

City of Clinton, Mississippi

ANNUAL FINANCIAL STATEMENTS

September 30, 2018



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City of Clinton, Mississippi
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September 30, 2018

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the defined benefit pension plan information on pages 64 through 68, and the Budgetary Comparison Schedules on pages 69 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

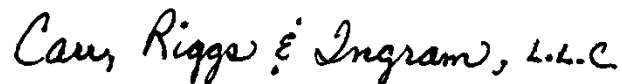
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and other schedules have not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
October 10, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)



City of Clinton, Mississippi Management's Discussion and Analysis September 30, 2018

Our discussion and analysis of the financial performance of the City of Clinton, Mississippi (the "City") provides an overview of the City's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the City's financial statements that begin on page 15.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 through 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 17 and tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. Fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the total City begins on page 7. One of the most important questions asked about the City's finances is "Is the City, as a whole, in better or worse condition as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities to assist in answering this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account, regardless of when cash is received or spent.

These two statements report the City's net position and, in addition, the changes which have occurred in it. Think of the City's net position as the difference between assets and deferred outflows of resources (what citizens own) and liabilities and deferred inflows of resources (what citizens owe), as one way of measuring the City's financial health, or financial position. Over time, increases and decreases in the City's net position is an indicator of whether its financial health is improving or worsening. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, sales tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines, etc.) to determine the overall health of the City.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Government activities:** Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, economic development and general administration. Property taxes, sales tax, licenses and permits, fines, and state and federal grants finance most of these activities.
- **Business-type activities:** The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems and garbage collection are reported here.

Reporting the City's Funds
Fund Financial Statements

Our analysis of the City's funds begins on page 10. The fund financial statements begin on page 17 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the end of the year that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in the reconciliations at the bottom of the fund financial statements.

The City maintains one major governmental fund (the General Fund) and eighteen (18) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data on all governmental funds is provided elsewhere in this report.

The City adopts an annual budget for all of its funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Basic governmental fund financial statements can be found on pages 17 through 20 of this report.



City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

Proprietary funds: The City maintains two different types of proprietary funds. Enterprise funds, a component of proprietary funds, are used to report the same functions presented as “business-type” activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Operations and Garbage Collection Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses this type fund for its Self-Funded Group Insurance Fund.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Operations and Garbage Collection Funds, both of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 21 through 26 of this report.

Fiduciary fund: A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources are not available to support the City’s own programs. The City’s only fiduciary fund is the Unemployment Compensation Benefit Fund, which is reported on a full accrual basis. The fiduciary fund financial statements can be found on pages 27 and 28 of this report.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, at September 30, 2018, total net position was approximately \$57.2 million.

	City of Clinton Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 15,401,125	\$ 16,566,016	\$ 9,779,174	\$ 8,395,233	\$ 25,180,299	\$ 24,961,249
Capital assets	65,503,296	68,544,308	32,391,513	31,518,134	97,894,809	100,062,442
Total assets	80,904,421	85,110,324	42,170,687	39,913,367	123,075,108	125,023,691
Deferred outflows of resources	2,182,953	1,361,332	437,079	193,099	2,620,032	1,554,431
Long-term liabilities	40,227,344	39,738,316	16,916,853	17,923,154	57,144,197	57,661,470
Other liabilities	2,345,433	1,873,225	1,127,777	1,126,490	3,473,210	2,999,715
Total liabilities	42,572,777	41,611,541	18,044,630	19,049,644	60,617,407	60,661,185
Deferred inflows of resources	7,741,319	7,487,198	108,131	46,608	7,849,450	7,533,806
Net position:						
Net investment in capital assets	46,650,534	47,953,473	19,715,517	17,351,920	66,366,051	65,305,393
Restricted	3,977,293	4,459,610	92,232	7,313	4,069,525	4,466,923
Unrestricted	(17,854,549)	(15,137,374)	4,647,256	3,830,360	(13,207,293)	(11,307,014)
Total net position	\$ 32,773,278	\$ 37,275,709	\$ 24,455,005	\$ 21,189,593	\$ 57,228,283	\$ 58,465,302

The largest portion of the City's net position, \$66.4 million, reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and water and sewer systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the related debt.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

City of Clinton
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Changes for services	\$ 972,964	\$ 903,775	\$ 10,121,156	\$ 9,871,920	\$ 11,094,120	\$ 10,775,695
Operating grants and contributions	392,787	254,336	-	-	392,787	254,336
Capital grants and contributions	63,323	161,200	-	-	63,323	161,200
General revenues:						
Property taxes	9,626,065	8,921,263	-	-	9,626,065	8,921,263
Sales taxes	4,812,181	4,906,625	-	-	4,812,181	4,906,625
Franchise charges	790,948	680,935	-	-	790,948	680,935
Shared grants and revenues	947,889	545,644	1,288,645	-	2,236,534	545,644
Other	149,701	281,128	129,327	522,009	279,028	803,137
Total revenues	17,755,858	16,654,906	11,539,128	10,393,929	29,294,986	27,048,835
Expenses:						
General government	1,594,302	1,512,501	-	-	1,594,302	1,512,501
Public safety	12,072,420	10,468,079	-	-	12,072,420	10,468,079
Public works	4,595,163	4,944,126	-	-	4,595,163	4,944,126
Culture and recreation	2,445,958	2,275,049	-	-	2,445,958	2,275,049
Economic development	588,681	477,818	-	-	588,681	477,818
Interest on long-term debt	532,662	578,143	-	-	532,662	578,143
Water and sewer	-	-	7,381,748	6,683,884	7,381,748	6,683,884
Garbage	-	-	1,826,901	1,745,200	1,826,901	1,745,200
Total expenses	21,829,186	20,255,716	9,208,649	8,429,084	31,037,835	28,684,800
Change in net position before transfers	(4,073,328)	(3,600,810)	2,330,479	1,964,845	(1,742,849)	(1,635,965)
Transfers in (out)	102,328	-	(102,328)	-	-	-
Change in net position	(3,971,000)	(3,600,810)	2,228,151	1,964,845	(1,742,849)	(1,635,965)
Net position - beginning	37,193,539	40,794,348	21,189,593	19,224,748	58,383,132	60,019,096
Prior period adjustment	(449,261)	82,171	1,037,261	-	588,000	82,171
Total net position	\$ 32,773,278	\$ 37,275,709	\$ 24,455,005	\$ 21,189,593	\$ 57,228,283	\$ 58,465,302



City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

At September 30, 2018, the City has positive balances in all three categories of net position in business-type activities and in two categories in governmental activities. The negative unrestricted net position for governmental activities increased in 2018 by \$2.7 million. This increase resulted from the decrease in capital assets of \$3.0 million primarily related to increases in infrastructure accumulated depreciation. The increase in the unrestricted net position for business-type activities in 2018 is a result of reimbursement of capital outlay for water and sewer infrastructure offset by additional expenses related to the City's continued efforts to improve the City's water and sewer system infrastructure. The City's total net position decreased \$1.2 million during the current fiscal year primarily as a result of the increase in infrastructure accumulated depreciation and the City's efforts to maintain and improve the water and sewer system infrastructure.

Governmental activities. Governmental activities decreased the City's net position by \$3.9 million during the year. The increase in property taxes was due primarily to a millage increase that was used for the resurfacing of the City's streets. The increase in franchise charges was due to an increase in customers using the services of the franchisor. These increases in revenues were offset by increases in public safety expenses primarily due to the purchase of police vehicles and increases in police and fire department salaries.

Business-type activities. Business-type activities increased the City's net position by \$3.3 million during the year. This increase was primarily due to Water and Sewer revenue increases in 2018 being higher than expected in the water and sewer department and a \$1.3 million increase in state grant revenue due to a reimbursement from the State of Mississippi for the extension of water and sewer lines and the construction of a water well for a tire plant to be constructed. The City also accrued an additional \$1.0 million in 2018 for additional expected reimbursements related to construction at the tire plant. These increases in revenues were offset by an increase in expenses primarily from increases to maintenance and upkeep of the water and sewer system infrastructure. Garbage expenditures increased by \$82 thousand in 2018 as a result of increases in the customer base.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

THE CITY'S FUNDS

The following schedules present a summary of the changes in fund balances and net position of the City's major funds and the City's non-major funds by type.

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 3,068,667	\$ (930,697)	\$ 2,137,970
Special revenue funds	21,789	(4,533)	17,256
Debt service funds	1,502,814	(136,445)	1,366,369
Capital project funds	2,814,349	(384,461)	2,429,888
Total governmental funds	\$ 7,407,619	\$ (1,456,136)	\$ 5,951,483

	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 20,606,978	\$ 3,351,782	\$ 23,958,760
Garbage collection fund	631,271	(88,083)	543,188
Self-funded group insurance fund	(322,816)	9,879	(312,937)
Total proprietary funds	\$ 20,915,433	\$ 3,273,578	\$ 24,189,011

The decrease in the general fund is primarily due to increases for the resurfacing of the City's streets and the purchase of police vehicles, along with increases in personnel expenses.

The decrease in the special revenue funds is considered immaterial and is the result of expenses being higher than revenues.

The decrease in the debt service funds is primarily due to ad valorem taxes collected being less than what was needed for the repayment of debt.

The decrease in the capital projects funds resulted from grant revenue costs incurred in the current year for capital improvement projects where the revenues will not be received until the next fiscal year.

The increase in the water and sewer operations fund is primarily due to continued efforts to build reserves for necessary future capital improvements to the water and sewer systems and the reimbursement from the State of Mississippi for the extension of water and sewer lines and the construction of a water well for a tire plant to be constructed.

City of Clinton, Mississippi
Management's Discussion and Analysis
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The decrease in the garbage collection fund is primarily due to operating costs increasing more rapidly than operating revenues. The garbage collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

The Self-Funded Group Insurance Fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with a negative net position because the cost of claims in prior years was higher than expected. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were greater than original budgeted funds available by \$1.2 million. This increase resulted primarily from a \$1.0 million increase to the beginning fund balance. Final budgeted expenditures were \$420 thousand greater than those originally budgeted. Key elements of this increase were as follows:

- \$ 531,000 decrease in personal services as a result of savings from vacant positions.
- \$ 279,000 increase in operating supplies as the result of increases in miscellaneous equipment expenses and in motor vehicle repairs and supplies expenses.
- \$ 231,000 increase in other services and charges as the result of increases in maintenance contracts for copiers and software and costs associated with a 4th of July event sponsored by the Parks and Recreation Department.
- \$ 704,000 increase in capital outlay was primarily due to costs associated with the restriping and resurfacing of City streets.
- \$ 134,000 decrease in debt service was due primarily to over budgeting the expected cost of leases purchase agreements for equipment and vehicles.
- \$ 129,000 decrease in transfers and other charges due to over budgeting this category.

Actual funds available were \$143 thousand greater than final budgeted. The majority of this difference consisted of a \$158 thousand increase in miscellaneous revenues received offset by a \$11 thousand decrease in federal grants received.

Actual expenditures were \$47 thousand less than those finally budgeted. This decrease is considered immaterial to the changes in expenditures.

For additional information, see Required Supplementary Information beginning on page 69.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$65.5 million at September 30, 2018. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$2.3 million. Significant increases were:

- \$1.4 million – for resurfacing of City streets
- \$248 thousand – for purchase of police vehicles
- \$201 thousand – for street maintenance, lighting, and signs
- \$134 thousand – for construction of Olde Towne Park
- \$101 thousand – for Train Depot furniture and fixtures
- \$ 55 thousand – for repairs and improvements to City buildings
- \$ 40 thousand – for Fire Station #4 furniture and fixtures
- \$ 34 thousand – for Multi-Use walking and biking paths
- \$ 20 thousand – for Train Depot land
- \$ 67 thousand – for various other capital assets

Depreciation expense amounted to \$5.3 million for 2018 and \$5.0 million for 2017. Accumulated depreciation at September 30, 2018 and 2017 was \$ 72.1 million and \$67.1 million, respectively.

Business-type activities. At September 30, 2018, the City's business-type net capital assets amounted to \$32.4 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$3.0 million were made during 2018 mainly for water and sewer improvements and the purchase of new vehicles. Depreciation expense amounted to \$1.6 million for 2018 and \$1.5 million for 2017. Accumulated depreciation at September 30, 2018 and 2017 was \$31.4 million and \$29.8 million, respectively.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

City of Clinton
Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 8,072,648	\$ 8,052,648	\$ 181,742	\$ 168,012	\$ 8,254,390	\$ 8,220,660
Buildings	15,762,397	16,568,364	120,957	130,597	15,883,354	16,698,961
Other improvements	2,475,438	2,797,619	-	-	2,475,438	2,797,619
Water and sewer systems and improvements	-	-	29,828,720	28,483,817	29,828,720	28,483,817
Certificate of authority	-	-	800,000	800,000	800,000	800,000
Equipment and vehicles	2,099,038	2,239,908	707,153	655,912	2,806,191	2,895,820
Infrastructure	36,886,703	38,588,749	-	-	36,886,703	38,588,749
Construction in progress	207,342	297,020	752,941	1,279,796	960,283	1,576,816
Total net position	\$ 65,503,566	\$ 68,544,308	\$ 32,391,513	\$ 31,518,134	\$ 97,895,079	\$ 100,062,442

For additional information, see Note 5 to the Basic Financial Statements.

DEBT ADMINISTRATION

Governmental activities. At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$19.1 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable, capital lease obligations, and unamortized bond premium/discount. During the current fiscal year, the City's total governmental activities debt decreased by \$1.9 million. This decrease was due primarily to scheduled debt payments made during the year. Payments of principal and interest due within one-year total \$2.2 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$12.7 million at September 30, 2018. This account classification includes general obligation bonds, revenue bonds, notes payable, capital lease obligations and unamortized bond premium/discount. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2018, debt associated with the City's business-type activities decreased by \$1.5 million. This decrease was due primarily to the scheduled debt payments made during the year. Payments of principal and interest due within one-year total \$1.8 million.

For additional information, see Note 8 to the Basic Financial Statements.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2018

City of Clinton
 General Obligation and Revenue Bonds and Other Loans

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 15,699,749	\$ 16,740,875	\$ 615,248	\$ 699,121	\$ 16,314,997	\$ 17,439,996
Tax increment limited obligation bonds	275,000	434,000	-	-	275,000	434,000
Notes payable	70,000	140,000	12,060,748	13,467,092	12,130,748	13,607,092
Capital lease obligations	2,803,695	3,284,386	-	-	2,803,695	3,284,386
Unamortized bond premium	296,824	333,567	-	-	296,824	333,567
Total net position	\$ 19,145,268	\$ 20,932,828	\$ 12,675,996	\$ 14,166,213	\$ 31,821,264	\$ 35,099,041

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to remain flat during the next fiscal year. Expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives and spends. If you have questions about this report or need additional information, you may contact the City Clerk, Post Office Box 156, Clinton, MS 39060.

BASIC FINANCIAL STATEMENTS

City of Clinton, Mississippi
Statement of Net Position

<i>September 30, 2018</i>	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,191,782	\$ 6,814,905	\$ 13,006,687
Receivables, net	8,892,658	2,607,195	11,499,853
Internal balances	283,776	(283,776)	-
Due from fiduciary fund	127	-	127
Prepaid items	32,782	-	32,782
Restricted cash and cash equivalents	-	640,850	640,850
Capital assets:			
Capital assets not being depreciated	8,279,990	1,734,683	10,014,673
Other capital assets, net of depreciation	57,223,306	30,656,830	87,880,136
Total Assets	80,904,421	42,170,687	123,075,108
Deferred Outflows of Resources			
Related to pensions	1,890,447	437,079	2,327,526
Deferred charges on refundings	292,506	-	292,506
Total Deferred Outflows	2,182,953	437,079	2,620,032
Liabilities			
Accounts payable	1,922,565	508,814	2,431,379
Accrued interest	171,546	23,402	194,948
Claims liability	188,997	46,943	235,940
Due to other governments	56,525	-	56,525
Customer deposits payable	5,800	548,618	554,418
Long-term debt:			
Due within one year	2,106,136	1,515,883	3,622,019
Due in more than one year	17,039,132	11,160,113	28,199,245
Compensated absences payable:			
Due within one year	514,684	117,304	631,988
Due in more than one year	915,326	119,297	1,034,623
Net pension liability	19,652,066	4,004,256	23,656,322
Total Liabilities	42,572,777	18,044,630	60,617,407
Deferred Inflows of Resources			
Related to pensions	441,906	108,131	550,037
Property taxes levied for subsequent year	7,299,413	-	7,299,413
Total Deferred Inflows	7,741,319	108,131	7,849,450
Net Position			
Net investment in capital assets	46,650,534	19,715,517	66,366,051
Restricted for:			
Capital projects	2,429,888	92,232	2,522,120
Debt service	1,366,369	-	1,366,369
Law enforcement (restricted by enabling legislation)	142,093	-	142,093
Economic development and tourism (restricted by enabling legislation)	38,943	-	38,943
Unrestricted net position	(17,854,549)	4,647,256	(13,207,293)
Total Net Position	\$ 32,773,278	\$ 24,455,005	\$ 57,228,283

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Activities

Year ended September 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,594,302	\$ 95,306	\$ -	\$ -	\$ (1,498,996)	\$ -	\$ (1,498,996)
Public safety	12,072,420	763,687	392,787	-	(10,915,946)	-	(10,915,946)
Public works	4,595,163	-	-	-	(4,595,163)	-	(4,595,163)
Culture and recreation	2,445,958	113,971	-	63,323	(2,268,664)	-	(2,268,664)
Economic development	588,681	-	-	-	(588,681)	-	(588,681)
Interest and fiscal charges on long-term debt	532,662	-	-	-	(532,662)	-	(532,662)
Total governmental activities	21,829,186	972,964	392,787	63,323	(20,400,112)	-	(20,400,112)
Business-Type Activities:							
Water	3,311,480	4,582,304	-	-	-	1,270,824	1,270,824
Sewer	4,070,268	3,794,446	-	-	-	(275,822)	(275,822)
Garbage collection	1,826,901	1,744,406	-	-	-	(82,495)	(82,495)
Total business-type activities	9,208,649	10,121,156	-	-	-	912,507	912,507
Total	\$ 31,037,835	\$ 11,094,120	\$ 392,787	\$ 63,323	(20,400,112)	912,507	(19,487,605)
General Revenues:							
Taxes:							
Property taxes					9,626,065	-	9,626,065
Local sales taxes					179,081	-	179,081
Franchise fees based upon gross receipts					790,948	-	790,948
Grants and contributions not restricted to specific programs:							
State grants and shared revenues					5,543,368	1,288,645	6,832,013
County shared revenues					37,621	-	37,621
Interest					27,132	23,138	50,270
Gain (loss) on sale of capital assets					23,370	(4,837)	18,533
Transfer in (out)					102,328	(102,328)	-
Miscellaneous					99,199	111,026	210,225
Total General Revenues					16,429,112	1,315,644	17,744,756
Change in Net Position					(3,971,000)	2,228,151	(1,742,849)
Net Position - Beginning					37,193,539	21,189,593	58,383,132
Prior period adjustment					(449,261)	1,037,261	588,000
Net Position - Beginning as restated					36,744,278	22,226,854	58,971,132
Net Position - Ending					\$ 32,773,278	\$ 24,455,005	\$ 57,228,283

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,242,433	\$ 3,703,081	\$ 6,945,514
Receivables, net:			
Property taxes	6,471,566	1,129,181	7,600,747
Sales and tourism tax	768,282	30,823	799,105
Utilities tax	20,400	-	20,400
Franchise fees	202,032	-	202,032
Special assessments	-	270,374	270,374
Prepaid expenses	234	32,548	32,782
Due from other funds	1,498,279	70,793	1,569,072
Total Assets	\$ 12,203,226	\$ 5,236,800	\$ 17,440,026
Liabilities			
Accounts payable	\$ 1,791,748	\$ 14,392	\$ 1,806,140
Due to other governments	56,525	-	56,525
Due to other funds	2,003,704	46,714	2,050,418
Customer deposits	-	5,800	5,800
Total Liabilities	3,851,977	66,906	3,918,883
Deferred Inflows of Resources			
Property taxes levied for subsequent year	6,213,279	1,086,134	7,299,413
Unavailable special assessments	-	270,374	270,374
Total Deferred Inflows of Resources	6,213,279	1,356,508	7,569,787
Fund Balances			
Restricted for:			
Law enforcement	142,093	-	142,093
Economic development and tourism	21,687	17,256	38,943
Debt service	-	1,345,800	1,345,800
Capital projects	-	2,429,888	2,429,888
Assigned to:			
Debt service	-	20,569	20,569
Unassigned	1,974,190	-	1,974,190
Total Fund Balances	2,137,970	3,813,513	5,951,483
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,203,226	\$ 5,236,927	\$ 17,440,153

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2018

Reconciliation of Governmental Fund Balances to Net
Position of Governmental Activities:

Total Governmental Fund Balances		\$ 5,951,483
Differences:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		65,503,296
Long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds.		270,374
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on refundings	292,506	
Related to pensions	1,890,447	2,182,953
Interest is not recorded as an expenditure in the funds until the payment date and is not reported in the governmental funds balance sheet.		(171,546)
Long-term liabilities are not due and payable in the current period and therefore the long-term liabilities are not reported in the funds.		
Accounts payable	(28,038)	
Compensated absences	(1,430,010)	
Net pension liability	(19,652,066)	
Long-term debt	(19,145,268)	(40,255,382)
Deferred inflows of resources are not reported in the governmental funds:		
Related to pensions		(441,906)
The internal service fund's net position is included in the governmental activities to the extent attributable to governmental activities, but the internal service fund is not classified as a governmental fund.		(265,994)
<hr/>		
Net Position- Governmental Activities		\$ 32,773,278

(Concluded)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds

Year ended September 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 8,245,876	\$ 1,380,189	\$ 9,626,065
Licenses and permits	790,948	-	790,948
Intergovernmental	5,972,034	292,897	6,264,931
Charges for services	384,564	24,552	409,116
Fines and forfeitures	553,848	-	553,848
Special assessments	-	27,037	27,037
Interest	9,036	18,096	27,132
Contributions	-	603	603
Miscellaneous	71,964	-	71,964
Total Revenues	16,028,270	1,743,374	17,771,644
Expenditures			
Current:			
General government	1,511,637	13,834	1,525,471
Public safety	9,455,424	-	9,455,424
Public works	1,071,486	-	1,071,486
Culture and recreation	1,494,156	211,732	1,705,888
Economic development	477,687	69,887	547,574
Debt service	868,881	1,799,143	2,668,024
Capital outlay	2,045,083	265,267	2,310,350
Total Expenditures	16,924,354	2,359,863	19,284,217
Excess (Deficiency) of Revenue Over Expenditures	(896,084)	(616,489)	(1,512,573)
Other Financing Sources (Uses)			
Capital asset disposals	23,370	-	23,370
Transfers in	141,584	687,779	829,363
Transfers out	(199,567)	(527,468)	(727,035)
Total Other Financing Sources	(34,613)	160,311	125,698
Net Change in Fund Balances	(930,697)	(456,178)	(1,386,875)
Fund Balances - Beginning	3,068,667	4,338,952	7,407,619
Prior period adjustment	-	(69,261)	(69,261)
Fund Balances - Beginning as restated	3,068,667	4,269,691	7,338,358
Fund Balances- Ending	\$ 2,137,970	\$ 3,813,513	\$ 5,951,483

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds

September 30, 2018

Reconciliation of Governmental Funds Change in Fund Balances to
Governmental Activities Change in Net Position:

Net Change in Fund Balances - Total Governmental Fund Balances	\$ (1,386,875)
Differences:	
Governmental funds report capital asset purchases as expenditures.	2,310,350
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undepreciated cost is removed upon disposal of the assets.	(5,351,362)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,038)
Governmental funds report principal payment on debt as expenditures.	2,127,465
Governmental activities report amortization expense over the life of the debt to allocate the debt premium received and the difference between the refunded debt and the payments to the refunded debt escrow agents.	(12,741)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(1,638,965)
The internal service fund is not classified as a governmental fund but is included in governmental activities to the extent that it is attributable to governmental activities.	8,166
Change in Net Position- Governmental Activities	\$ (3,971,000)
	(Concluded)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Net Position - Proprietary Funds

September 30, 2018

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Assets				
Current Assets:				
Cash and cash equivalents	\$ 6,102,009	\$ 712,896	\$ 6,814,905	\$ -
Receivables, net:				
Accounts	1,449,164	-	1,449,164	-
Grants and assistance	1,087,421	9,000	1,096,421	-
Special assessments	48,644	-	48,644	-
Due from other funds	470,886	154,058	624,944	996,122
Restricted cash and cash equivalents:				
Customer deposit accounts	548,618	-	548,618	-
Total Current Assets	9,706,742	875,954	10,582,696	996,122
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Construction account	92,232	-	92,232	-
Receivable:				
Special assessments (net of current portion)	12,966	-	12,966	-
	105,198	-	105,198	-
Capital assets:				
Water and sewer systems and other improvements	58,176,442	-	58,176,442	-
Land	181,742	-	181,742	-
Buildings	263,987	-	263,987	-
Equipment and vehicles	2,817,486	829,262	3,646,748	-
Construction in progress	752,941	-	752,941	-
Certificate of authority	800,000	-	800,000	-
	62,992,598	829,262	63,821,860	-
Less accumulated depreciation	30,787,414	642,933	31,430,347	-
Capital Assets (net)	32,205,184	186,329	32,391,513	-
Total Noncurrent Assets	32,310,382	186,329	32,496,711	-
Total Assets	42,017,124	1,062,283	43,079,407	996,122
Deferred Outflows of Resources				
Related to pensions	\$ 437,079	\$ -	\$ 437,079	\$ -

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Net Position - Proprietary Funds

September 30, 2018

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Liabilities				
Current Liabilities:				
Managed overdrafts	\$ -	\$ -	\$ -	\$ 753,732
Accounts payable	378,536	130,278	508,814	88,387
Claims liability	-	-	-	235,940
Accrued interest payable	23,402	-	23,402	-
Due to other funds	519,903	388,817	908,720	231,000
Compensated absences payable - current	117,304	-	117,304	-
Notes payable - current	1,442,054	-	1,442,054	-
General obligation bonds payable - current	73,829	-	73,829	-
Current liabilities payable from restricted assets:				
Customer deposit payable	548,618	-	548,618	-
Total Current Liabilities	3,103,646	519,095	3,622,741	1,309,059
Noncurrent Liabilities:				
Compensated absences payable	119,297	-	119,297	-
Notes payable	10,618,694	-	10,618,694	-
General obligation bonds payable	541,419	-	541,419	-
Net pension liability	4,004,256	-	4,004,256	-
Total Noncurrent Liabilities	15,283,666	-	15,283,666	-
Total Liabilities	18,387,312	519,095	18,906,407	1,309,059
Deferred inflows of Resources				
Related to pensions	108,131	-	108,131	-
Net Position				
Net investment in capital assets	19,529,188	186,329	19,715,517	-
Restricted for:				
Capital projects	92,232	-	92,232	-
Unrestricted	4,337,340	356,859	4,694,199	(312,937)
Total Net Position	\$ 23,958,760	\$ 543,188	\$ 24,501,948	\$ (312,937)
Reconciliation of Enterprise Funds Net Position to Business-Type Activities Net Position:				
Total Enterprise Fund Net Position				\$ 24,501,948
Difference:				
The internal service fund's net position is included in business-type activities to the extent attributable to business-type activities.				(46,943)
Net Position - Business-Type Activities				\$ 24,455,005
				(Concluded)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds

Year ended September 30, 2018

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues				
Charges for services:				
Water sales	\$ 3,990,486	\$ -	\$ 3,990,486	\$ -
Sewer service charges	3,764,404	-	3,764,404	-
Other services and charges	517,747	-	517,747	-
Refuse collection charges	-	1,741,375	1,741,375	-
State assistance	1,288,645	-	1,288,645	-
Rents	103,013	-	103,013	-
Premiums	-	-	-	1,619,978
Miscellaneous	-	99,548	99,548	-
Total Operating Revenues	9,664,295	1,840,923	11,505,218	1,619,978
Operating Expenses				
Salaries	1,630,164	103,158	1,733,322	-
Employee benefits	895,317	39,611	934,928	-
Insurance	67,455	4,452	71,907	368,166
Claims expense	-	-	-	1,160,997
Office supplies	11,640	-	11,640	-
Gas and oil	68,977	18,985	87,962	-
Other operating supplies	103,969	-	103,969	-
Outside services	1,016,284	1,572,763	2,589,047	80,936
Repairs and maintenance	938,384	16,282	954,666	-
Telephone	23,290	-	23,290	-
Postage	33,898	284	34,182	-
Printing	133	-	133	-
Utilities	510,879	-	510,879	-
Rentals	24,367	-	24,367	-
Depreciation	1,567,236	68,947	1,636,183	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	57,487	2,516	60,003	-
Total Operating Expenses	7,093,480	1,826,998	8,920,478	1,610,099
Operating Income (Loss)	2,570,815	13,925	2,584,740	9,879
Nonoperating Revenues (Expenses)				
Interest income	22,818	320	23,138	-
Loss on sale of capital assets	(4,837)	-	(4,837)	-
Miscellaneous	15,609	-	15,609	-
Interest and fiscal charges	(289,884)	-	(289,884)	-
Total Nonoperating Revenues (Expenses)	(256,294)	320	(255,974)	-
Transfers out	-	(102,328)	(102,328)	-
Change in Net Position	2,314,521	(88,083)	2,226,438	9,879
Net Position (Deficit) - Beginning	20,606,978	631,271	21,238,249	(322,816)
Prior period adjustment	1,037,261	-	1,037,261	-
Net Position (Deficit) - Beginning as restated	21,644,239	631,271	22,275,510	(322,816)
Net Position (Deficit) - Ending	\$ 23,958,760	\$ 543,188	\$ 24,501,948	\$ (312,937)

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds

Year ended September 30, 2018

Reconciliation of Enterprise Funds Change in Net Position to
Business-Type Activities Change in Net Position:

Change in Net Position - Enterprise Funds \$ 2,226,438

Differences:

The internal service fund's change in net position is included
in business-type activities to the extent attributable to
business-type activities. 1,713

Change in Net Position - Business-Type Activities \$ 2,228,151

(Concluded)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi

Statement of Cash Flows - Proprietary Funds

Year ended September 30, 2018

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 8,531,111	\$ 1,942,162	\$ 10,473,273	\$ 219,429
Receipts from interfund services	-	-	-	1,398,057
Receipts from reinsurance	-	-	-	2,492
Payments to suppliers	(2,808,376)	(1,594,108)	(4,402,484)	(1,535,156)
Payments to employees	(1,994,061)	(128,982)	(2,123,043)	-
Payments for interfund services	(373,960)	(18,153)	(392,113)	-
Net Cash Provided by Operating Activities	3,354,714	200,919	3,555,633	84,822
Cash Flows From Noncapital Financing Activities				
Repayments from other funds for advances	(111,376)	(101,239)	(212,615)	-
Advances from other funds	-	102,230	102,230	756,697
Advances to other funds	(288,471)	-	(288,471)	(996,122)
Net Cash Provided by (Used in) Noncapital Financing Activities	(399,847)	991	(398,856)	(239,425)
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(2,503,009)	(1,716)	(2,504,725)	-
Capital asset reimbursement proceeds	1,304,254	-	1,304,254	-
Principal paid on general obligation bonds	(83,874)	-	(83,874)	-
Principal paid on notes payable	(1,406,344)	-	(1,406,344)	-
Interest and fiscal charges paid on debt	(293,028)	-	(293,028)	-
Net Cash Used In Capital and Related Financing Activities	(2,982,001)	(1,716)	(2,983,717)	-
Cash Flows From Investing Activities				
Interest received	22,818	320	23,138	-
Net Cash Provided by Investing Activities	22,818	320	23,138	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,316)	200,514	196,198	(154,603)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,747,175	512,382	7,259,557	154,603
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,742,859	\$ 712,896	\$ 7,455,755	\$ -

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Cash Flows - Proprietary Funds

Year ended September 30, 2018

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Cash and cash equivalents	\$ 6,102,009	\$ 712,896	\$ 6,814,905	\$ -
Restricted cash and cash equivalents:				
Customer deposits cash	548,618	-	548,618	-
Construction account - noncurrent	92,232	-	92,232	-
	\$ 6,742,859	\$ 712,896	\$ 7,455,755	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 2,570,815	\$ 13,925	\$ 2,584,740	\$ 9,879
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,567,236	68,947	1,636,183	-
Loss on sale of capital assets	4,837	-	4,837	-
(Increase) decrease in:				
Managed bank overdraft	-	-	-	-
Accounts receivable	(1,300,206)	-	(1,300,206)	-
Due from other funds	111,376	-	111,376	-
Special assessments	30,448	-	30,448	-
Pension related deferred outflows	(243,980)	-	(243,980)	-
Accounts payable	585,635	7,333	592,968	(55,489)
Claims liability	-	-	-	130,432
Due to other funds	(543,768)	110,714	(433,054)	-
Customer deposits	26,881	-	26,881	-
Compensated absences	23,757	-	23,757	-
Net pension liability	460,160	-	460,160	-
Pension related deferred inflows	61,523	-	61,523	-
Net Cash Provided by Operating Activities	\$ 3,354,714	\$ 200,919	\$ 3,555,633	\$ 84,822

(Concluded)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Fiduciary Net Position

September 30, 2018

	Unemployment Compensation Benefit Fund
Assets	
Cash	\$ 33,952
Liabilities	
Due to other funds	127
Net Position	
Held in trust for City employees' unemployment benefits	33,825
Total Net Position	\$ 33,952

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Changes in Fiduciary Net Position

Year ended September 30, 2017

	Unemployment Compensation Benefit Fund
Additions	
Interest	\$ 57
Deductions	
Unemployment benefits	127
Change in net position	(70)
Net position - beginning	33,895
Net position - ending	\$ 33,825

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clinton, Mississippi (the City) is incorporated under the laws of the State of Mississippi and operates as a code charter municipality. The City is governed by a mayor and a board of seven aldermen, all of whom are elected to four-year terms by the City's registered voters.

The City complies with accounting principles generally accepted in the United States of America (GAAP), which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Reporting Entity

The City's basic financial statements include all of the City's operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Based on this criteria, the City has no component units.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the activities of the City. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal services fund activity is eliminated to avoid reporting the revenues and expenses twice, and other internal activity between funds has also been eliminated.

Program revenues include charges for goods and services provided by a given function and grants and contributions restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City, is considered particularly important to users, or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

- b. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is used to account for all activities except those which are legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for certain purposes.

Debt Service Funds

Debt service funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition of specific capital projects other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Fund

The internal service fund is used to account for services provided to other funds of the City on a cost reimbursement basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

The trust fund accounts for assets held by the City in a trustee capacity.

Major and Nonmajor Funds

The funds are further classified as follows:

Major Funds:

GENERAL FUND Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

PROPRIETARY FUNDS:

Water and Sewer Operations Fund Accounts for the provision of water and sewer services.

Garbage Collection Fund Accounts for the provision of refuse collection service.

Nonmajor Funds:

SPECIAL REVENUE FUNDS:

Tourism Tax Fund Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.

Special Law Enforcement Fund Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.

DEBT SERVICE FUNDS:

G.O. Negotiable Note Series 2014 Fund Temporarily holds funds for payment of notes payable - \$350,000 Series 2014 negotiable note.

2012 Infrastructure Bond and Interest Fund Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 bonds.

2016 Infrastructure Bond and Interest Fund Accumulates funds for payment of a general obligation bond issue - \$1,800,000 Series 2016 bonds.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Accumulates funds for payment of a \$7,934,045 portion of a general obligation refunding bond issue - \$8,820,000 Series 2013 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund, and the unrefunded portion of the Public Improvement Series 2006 bonds.
Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$8,000,000 Series 2008 bonds.
Parks and Recreation Bond and Interest Fund	Accumulates funds for payment of certificates of participation captial lease obligation - \$2,310,000.
Tax Increment Financing Bond and Interest Fund - WalMart	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.
Tax Increment Financing Bond and Interest Fund - Parkway Center	Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds.
Tax Increment Financing Bond and Interest Fund - Prugon	Accumulates funds for payment of a limited obligation bond issue - \$485,000 Series 2007 (Springridge Crossing Project) bonds.
CAPITAL PROJECT FUNDS: Pinehaven Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Arrow Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Old Town Spring Park Project Fund	Accounts for the proceeds of a donation from Hinds County being used for the construction of a park.
Solid Waste Removal Project Fund	Accounts for the proceeds of a bond issue being used for the removal of solid waste in different areas.
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Station #4 Construction Fund Accounts for the proceeds of a bond issue being used for the construction of a new fire station.

Train Station Construction Fund Accounts for the proceeds of a grant from Hinds County to be used for the construction of a train station.

PROPRIETARY FUND:

Self-Funded Group Insurance Fund This internal service fund accounts for the operations of the City's self-insured group medical plan. Funding is provided by premiums collected from City employees and other City funds.

FIDUCIARY FUND:

Unemployment Compensation Benefit Fund This employee benefit trust fund accounts for funds required to be held to reimburse the Mississippi Department of Employment Security for payments of City employees' unemployment benefits. State law requires the City to maintain the fund balance at 2% of the first \$6,000 of compensation paid to each employee during the previous calendar year, and the fund balance is not available for other uses by the City.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the "economic resources" measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, liabilities, and deferred inflows and outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. The proprietary funds and the fiduciary fund utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund and fiduciary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". "Measurable" means knowing or being able to reasonably estimate the amount. "Available" means collectible within the current period or within sixty days after year end. Major revenue sources that meet the availability requirement include sales tax, franchise charges, and federal grants. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

Proprietary funds and the fiduciary fund utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Equity

Cash and Investments

Cash and cash equivalents consist of amounts on deposit with financial institutions, cash held by trustees, petty cash, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Cash equivalents and investments are stated at cost which approximates fair market value.

The City may invest in interest-bearing time certificates of deposit or any bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality, or school district of Mississippi, provided certain provisions have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Long-term interfund loans (noncurrent portion) are reported as "advances from/to other funds". All other outstanding balances between funds are reported as "due to/from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, franchise taxes, and grants. Business-type activities report utility and garbage collection earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility and garbage collection accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

The accounting treatment of property, plant, equipment, and intangible assets (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City uses a capitalization threshold of \$5,000. Donated capital assets are reported at acquisition value.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 years
Improvements	5 - 50 years
Machinery and Equipment	3 - 15 years
Utility System	10 - 50 years
Infrastructure	10 - 40 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to October 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Fund Financial Statements

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

Restricted Assets

Certain customer utility deposits and fees charged for replacement of capital assets are classified as restricted assets on the balance sheet because their use is limited. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Long-Term Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable, capital lease obligations, accrued compensated absences, and the net pension obligation.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

In the government-wide and proprietary fund financial statements, bond discounts and premiums are deferred and amortized as interest over the terms of the bonds. Unamortized discounts and premiums are combined with bonds payable in the financial statements.

Net Pension Liability

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

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave, subject to certain limitations. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability that has matured, for example, as a result of employee resignations and retirements, while the proprietary funds report the liability as it is incurred.

Deferred Outflows of Resources

Deferred outflows of resources are a separate financial statement element that represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements report a deferred refunding charge for the difference between the balance of the refunded debt and the amount paid to the refunded debt escrow agents, and the deferred charge is amortized over the life of the debt. In addition, deferred outflows include amounts related to pensions (See Note 11), including contributions to the employee pension plan subsequent to the measurement date of the actuarial valuations for the plan.

Deferred Inflows of Resources

Deferred inflows of resources are a separate financial statement element that represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from special assessments, and these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the government-wide statements and governmental funds report property taxes levied for the subsequent year, which are deferred and recognized as an inflow of resources in the period for which they are levied. The government-wide statements also reflect pension related items resulting from the difference between estimated and actual return on pension plan investments, which are being amortized over a five-year period using the straight-line method.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, other borrowings, and related deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position amounts with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position amounts that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund and fiduciary fund equity is classified the same as in the government-wide statements.

The governmental fund financial statements present fund balances based on the extent of the constraints on their use as follows:

- a. Nonspendable fund balance – Consists of amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Consists of amounts for which constraints have been placed on their use: (1) by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments, or (2) by law through constitutional provisions or enabling legislation.
- c. Committed fund balance – Consists of amounts which can be used only for specific purposes pursuant to constraints imposed by the adoption of an ordinance by the City's Mayor and Board of Aldermen. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
- d. Assigned fund balance – Consists of amounts which are constrained by the City's intent to use them for a specific purpose but that are neither restricted nor committed. Intent can be expressed by the City Clerk. The Mayor and Board of Aldermen have authorized the City Clerk to assign fund balances based on intent. The Mayor and Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Additional action does not normally have to be taken for the removal of an assignment.
- e. Unassigned fund balance – Consists of the residual fund balance for the General Fund, which is the only fund that can have a positive unassigned fund balance. However, other governmental funds may have a negative unassigned fund balance if restricted and committed amounts exceed the total fund balance.

The City utilizes restricted fund balances first, followed by committed fund balances and then assigned fund balances when they are available to use for the same purpose.

Revenues, Expenditures and Expenses

Grant Revenues

Revenues from federal, state, and other grants, the purpose of which is to fund specific City expenditures, are recognized at the time of the specific expenditure.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property as of the date levied by the City. Taxes are levied annually on or before September 15th for the subsequent fiscal year. Property taxes are recorded as a receivable in the period levied, but the revenue is deferred until the subsequent year in which it is available for use by the City.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – as Operating or Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. However, interfund charges for services are not eliminated.

Estimates and Evaluation of Subsequent Events

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The City has evaluated subsequent events through October 10, 2019, which is the date the financial statements were available to be issued.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent GASB Accounting Pronouncements

The Governmental Accounting Standards Board has issued accounting pronouncements recently that will be effective for the City in future periods, as follows:

- a. Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2020.
- b. Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

Management of the City is currently evaluating the effect, if any, these new accounting pronouncements will have on the City's financial statements.

Stewardship, Compliance and Accountability

Budgets

The City prepares a budget for each of its funds, and the budgets provide details by department and purpose. In September, the proposed budgets are presented to the Mayor and Board of Aldermen for review. The Board of Aldermen holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budgets. Any changes in the budgets must be within the revenues and reserves estimated as available by the accounting department. The budgets must be adopted on or before September 15th.

Mississippi law requires that municipalities prepare their budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and are paid within 30 days after the end of the year are recorded in the year for which they were budgeted. Prior year claims that are paid more than 30 days after the end of the year are reflected as expenditures of the year in which they were paid. All budgeted revenue is accounted for under the cash basis. The budgetary basis used is therefore not considered to be in accordance with U.S. GAAP.

Expenditures other than capital outlay, election, and emergency expenditures may not legally exceed budgeted appropriations at the purpose level (e.g., personal services, supplies, other services and charges, and debt service).

Tax Levies

The City levies taxes based on 15% of fair value for real and personal property except for single-family owner-occupied dwellings which are taxed based on 10% of fair value and motor vehicles and public utilities which are taxed based on 30% of fair value.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual tax increases for all purposes except payment of general obligation bonds and interest and funding of the Disability and Relief Fund are limited by state law to 10% of certain preceding years' receipts plus taxes on newly constructed and other properties added to the tax rolls.

Limitations are imposed on the amount of bonded and floating debt that may be issued based upon assessed valuation of properties.

Real property, personal property (excluding vehicle taxes, which have tax due dates based on the original date of vehicle registration), and public utility taxes are due on or before February 1. The City has an agreement with Hinds County whereby the County collects these ad valorem taxes for both the City and the Clinton Public School District. The agreement allows the County to retain 3% of the gross collections as a commission up to a maximum of \$25,000 annually. The agreement is renewed automatically on an annual basis, unless terminated by either party. The County also collects motor vehicle ad valorem taxes for the City and School District, retaining 5% of the gross collections as a commission.

Deficit Fund Equity

The Self-Funded Group Insurance Fund had a deficit fund equity of \$312,937 as of September 30, 2018. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

NOTE 2: PRIOR PERIOD ADJUSTMENTS

A summary of prior period adjustments reflected in the City's financial statements at September 30, 2018 is presented below:

<u>Explanation</u>	<u>Change in Net Position</u>	<u>Change in Fund Balance</u>
Governmental Activities		
To adjust general obligation bonds balances	\$ (380,000)	\$ -
To adjust accounts receivable - federal assistance balances	(69,261)	(69,261)
	\$ (449,261)	\$ (69,261)
Business-Type Activities		
To adjust accounts receivable - state assistance balances	1,037,261	1,037,261
Net adjustments	\$ 588,000	\$ 968,000

During 2018, management performed a detail review of accounts receivable and identified an amount of \$69,261 that should not have been recorded as a receivable at September 30, 2017, was no longer considered collectible, and was written off. In addition, an accounts receivable from the State of Mississippi should have been recorded for the reimbursement of City expenditures related to water and sewer lines for a tire plant to be constructed. The City also recorded an additional amount of general obligation bond debt related to previously defeased bonds.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 3: DEPOSITS

The collateral deposits in financial institutions of public entities is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the 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 Deposit Insurance Corporation. At September 30, 2018, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer.

NOTE 4: RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables consisted of the following:

<i>September 30, 2018</i>	Governmental Activities	Business-Type Activities	Total
Water, sewer and garbage collection charges	\$ -	\$ 1,904,164	\$ 1,904,164
Special assessments:			
Due within one year	27,037	48,644	75,681
Due in more than one year	243,337	147,718	391,055
Property taxes	7,600,747	-	7,600,747
Sales and tourism taxes	799,105	-	799,105
Franchise charges	202,032	-	202,032
State assistance	-	1,087,421	1,087,421
Other	20,400	9,000	29,400
	8,892,658	3,196,947	12,089,605
Allowance for uncollectible amounts	-	(589,752)	(589,752)
Net receivables	\$ 8,892,658	\$ 2,607,195	\$ 11,499,853

In addition, deferred inflows of resources related to the receivables consisted of the following:

<i>September 30, 2018</i>	Governmental Activities	Business-Type Activities	Total
Property taxes levied for use in the subsequent year	\$ 7,299,413	\$ -	\$ 7,299,413

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity was as follows:

<i>Year ended September 30, 2018</i>	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,737,012	\$ -	\$ -	\$ 6,737,012
Other land	1,315,636	20,000	-	1,335,636
Construction in progress	297,020	210,017	(299,695)	207,342
Total not being depreciated	8,349,668	230,017	(299,695)	8,279,990
Other capital assets:				
Buildings	23,360,634	146,912	-	23,507,546
Other improvements	10,363,621	-	-	10,363,621
Equipment and vehicles	10,410,422	514,265	(388,126)	10,536,561
Infrastructure	83,202,450	1,719,121	-	84,921,571
	127,337,127	2,380,298	(388,126)	129,329,299
Accumulated depreciation:				
Buildings	6,792,270	952,879	-	7,745,149
Other improvements	7,566,002	322,181	-	7,888,183
Equipment and vehicles	8,170,514	655,135	(388,126)	8,437,523
Infrastructure	44,613,701	3,421,167	-	48,034,868
	67,142,487	5,351,362	(388,126)	72,105,723
Net other capital assets	60,194,640	(2,971,064)	-	57,223,576
Capital assets, net	\$ 68,544,308	\$ (2,741,047)	\$ (299,695)	\$ 65,503,566

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 5: CAPITAL ASSETS (Continued)

<i>Year ended September 30, 2018</i>	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 168,012	\$ 13,730	\$ -	\$ 181,742
Construction in progress	1,279,796	1,703,606	(2,230,461)	752,941
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	2,247,808	1,717,336	(2,230,461)	1,734,683
Other capital assets:				
Water and sewer systems and improvements	55,416,432	2,760,010	-	58,176,442
Buildings	263,987	-	-	263,987
Equipment and vehicles	3,412,106	288,901	(54,259)	3,646,748
	59,092,525	3,048,911	(54,259)	62,087,177
Accumulated depreciation:				
Water and sewer systems and improvements	26,932,615	1,415,107	-	28,347,722
Buildings	133,390	9,640	-	143,030
Equipment and vehicles	2,756,194	211,436	(28,035)	2,939,595
	29,822,199	1,636,183	(28,035)	31,430,347
Net other capital assets	29,270,326	1,412,728	(26,224)	30,656,830
Capital assets, net	\$ 31,518,134	\$ 3,130,064	\$ (2,256,685)	\$ 32,391,513

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 37,874
Public safety	1,038,410
Public works	3,494,298
Culture and recreation	740,118
Economic development	40,662
	\$ 5,351,362
Business-type activities:	
Water	589,091
Sewer	978,145
Garbage collection	68,947
	\$ 1,636,183

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 6: INTERFUND TRANSACTIONS AND BALANCES

The majority of interfund balances result from garbage collection customer billings by the Water and Sewer Operations Fund and from temporary advances for debt service, capital projects, and self-insurance claims. These advances are typically repaid upon collection of related receivables. The schedule below does not include balances due to the fiduciary fund as presented in the accompanying Balance Sheet. The composition of interfund balances as of September 30, 2018, was as follows:

Due to	General Fund	Due From				Total
		Water and Sewer Operations Fund	Garbage Collection Fund	Nonmajor Governmental Funds	Nonmajor Internal Service Fund	
General Fund	\$ 603,762	365,845	\$ 320,131	46,714	\$ 161,700	\$ 1,498,152
Water and Sewer Operations Fund	403,820	-	-	-	67,066	470,886
Garbage Collection Fund	-	154,058	-	-	-	154,058
Nonmajor Governmental Funds	-	-	68,686	-	2,234	70,920
Nonmajor Internal Service Fund	996,122	-	-	-	-	996,122
Total	\$ 2,003,704	\$ 519,903	\$ 388,817	\$ 46,714	\$ 231,000	\$ 3,190,138

Transfers made during the year were to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2018, were as follows:

Transfer To	Transfer From			Total
	General Fund	Water and Sewer Operations Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ 102,328	\$ -	\$ 102,328
Nonmajor Governmental Funds	199,567	-	527,468	727,035
Total	\$ 199,567	\$ 102,328	\$ 527,468	\$ 829,363

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 7: ACCOUNTS PAYABLE

Accounts payable consisted of the following:

<i>September 30, 2018</i>	Governmental Activities	Business- Type Activities	Total
Accounts payable to vendors	\$ 1,128,912	\$ 508,814	\$ 1,637,726
Accrued wages	336,533	-	336,533
Cash bonds and evidence held	399,413	-	399,413
Payroll withholdings and employee benefits	57,707	-	57,707
Total	\$ 1,922,565	\$ 508,814	\$ 2,431,379

NOTE 8: LONG-TERM LIABILITIES

The City issues general obligation bonds, revenue bonds or tax increment limited obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue Bonds pledge income derived from the acquired or constructed assets to pay debt service. In the case of tax increment limited obligation bonds, the City and County pledge property taxes on certain property improvements to pay debt service. General obligation bonds have been issued for both governmental and business-type activities. If general obligation bonds are expected to be repaid from revenues of business-type activities, the bonds are reported in the business-type activities. There are a number of limitations and restrictions contained in the various bond indentures. Certain restrictions relating to insurance and reporting, which are considered cost prohibitive or impractical, were not met; however, all significant limitations and restrictions have been met. In order for a governmental entity's bonds to be tax-exempt, the interest earnings on bond proceeds in excess of the interest paid on the bonds must be remitted to the federal government as arbitrage rebate. However, the City owes no arbitrage rebate on its bonds.

The City has entered into agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On April 25, 2017, the City entered into an agreement to fund \$2,310,000 in certificates of participation which were used to construct Fire Station #4 and the Train Depot. Both construction projects were accounted for in the government-wide financial statements as capital leases and the corresponding capital assets have been recorded.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

The long-term debt principal payable from governmental activities consisted of the following:

September 30, 2018

General Obligation Bonds:

\$5,265,000 Refunding Series 2016 serial bonds due in annual installments of \$30,000 to \$575,000 through September 1, 2028; interest varies from 2.0% to 3.0%.	\$ 5,145,000
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\$4,250,000 Public Improvement — Series 2012 serial bonds due in annual installments of \$155,000 to \$330,000 through April 1, 2032; interest varies from 2.4% to 3.4%.	3,380,000
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\$1,800,000 Public Improvement — Series 2016 serial bonds due in annual installments of \$65,000 to \$120,000 through April 1, 2036; interest varies from 2.25% to 3.0%.	1,665,000
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\$7,934,045 portion of Refunding Series 2013 serial bonds due in annual installments of \$188,907 to \$845,579 through November 1, 2025; interest varies from 2% to 2.5%.	5,509,749
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15,699,749

Tax Increment Limited Obligation Bonds:

\$1,200,000 Land Improvement — Series 2000 serial bonds due in annual installments of \$75,000 to \$105,000 through April 1, 2020; interest varies from 6% to 6.25%.	205,000
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\$250,000 Land Improvement — Series 2004 serial bonds due in annual installments of \$19,000 to \$20,000 through March 1, 2019; interest at 4.25%.	20,000
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\$485,000 Land Improvement — Series 2007 serial bonds due in annual installments of \$45,000 to \$50,000 through March 15, 2019; interest at 4.8%.	50,000
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275,000

Notes Payable:

\$350,000 negotiable note Series 2014 due in annual installments of \$70,000 through June, 2019; interest at 1.46% payable annually.	70,000
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70,000

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

September 30, 2018

Capital Lease Obligations:

\$437,082 equipment lease; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019.	51,733
\$558,822 equipment lease; monthly payments of \$5,301 including interest at 2.63%; final payment due May 30, 2027.	496,729
\$443,110 equipment lease; monthly payments of \$4,207, including interest at 2.65%; final payment due September 15, 2019.	172,398
\$8,126 equipment lease; monthly payments of \$234, including interest at 4.02%; final payment due December 15, 2018.	1,843
\$147,985 equipment lease; monthly payments of \$4,215, including interest at 1.64%; final payment due February 11, 2019.	20,992
\$2,310,000 certificates of participation; yearly payments of \$133,216 to \$325,096 including interest at 3.15%; final payment due September 30, 2032.	2,060,000
	<u>2,803,695</u>
Unamortized bond premium	296,824
Total Governmental Activities Long-Term Debt	\$ 19,145,268

The long-term debt principal payable from business-type activities consisted of the following:

September 30, 2018

General Obligation Bonds:

\$885,955 portion of Refunding Series 2013 serial bonds due in annual installments of \$21,093 to \$94,421 through November 1, 2025; interest varies from 2% to 2.5%.	\$ 615,248
	<u>615,248</u>

Notes Payable:

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021.	2,242,795
\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.5%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024.	395,938

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

September 30, 2018

Notes Payable (Continued):

\$993,655 loan payable to the Mississippi Development Authority; monthly installments of \$5,026, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	\$ 393,704
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	104,934
\$3,719,450 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$19,142, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026.	1,729,385
\$1,857,928 loan payable to the Mississippi Department of Health; monthly installments of \$9,585, including interest at 1.95%, secured by the City's share of sales tax collected by the State; final payment due November 1, 2030.	1,244,886
\$2,217,778 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$11,075, including interest at 1.75%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2031.	1,482,174
\$866,717 loan payable to the Mississippi Development Authority; monthly installments of \$4,385, including interest at 2.0%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2032.	618,689
\$1,909,855 maximum loan available from the Mississippi Department of Health; monthly installments of \$9,716, including interest at 1.95%, beginning June, 2015; secured by the City's share of sales tax collected by the State; final payment will be due in February, 2035, if the maximum loan amount is utilized.	1,431,113
\$3,000,771 maximum loan available from the Mississippi Department of Environmental Quality; monthly installments of \$14,984, including interest at 1.75%, beginning July, 2016; secured by the City's share of sales taxes collected by the State; final payment will be due in April, 2036, if the maximum loan amount is utilized.	2,417,130
	12,060,748
Total Business-Type Activities Long-Term Debt	\$ 12,675,996

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

Debt Service Requirements

The future debt service requirements for all notes and bonds outstanding as of September 30, 2018, are as follows:

GOVERNMENTAL							
ACTIVITIES:	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Total
FISCAL YEAR(S)	Principal	Interest	Principal	Interest	Principal	Interest	
2019	1,351,170	380,373	70,000	1,022	170,000	16,012	1,988,577
2020	1,399,160	345,549	-	-	105,000	6,562	1,856,271
2021	1,491,628	308,932	-	-	-	-	1,800,560
2022	1,539,618	270,689	-	-	-	-	1,810,307
2023	1,582,609	200,168	-	-	-	-	1,782,777
2024-2028	6,260,564	635,116	-	-	-	-	6,895,680
2029-2033	1,725,000	172,112	-	-	-	-	1,897,112
2034-2038	350,000	19,387	-	-	-	-	369,387
	<u>\$ 15,699,749</u>	<u>\$ 2,332,326</u>	<u>\$ 70,000</u>	<u>\$ 1,022</u>	<u>\$ 275,000</u>	<u>\$ 22,574</u>	<u>\$ 18,400,671</u>

BUSINESS-TYPE							
ACTIVITIES:	General Obligation Bonds		Notes Payable				Total
FISCAL YEAR(S)	Principal	Interest	Principal	Interest			
2019	73,829	12,720	1,442,054	243,021			1,771,624
2020	75,838	11,223	1,478,719	206,356			1,772,136
2021	83,372	9,631	1,516,369	168,706			1,778,078
2022	85,381	7,944	928,591	137,058			1,158,974
2023	87,390	6,107	822,063	119,703			1,035,263
2023-2027	209,438	6,178	3,297,605	378,934			3,892,155
2028-2032	-	-	1,879,690	135,872			2,015,562
2033-2037	-	-	695,657	18,551			714,208
	<u>\$ 615,248</u>	<u>\$ 53,803</u>	<u>\$ 12,060,748</u>	<u>\$ 1,408,201</u>			<u>\$ 14,138,000</u>

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2018, are as follows:

Fiscal Years	Governmental Activities
2019	514,966
2020	435,975
2021	437,601
2022	227,877
2023	200,427
2024-2028	932,534
2029-2033	545,606
Total minimum lease payments	3,294,986
Less amount representing interest	491,291
Present value of future minimum lease payments	\$ 2,803,695

The following is an analysis of equipment leased under capital leases as of September 30, 2017:

	Governmental Activities
Equipment cost	\$ 2,508,175
Accumulated depreciation	(1,481,123)
Carrying value	\$ 1,027,052

Changes in Long-Term Liabilities

On March 1, 2016, the City issued general obligation refunding bonds Series 2016 totaling \$5,265,000 to refund a portion of the Series 2008 general obligation bonds for a total refunded debt of \$5,270,000. The remaining balance of the original debt issue which was not defeased through the refunding totaled \$710,000. This amount is being satisfied according to the terms of the original issue. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide funds for all of the future debt service on the refunded bonds. As a result, the refunded debt is considered defeased and has been removed from the statement of net position. At September 30, 2018, \$5,145,000 of the defeased debt remained outstanding.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

During the year ended September 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$ 17,120,875	\$ -	\$ (1,421,126)	\$ 15,699,749	\$ 1,351,170
Notes payable	140,000	-	(70,000)	70,000	70,000
Limited obligation bonds	434,000	-	(159,000)	275,000	170,000
Capital lease obligations	3,284,383	-	(480,688)	2,803,695	514,966
Unamortized bond premium	333,567	-	(36,743)	296,824	-
	21,312,825	-	(2,167,557)	19,145,268	2,106,136
Compensated absences	1,127,644	641,064	(338,698)	1,430,010	514,684
Net pension liability	17,677,847	1,974,219	-	19,652,066	-
	\$ 40,118,316	\$ 2,615,283	\$ (2,506,255)	\$ 40,227,344	\$ 2,620,820
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 699,121	\$ -	\$ (83,873)	\$ 615,248	\$ 73,829
Notes payable	13,467,093	-	(1,406,345)	12,060,748	1,442,054
	14,166,214	-	(1,490,218)	12,675,996	1,515,883
Compensated absences	212,844	97,023	(73,266)	236,601	117,304
Net pension liability	3,544,096	460,160	-	4,004,256	-
	\$ 17,923,154	\$ 557,183	\$ (1,563,484)	\$ 16,916,853	\$ 1,633,187

The compensated absences and net pension obligation liabilities are typically paid by the General Fund.

Interest and fiscal charges for the year ended September 30, 2018, were as follows:

Governmental activities	\$ 433,694
Business-type activities:	
Water	111,407
Sewer	166,826
	278,233
	\$ 711,927

Revenue Pledged to Secure Debt

The City has pledged its share of general sales tax collected by the State to secure certain government and business-type activities notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,672,907

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

for the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,685,077 which was approximately 36% of the pledged revenue. As of September 30, 2018, the future principal and interest requirements for the notes payable totaled \$13,468,950 and the maturity dates of the notes payable extend through August 2036.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure tax increment limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues received in the current year totaled \$614,391, and the City also received \$35,000 from Hinds County in the current year for the county's pledged portion of incremental ad valorem tax revenues. The current year principal and interest payments made by the City on the limited obligation bonds totaled \$183,732 was approximately 28% of the pledged revenues. As of September 30, 2018, the future principal and interest requirements for the bonds totaled \$297,574, and the maturity dates extend through April 2020.

NOTE 9: LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for an industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2018, was as follows:

	Governmental Activities
Property cost	\$ 955,000
Accumulated depreciation	(901,700)
Carrying value	\$ 53,300

The City also receives lease payments from cellular telephone companies for use of the excess space on the City's water towers. This lease revenue totaled \$103,013 for the year ended September 30, 2018.

Future minimum rentals from leases with terms greater than one year are as follows:

Fiscal Years	Governmental Activities	Business-Type Activities
2019	\$ 10,100	\$ 105,636
2020	10,100	106,633
2021	10,100	107,660
2022	10,100	65,822
2023	10,100	42,151
	\$ 50,500	\$ 427,902

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 10: OPERATING LEASE OBLIGATIONS

The City leases certain land and other properties under operating leases. Future minimum lease payments for leases with initial non-cancellable terms in excess of one year are as follows:

Fiscal Years	Governmental Activities	Business-Type Activities
2019	\$ 51,802	\$ 14,305
2020	51,802	14,305
2021	47,740	14,305
2022	47,740	14,305
2023	47,740	11,105
2024-2028	238,700	55,525
2029-2033	119,480	38,115
2034-2038	-	3,825
2039-2043	-	3,825
2044-2048	-	765
Total minimum lease payments	\$ 605,004	\$ 170,380

Rent expense for the year ended September 30, 2018, for all operating leases was as follows:

Governmental activities expenditures	\$ 101,912
Business-type activities expense	24,367
	\$ 126,279

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Deferred Compensation Plan

Plan Description

The City, through the Mississippi Public Employees Retirement System (PERS), offers all City employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Mississippi Deferred Compensation Plan, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The compensation deferred is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred compensation plan is a defined contribution plan and is administered by the board of trustees of PERS. The plan's assets are held in trust by PERS for the exclusive benefit of the participants and beneficiaries of the plan and are not subject to the general creditors of the City.

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy

Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed \$87,855 to the plan for the year ended September 30, 2018. The City does not make any contributions to the plan.

Public Employees Retirement Plans

Pension Plan Descriptions

The City of Clinton contributes to the PERS cost-sharing multiple-employer defined benefit pension plan (the Cost-Sharing Plan), which covers all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Clinton Disability and Relief Fund (the CDRF Plan), also administered by PERS. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CDRF Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed on or before July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in the Cost-Sharing Plan. The CDRF Plan is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan, and as of June 30, 2018, included two active members and 31 retirees and beneficiaries currently receiving benefits. Benefit provisions for both plans are established by State law and may be amended only by the State of Mississippi Legislature. The Plans' provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq. (1972, as amended), and may be amended only by the Mississippi Legislature.

PERS is administered by a 10-member Board of Trustees that includes: the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is responsible for the general administration and proper operation of PERS. The executive director is designated by the Board to lead and conduct all business for PERS. PERS operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines.

The financial statements of PERS are prepared using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to legal requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, PERS is considered a component unit of the State of Mississippi for financial reporting purposes and, as such, the financial statements issued by PERS are included in the State of

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Mississippi's Comprehensive Annual Financial Report. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Supporting actuarial information for the Cost-Sharing Plan is also provided in the GASB Statement No. 68 Report for the PERS prepared as of June 30, 2018. The auditor's opinion on that report, which includes in an accompanying schedule of collective pension amounts as of June 30, 2017 and for the year then ended is also available. PERS also issues a publicly available financial report for the MRS, which includes separate information for the CDRF plan. All such information is available at www.pers.ms.gov or may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Cost-Sharing Plan Benefits Provided

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 the Cost-Sharing Plan before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of the Cost-Sharing Plan before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

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

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries equal to 3.0% 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 the Cost-Sharing Plan before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

CDRF Plan Benefits Provided

Participating members who retire at or after age 65 or those who retire regardless of age with at least 20 years of creditable service are entitled, upon application, to an annual retirement allowance payable for life in an amount equal to 50% of their average compensation, plus 1.7%

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

for each additional year of creditable service over 20 years, subject to a cap of 87% regardless of creditable service. Average compensation is the average compensation of a member during the six month period prior to receipt of an allowance. CDRF also provides certain death and disability benefits.

A cost-of-living adjustment is made annually to eligible retirees and beneficiaries for service retirements only on the basis of the annual percentage change in each fiscal year of the Consumer Price Index, not to exceed 2.5% per year and subject to an adjustment cap of 10%.

Cost-Sharing Plan Contributions

Employer and member contributions are based on actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due and are determined through the most recent June 30 annual valuation. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0% cost-of-living increase calculated according to the terms of the plan. The PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate, resulting in an employer contribution rate of 15.75% for the 2017 and 2018 fiscal years.

CDRF Funding Policy

The employer contribution rate, expressed as a millage rate tax applied to assessed property values, was established beginning in the 2011-2012 fiscal year at the rate necessary to maintain an asset reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year's projected benefit payments. Employer contributions are set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level. During the year ended September 30, 2018, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.24 mill tax levy. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to 1/2 mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a 0.35 mill general fund tax levy through September 30, 2020, if needed in addition to the CDRF tax levy to maintain the actuarial soundness of the CDRF. The annual required contribution for the year ended September 30, 2018, was determined as part of the June 30, 2016, actuarial valuation using the Ultimate Asset Reserve actuarial cost method. Actual employer contributions totaled \$222,032 during 2018.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Liabilities and Pension Expense

The City reported a liability of approximately \$22,319,000 for its proportionate share of the collective net pension liability of the Cost-Sharing Plan and the net pension liability allocated to CDRF at September 30, 2018. The net pension liability (NPL) for both plans was measured as of June 30, 2018, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2018. The NPL recorded as of September 30, 2018, and the pension expense recognized by the City for the year ended September 30, 2018, was as follows:

	Cost-Sharing Plan	CDRF	Total
Net pension liability	\$ 22,317,261	\$ 1,339,061	\$ 23,656,322
Net pension expense	\$ 2,806,178	\$ 238,278	\$ 3,044,456

The NPL is the difference between the TPL and the pension plans' fiduciary net position (FNP). The TPL is the present value of the pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments. The FNP is determined on the same basis as that used by the pension plans. The City's proportion of the collective Cost-Sharing Plan NPL was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating PERS employers. At June 30, 2018 the City's proportion was 0.1342% as compared to its proportion measured at June 30, 2017 of 0.1201%, or an increase of 0.0141%.

The change in the NPL for the CDRF was as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
<i>For the year ended September 30, 2018</i>			
Service cost	\$ 8,358	\$ -	\$ 8,358
Interest	764,238	-	764,238
Difference between expected and actual experience	32,536	-	32,536
Employer contributions	-	28,109	(28,109)
Employee contributions	-	8,142	(8,142)
Net investment income	-	696,773	(696,773)
Benefit payments, including refunds	(829,666)	(829,666)	-
Administrative expense and other changes	-	(1,392)	1,392
Net change	(24,534)	(98,034)	73,500
Net pension liability, beginning of year	10,275,974	9,010,413	1,265,561
Net pension liability, end of year	\$ 10,251,440	\$ 8,912,379	\$ 1,339,061

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

The following table presents the City's net pension liabilities calculated using the discount rate of 7.75%, as well as what the CDRF's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Cost-Sharing Plan net pension liability	\$ 29,385,246	\$ 22,317,123	\$ 16,442,578
CDRF Plan net pension liability	\$ 2,311,998	\$ 1,339,061	\$ 509,309

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Cost-Sharing Plan</u>		<u>CDRF</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
<i>September 30, 2018</i>			
Differences between expected and actual experience	\$ 97,837	\$ 94,077	\$ -
Changes of assumptions	13,171	12,325	-
Net difference between projected and actual earnings on investments	-	443,635	7,319
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,890,211	-	-
Employer contributions subsequent to the measurement date	318,988	-	-
Total	\$ 2,320,207	\$ 550,037	\$ 7,319

Deferred outflows of resources related to the Cost-Sharing Plan resulting from City contributions subsequent to June 30, 2018 (the measurement date) were \$318,988 and will be recognized as a reduction of the net pension liability during the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an addition to (reduction of) pension expense as follows:

	<u>Cost-Sharing Plan</u>		<u>CDRF</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
2019	\$ 797,106	\$ (164,662)	\$ 107,437
2020	655,680	83,138	19,602
2021	548,434	531,199	(113,875)
2022	-	100,362	(5,845)
Total	\$ 2,001,220	\$ 550,037	\$ 7,319

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions

For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20% of a year's excess or shortfall of expected return recognized each year for five years. The TPL was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Cost-Sharing Plan	CDRF Plan
Inflation	3.00%	3.00%
Investment rate of return (net of plan investment expenses)	7.75%	7.75%
Projected salary increases, including inflation	3.25% - 18.50%	4.00% - 5.50%

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

Mortality rates for the Cost-Sharing Plan were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with mortality improvements based on Scale BB projected to 2022 and set forward one year for males with adjustments.

The long-term expected rate of return on Cost-sharing pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class in the Cost-Sharing Plan are as follows:

Investment Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Broad	27.00%	4.60%
International equity	18.00%	4.50%
Emerging markets equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed income	18.00%	0.75%
Real estate	10.00%	3.50%
Private equity	8.00%	5.10%
Emerging debt	2.00%	2.25%
Cash	1.00%	0.00%
Total	100.00%	

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.75% for both pension plans. The projection of cash flows used to determine the discount rate for the Cost-Sharing Plan assumed that plan member contributions will be made at the current contribution rate (9.00%) and that the employer contributions will be made at the current employer contribution rate (15.75%) through June 30, 2019. The assumed investment rate of return for the CDRF plan, net of pension plan investment expense, and including inflation, was 7.75%. Based on those assumptions, components of the pension plans' fiduciary net position were 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 TPL.

NOTE 12: COMMITMENTS AND CONTINGENT LIABILITIES

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through December 2018, and provides for a monthly charge to the City of \$13.79 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2019, and provides for a monthly charge to the City of \$50,853 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

The City is a defendant in lawsuits arising in the normal course of operations. In the opinion of the City's counsel, these lawsuits should not materially impact the financial condition of the City, since each claim is within the policy limits of the City's liability policy and each lawsuit is being vigorously defended. However, the outcome or an estimated range of loss for these lawsuits is not presently determinable.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected would constitute a liability of the applicable funds. The City expects no such disallowances.

NOTE 13: TAX ABATEMENTS

The City enters into ad valorem tax abatement agreements with local manufactures and other enterprises under Section 27-31-101 through Section 27-31-117 of the Mississippi Code of 1972, as annotated. The City is empowered, at their discretion, to grant exemptions from ad valorem taxation, except state ad valorem taxation and school district ad valorem taxation for a period of up to ten years on tangible property used in, or necessary to, the operation of the manufacturers and

NOTE 13: TAX ABATEMENTS (Continued)

other new enterprises business. The City grants two five-year exemptions that equal ten years. The products of the manufacturers or new enterprises and the automobiles and trucks operating over the highways of the State of Mississippi are not subject to the tax abatements. Based on Section 27-31-111 of the Mississippi Code of 1972, if at any time during the period of ad valorem tax exemption a manufacturer and/or a new enterprise has a cessation of operations for a continuous period of twelve months or more, all unexpired tax exemptions shall become void. If operations begin again at a later date, a new application must be filed. During the fiscal year ended September 30, 2017, no manufacturer or new enterprise has had a cessation of operations.

The City provided tax abatement agreements that exceeded 10.00% of the total amount abated to certain manufacturers of plastic products of 52% or \$63,913, and manufacturers of beverage products of 48% or \$59,081, totaling \$122,994 in abated ad valorem taxes during the year ended September 30, 2018.

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss for which the City carries commercial insurance. There were no significant reductions in insurance coverage from the prior year, and settlements in excess of coverage for the three previous years were not material. As discussed in Note 1, the City's Self-Funded Group Insurance Fund had a deficit in fund equity at September 30, 2018.

The City participates in the Mississippi Municipal Workers' Compensation Group (the Group), a self-insurance group. As such, the City may be assessed to pay claims or could possibly receive refunds or credits, depending on the Group surpluses available and as determined by the board of trustees of the Group (and allowed by the Mississippi Workers' Compensation Commission). The City is jointly and severally liable for claims made against the Group for the period during which the City is a participant in the Group.

Employees of the City are covered by the City's medical and dental self-insurance plan (the "plan"). The City contributed approximately \$530 per month per employee to the plan for medical and dental, and employees had the option of authorizing payroll withholdings to fund contributions for spouses and dependents. Claims are paid by a third party administrator acting on behalf of the City.

The City's medical self-insurance plan is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage is in effect for individual claims exceeding \$60,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current policy year (which began August 1, 2018) is approximately \$1,438,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,556,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

NOTE 14: RISK MANAGEMENT (Continued)

The costs associated with the medical self-insurance plan are reported as interfund transactions and are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Enterprise Funds. The liabilities reported are based on the requirements that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on complex factors, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Non-incremental claims adjustment expenses have not been included as part of the liability for claims because the amount would be immaterial.

Changes in the claims liability amounts in the current year and the prior year were as follows:

<i>Years Ended September 30,</i>	2018	2017
Claims liability, beginning of year	\$ 105,508	\$ 257,809
Current year claims	1,160,997	962,916
Claims paid in current year	(1,030,565)	(1,115,217)
Claims liability, end of year	\$ 235,940	\$ 105,508

REQUIRED SUPPLEMENTARY INFORMATION

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability – Cost-Sharing Plan

<i>For the years ended September 30,</i>	2018	2017	2016	2015
Last Ten Fiscal Years: *				
City's proportion of the net pension liability	\$ 22,317,123	\$ 19,956,382	\$ 21,059,885	\$ 18,311,889
City's proportionate share of the net pension liability	0.1342%	0.1201%	0.1179%	0.1185%
City's covered payroll	\$ 8,770,838	\$ 8,228,406	\$ 7,596,635	\$ 7,434,679
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	254.45%	242.53%	277.23%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	54.47%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30, of the fiscal year presented.

This schedule is presented to illustrate the requirement to disclose information for the last ten year period. However, GASB No. 68 was implemented in fiscal 2015, and until a full ten year trend is compiled, the City has only presented information for the years in which the information is available.

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Contributions – Cost-Sharing Plan
Last Ten Years Ended September 30, 2018

<i>Years ended September 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	1,381,407	\$1,295,974	\$1,196,470	\$1,170,962	\$1,154,387	\$1,056,164	\$928,832	\$868,269	\$821,056	\$830,745
Contributions in relation to the contractually required contribution	1,381,407	1,295,974	1,196,470	1,170,962	1,154,287	1,056,164	928,832	868,269	821,056	830,745
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$8,770,838	\$8,228,406	\$7,596,635	\$7,434,679	\$7,329,441	\$7,406,479	\$7,183,542	\$7,235,575	\$6,842,133	\$7,010,506
Contributions as a percentage of the covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	14.26%	12.93%	12.00%	12.00%	11.85%

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary Information

NOTE 1: SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – COST SHARING PLAN

The City's proportionate share of the net pension liability was determined based on the City's allocated percentage of its actual contributions to PERS to total actual contributions as of and for the year ended June 30, 2018. The total pension liabilities used in the development of the ratio of the plan fiduciary net position to total pension liabilities presented in the schedule was provided by the PERS actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position held for PERS as of and for the year ended June 30, 2018.

NOTE 2: SCHEDULE OF THE CITY'S CONTRIBUTIONS – COST-SHARING PLAN

The employer contribution rate for the City was 9.75% in fiscal year 2005 with an increase in fiscal year 2006 to 10.75%. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75% in .55% increments until the target rate was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purpose of the phased-in approach was to moderate the impact to the State of Mississippi of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85% to 12.00%. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.00% to a projected 13.56% for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.00% for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate from 13.56% to 12.93%, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26% and in fiscal year 2014, the Board implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75%. The employer contribution rate has remained at 15.75% through the fiscal year ending June 30, 2018.

NOTE 3: CHANGE OF ASSUMPTIONS

In 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 more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of Changes in the Net Pension Liability - CDRF Plan

<i>Year ended June 30,</i>	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 8,358	\$ 10,668	\$ 37,219	\$ 45,786
Interest	764,238	769,339	780,243	788,386
Differences between expected and actual experience	32,536	(48,446)	(164,102)	(99,775)
Changes of assumptions	-	31,606	-	229,454
Benefit payments, including refunds of employee contributions	(829,666)	(828,305)	(759,810)	(742,236)
Net change in total pension liability	(24,534)	(65,138)	(106,450)	221,615
Total pension liability - beginning	10,275,974	10,341,112	10,447,562	10,225,947
Total pension liability - ending (a)	\$ 10,251,440	\$ 10,275,974	\$ 10,341,112	\$ 10,447,562
Plan fiduciary net position				
Contributions - employer	\$ 28,109	\$ 182,528	\$ 190,177	\$ 249,047
Contributions - member	8,142	8,142	16,900	19,764
Net investment income	696,773	1,172,297	8,619	277,791
Benefit payments, including refunds of employee contributions	(829,666)	(828,305)	(759,810)	(742,236)
Administrative expense and other changes	(1,392)	(1,809)	20,942	(4,981)
Net change in plan fiduciary net position	(98,034)	532,853	(523,172)	(200,615)
Plan net position - beginning	9,010,413	8,477,560	9,000,732	9,201,347
Plan net position - ending (b)	\$ 8,912,379	\$ 9,010,413	\$ 8,477,560	\$ 9,000,732
Net pension liability - ending (a) - (b)	\$ 1,339,061	\$ 1,265,561	\$ 1,863,552	\$ 1,446,830
Plan fiduciary net position as a percentage of the total pension liability	86.94%	87.68%	81.98%	86.15%
Covered payroll*	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* Payroll-related information not provided because the plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of Employer Contributions - CDRF Plan

<i>Year ended June 30,</i>	2018	2017	2016	2015
Actuarially determined contribution	\$ 28,109	\$ 182,528	\$ 190,177	\$ 249,047
Contributions in relation to the actuarially determined contribution	28,109	182,528	190,177	249,047
Contribution deficiency (excess)	\$ -	\$ -	\$ -	-
Covered payroll*	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

* Payroll-related information not provided because the plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

NOTES TO SCHEDULE

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, 2018 were based on the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	4.00 - 5.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

City of Clinton, Mississippi Budgetary Comparison Schedule - General Fund

Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
AVAILABLE				
Licenses and permits	\$ 965,000	\$ 1,047,600	1,049,175	\$ 1,575
State grants	521,333	593,433	593,460	27
State shared revenues	5,069,000	4,859,000	4,859,437	437
Local grants	100,000	107,000	107,299	299
Federal grants	-	11,000	-	(11,000)
Charges for services	120,390	126,565	123,984	(2,581)
Fines and forfeitures	587,200	559,200	558,064	(1,136)
Interest earned	-	9,000	9,036	36
Management fee	144,000	144,000	144,000	-
Miscellaneous	633,049	439,200	597,936	158,736
Total receipts, other than taxes	8,139,972	7,895,998	8,042,391	146,393
Beginning fund balance	907,817	2,141,247	2,141,247	-
Total available, other than taxes	9,047,789	10,037,245	10,183,638	146,393
Ad valorem taxes to be provided by levy	7,876,023	8,134,023	8,130,881	(3,142)
Total Available From All Sources	\$ 16,923,812	\$ 18,171,268	\$ 18,314,519	\$ 143,251
EXPENDITURES				
General government:				
Elected officials:				
Personal services	\$ 340,966	\$ 304,782	\$ 304,121	\$ (661)
Supplies	3,100	7,100	6,395	(705)
Other services and charges	28,203	36,238	34,611	(1,627)
Capital outlay	-	-	61	61
Total elected officials	372,269	348,120	345,188	(2,932)
Court services:				
Personal services	241,605	225,572	223,862	(1,710)
Supplies	3,500	3,500	2,982	(518)
Other services and charges	63,847	61,520	60,650	(870)
Capital outlay	-	53	52	(1)
Total court services	308,952	290,645	287,546	(3,099)
Administration:				
Personal services	372,473	373,337	373,337	-
Supplies	13,350	12,350	11,685	(665)
Other services and charges	301,807	323,017	322,961	(56)
Capital outlay	-	139	138	(1)
Total administration	687,630	708,843	708,121	(722)
Legal:				
Personal services	62,136	65,239	65,021	(218)
Supplies	500	3,074	3,074	-
Other services and charges	12,199	6,600	6,500	(100)
Total legal	74,835	74,913	74,595	(318)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund

Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
EXPENDITURES (Continued)				
Community development:				
Personal services	202,767	190,744	189,954	(790)
Supplies	29,036	22,036	21,823	(213)
Other services and charges	34,830	29,560	28,661	(899)
Capital outlay	22,000	19,000	18,439	(561)
Debt service	418	-	-	-
Total community development	289,051	261,340	258,877	(2,463)
Total general government	1,732,737	1,683,861	1,674,327	(9,534)
Public safety:				
Law enforcement:				
Personal services	4,373,784	3,939,185	3,938,600	(585)
Supplies	334,236	574,236	574,190	(46)
Other services and charges	398,156	507,057	506,302	(755)
Capital outlay	280,000	348,799	347,883	(916)
Debt service	164,964	30,964	30,257	(707)
Total law enforcement	5,551,140	5,400,241	5,397,232	(3,009)
Fire protection:				
Personal services	3,636,936	3,737,080	3,736,228	(852)
Supplies	158,850	225,850	225,275	(575)
Other services and charges	246,517	274,621	273,890	(731)
Capital outlay	20,000	20,000	19,429	(571)
Debt service	166,924	166,924	166,924	-
Total fire protection	4,229,227	4,424,475	4,421,746	(2,729)
Inspection:				
Personal services	176,003	172,544	172,159	(385)
Supplies	13,050	19,050	18,388	(662)
Other services and charges	12,834	10,671	10,392	(279)
Capital outlay	-	37	36	(1)
Total inspection	201,887	202,302	200,939	(1,326)
Total public safety	9,982,254	10,027,018	10,019,917	(7,064)
Street:				
Personal services	289,260	278,333	278,206	(127)
Supplies	240,072	214,072	214,008	(64)
Other services and charges	601,100	579,552	579,272	(280)
Capital outlay	1,002,890	1,562,090	1,561,699	(391)
Debt service	100,628	100,628	99,728	(900)
Total street	2,233,950	2,734,675	2,732,913	(1,762)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund

Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
EXPENDITURES (Continued)				
Parks and recreation:				
Personal services	702,033	618,582	618,390	(192)
Supplies	212,500	202,500	202,140	(360)
Other services and charges	342,638	413,604	412,812	(792)
Capital outlay	0	36,294	36,094	(200)
Debt service	571,972	571,972	571,972	-
Total parks and recreation	1,829,143	1,842,952	1,841,408	(1,544)
4 C's:				
Other services and charges	20,000	20,000	20,000	-
Total 4 C's	20,000	20,000	20,000	-
City buildings:				
Supplies	51,000	35,000	34,907	(93)
Other services and charges	44,601	40,652	40,301	(351)
Total city buildings	95,601	75,652	75,208	(444)
Therapeutic recreation:				
Personal services	138,922	134,181	133,741	(440)
Supplies	9,701	9,701	9,195	(506)
Other services and charges	29,182	23,654	22,670	(984)
Capital outlay	-	20,000	19,065	(935)
Total therapeutic recreation	177,805	187,536	165,606	(1,930)
Communications:				
Personal services	44,129	44,180	43,983	(197)
Supplies	900	16,900	16,772	(128)
Other services and charges	134,749	166,666	166,359	(307)
Capital outlay	20,000	23,000	22,151	(849)
Total communications	199,778	250,746	249,265	(1,481)
Main Street:				
Personal services	249,656	215,488	214,816	(672)
Supplies	7,450	11,450	10,468	(982)
Other services and charges	18,102	26,043	25,289	(754)
Capital outlay	-	20,037	20,036	(1)
Total main street	275,208	273,018	270,609	(2,409)
Transfers and other charges	329,731	200,423	199,567	(856)
Total expenditures	16,876,207	17,295,881	17,248,820	(47,061)
Ending fund balance	47,605	875,387	1,065,699	190,312
Total Expenditures and Ending Fund				
Balance	\$ 16,923,812	\$ 18,171,268	\$ 18,314,519	\$ 143,251

(Concluded)

City of Clinton, Mississippi
Notes to Budgetary Comparison Schedule - General Fund

NOTE A: BUDGETARY BASIS RECONCILIATION

An explanation of the differences between budgetary basis amounts and the amounts determined in accordance with U.S. generally accepted accounting principles (GAAP) follows:

Available - Budgetary Comparison Schedule	\$ 18,314,519
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	163,952
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing sources are included in budgetary basis available	(164,954)
Beginning fund balance is included in budgetary basis available	(2,141,247)
<hr/>	
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 16,028,270
<hr/>	
Expenditures - Budgetary Comparison Schedule	\$ 17,248,820
Differences:	
GAAP basis payables are reflected as budgetary basis expenditures in the year paid unless paid within 30 days after the end of the year in which they were budgeted	19,101
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing uses are included in budgetary basis expenditures	(199,567)
<hr/>	
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 16,924,354
<hr/>	
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	164,954
Other financing uses are included in budgetary basis expenditures	(199,567)
<hr/>	
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (34,613)
<hr/>	

OTHER SUPPLEMENTARY INFORMATION

City of Clinton, Mississippi
Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 53,339	\$ 1,219,854	\$ 2,429,888	\$ 3,703,081
Receivables:				
Property taxes	-	1,129,181	-	1,129,181
Tourism tax	30,823	-	-	30,823
Special assessments	-	270,374	-	270,374
Prepaid expenses	-	32,548	-	32,548
Due from other funds	-	70,920	-	70,920
Total Assets	\$ 84,162	\$ 2,722,877	\$ 2,429,888	\$ 5,236,927
Liabilities				
Accounts payable	\$ 14,392	\$ -	\$ -	\$ 14,392
Due to other funds	46,714	-	-	46,714
Customer deposits	5,800	-	-	5,800
Total Liabilities	66,906	-	-	66,906
Deferred Inflows of Resources				
Property taxes levied for subsequent year	-	1,086,134	-	1,086,134
Unavailable special assessments	-	270,374	-	270,374
Total Deferred Inflows of Resources	-	1,356,508	-	1,356,508
Fund Balances				
Restricted for:				
Economic development and tourism	17,256	-	-	17,256
Debt service	-	1,345,800	-	1,345,800
Capital projects	-	-	2,429,888	2,429,888
Assigned to:				
Debt service	-	20,569	-	20,569
Total Fund Balances	17,256	1,366,369	2,429,888	3,813,513
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 84,162	\$ 2,722,877	\$ 2,429,888	\$ 5,236,927

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Nonmajor Governmental Funds

Year ended September 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 1,380,189	\$ -	\$ 1,380,189
Intergovernmental	218,237	64,660	10,000	292,897
Charges for services	24,552	-	-	24,552
Special assessments	-	27,037	-	27,037
Interest	104	5,079	12,913	18,096
Contributions	603	-	-	603
Total Revenues	243,496	1,476,965	22,913	1,743,374
Expenditures				
Current:				
General government	-	13,834	-	13,834
Culture and recreation	171,350	-	40,382	211,732
Economic development	69,887	-	-	69,887
Debt service	-	1,799,143	-	1,799,143
Capital outlay	17,536	-	247,731	265,267
Total Expenditures	258,773	1,812,977	288,113	2,359,863
Deficiency of Revenues Over Expenditures	(15,277)	(336,012)	(265,200)	(616,489)
Other Financing Sources (Uses)				
Transfers in	50,000	590,590	47,189	687,779
Transfers out	(39,256)	(391,023)	(97,189)	(527,468)
Total other financing sources	10,744	199,567	(50,000)	160,311
Net Change in Fund Balances	(4,533)	(136,445)	(315,200)	(456,178)
Fund Balances - Beginning	21,789	1,502,814	2,814,349	4,338,952
Prior period adjustment	-	-	(69,261)	(69,261)
Fund Balance - Beginning as restated	21,789	1,502,814	2,745,088	4,269,691
Fund Balances- Ending	\$ 17,256	\$ 1,366,369	\$ 2,429,888	\$ 3,813,513

City of Clinton, Mississippi
Combining Balance Sheet - Nonmajor Special Revenue Funds

September 30, 2018

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 14,083	\$ 39,256	\$ 53,339
Tourism tax receivable	30,823	-	30,823
Total Assets	\$ 44,906	\$ 39,256	\$ 84,162
Liabilities			
Accounts payable	\$ 14,392	\$ -	\$ 14,392
Due to other funds	7,458	39,256	46,714
Customer deposits	5,800	-	5,800
Total Liabilities	27,650	39,256	66,906
Fund Balances			
Restricted for:			
Economic development and tourism	17,256	-	17,256
Total Fund Balances	17,256	-	17,256
Total Liabilities and Fund Balances	\$ 44,906	\$ 39,256	\$ 84,162

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Nonmajor Special Revenue Funds

Year ended September 30, 2018

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues			
Intergovernmental:			
Tourism tax	\$ 179,081	\$ -	\$ 179,081
Federal grants		39,156	39,156
	179,081	39,156	218,237
Charges for services	24,552	-	24,552
Interest	4	100	104
Contributions	603	-	603
Total Revenues	204,240	39,256	243,496
Expenditures			
Culture and Recreation:			
Personal services	87,711	-	87,711
Supplies	36,282	-	36,282
Other services and charges	47,357	-	47,357
	171,350	-	171,350
Economic Development:			
Other services and charges	69,887	-	69,887
Capital outlay	17,536	-	17,536
Total Expenditures	258,773	-	258,773
Deficiency of Revenue Over Expenditures	(54,533)	39,256	(15,277)
Other Financing Sources			
Transfers in	50,000	-	50,000
Transfers out	-	(39,256)	(39,256)
Total Other Financing Sources	50,000	(39,256)	10,744
Net Change in Fund Balances	(4,533)	-	(4,533)
Fund Balances - Beginning	21,789	-	21,789
Fund Balances - Ending	\$ 17,256	\$ -	\$ 17,256

City of Clinton, Mississippi
Combining Balance Sheet -
Nonmajor Debt Service Funds

<i>September 30, 2018</i>	G.O. Negotiable Note Series 2014 Fund	2012 Infrastructure Bond and Interest Fund	2016 Infrastructure Bond and Interest Fund	G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Parks and Recreation Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - WalMart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Assets										
Cash and cash equivalents	\$ -	\$ 653,691	\$ 67,105	\$ 319,139	\$ 159,350	\$ -	\$ 12,514	\$ 1,987	\$ 6,068	\$ 1,219,854
Property taxes receivable	-	256,228	119,478	256,216	497,259	-	-	-	-	1,129,181
Special assessments receivable	-	-	-	270,374	-	-	-	-	-	270,374
Prepaid expenses	-	-	-	-	-	32,548	-	-	-	32,548
Due from other funds	-	6,836	-	64,084	-	-	-	-	-	70,920
Total Assets	\$ -	\$ 916,755	\$ 186,583	\$ 909,813	\$ 656,609	\$ 32,548	\$ 12,514	\$ 1,987	\$ 6,068	\$ 2,722,877
Deferred Inflows of Resources										
Property taxes levied for subsequent year	\$ -	\$ 246,103	\$ 114,848	\$ 246,103	\$ 479,080	\$ -	\$ -	\$ -	\$ -	\$ 1,086,134
Unavailable special assessments	-	-	-	270,374	-	-	-	-	-	270,374
Total Deferred Inflows of Resources	-	246,103	114,848	516,477	479,080	-	-	-	-	1,356,508
Fund Balances										
Restricted for debt service	-	670,652	71,735	393,336	177,529	32,548	-	-	-	1,345,800
Assigned to debt service	-	-	-	-	-	-	12,514	1,987	6,068	20,569
Total Fund Balances	-	670,652	71,735	393,336	177,529	32,548	12,514	1,987	6,068	1,366,369
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 916,755	\$ 186,583	\$ 909,813	\$ 656,609	\$ 32,548	\$ 12,514	\$ 1,987	\$ 6,068	\$ 2,722,877

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Nonmajor Debt Service Funds

<i>Year ended September 30, 2018</i>	G.O. Negotiable Note Series 2014 Fund	2012 Infrastructure Bond and Interest Fund	2016 Infrastructure Bond and Interest Fund	G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Parks and Recreation Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Revenues										
Property taxes	\$ -	\$ 323,321	\$ 153,829	\$ 323,635	\$ 579,404	\$ -	\$ -	\$ -	\$ -	\$ 1,380,189
Intergovernmental:										
State grants	-	6,962	3,250	6,962	12,486	-	-	-	-	29,660
County shared revenues	-	-	-	-	-	-	35,000	-	-	35,000
	-	6,962	3,250	6,962	12,486	-	35,000	-	-	64,660
Special assessments	-	-	-	27,037	-	-	-	-	-	27,037
Interest	-	1,408	94	2,395	1,121	-	37	6	18	5,079
Total Revenues	-	331,691	157,173	360,029	593,011	-	35,037	6	18	1,476,965
Expenditures										
General government:										
Other services and charges	-	3,647	-	3,647	6,540	-	-	-	-	13,834
Debt service	72,144	273,038	118,065	262,849	567,888	319,427	108,775	20,657	56,300	1,799,143
Total Expenditures	72,144	276,685	118,065	266,496	574,428	319,427	108,775	20,657	56,300	1,812,977
Excess (Deficiency) of Revenues over Expenditures	(72,144)	55,006	39,108	93,533	18,583	(319,427)	(73,738)	(20,651)	(56,282)	(336,012)
Other Financing Sources (Uses)										
Transfers in	72,144	7,569	-	-	-	359,544	74,776	20,657	55,900	590,590
Transfers out	-	(5,612)	(2,618)	(5,612)	(369,612)	(7,569)	-	-	-	(391,023)
Total Other Financing Sources (Uses)	72,144	1,957	(2,618)	(5,612)	(369,612)	351,975	74,776	20,657	55,900	199,567
Net Change in Fund Balances	-	56,963	36,490	87,921	(351,029)	32,548	1,038	6	(382)	(136,445)
Fund Balances - Beginning	-	613,689	35,245	305,415	528,558	-	11,476	1,981	6,450	1,502,814
Fund Balances - Ending	\$ -	\$ 670,652	\$ 71,735	\$ 393,336	\$ 177,529	\$ 32,548	\$ 12,514	\$ 1,987	\$ 6,068	\$ 1,366,369

City of Clinton, Mississippi
Combining Balance Sheet -
Nonmajor Capital Projects Funds

<i>September 30, 2018</i>	Pinehaven Drive Construction Project Fund	Arrow Drive Construction Project Fund	Old Town Spring Park Project Fund	Solid Waste Removal Project Fund	Hampstead Boulevard Construction Project Fund	Fire Station #4 Construction Project Fund	Train Station Construction Project Fund	Total Nonmajor Capital Projects Funds
Assets								
Cash and cash equivalents	\$ 258,197	\$ 14,470	\$ 88	\$ 1,714,045	\$ 207,592	\$ 39,720	\$ 195,776	\$ 2,429,888
Total Assets	\$ 258,197	\$ 14,470	\$ 88	\$ 1,714,045	\$ 207,592	\$ 39,720	\$ 195,776	\$ 2,429,888
Fund Balances								
Restricted for capital projects	\$ 258,197	\$ 14,470	\$ 88	\$ 1,714,045	\$ 207,592	\$ 39,720	\$ 195,776	\$ 2,429,888
Total Fund Balances	258,197	14,470	88	1,714,045	207,592	39,720	195,776	2,429,888
Total Liabilities and Fund Balances	\$ 258,197	\$ 14,470	\$ 88	\$ 1,714,045	\$ 207,592	\$ 39,720	\$ 195,776	\$ 2,429,888

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Nonmajor Capital Projects Funds

<i>Year ended September 30, 2018</i>	Pinehaven Drive Construction Project Fund	Arrow Drive Construction Project Fund	Old Town Spring Park Project Fund	Solid Waste Removal Project Fund	Hampstead Boulevard Construction Project Fund	Fire Station #4 Construction Project Fund	Train Station Construction Fund	Total Nonmajor Capital Projects Funds
Revenues								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
	-	-	-	-	-	-	10,000	10,000
Interest	680	31	88	3,612	438	82	7,982	12,913
Total Revenues	680	31	88	3,612	438	82	17,982	22,913
Expenditures								
Public Safety:								
Capital outlay	-	-	146,511	-	-	-	101,220	247,731
Culture and Recreation:								
Other services and charges	-	-	-	-	-	10,362	30,020	40,382
Total Expenditures	-	-	146,511	-	-	10,362	131,240	288,113
Excess of Revenues over Expenditures	680	31	(146,423)	3,612	438	(10,280)	(113,258)	(265,200)
Other Financing Sources (Uses)								
Transfers in	-	-	47,189	-	-	-	-	47,189
Transfers out	(97,189)	-	-	-	-	-	-	(97,189)
Total Other Financing Sources (Uses)	(97,189)	-	47,189	-	-	-	-	(50,000)
Net Change in Fund Balances	(96,509)	31	(99,234)	3,612	438	(10,280)	(113,258)	(315,200)
Fund Balances - Beginning	423,967	14,439	99,322	1,710,433	207,154	50,000	309,034	2,814,349
Prior period adjustment	(69,261)	-	-	-	-	-	-	(69,261)
Fund Balances - Beginning as restated	354,706	14,439	99,322	1,710,433	207,154	50,000	309,034	2,745,088
Fund Balances - Ending	\$ 258,197	\$ 14,470	\$ 88	\$ 1,714,045	\$ 207,592	\$ 39,720	\$ 195,776	\$ 2,429,888

City of Clinton, Mississippi
Budgetary Comparison Schedule
Tourism Tax Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Tourism taxes	\$ 200,000	\$ 200,000	\$ 177,206	\$ (22,794)
Transfer from other funds	-	50,000	50,000	-
Rental income	100	100	1,668	1,568
Bankcard fees collected	630	630	2,778	2,148
Other revenue	10,000	10,000	1,638	(8,362)
Sales	21,000	21,000	19,075	(1,925)
Total receipts, other than taxes	231,730	281,730	252,365	(29,365)
Beginning fund balance	4,473	(910)	(910)	-
Total Available From All Sources	\$ 236,203	\$ 280,820	\$ 251,455	\$ (29,365)
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 88,317	\$ 88,360	\$ 87,711	\$ (649)
Supplies:				
Costs of sales	14,030	12,000	11,487	(513)
Other	13,400	26,030	24,795	(1,235)
Other services and charges	37,551	42,665	47,357	4,692
Capital outlay	0	18,000	17,536	(464)
Total visitor center	153,298	187,055	188,886	1,831
Tourism promotion:				
Other services and charges	80,500	70,500	69,887	(613)
Total expenditures	233,798	257,555	258,773	1,218
Ending fund balance	2,405	23,265	(7,318)	(30,583)
Total Expenditures and Ending Fund Balance	\$ 236,203	\$ 280,820	\$ 251,455	\$ (29,365)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Special Law Enforcement Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Asset forfeitures:				
U.S. Justice Department	\$ 5,000	\$ -	\$ 39,156	\$ 39,156
Local	5,000	-	-	-
Interest earned	-	100	100	-
Total receipts	10,000	100	39,256	39,156
Beginning fund balance	59,068	-	-	-
Total Available From All Sources	\$ 69,068	\$ 100	\$ 39,256	\$ 39,156
EXPENDITURES				
Transfers to other funds	\$ -	\$ 39,256	\$ 39,256	\$ -
Total expenditures	-	39,256	39,256	-
Ending fund balance	69,068	(39,156)	-	39,156
Total Expenditures and Ending Fund Balance	\$ 69,068	\$ 100	\$ 39,256	\$ 39,156

City of Clinton, Mississippi
Budgetary Comparison Schedule
G.O. Negotiable Note Series 2014 Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Transfers from other funds	\$ 72,044	\$ 72,144	\$ 72,144	\$ -
Total receipts	72,044	72,144	72,144	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 72,044	\$ 72,144	\$ 72,144	\$ -
<u>EXPENDITURES</u>				
Debt service	\$ 72,044	\$ 72,144	\$ 72,144	\$ -
Total expenditures	72,044	72,144	72,144	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 72,044	\$ 72,144	\$ 72,144	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
2012 Infrastructure Bond and Interest Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget- Over (Under)
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ 6,962	\$ 6,962	\$ -
Interest earned	-	1,407	1,408	1
Miscellaneous	-	-	7,569	7,569
Total receipts other than taxes	-	8,369	15,939	7,570
Beginning fund balance	578,734	607,153	607,153	-
Total available, other than taxes	578,734	615,522	623,092	7,570
Ad valorem taxes to be provided by levy	298,592	319,732	319,732	-
Total Available From All Sources	\$ 877,326	\$ 935,254	\$ 942,824	\$ 7,570
EXPENDITURES				
Other services and charges	\$ 3,676	\$ 3,676	\$ 3,647	\$ (29)
Debt service	275,513	275,513	273,038	(2,475)
Transfers to other funds	5,612	5,612	5,612	-
Total expenditures	284,801	284,801	282,297	(2,504)
Ending fund balance	592,525	650,453	660,527	10,074
Total Expenditures and Ending Fund Balance	\$ 877,326	\$ 935,254	\$ 942,824	\$ 7,570

City of Clinton, Mississippi
Budgetary Comparison Schedule
2016 Infrastructure Bond and Interest Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ 3,249	\$ 3,250	\$ 1
Interest	-	94	94	-
Total receipts other than taxes	-	3,343	3,344	1
Beginning fund balance	23,618	35,236	35,236	-
Total available, other than taxes	23,618	38,579	38,580	1
Ad valorem taxes to be provided by levy	139,343	149,209	149,208	(1)
Total Available From All Sources	\$ 162,961	\$ 187,788	\$ 187,788	\$ -
EXPENDITURES				
Other services and charges	\$ 1,715	\$ 1,715	\$ 1,702	\$ (13)
Debt service	115,863	116,363	116,363	-
Transfers to other funds	2,618	2,618	2,618	-
Total expenditures	120,196	120,696	120,683	(13)
Ending fund balance	42,765	67,092	67,105	13
Total Expenditures and Ending Fund Balance	\$ 162,961	\$ 187,788	\$ 187,788	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
G.O. Refunding Bonds 2013 Bond and Interest Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ -	\$ 6,962	\$ 6,962
Interest earned	-	502	502	-
Special assessments	28,930	28,930	28,930	-
Total receipts other than taxes	28,930	29,432	36,394	6,962
Beginning fund balance	276,871	277,396	277,396	-
Total available, other than taxes	305,801	306,828	313,790	6,962
Ad valorem taxes to be provided by levy	298,592	319,732	319,732	-
Total Available From All Sources	\$ 604,393	\$ 626,560	\$ 633,522	\$ 6,962
EXPENDITURES				
Other services and charges	\$ 3,676	\$ 3,676	\$ 3,647	\$ (29)
Debt service	294,198	294,198	262,849	(31,349)
Transfers to other funds	5,612	5,612	5,612	-
Total expenditures	303,486	303,486	272,108	(31,378)
Ending fund balance	300,907	323,074	361,414	38,340
Total Expenditures and Ending Fund Balance	\$ 604,393	\$ 626,560	\$ 633,522	\$ 6,962

City of Clinton, Mississippi
Budgetary Comparison Schedule
Quisenberry Library Bond and Interest Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ 12,486	\$ 12,486	\$ -
Interest earned	-	1,121	1,121	-
Total receipts other than taxes	-	13,607	13,607	-
Beginning fund balance	474,320	520,648	520,648	-
Total available, other than taxes	474,320	534,255	534,255	-
Ad valorem taxes to be provided by levy	535,475	573,386	573,385	(1)
Total Available From All Sources	\$ 1,009,795	\$ 1,107,641	\$ 1,107,640	\$ (1)
EXPENDITURES				
Other services and charges	\$ 6,592	\$ 6,592	\$ 6,540	\$ (52)
Debt service	177,588	572,137	572,138	1
Transfers to other funds	337,064	369,612	369,612	-
Total expenditures	521,244	948,341	948,290	(51)
Ending fund balance	488,551	159,300	159,350	50
Total Expenditures and Ending Fund Balance	\$ 1,009,795	\$ 1,107,641	\$ 1,107,640	\$ (1)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Parks and Recreation Bond and Interest Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Transfers from other funds	\$ 326,996	\$ 359,544	359,544	\$ -
Total receipts	326,996	359,544	359,544	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 326,996	\$ 359,544	\$ 359,544	\$ -
EXPENDITURES				
Debt service	\$ 326,996	\$ 326,996	319,427	\$ (7,569)
Transfers to other funds	-	7,569	7,569	-
Total expenditures	326,996	334,565	326,996	(7,569)
Ending fund balance	-	24,979	32,548	7,569
Total Expenditures and Ending Fund Balance	\$ 326,996	\$ 359,544	\$ 359,544	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Tax Increment Financing Bond and Interest Fund - WalMart

Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
AVAILABLE				
Transfers from other funds	\$ 74,776	\$ 74,776	\$ 74,776	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	37	37
Total receipts	109,776	109,776	109,813	37
Beginning fund balance	11,739	11,476	11,476	-
Total Available From All Sources	\$ 121,515	\$ 121,252	\$ 121,289	\$ 37
EXPENDITURES				
Debt service	\$ 108,775	\$ 108,775	108,775	\$ -
Total expenditures	108,775	108,775	108,775	-
Ending fund balance	12,740	12,477	12,514	37
Total Expenditures and Ending Fund Balance	\$ 121,515	\$ 121,252	\$ 121,289	\$ 37

City of Clinton, Mississippi
Budgetary Comparison Schedule
Tax Increment Financing Bond and Interest Fund - Parkway Center

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Transfers from other funds	\$ 20,657	\$ 20,657	\$ 20,657	\$ -
Interest earned	-	-	6	6
Total receipts	20,657	20,657	20,663	6
Beginning fund balance	2,348	1,981	1,981	-
Total Available From All Sources	\$ 23,005	\$ 22,638	\$ 22,644	\$ 6
EXPENDITURES				
Debt service	\$ 20,658	\$ 20,658	\$ 20,657	\$ (1)
Total expenditures	20,658	20,658	20,657	(1)
Ending fund balance	2,347	1,980	1,987	7
Total Expenditures and Ending Fund Balance	\$ 23,005	\$ 22,638	\$ 22,644	\$ 6

City of Clinton, Mississippi
Budgetary Comparison Schedule
Tax Increment Financing Bond and Interest Fund - Prugon

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Transfers from other funds	\$ 55,900	\$ 55,900	\$ 55,900	\$ -
Interest earned	-	-	18	18
Total receipts	55,900	55,900	55,918	18
Beginning fund balance	7,300	6,450	6,450	-
Total Available From All Sources	\$ 63,200	\$ 62,350	\$ 62,368	\$ 18
EXPENDITURES				
Debt service	\$ 55,900	\$ 55,900	\$ 56,300	\$ 400
Total expenditures	55,900	55,900	56,300	400
Ending fund balance	7,300	6,450	6,068	(382)
Total Expenditures and Ending Fund Balance	\$ 63,200	\$ 62,350	\$ 62,368	\$ 18

City of Clinton, Mississippi
Budgetary Comparison Schedule
Pinehaven Drive Construction Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Interest earned	\$ -	\$ 680	\$ 680	\$ -
Total receipts	-	680	680	-
Beginning fund balance	474,147	354,706	354,706	-
Total Available From All Sources	\$ 474,147	\$ 355,386	\$ 355,386	\$ -
EXPENDITURES				
Transfer to other funds	\$ -	\$ 97,188	\$ 97,189	\$ 1
Total expenditures	-	97,188	97,189	1
Ending fund balance	474,147	258,198	258,197	(1)
Total Expenditures and Ending Fund Balance	\$ 474,147	\$ 355,386	\$ 355,386	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Arrow Drive Construction Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget- Over (Under)
AVAILABLE				
Interest earned	\$ -	\$ 31	\$ 31	\$ -
Total receipts	-	31	31	-
Beginning fund balance	132,681	14,439	14,439	-
Total Available From All Sources	\$ 132,681	\$ 14,470	\$ 14,470	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Ending fund balance	132,681	14,470	14,470	-
Total Expenditures and Ending Fund Balance	\$ 132,681	\$ 14,470	\$ 14,470	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Old Town Spring Park Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Transfers from other funds	\$ 10,000	\$ 47,188	\$ 47,189	\$ 1
Donation - Hinds county	-	88	88	-
Total receipts	10,000	47,276	47,277	1
Beginning fund balance	211,931	99,322	99,322	-
Total Available From All Sources	\$ 221,931	\$ 146,598	\$ 146,599	\$ 1
EXPENDITURES				
Construction	\$ -	\$ 146,511	\$ 146,511	\$ -
Total expenditures	-	146,511	146,511	-
Ending fund balance	221,931	87	88	1
Total Expenditures and Ending Fund Balance	\$ 221,931	\$ 146,598	\$ 146,599	\$ 1

City of Clinton, Mississippi
Budgetary Comparison Schedule
Solid Waste Removal Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Grant income - ARRA Funds	\$ 1,168,950	\$ -	\$ -	\$ -
Interest earned	-	-	3,612	3,612
Total receipts	1,168,950	-	3,612	3,612
Beginning fund balance	1,726,544	1,726,544	1,726,544	-
Total Available From All Sources	\$ 2,895,494	\$ 1,726,544	\$ 1,730,156	\$ 3,612
EXPENDITURES				
Construction	\$ 2,170,604	\$ -	\$ -	\$ -
Total expenditures	2,170,604	-	-	-
Ending fund balance	724,890	1,726,544	1,730,156	3,612
Total Expenditures and Ending Fund Balance	\$ 2,895,494	\$ 1,726,544	\$ 1,730,156	\$ 3,612

City of Clinton, Mississippi
Budgetary Comparison Schedule
Hampstead Boulevard Construction Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Interest earned	\$ -	\$ 438	\$ 438	\$ -
Total receipts	-	438	438	-
Beginning fund balance	221,551	207,154	207,154	-
Total Available From All Sources	\$ 221,551	\$ 207,592	\$ 207,592	\$ -
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	221,551	207,592	207,592	-
Total Expenditures and Ending Fund Balance	\$ 221,551	\$ 207,592	\$ 207,592	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Fire Station #4 Construction Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 82	\$ 82
Total receipts	-	-	82	82
Beginning fund balance	1,078,263	737,153	737,153	-
Total Available From All Sources	\$ 1,078,263	\$ 737,153	\$ 737,235	\$ 82
<u>EXPENDITURES</u>				
Capital outlay	\$ 1,078,263	\$ 697,515	\$ 697,515	\$ -
Total expenditures	1,078,263	697,515	697,515	-
Ending fund balance	-	39,638	39,720	82
Total Expenditures and Ending Fund Balance	\$ 1,078,263	\$ 737,153	\$ 737,235	\$ 82

City of Clinton, Mississippi
Budgetary Comparison Schedule
Train Station Construction Project Fund

Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Other revenue	\$ -	\$ 10,000	\$ 10,000	\$ -
Interest earned	-	7,982	7,982	-
Total receipts	-	17,982	17,982	-
Beginning fund balance	1,078,263	552,682	552,682	-
Total Available From All Sources	\$ 1,078,263	\$ 570,664	\$ 570,664	\$ -
<u>EXPENDITURES</u>				
Construction	\$ 553,818	\$ 374,888	\$ 374,888	\$ -
Total expenditures	553,818	374,888	374,888	-
Ending fund balance	524,445	195,776	195,776	-
Total Expenditures and Ending Fund Balance	\$ 1,078,263	\$ 570,664	\$ 570,664	\$ -

City of Clinton, Mississippi
Schedule of Surety Bonds for Municipal Officials and Other Employees

September 30, 2018

Name	Position	Surety	Bond Amount
Phillip Fisher	Mayor	Travelers Casualty and Surety	\$ 25,000
Ricki Garrett	Alderman-at-Large	Travelers Casualty and Surety	\$ 100,000
David Ellis	Alderman, Ward 1	Travelers Casualty and Surety	\$ 100,000
James Martin	Alderman, Ward 2	Travelers Casualty and Surety	\$ 100,000
William O. Barnett	Alderman, Ward 3	Travelers Casualty and Surety	\$ 100,000
Keith Perritt	Alderman, Ward 4	Travelers Casualty and Surety	\$ 100,000
Jan Cossitt	Alderman, Ward 5	Travelers Casualty and Surety	\$ 100,000
Michael P. Cashion	Alderman, Ward 6	Travelers Casualty and Surety	\$ 100,000
Russell Wall	City Clerk	Travelers Casualty and Surety	\$ 50,000
James Baldree, Jr.	Deputy City Clerk	Travelers Casualty and Surety	\$ 50,000
Russell Wall	Tax Assessor	Western Surety Company	\$ 50,000
Ford Hayman	Police Chief	Travelers Casualty and Surety	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 50,000

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND COMPLIANCE



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

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, 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, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the attention of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses.

We consider the following deficiencies to be material weaknesses:

FS 2018-01

Criteria: Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal controls that will, among other things, enable the City to initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: The City engages its external auditors to assist in the preparation and recording of certain adjustments which are necessary to present the City's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the external auditors cannot be considered part of the City's system of control. During our audit procedures related to accounts receivable reported at both the fund and government wide financial statement levels, we determined certain revenue transactions were not prepared and presented for accrual at year end related to state grants awarded during the year ended September 30, 2017 and 2018 of \$1,037,261 and \$1,019,514, respectively. We also determined through our procedures that an accounts receivable amount of \$69,261 should not have been recorded at September 30, 2017 at both the fund and government wide levels and was no longer considered collectible.

Cause: The City has incomplete policies and procedures in place for compiling and maintaining documentation of certain financial transactions occurring outside of year end which are required to be reported in order for the financial statements to be in accordance with GAAP.

Effect: Due to incomplete policies and procedures, management and staff may not review, capture, and prepare support for these financial transactions which may be required as post closing adjustments provided to the auditors as part of the preparation of the audited financial statements.

Auditors' Recommendation: The City should review revenue related activity and transactions which occur after year end for both fund and government wide financial statement reporting to ensure proper accruals are prepared for adjustment to the City's modified cash basis financial statements. These adjustments should be tracked and presented to the auditors as part of the nonattest services provided to the City as part of the preparation of the financial statements.

Management's Response: Management agrees and understands that complete policies and procedures related to identifying and documenting transactions occurring outside of year end are critical to accurate financial reporting. Management will implement policies and procedures to address this weakness in internal control.

FS 2018-02

Criteria: Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal controls that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: The City engages its external auditors to assist in the preparation and recording of certain adjustments which are necessary to present the City's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the external auditors cannot be considered part of the City's system of control. During our audit procedures related to debt reported at the government wide financial statement level, it was determined that an amount of remaining general obligation bond for debt defeased in 2016 was not presented and recorded at the government wide financial statement level in 2017 totaling \$380,000.

Cause: The City has incomplete policies and procedures in place for compiling and maintaining documentation of certain financial transactions occurring outside of year end which are required to be reported in order for the financial statements to be in accordance with GAAP.

Effect: Due to incomplete policies and procedures, management and staff may not review, capture, and prepare support for these financial transactions which may be required as post closing adjustments provided to the auditors as part of the preparation of the audited financial statements.

Auditors' Recommendation: The City should review debt related activity and compare this activity to amortization schedules and bond agreements to ensure outstanding amounts are accurately compiled for government wide financial statement reporting to ensure proper adjustments are prepared for the City's modified cash basis financial statements. These adjustments should be tracked and provided to the auditors as part of the nonattest services provided to the City as part of the audit of the financial statements.

Management's Response: Management agrees and understands that complete policies and procedures related to identifying and documenting transactions occurring outside of year end are critical to accurate financial reporting. Management will implement policies and procedures to address this weakness in internal control.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
October 10, 2019



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, 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, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 10, 2019.

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

The results of our procedures disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the City, its management and the Mississippi Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
October 10, 2019