 74,025
Equipment	5,492
Interest on lease liabilities	\$ 79,517

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Lease Assets	
Equipment	\$ 474,995
Less: Accumulated Depreciation	(74,025)
 Total Lease Assets, net	
Lease Liabilities	400,970
	403,048

Total future minimum lease payments under lease agreements are as follows:

Year Ending September 30,	Principal	Interest	Total Payments
2023	\$ 72,354	\$ 4,662	\$ 77,016
2024	73,271	3,745	77,016
2025	74,200	2,816	77,016
2026	75,140	1,876	77,016
2027	76,093	923	77,016
Thereafter	31,989	101	32,090
Total	\$ 403,047	\$ 14,123	\$ 417,170

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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, 2022 is approximately:

	<u>15% Debt Limit</u>	<u>20% Debt Limit</u>	
	\$ 2,360,168	\$ 5,132,890	
<u>Debt outstanding as of September 30, 2022, consisted of the following:</u>			
<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
<u>A. General Obligation Bonds:</u>			
GO Bond-Capital Improvements-Series 2012	\$ 1,755,000	Avg 2.74	06/2032
GO Bond-Capital Improvements-Series 2019	2,725,000	2.25-3.00	03/2039
GO Refunding Bonds- Series 2020	1,478,000	1.00-1.50%	10/2020
Total General Obligation Bonds	<u>\$ 5,958,000</u>		
<u>B. Financed Purchases:</u>			
3-2020 Tahoes & 1-2020 Ram Truck	20,278	2.71	2/2023
Regenerative Air Sweeper	65,261	2.73	4/2024
2 Knucklebooms with Bushhog	212,694	1.95	5/2024
2-2021 Ford Police Vehicles, 1-2021 Chevrolet	72,260	2.01	6/2024
Dodge Durangos	222,719	2.49	3/2026
Fire Truck	801,056	2.85	2/2037
JD Backhoe	113,305	2.033	6/2025
E-One Pumper	271,114	2.04	12/2030
Total Financed Purchases	<u>\$ 1,778,687</u>		

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-Type Activities			
<u>A. Financed Purchases:</u>			
2019 Ram 550 Crew Cab	\$ 40,966	2.01	1/2024
2-21 Sany SY215C Hydraulic Excavator	140,002	2.033	1/2025
JD Crawler Dozer	185,367	2.033	3/2025
Total Financed Purchases	<u>\$ 366,335</u>		
Component Unit Activities:			
<u>A. Loans Payable:</u>			
State Revolving Loan - amount drawn to date	\$ 5,018,761	1.95	11/2039
Grand Avenue Loan	167,384	1.00	5/2035
Total Loans Payable	<u>\$ 5,186,145</u>		

The annual debt service requirements of long-term debt of September 30, 2022 are as follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 419,000	\$ 130,468	\$ 381,868	\$ 44,349
2024	437,000	121,723	341,646	35,770
2025	447,000	112,627	172,884	28,449
2026	458,000	103,215	111,698	24,428
2027	467,000	93,494	81,091	21,845
2028-2032	2,385,000	308,269	407,844	71,701
2033-2037	920,000	111,632	281,656	18,694
2038-2039	425,000	10,688	-	-
Totals	<u>\$ 5,958,000</u>	<u>\$ 992,116</u>	<u>\$ 1,778,687</u>	<u>\$ 245,236</u>

Business-Type Activities:

Year Ending September 30,	Financed Purchases	
	Principal	Interest
2023	\$ 163,401	\$ 6,849
2024	144,743	2,829
2025	58,191	395
Totals	<u>\$ 366,335</u>	<u>\$ 10,073</u>

Component Unit Activities:

Year Ending September 30,	Loans Payable	
	Principal	
2022	\$	196,001
2023		236,775
2024		241,312
2025		245,938
2026		250,651
Thereafter		4,015,468
Totals	<u>\$</u>	<u>5,186,145</u>

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 123,066	30,309	-	-	153,375	\$ -
General obligation bonds	6,363,000	-	405,000	-	5,958,000	419,000
Add:						
Premiums	22,000	-	1,222	-	20,778	-
Capital leases	898,762	-	-	(898,762)	-	-
Financed Purchases	-	1,203,597	323,672	898,762	1,778,687	381,868
Total	<u>7,406,828</u>	<u>1,233,906</u>	<u>729,894</u>	<u>-</u>	<u>7,910,840</u>	<u>800,868</u>
Business-Type Activities:						
Compensated absences	13,148	5,964	-	-	19,112	-
Capital leases	71,059	-	-	(71,059)	-	-
Financed Purchases	-	400,188	104,912	71,059	366,335	163,401
Total	<u>84,207</u>	<u>406,152</u>	<u>104,912</u>	<u>-</u>	<u>385,447</u>	<u>163,401</u>
Component Activities:						
Compensated absences	200,931	38,995	-	-	239,926	
Loans payable	4,655,084	543,444	12,383	-	5,186,145	196,001
Total	<u>\$ 4,856,015</u>	<u>582,439</u>	<u>12,383</u>	<u>-</u>	<u>5,426,071</u>	<u>196,001</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 – 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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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, 2022, 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, 2022 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, 2022, 2021, and 2020, were \$604,919, \$488,648, and \$550,002, 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, 2022, the City reported a liability of \$11,420,543 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.048 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.003 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

For the year ended September 30, 2022, the City recognized pension expense of \$770,940. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,047	-
Net difference between projected and actual earnings on pension plan investments	624,565	-
Changes of assumptions	320,358	-
Changes in the proportion and differences between actual contributions and proportionate share of contributions	324,536	164,521
Contributions subsequent to the measurement date	140,380	-
Total	<u>\$ 1,545,886</u>	<u>164,521</u>

The \$140,380 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, 2023. 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
2023	\$ 289,595
2024	368,646
2025	46,619
2026	536,125
Total	<u>\$ 1,240,985</u>

Actuarial Assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases, including inflation	2.65 - 17.90 percent
Investment rate of return, net of pension plan investment expense, including inflation	7.55 percent

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2020.

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	<u>1% Decrease 6.55%</u>	<u>Discount Rate 7.55%</u>	<u>1% Increase 8.55%</u>
Proportionate share of the net pension liability	\$ 12,894,648	9,880,147	7,394,883

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

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, 2021, and 2020, were \$210,103, \$177,103, and \$536,400, 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, 2022, the Commission reported a liability of \$8,443,409 for its proportionate share of the net pension liability. At June 30, 2022, the Commission's proportion was 0.041022 percent.

For the year ended September 30, 2022, the Commission recognized pension expense of \$748,686. At September 30, 2022, 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	\$ 119,553	-
Net difference between projected and actual earnings on pension plan investments	443,489	-
Changes of assumptions	-	1,652,622
Total	<u>\$ 563,042</u>	<u>1,652,622</u>

Contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023.

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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease 6.55%	Discount Rate 7.55%	1% Increase 8.55%
Proportionate share of the net pension liability	\$ 11,019,511	8,443,820	6,319,544

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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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.

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.

**YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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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, 2022 (measurement date), the following employees were covered by the plan:

Inactive Members or Their Beneficiaries Currently Receiving Benefits	10
--	----

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, 2022, the City levied 2.93 mills to help fund MMRS. These millage rates are determined through review of the plan benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City. The City's contributions to the Yazoo City Fire and Police Plan for the fiscal year ended September 30, 2022, were \$378,652.

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, 2022, 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, 2022, 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	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Projected salary increases	3.00% - 4.50%, including inflation
Inflation	2.75%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 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 7.55 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 (2.93 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, 2022

Changes in Net Pension Liability. Changes in the City's net pension liability for the year ended September 30, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 1,826,849	208,652	1,618,197
Changes for the year:			
Service Cost	-	-	-
Interest	130,474	-	130,474
Changes of benefit terms	-	-	-
Difference between expected and actual experience	24,080	-	24,080
Changes of assumptions	-	-	-
Contributions - employer	-	261,354	(261,354)
Contributions - employee	-	-	-
Net Investment income	-	(23,772)	23,772
Benefit payments, including refunds of employee contributions	(197,430)	(197,430)	-
Administrative expense		(5,227)	5,227
Other changes			-
Net Changes	(42,876)	34,925	(77,801)
Balances at June 30, 2022	<u>\$ 1,783,973</u>	<u>243,577</u>	<u>1,540,396</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 7.55 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 (6.55 percent) or one percentage point higher (8.55 percent) than the current rate:

	1% Decrease 6.55%	Discount Rate 7.55%	1% Increase 8.55%
Proportionate share of the net pension liability	\$ 1,664,665	1,540,396	1,430,241

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, 2022, the plan recognized pension expense of \$148,656.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

At September 30, 2022, the plan 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
Net difference between projected and actual earnings on pension plan investments	\$ 22,285	-
Contributions subsequent to the measurement date	122,525	
Total	<u>\$ 144,810</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.

Contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023.

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
2023	\$ 7,385
2024	4,952
2025	1,599
2026	8,349
Total	<u>\$ 22,285</u>

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2022, by individual plan are as follows:

Description	PERS	MMRS	Total
Deferred outflows - pensions	\$ 1,545,886	144,810	1,690,696
Net pension liability	9,880,147	1,540,396	11,420,543
Deferred inflows - pensions	164,524	-	164,524
Pension expense	\$ 770,940	148,656	919,596

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 12 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following funds reported deficits in fund balances at September 30, 2022:

Fund	Deficit Balance
Municipal Grant Fund	\$ 37,295
City Donations Fund	3,393
15th Street Improvements Fund	10,368
Capital Projects & Grants Fund	870,930
Tax Collection Outside Levies Fund	22,425
Fire and Police Disability Relief Fund	50,407

NOTE 13 – 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.

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(4,819,258) 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 \$248,867 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, 2023. The \$1,287,242 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years. The \$148,069 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position deficit amount of \$(424,088) 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 \$14,038 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, 2023. The \$140,549 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 4 years. The \$16,452 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next 4 years.

YAZOO CITY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 15 – 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 \$76,943 to the Commission in fiscal year 2022. 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 16 – 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 February 16, 2024 and determined that no subsequent events occurred requiring disclosure in the notes to the financial statements.

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, 2022

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 3,596,283	4,122,979	4,122,979	-
Licenses, Permits & Franchise Fees	272,049	110,645	110,645	-
Grants & Intergovernmental	6,909,718	3,164,520	3,164,520	-
Fines and Forfeits	127,883	69,196	69,196	-
Rental	-	28,238	28,238	-
Interest income	47,372	2,763	2,763	-
Other revenues	2,014,787	323,765	323,765	-
Total Revenues	12,968,092	7,822,106	7,822,106	-
EXPENDITURES:				
General Government	1,629,349	1,857,999	1,857,999	-
Public Safety	5,452,848	4,948,776	4,948,776	-
Culture & Recreational	20,906	63,914	63,914	-
Street Department	1,250,049	1,087,708	1,087,708	-
Cemetery Department	200,820	200,820	200,820	-
Debt Service:				
Principal paid	-	298,267	298,267	-
Interest paid		28,528	28,528	-
Total Expenditures	8,553,972	8,486,012	8,486,012	-
Excess of Revenues over (under) Expenditures	4,414,120	(663,906)	(663,906)	-
OTHER FINANCING SOURCES (USES)				
Long Term Debt Issued	-	1,203,597	1,203,597	-
Operating transfers in (out)	-	(137,258)	(137,258)	-
Total other financing sources (uses)	-	1,066,339	1,066,339	-
Net Change in Fund Balance	4,414,120	402,433	402,433	-
Fund Balances - Beginning	2,202,829	6,059,957	4,594,388	-
Fund Balances - Ending	\$ 6,616,949	6,462,390	4,996,821	-

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)
15th STREET IMPROVEMENTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
EXPENDITURES:				
Highways and Streets	\$ -	370,771	370,771	-
Total Expenditures	-	370,771	370,771	-
Excess of Revenues over (under) Expenditures	-	(370,771)	(370,771)	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	-	135,265	135,265	
Total other financing sources (uses)	-	135,265	135,265	-
Net Change in Fund Balance	-	(235,506)	(235,506)	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	(235,506)	(235,506)	-

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, 2022

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Intergovernmental revenues	\$ 1,622,808	286,763	286,763	
Other revenues	306	306	306	-
Total Revenues	1,623,114	287,069	287,069	-
EXPENDITURES:				
Highways and streets	1,164,573	1,174,186	1,174,186	-
Health and sanitation	24,492	24,492	24,492	
Culture and recreation	20,568	10,955	10,955	
Total Expenditures	1,209,633	1,209,633	1,209,633	-
Excess of Revenues over (under) Expenditures	413,481	(922,564)	(922,564)	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	1,358,947	22,595	22,595	
Total other financing sources (uses)	1,358,947	22,595	22,595	-
Net Change in Fund Balance	1,772,428	(899,969)	(899,969)	-
Fund Balances - Beginning	-	40,220	40,220	-
Fund Balances - Ending	\$ 1,772,428	(859,749)	(859,749)	-

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)
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Grants & Intergovernmental	-	2,672,665	2,672,665	-
Other revenues	-	-	-	-
Total Revenues	-	2,672,665	2,672,665	-
 Net Change in Fund Balance	-	2,672,665	2,672,665	-
 Fund Balances - Beginning	-	-	-	-
 Fund Balances - Ending	\$ -	2,672,665	2,672,665	-

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.048%	0.045%	0.045%	0.050%	0.050%	0.050%	0.049%	0.052%	0.054%
Proportionate share of the net pension liability (asset)	\$ 8,339,752	6,651,198	8,711,478	8,795,986	8,316,487	8,311,699	8,752,624	8,038,175	6,554,611
Covered payroll	\$ 3,331,136	2,988,140	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	250.36%	222.59%	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	59.93%	70.44%	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 604,919	488,648	550,002	466,162	496,030	491,121	505,383	512,627
Contributions in relation to the contractually required contribution	<u>604,919</u>	<u>488,648</u>	<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>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,476,546	2,808,321	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%	17.40%	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.

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability								
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
Interest	130,474	142,038	157,239	161,272	164,947	165,195	170,894	175,392
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	24,080	(32,622)	(136,234)	25,552	22,045	58,479	(8,459)	6,098
Changes of assumptions	-	(13,681)	-	(5,865)	-	6,890	-	70,508
Benefit payments	(197,430)	(203,275)	(231,011)	(234,987)	(233,845)	(233,660)	(238,292)	(240,326)
Net change in total pension liability	<u>(42,876)</u>	<u>(107,540)</u>	<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>1,826,849</u>	<u>1,934,389</u>	<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>\$ 1,783,973</u>	<u>\$ 1,826,849</u>	<u>\$ 1,934,389</u>	<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>
Plan fiduciary net position								
Contributions - employer	\$ 261,354	\$ 42,022	\$ 166,020	\$ 178,623	\$ 235,285	171,575	152,630	281,604
Contributions - member	-	-	-	-	-	-	-	-
Net investment income	(23,772)	52,162	9,810	17,978	32,763	50,690	2,158	15,090
Benefit payments	(197,430)	(203,275)	(231,011)	(234,987)	(233,845)	(233,660)	(238,292)	(240,326)
Administrative expense	(5,227)	(840)	(3,320)	(3,572)	(4,706)	(3,432)	(3,053)	(5,632)
Other	-	-	-	-	(35)	1,953	58	-
Net change in plan fiduciary net position	<u>34,925</u>	<u>(109,931)</u>	<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>208,652</u>	<u>318,583</u>	<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>\$ 243,577</u>	<u>\$ 208,652</u>	<u>\$ 318,583</u>	<u>\$ 377,084</u>	<u>\$ 419,042</u>	<u>389,580</u>	<u>402,454</u>	<u>488,953</u>
Net pension liability (asset) - ending (a) - (b)	1,540,396	1,618,197	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	13.65%	11.42%	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 169,310	\$ 40,680	\$ 166,020	\$ 178,623	\$ 235,285	171,575	152,630	281,604
Contributions in relation to the actuarially determined contributions	<u>256,127</u>	<u>42,022</u>	<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>\$ (86,817)</u>	<u>\$ (1,342)</u>	<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	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	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, 2022
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 Funds, 15th Street Improvements Funds, Capital Projects Funds and American Rescue Plan Funds:

Governmental Fund Type	General Funds	15th Street Improvements Funds	Capital Projects Funds	American Rescue Rescue Plan Funds
Budget (Cash Basis)	\$ 402,433	(235,506)	(899,969)	2,672,665
Increase (Decrease)				
Net adjustments for unearned revenues	0	0	0	(2,672,665)
Net adjustments for revenue accruals	181,671	-	-	-
Net adjustments for expense accruals	(44,786)	-	104,863	-
Net Change in Fund Balance - GAAP Basis	<u>539,318</u>	<u>(235,506)</u>	<u>(795,106)</u>	<u>-</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, 2022
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, 2022
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%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

YAZOO CITY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

UNAUDITED

The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 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, 2022 were based on the June 30, 2020 actuarial valuation.

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	2.75%
Salary increases	3.00 – 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

YAZOO CITY, MISSISSIPPI

OTHER INFORMATION

YAZOO CITY, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 2022

Name	Position	Bond Amount	Expiration Date	Surety Company
Diane Delaware	Mayor	100,000	4/9/2022	Travelers Casualty and Surety Co.
David Starling	Mayor	100,000	4/11/2026	Travelers Casualty and Surety Co.
Ronald Johnson	Alderman Ward 1	100,000	4/9/2022	Travelers Casualty and Surety Co.
Charlie Jenkins	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.
Macklyn Austin	Alderman Ward 2	100,000	4/11/2026	Travelers Casualty and Surety Co.
Sir Johnathan Rucker	Alderman Ward 3	100,000	4/9/2022	Travelers Casualty and Surety Co.
Jammie McCoy	Alderman Ward 3	100,000	4/11/2026	Travelers Casualty and Surety Co.
Elizabeth W. Thomas	Alderman Ward 4	100,000	4/11/2026	Travelers Casualty and Surety Co.
Kaneilia Williams	City Clerk	50,000	5/1/2021	Western Surety Company
John W. Carroll, Sr.	City Clerk	50,000	10/26/2021	Western Surety Company
Alicia G. Fulgiam	Deputy City Clerk - A/P	50,000	7/2/2022	Western Surety Company
Lorinda Stewart	Deputy City Clerk - HR	50,000	3/13/2023	Western Surety Company
Betty Johnson	Deputy City Clerk- A/P	50,000	11/10/2022	Western Surety Company
Leticia Carmichael	Municipal Court Deputy Clerk	50,000	1/10/2023	Western Surety Company
Helena Williams	Municipal Court Deputy Clerk	50,000	5/26/2021	Western Surety Company
Tammie Perry	Municipal Court Deputy Clerk	50,000	10/7/2022	Western Surety Company
Mary Love Johnson	Municipal Court Clerk	50,000	5/30/2023	Western Surety Company
McDaniel Gatson	Landfill Operator	50,000	11/28/2022	Western Surety Company
Joseph Head	Police Chief	50,000	8/3/2022	Western Surety Company

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2021 TAX ROLLS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

			Tax		
			Assessed		
<u>Assessments - 2021 Tax Rolls</u>			Valuation	Ad Valorem	
Real property			\$ 35,428,997		
Personal property			10,337,036		
Mobile Home			48,982		
Auto			6,692,256		
Public Utility			<u>2,947,179</u>		
Total Assessed Valuation			55,454,450		
Total Ad Valorem Tax @	0.08555 Mills		4,744,128		
Less: Homestead Exemption Credit			<u>\$ (360,498)</u>		
Net Ad Valorem Taxes					\$ 4,383,630
Other Collections:					
Actual Homestead Reimbursements					145,460
Prior Year Tax Collections					71,671
Penalties and Interest on Delinquent Taxes					40,269
Deductions:					
Yazoo County Tax Collector's Commission					<u>(191,351)</u>
Total Ad Valorem Taxes to be Accounted For					<u><u>\$ 4,449,679</u></u>
Collections:					
Allocated to:	Fund #		Taxes	Homestead	Total
General Fund	001	68.29000	3,298,666	145,460	3,444,126
Parks	003	1.50000	72,456		72,456
Library	003	1.00000	48,304		48,304
Debt Service	201	11.19000	540,519		540,519
Fire & Police Pension	410	<u>3.57000</u>	<u>172,445</u>		<u>172,445</u>
		85.55000	<u>4,132,389</u>	145,460	<u>4,277,849</u>
Balance Represented by:					
Unpaid realty & unaccounted for under (over) collections					<u>171,830</u>
Total Ad Valorem Taxes Accounted for					<u><u>\$ 4,449,679</u></u>

YAZOO CITY, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2021 TAX ROLLS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Tax millage levies for the current fiscal year (tax year 2021) 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>85.55</u>	

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

\$ 4,206,716	Base 2020-2021	\$ 4,226,398	Taxes collected 2021-2022
<u>507,750</u>	Less: Applicable to Debt Service	<u>584,859</u>	Less: Applicable to Debt Service
3,698,966		3,641,539	
369,897	10 % Increase	145,460	Homestead Exemption
		<u>-</u>	Less: Applicable to Debt Service
		<u>145,460</u>	
		<u>281,864</u>	Under (Over) Limitation
<u>\$ 4,068,863</u>		<u>\$ 4,068,863</u>	

YAZOO CITY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Description	Issue Date	Balance 10/01/21	Issued	Paid	Balance 09/30/22	Amount Due	
						2023	Thereafter
General Obligation Bonds							
GO Bond- Capital Improvements- Series 2012	6/1/2012	\$ 1,900,000	-	145,000	1,755,000	150,000	1,605,000
GO Bond- Capital Improvements- Series 2019	9/9/2019	2,835,000	-	110,000	2,725,000	115,000	2,610,000
GO Refunding Bonds- Series 2020	10/22/2020	1,628,000	-	150,000	1,478,000	154,000	1,324,000
		6,363,000	-	405,000	5,958,000	419,000	5,539,000
Financed Purchases							
2015 E-One Pumper	12/18/2015	296,519	-	25,405	271,114	26,661	244,453
3-2020 Tahoes & 1-2020 Ram Truck	2/24/2020	68,439	-	48,161	20,278	20,278	-
Regenerative Air Sweeper	4/5/2020	105,242	-	39,981	65,261	40,972	24,289
2019 Ram 550 Crew Cab	1/27/2021	71,059	-	30,093	40,966		40,966
2 Knucklebooms with Bushhog	6/1/2021	316,000	-	103,306	212,694	105,320	107,374
2- 2021 Ford Police Interceptor Vehicles, 1-2021 Chevrolet 1500 Crew Cab	6/25/2021	112,562	-	40,302	72,260	41,032	31,228
Dodge Durangos	3/1/2026		253,142	30,423	222,719	61,672	161,047
Fire Truck	2/1/2037		827,170	26,114	801,056	45,471	755,585
JD Backhoe	6/1/2025		123,285	9,980	113,305	40,462	72,843
2-21 Sany SY215C Hydraulic Excavator	1/1/2025		178,750	38,748	140,002	59,184	
JD Crawler Dozer	3/20/2025		221,438	36,071	185,367	73,033	
		969,821	1,603,785	428,584	2,145,022	514,085	1,437,785
Other:							
Compensated Absences		136,214	36,273	-	172,487		172,487
Total Long Term Debt		\$ 7,469,035	\$ 1,640,058	\$ 833,584	\$ 8,275,509	\$ 933,085	\$ 7,149,272

YAZOO CITY, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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>				
6/1/2012	GO Bond-Capital Improvements-Series 2012	\$ 1,755,000	1,755,000	1,755,000
9/9/2019	GO Bond-Capital Improvements-Series 2019	2,725,000	2,725,000	2,725,000
10/22/2020	GO Refunding Bonds- Series 2020	1,478,000	1,478,000	1,478,000
	Total Outstanding General Obligation Debt	<u>5,958,000</u>	<u>5,958,000</u>	<u>5,958,000</u>
<u>AUTHORIZED DEBT LIMIT:</u>				
Assessed Value for the fiscal year ended September 30, 2022:		\$ 55,454,450	8,318,168	11,090,890
Present Debt (Subject to 15% and 20% Limitation, respectively)			<u>5,958,000</u>	<u>5,958,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)			<u>\$ 2,360,168</u>	<u>5,132,890</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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 16, 2024.

Report on 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) as a basis for designing 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*.

We noted certain matters that we reported to the management of Yazoo City, Mississippi in the Limited Internal Control and Compliance Review Management Report dated February 16, 2024, included within this document.

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

February 16, 2024

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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, 2022, which collectively comprise Yazoo City, Mississippi's basic financial statements and have issued our report thereon dated February 16, 2024. 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

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

February 16, 2024

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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, 2022, 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 February 16, 2024 on the financial statements of Yazoo City, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code of 1972 Annotated*, 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.

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

2022-001	<u>Public Officials should ensure compliance with state law over surety bonding requirements.</u>
Repeat Finding	Yes; 2021
Criteria	<p><i>Section 25-1-15, Mississippi Code Annotated (1972)</i>, states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</p> <p><i>Section 21-15-23, Mississippi Code Annotated (1972)</i>, states, "Every deputy city clerk, before entering upon the duties of his office, shall take and subscribe the</p>

same oath required of the city clerk. The appointment of said deputy city clerk, with the certificate of the oath, shall be filed and preserved in the office of the clerk of the governing authorities of such city. Such deputy city clerk shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the governing authority (which shall be not less than Fifty Thousand Dollars (\$50,000.00)).”

Section 21-15-38, Mississippi Code Annotated (1972), states, “Before any person appointed to the position of municipal clerk, city manager, municipal administrator or municipal chief administrative officer enters upon the discharge of his duties, he shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the municipal governing authority (which shall not be less than Fifty Thousand Dollars (\$50,000.00)).”

Condition	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none">• One Deputy Municipal Court Clerk and the former Police Chief were not bonded for the entire fiscal year• One Interim Police Chief was not bonded for the entire length of his tenure and one Interim Police Chief was not bonded at all during his tenure
Cause	Public Officials have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend that the City implement procedures to ensure that City officials’ and employees’ bonds meet the requirements of State Laws.
Response	I will comply.
2022-002.	<u>Public Officials Should Ensure Compliance over its Adopted Central Purchasing System</u>
Repeat Finding	Yes; 2021
Criteria	The City is responsible for establishing and maintaining an effective system of internal control over purchases. An effective system would include a purchase requisition, purchase order, an invoice, and a receiving report in chronological order.
Condition	<p>During the course of our audit, we tested a sample of twenty-five purchases and noted the following instances of noncompliance:</p> <ul style="list-style-type: none">• Twenty-three (23) instances of not having a receiving report

	<ul style="list-style-type: none"> • One (1) instance where the invoice predates the purchase order • One (1) instance where no purchase documentation was provided • Four (4) instances where an unauthorized individual signed a purchase order • Five (5) instances where an invoice was not provided • One (1) instance where an invoice was not dated
Cause	Purchases were made prior to the filing and approval of the necessary purchase requisitions and purchase orders.
Effect	A lack of controls over purchasing could result in the misappropriation of public funds.
Recommendation	The City should ensure compliance with its adopted purchasing system by verifying that all appropriate purchase documents have been properly completed before any purchases are made by any departments or employees.
Response	I will comply.
2022-003	<u>Establish and Maintain Controls Pertinent to Employee Files.</u>
Repeat Finding	Yes; 2021
Criteria	An effective system over the control and maintenance of files relative to employee hiring, verification, rate of pay and withholding of taxes.
Condition	<p>During the course of our test work, we noted the following:</p> <ul style="list-style-type: none"> • One (1) instance where the Form I-9 was incomplete • One (1) instance where the federal withholding form was incomplete
Cause	Files and records were not adequately obtained, maintained and/or updated.
Effect	Failure to obtain and maintain employee records could result in failure to report employees as required by law and failure to withhold proper funds in accordance with State and Federal law.
Recommendation	The City should maintain a complete personnel file system which would ensure that the City is in compliance with State and Federal documentation laws.
Response	I will comply.

2022-004	<u>Public Officials Should Strengthen Controls over Timeliness of Deposits.</u>
Repeat Finding	No
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	<p>During the course of our test work on the Municipal Court, we noted the following:</p> <ul style="list-style-type: none"> • Out of twenty-three (23) daily deposits tested, we noted that nineteen (19) were deposited late with some deposits being held for almost three weeks • Out of twelve (12) receipts tested, we noted that all twelve (12) were deposited late with one being held up to ten days
Cause	Public officials did not implement adequate internal control surrounding the depositing of revenue collected.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition or the loss or misappropriation of public funds.
Recommendation	Management should implement controls to ensure that deposits are being made in a timely manner.
Response	I will comply.
2022-005	<u>Deficit fund balances</u>
Repeat Finding	No.
Criteria	Management is responsible for establishing a proper internal control system to ensure the City operates within its means.
Condition	<p>We noted deficit fund balances at September 30, 2022. These deficit fund balances existed in the following funds:</p> <ul style="list-style-type: none"> • Municipal Grant Fund (117) • City Donations Fund (120) • 15th Street Improvements Fund (300) • Capital Projects & Grants (400) • Tax Collection Outside Levies (003) • Fire and Police Disability Relief Fund(410)
Cause	The above-listed funds were operating with a cash deficit.

Effect	Prolonged deficit fund balances, especially in grant funding accounts, could result in loss of future grant funding.
Recommendation	The Board of Aldermen should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.
Response	I will comply.

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.

The City's responses to the findings identified in our audit were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

February 16, 2024

YAZOO CITY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

YAZOO CITY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 |
| 15 th Street Improvements Fund | Unmodified |
| Capital Projects Fund | Unmodified |
| American Rescue Plan 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*.