



City of Clinton, Mississippi

ANNUAL FINANCIAL STATEMENTS

September 30, 2020



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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the defined benefit pension plan information on pages 64 through 71, and the budgetary comparison information on pages 72 through 76 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 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 April 8, 2021, 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.

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

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

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, 2020. 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 presented on pages 15 and 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 statement 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's 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.

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 two major governmental funds (the General Fund and the Magnolia Road Project 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.

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.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

Reporting the City's Funds (Continued)

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, 2020

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, 2020, total net position was approximately \$56 million.

	City of Clinton Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,639,443	\$ 15,416,298	\$ 11,501,741	\$ 10,652,814	\$ 26,141,184	\$ 26,069,112
Capital assets	63,632,704	64,059,393	30,907,104	32,687,755	94,539,808	96,747,148
Total assets	78,272,147	79,475,691	42,408,845	43,340,569	120,680,992	122,816,260
Deferred outflows of resources	2,041,811	2,423,512	360,905	506,795	2,402,716	2,930,307
Long-term liabilities	41,571,826	40,251,547	15,199,286	16,102,451	56,771,112	56,353,998
Other liabilities	2,638,074	2,602,937	593,324	826,038	3,231,398	3,428,975
Total liabilities	44,209,900	42,854,484	15,792,610	16,928,489	60,002,510	59,782,973
Deferred inflows of resources	7,092,760	7,892,483	-	59,513	7,092,760	7,951,996
Net position:						
Net investment in capital assets	47,906,537	46,999,038	21,073,077	21,338,083	68,979,614	68,337,121
Restricted	2,167,442	2,800,502	157,645	132,261	2,325,087	2,932,763
Unrestricted	(21,076,391)	(18,647,304)	5,760,128	5,389,018	(15,316,263)	(13,258,286)
Total net position	\$ 28,997,588	\$ 31,152,236	\$ 26,990,850	\$ 26,859,362	\$ 55,988,438	\$ 58,011,598

The largest portion of the City's net position, \$68.9 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, 2020

THE CITY AS A WHOLE (Continued)

	City of Clinton Changes in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Changes for services	\$ 1,522,222	\$ 928,947	\$ 10,643,401	\$ 10,756,607	\$ 12,165,623	\$ 11,685,554
Operating grants and contributions	301,631	359,802	-	-	301,631	359,802
Capital grants and contributions	449,522	1,485,240	-	786,829	449,522	2,272,069
General revenues:						
Property taxes	9,659,064	9,414,686	-	-	9,659,064	9,414,686
Sales taxes	5,520,404	5,077,705	-	-	5,520,404	5,077,705
Franchise charges	712,701	751,104	-	-	712,701	751,104
Shared grants and revenues	2,651,635	2,118,460	39,667	607,685	2,691,302	2,726,145
Other	198,928	327,574	256,865	187,204	455,793	514,778
Total revenues	21,016,107	20,463,518	10,939,933	12,338,325	31,956,040	32,801,843
Expenses:						
General government	1,527,577	1,767,636	-	-	1,527,577	1,767,636
Public safety	13,250,620	12,051,030	-	-	13,250,620	12,051,030
Public works	4,654,140	4,666,908	-	-	4,654,140	4,666,908
Culture and recreation	2,620,011	2,448,637	-	-	2,620,011	2,448,637
Economic development	744,711	771,644	-	-	744,711	771,644
Interest on long-term debt	431,455	482,106	-	-	431,455	482,106
Water and sewer	-	-	8,803,909	7,945,404	8,803,909	7,945,404
Garbage	-	-	1,946,777	1,885,163	1,946,777	1,885,163
Total expenses	23,228,514	22,187,961	10,750,686	9,830,567	33,979,200	32,018,528
Change in net position before transfers	(2,212,407)	(1,724,443)	189,247	2,507,758	(2,023,160)	783,315
Transfers in (out)	57,759	103,401	(57,759)	(103,401)	-	-
Change in net position	(2,154,648)	(1,621,042)	131,488	2,404,357	(2,023,160)	783,315
Net position - beginning, as previously reported	31,152,236	32,773,278	26,859,362	24,455,005	58,011,598	57,228,283
Total net position	\$ 28,997,588	\$ 31,152,236	\$ 26,990,850	\$ 26,859,362	\$ 55,988,438	\$ 58,011,598

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

THE CITY AS A WHOLE (Continued)

At September 30, 2020, 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 2020 by \$2.6 million. This increase resulted primarily from a decrease in current and capital assets along with an increase in long-term liabilities. The increase in the unrestricted net position for business-type activities in 2020 is a result of the City's continued efforts to pay down the water and sewer fund's long-term debt. The City's total net position decreased \$2.2 million during the current fiscal year primarily as a result of the decreases in current and capital assets as well as increases in long-term liabilities, and the City's efforts to pay down the water and sewer fund's long-term debt.

Governmental activities. Governmental activities decreased the City's net position by \$2.3 million during the year. The increase in shared grants was primarily due to the City's allocation of a \$500 million grant from the State of Mississippi for street improvements. The increase in sales tax was primarily due to an improving economy in which citizens purchased more goods and services than the previous year. These increases in revenues were primarily offset by increases in public safety, public works, and culture and recreation expenses for the addition of police officers, fireman, street improvements and improvements made to the City's parks.

Business-type activities. Business-type activities increased the City's net position by \$92 thousand during the year. This increase was primarily due to water and sewer revenue increases in 2020 being higher than expected in the water and sewer department. Increases in revenue were primarily offset by increases to maintenance and upkeep of the water and sewer system infrastructure. Garbage expenditures increased by \$63 thousand in 2020 as a result of increases in the customer base.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

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	\$ 2,447,136	\$ (654,349)	\$ 1,792,787
Special revenue funds	120,245	12,132	132,377
Debt service funds	1,275,432	(747,849)	527,583
Capital project funds	1,454,850	191,997	1,646,847
Total governmental funds	\$ 5,297,663	\$ (1,198,069)	\$ 4,099,594

	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 26,468,325	\$ 155,790	\$ 26,624,115
Garbage collection fund	422,845	(69,820)	353,025
Self-funded group insurance fund	(233,389)	234,241	852
Total proprietary funds	\$ 26,657,781	\$ 320,211	\$ 26,977,992

The decrease in the general fund is primarily due to increases in public safety, public works, and culture and recreation expenses.

The increase in the special revenue funds is due to an increase in the tourism taxes collected on all hotel and motel stays as a result of more hotel and motel stays during the 2020 fiscal year.

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 increase in the capital projects funds resulted from grant revenue received in the current year for prior year costs incurred for various capital improvement projects.

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.

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.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were greater than original budgeted funds available by \$1.87 million. This increase resulted primarily from a \$155 thousand increase to licenses and permits, \$112 thousand to state grants, \$30 thousand to local grants, \$395 thousand to charges for services, \$178 thousand to fines and forfeitures, \$38 thousand to interest earned, \$500 thousand to management fee, \$586 thousand to other revenues, \$160 thousand to ad valorem taxes and \$162 thousand to the beginning fund balance. This increase was offset by a \$252 thousand decrease to state shared revenues. Final budgeted expenditures were \$1.27 million greater than those originally budgeted. Key elements of this increase were as follows:

- \$625,000 decrease in personal services as a result of savings from vacant positions,
- \$87,000 decrease in operating supplies as the result of decreases in property cleaning, gas and oil, motor vehicle repairs, traffic light and storm drain repairs and street repair expenses,
- \$65,000 increase in other services and charges as the result of increases maintenance contracts for landscape services around the City's buildings and parks,
- \$2,090,000 increase in capital outlay was primarily due to costs related to road improvements and resurfacing of the City's streets and the purchase of a historical building,
- \$61,000 decrease in debt service was due primarily to over budgeting the expected cost of lease purchase agreements for equipment and vehicles, and a
- \$107,000 decrease in transfers and other charges is due to over budgeting this category.

Actual funds available were \$249 thousand greater than final budgeted. This increase was primarily due to increases in local grants of \$121 thousand and increases in fines and forfeitures totaling \$70 thousand.

Actual expenditures were \$30 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 70.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$63.6 million at September 30, 2020. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$5.0 million. Significant increases were:

- \$2.4 million – for resurfacing and street repairs to the City's streets
- \$1.0 million – for construction of Lions Club Park
- \$455 thousand – for renovations to the sports fields in Traceway Park
- \$338 thousand – for the purchase of police, community development, fire department and parks and recreation vehicles and equipment
- \$274 thousand – for construction and renovations to restroom facilities in the City's parks
- \$205 thousand – for new playground equipment at Kids Towne Park
- \$120 thousand – for concrete work at Fire Station #3
- \$95 thousand – for the purchase of a historical building
- \$56 thousand – for the construction of an Archery range
- \$43 thousand – for construction of multi-use paths
- \$14 thousand – for various other capital asset

Depreciation expense amounted to \$5.4 million for 2020 and \$5.5 million for 2019. Accumulated depreciation at September 30, 2020 and 2019 was \$82.9 million and \$77.5 million, respectively.

Business-type activities. At September 30, 2020, the City's business-type net capital assets amounted to \$30.9 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$237 thousand were made during 2020 mainly for water and sewer improvements and the purchase of new vehicles and equipment. Depreciation expense amounted to \$2.0 million for 2020 and \$1.8 million for 2019. Accumulated depreciation at September 30, 2020 and 2019 was \$35.2 million and \$33.3 million, respectively.

City of Clinton
Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 8,075,732	\$ 8,075,732	\$ 181,742	\$ 181,742	\$ 8,257,474	\$ 8,257,474
Buildings	14,216,079	14,808,532	101,677	111,317	14,317,756	14,919,849
Other improvements	1,490,205	1,822,388	-	-	1,490,205	1,822,388
Water and sewer systems and improvements	-	-	29,075,580	30,745,119	29,075,580	30,745,119
Certificate of authority	-	-	800,000	800,000	800,000	800,000
Equipment and vehicles	2,023,976	2,034,382	748,105	849,577	2,772,081	2,883,959
Infrastructure	37,017,004	36,973,765	-	-	37,017,004	36,973,765
Construction in progress	809,708	344,594	-	-	809,708	344,594
Total net position	\$ 63,632,704	\$ 64,059,393	\$ 30,907,104	\$ 32,687,755	\$ 94,539,808	\$ 96,747,148

For additional information, see Note 2 to the Basic Financial Statements.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2020

DEBT ADMINISTRATION

Governmental activities. At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$15.9 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable, capital lease obligations, and unamortized bond premium. During the current fiscal year, the City's total governmental activities debt decreased by \$2.0 million. This decrease was due primarily to scheduled debt payments made during the year offset by the addition of \$606 thousand of capital lease obligations mainly for new vehicles. Payments of principal and interest due within one-year total \$2.1 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$9.8 million at September 30, 2020. This account classification includes general obligation bonds, revenue bonds, notes payable, and capital lease obligations. The majority of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2020, debt associated with the City's business-type activities decreased by \$1.6 million offset by the addition of a \$104 thousand capital lease obligations mainly for the purchase of a bull dozer. This decrease was due primarily to the scheduled debt payments made during the year. Payments of principal and interest due within one-year total \$1.7 million.

City of Clinton General Obligation and Revenue Bonds and Other Loans						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 12,949,420	\$ 14,348,583	\$ 465,580	\$ 541,419	\$ 13,415,000	\$ 14,890,002
Tax increment limited obligation bonds	-	105,000	-	-	-	105,000
Notes payable	368,664	-	9,139,977	10,618,695	9,508,641	10,618,695
Capital lease obligations	2,378,283	2,589,718	228,470	189,558	2,606,753	2,779,276
Unamortized bond premium	223,338	260,081	-	-	223,338	260,081
Total net position	\$ 15,919,705	\$ 17,303,382	\$ 9,834,027	\$ 11,349,672	\$ 25,753,732	\$ 28,653,054

For additional information, see Note 2 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As a result of the COVID-19 pandemic, the City did not see a significant decline in the major sources of revenue. These major sources are ad valorem taxes and sales taxes. However, due to the continuing pandemic, 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 2021.

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, 2020</i>	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,122,691	\$ 9,273,922	\$ 14,396,613
Receivables, net	9,476,725	1,590,155	11,066,880
Internal balances	15,774	(15,774)	-
Prepaid items	24,253	-	24,253
Restricted cash and cash equivalents	-	653,438	653,438
Capital assets:			
Capital assets not being depreciated	8,885,440	981,742	9,867,182
Other capital assets, net of depreciation	54,747,264	29,925,362	84,672,626
Total assets	78,272,147	42,408,845	120,680,992
Deferred Outflows of Resources			
Related to pensions	1,848,273	360,905	2,209,178
Deferred charges on refundings	193,538	-	193,538
Total deferred outflows of resources	2,041,811	360,905	2,402,716
Liabilities			
Accounts payable	2,223,237	77,134	2,300,371
Accrued interest	137,716	20,397	158,113
Claims liability	191,208	-	191,208
Due to other governments	85,913	-	85,913
Customer deposits payable	-	495,793	495,793
Long-term debt:			
Due within one year	2,129,664	1,686,925	3,816,589
Due in more than one year	13,790,041	8,147,102	21,937,143
Compensated absences payable:			
Due within one year	811,808	164,091	975,899
Due in more than one year	516,368	132,067	648,435
Net pension liability	24,323,945	5,069,101	29,393,046
Total liabilities	44,209,900	15,792,610	60,002,510
Deferred Inflows of Resources			
Property taxes levied for subsequent year	7,092,760	-	7,092,760
Total deferred inflows of resources	7,092,760	-	7,092,760
Net Position			
Net investment in capital assets	47,906,537	21,073,077	68,979,614
Restricted for:			
Capital projects	1,301,454	157,645	1,459,099
Debt service	527,583	-	527,583
Law enforcement (restricted by enabling legislation)	175,907	-	175,907
Economic development and tourism (restricted by enabling legislation)	162,498	-	162,498
Unrestricted net position (deficit)	(21,076,391)	5,760,128	(15,316,263)
Total net position	\$ 28,997,588	\$ 26,990,850	\$ 55,988,438

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Statement of Activities

For the year ended September 30, 2020

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	\$ 1,527,577	\$ 569,622	\$ -	\$ 249,853	\$ (708,102)	\$ -	\$ (708,102)
Public safety	13,250,620	909,554	301,631	-	(12,039,435)	-	(12,039,435)
Public works	4,654,140	-	-	-	(4,654,140)	-	(4,654,140)
Culture and recreation	2,620,011	43,046	-	199,669	(2,377,296)	-	(2,377,296)
Economic development	744,711	-	-	-	(744,711)	-	(744,711)
Interest and fiscal charges on long-term debt	431,455	-	-	-	(431,455)	-	(431,455)
Total governmental activities	23,228,514	1,522,222	301,631	449,522	(20,955,139)	-	(20,955,139)
Business-Type Activities:							
Water	4,564,246	4,928,520	-	-	-	364,274	364,274
Sewer	4,239,663	3,985,127	-	-	-	(254,536)	(254,536)
Garbage collection	1,946,777	1,729,754	-	-	-	(217,023)	(217,023)
Total business-type activities	10,750,686	10,643,401	-	-	-	(107,285)	(107,285)
Total	\$ 33,979,200	\$ 12,165,623	\$ 301,631	\$ 449,522	(20,955,139)	(107,285)	(21,062,424)
General revenues and transfers							
Taxes							
Property taxes, levied for general purposes					9,659,064	-	9,659,064
Sales tax					5,520,404	-	5,520,404
Franchise fees					712,701	-	712,701
State revenue sharing					2,363,877	39,667	2,403,544
County revenue sharing					287,758	-	287,758
Interest					93,752	131,119	224,871
Gain on sale of capital assets					36,883	-	36,883
Transfers, net					57,759	(57,759)	-
Miscellaneous					68,293	125,746	194,039
Total general revenues and transfers					18,800,491	238,773	19,039,264
Change in net position					(2,154,648)	131,488	(2,023,160)
Net Position, beginning of year					31,152,236	26,859,362	58,011,598
Net position, end of year					\$ 28,997,588	\$ 26,990,850	\$ 55,988,438

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2020

	General Fund	Magnolia Road Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,446,545	\$ 874,427	\$ 1,505,692	\$ 4,826,664
Receivables, net:				
Property taxes	6,173,131	-	1,167,650	7,340,781
Sales and tourism tax	886,837	-	62,198	949,035
Utilities tax	16,705	-	-	16,705
Franchise fees	187,293	-	-	187,293
Special assessments	-	-	216,298	216,298
Federal assistance	535,987	230,626	-	766,613
Prepaid expenses	-	-	24,253	24,253
Due from other funds	624,122	56,812	339,608	1,020,542
Total assets	\$ 10,870,620	\$ 1,161,865	\$ 3,315,699	\$ 15,348,184
Liabilities				
Accounts payable	\$ 1,913,739	\$ 277,041	\$ 4,419	\$ 2,195,199
Due to other governments	85,913	-	-	85,913
Due to other funds	581,131	317,799	1,871	900,801
Total liabilities	2,580,783	594,840	6,290	3,181,913
Deferred inflows of resources				
Property taxes levied for subsequent year	5,961,063	-	1,131,697	7,092,760
Unavailable revenue	535,987	221,632	-	757,619
Unavailable special assessments	-	-	216,298	216,298
Total deferred inflows of resources	6,497,050	221,632	1,347,995	8,066,677
Fund Balances				
Restricted for:				
Law enforcement	175,907	-	-	175,907
Economic development and tourism	30,121	-	132,377	162,498
Debt service	-	-	527,583	527,583
Capital projects	-	345,393	1,301,454	1,646,847
Unassigned	1,586,759	-	-	1,586,759
Total fund balances	1,792,787	345,393	1,961,414	4,099,594
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,870,620	\$ 1,161,865	\$ 3,315,699	\$ 15,348,184

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position

September 30, 2020

Total fund balances - governmental funds		\$ 4,099,594
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources , and therefore, are not reported in the funds.		63,632,704
Long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds.		973,917
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on refundings	193,538	
Related to pensions	1,848,273	2,041,811
Interest is not recorded as an expenditure in the funds until the payment date and is not reported in the governmental funds balance sheet.		(137,716)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Accounts payable	(28,038)	
Compensated absences	(1,328,176)	
Net pension liability	(24,323,945)	
Long-term debt	(15,919,705)	(41,599,864)
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.		(174,285)
<hr/>		
Net position of governmental activities		\$ 28,836,161

The accompanying notes are an integral part of the financial statements.

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

For the year ended September 30, 2020

	General Fund	Magnolia Road Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,226,636	\$ -	\$ 1,432,428	\$ 9,659,064
Sales tax	5,268,531	-	251,873	5,520,404
Franchise fees	712,701	-	-	712,701
Capital and operating grants	356,980	8,994	-	365,974
State assistance	606,180	57,191	1,312,519	1,975,890
County shared revenues	2,758	250,000	35,000	287,758
Charges for services	769,714	-	14,959	784,673
Fines and forfeitures	737,549	-	-	737,549
Special assessments	-	-	27,037	27,037
Interest	38,023	13,794	41,935	93,752
Contributions	-	-	15,547	15,547
Miscellaneous	41,256	-	-	41,256
Total revenues	16,760,328	329,979	3,131,298	20,221,605
Expenditures				
Current:				
General government	1,444,515	-	15,173	1,459,688
Public safety	9,772,800	-	-	9,772,800
Public works	979,781	-	-	979,781
Culture and recreation	1,655,723	-	172,033	1,827,756
Economic development	591,437	-	99,526	690,963
Debt service	752,630	-	1,632,536	2,385,166
Capital outlay	3,551,803	361,901	1,100,910	5,014,614
Total expenditures	18,748,689	361,901	3,020,178	22,130,768
Excess (deficiency) of revenues over (under) expenditures	(1,988,361)	(31,922)	111,120	(1,909,163)
Other Financing Sources (Uses)				
Capital asset disposals	47,556	-	-	47,556
Proceeds from capital leases	605,779	-	-	605,779
Transfers in	1,048,719	1,226,412	1,286,461	3,561,592
Transfers out	(368,042)	(849,097)	(2,286,694)	(3,503,833)
Total other financing sources	1,334,012	377,315	(1,000,233)	711,094
Net change in fund balances	(654,349)	345,393	(889,113)	(1,198,069)
Fund balances, beginning of year	2,447,136	-	2,850,527	5,297,663
Fund balances, end of year	\$ 1,792,787	\$ 345,393	\$ 1,961,414	\$ 4,099,594

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2020

Net change in fund balances - total governmental funds	\$ (1,198,069)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Acquisition of capital assets	5,014,614
Current year depreciation expense	(5,430,630)
Gain on disposition of capital assets	(10,673)
Governmental funds report debt issuances as other financing sources.	(605,779)
Revenue earned but not available for use in current operations is not reported as revenue recognized and is deferred in the fund financial statements.	757,619
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 payments on debt as expenditures.	1,952,713
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.	(2,783,387)
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.	188,723
Change in net position of governmental activities	\$ (2,154,648)

The accompanying notes are an integral part of the financial statements.

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

September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,016,968	\$ 256,954	\$ 9,273,922	\$ 296,027
Receivables, net:				
Accounts	1,573,767	-	1,573,767	-
Grants and assistance	-	9,000	9,000	-
Special assessments	3,826	-	3,826	-
Due from other funds	473,637	155,513	629,150	129,033
Restricted cash and cash equivalents:				
Customer deposit accounts	495,793	-	495,793	-
Total current assets	11,563,991	421,467	11,985,458	425,060
Noncurrent assets				
Restricted noncurrent assets				
Construction cash account	157,645	-	157,645	-
Special assessments, net of current portion	3,562	-	3,562	-
Total restricted assets	161,207	-	161,207	-
Capital assets				
Water and sewer systems and other improvements	60,660,716	-	60,660,716	-
Land	181,742	-	181,742	-
Buildings	263,987	-	263,987	-
Equipment and vehicles	3,159,016	1,001,012	4,160,028	-
Certificate of authority	800,000	-	800,000	-
	65,065,461	1,001,012	66,066,473	-
Less accumulated depreciation	34,373,905	785,464	35,159,369	-
Capital assets, net	30,691,556	215,548	30,907,104	-
Total noncurrent assets	30,852,763	215,548	31,068,311	-
Total assets	42,416,754	637,015	43,053,769	425,060
Deferred Outflows of Resources				
Related to pensions	\$ 360,905	\$ -	\$ 360,905	\$ -

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Statement of Net Position - Proprietary Funds (Continued)

September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 71,679	\$ 5,455	\$ 77,134	\$ -
Claims liability	-	-	-	191,208
Accrued interest payable	20,397	-	20,397	-
Due to other funds	366,389	278,535	644,924	233,000
Compensated absences payable - current	164,091	-	164,091	-
Notes payable - current	1,516,369	-	1,516,369	-
General obligation bonds payable - current	83,372	-	83,372	-
Capital lease payable - current	87,184	-	87,184	-
Current liabilities payable from restricted assets				
Customer deposit payable	495,793	-	495,793	-
Total current liabilities	2,805,274	283,990	3,089,264	424,208
Noncurrent liabilities				
Compensated absences payable	132,067	-	132,067	-
Notes payable	7,623,608	-	7,623,608	-
General obligation bonds payable	382,208	-	382,208	-
Capital lease payable	141,286	-	141,286	-
Net pension liability	5,069,101	-	5,069,101	-
Total noncurrent liabilities	13,348,270	-	13,348,270	-
Total liabilities	16,153,544	283,990	16,437,534	424,208
Net Position				
Net investment in capital assets	20,857,529	215,548	21,073,077	-
Restricted for:				
Capital projects	157,645	-	157,645	-
Unrestricted	5,608,941	137,477	5,746,418	852
Total net position	\$ 26,624,115	\$ 353,025	\$ 26,977,140	\$ 852
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities			\$ 13,710	
Net position of business-type activities			\$ 26,990,850	

The accompanying notes are an integral part of the financial statements.

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

For the year ended September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services:				
Water sales	\$ 4,393,487	\$ -	\$ 4,393,487	\$ -
Sewer service charges	3,965,802	-	3,965,802	-
Other services and charges	443,845	-	443,845	-
Refuse collection charges	-	1,727,783	1,727,783	-
State assistance	14,667	25,000	39,667	-
Rents	110,513	-	110,513	-
Premiums	-	-	-	1,538,942
Miscellaneous	-	116,558	116,558	-
Total operating revenues	8,928,314	1,869,341	10,797,655	1,538,942
Operating Expenses				
Salaries	1,787,288	109,510	1,896,798	-
Employee benefits	1,412,016	40,482	1,452,498	-
Insurance	65,019	3,605	68,624	347,653
Claims expense	-	-	-	875,320
Office supplies	13,125	-	13,125	-
Gas and oil	47,308	10,857	58,165	-
Other operating supplies	93,711	-	93,711	-
Outside services	1,122,387	1,657,444	2,779,831	81,728
Repairs and maintenance	969,708	30,935	1,000,643	-
Telephone	30,437	-	30,437	-
Postage	38,334	-	38,334	-
Printing	11,953	-	11,953	-
Utilities	521,268	-	521,268	-
Rentals	31,935	-	31,935	-
Depreciation	1,940,262	77,394	2,017,656	-
Pro rata overhead to General Fund	500,000	-	500,000	-
Other	41,091	17,647	58,738	-
Total operating expenses	8,625,842	1,947,874	10,573,716	1,304,701
Operating income (loss)	302,472	(78,533)	223,939	234,241
Nonoperating Revenues (Expenses)				
Interest income	122,406	8,713	131,119	-
Miscellaneous	11,159	-	11,159	-
Interest and fiscal charges	(222,488)	-	(222,488)	-
Total nonoperating revenues (expenses)	(88,923)	8,713	(80,210)	-
Transfers out	(57,759)	-	(57,759)	-
Change in net position	155,790	(69,820)	85,970	234,241
Net position (deficit), beginning of year	26,468,325	422,845	26,891,170	(233,389)
Net position, end of year	\$ 26,624,115	\$ 353,025	\$ 26,977,140	\$ 852

The accompanying notes are an integral part of the financial statements.

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

For the year ended September 30, 2020

Reconciliation to government-wide statement of activities:

Change in net position of enterprise funds \$ 85,970

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds for the year 45,518

Change in net position of business-type activities \$ 131,488

The accompanying notes are an integral part of the financial statements.

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

For the year ended September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,609,097	\$ 1,869,341	\$ 12,478,438	\$ 196,036
Receipts from other funds for services	-	-	-	1,340,454
Receipts from reinsurance	-	-	-	2,452
Payments to suppliers	(3,033,189)	(1,853,832)	(4,887,021)	(1,239,737)
Payments to employees	(2,266,775)	(143,628)	(2,410,403)	-
Payments for interfund services	(303,110)	(709,763)	(1,012,873)	(4,070)
Net cash provided by (used in) operating activities	5,006,023	(837,882)	4,168,141	295,135
Cash Flows From Noncapital Financing Activities				
Advances to other funds	(57,759)	-	(57,759)	-
Net cash used in noncapital financing activities	(57,759)	-	(57,759)	-
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(115,155)	(121,850)	(237,005)	-
Proceeds from issuance of debt	103,900	-	103,900	-
Principal paid on capital leases	(64,988)	-	(64,988)	-
Principal paid on general obligation bonds	(75,839)	-	(75,839)	-
Principal paid on notes payable	(1,478,718)	-	(1,478,718)	-
Interest and fiscal charges paid on debt	(222,603)	-	(222,603)	-
Net cash used in capital and related financing activities	(1,853,403)	(121,850)	(1,975,253)	-
Cash Flows From Investing Activities				
Interest received	122,406	8,713	131,119	-
Net cash provided by investing activities	122,406	8,713	131,119	-
Net increase (decrease) in cash and cash equivalents	3,217,267	(951,019)	2,266,248	295,135
Cash and cash equivalents, beginning of year	6,453,139	1,207,973	7,661,112	892
Cash and cash equivalents, end of year	\$ 9,670,406	\$ 256,954	\$ 9,927,360	\$ 296,027

(Continued)

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Statement of Cash Flows - Proprietary Funds (Continued)

For the year ended September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Cash and cash equivalents at end of year:				
Cash and cash equivalents	\$ 9,016,968	\$ 256,954	\$ 9,273,922	\$ 296,027
Restricted cash and cash equivalents:				
Customer deposits cash	495,793	-	495,793	-
Construction account - noncurrent	157,645	-	157,645	-
	\$ 9,670,406	\$ 256,954	\$ 9,927,360	\$ 296,027
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 302,472	\$ (78,533)	\$ 223,939	\$ 234,241
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,940,262	77,394	2,017,656	-
(Increase) decrease in:				
Accounts receivable	1,697,855	-	1,697,855	-
Due from other funds	601,242	(476)	600,766	(4,070)
Special assessments	4,053	-	4,053	-
Pension related deferred outflows	145,890	-	145,890	-
Accounts payable and accrued	(47,028)	(132,868)	(179,896)	-
Claims liability	-	-	-	64,964
Due to other funds	(170,680)	(703,399)	(874,079)	-
Customer deposits	(21,010)	-	(21,010)	-
Compensated absences	33,489	-	33,489	-
Net pension liability	578,991	-	578,991	-
Pension related deferred inflows	(59,513)	-	(59,513)	-
Net cash provided by (used in) operating activities	\$ 5,006,023	\$ (837,882)	\$ 4,168,141	\$ 295,135

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi
Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2020

	Unemployment Compensation Benefit Fund
<hr/>	
Assets	
Cash	\$ 33,218
<hr/>	
Net Position	
Held in trust for City employees' unemployment benefits	\$ 33,218
<hr/>	
Total Net Position	\$ 33,218

The accompanying notes are an integral part of the financial statements.

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

For the year ended September 30, 2020

	Unemployment Compensation Benefit Fund
Additions	
Interest	\$ 576
Deductions	
Unemployment benefits	430
Change in net position	146
Net position, beginning of year	33,072
Net position, end of year	\$ 33,218

The accompanying notes are an integral part of the financial statements.

City of Clinton, Mississippi Notes to 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 current City Code, as adopted, authorizes the following services: public safety, public utilities, public works, planning and zoning, parks and recreation, and general administrative services.

Reporting Entity

The City is governed by a mayor and a board of seven aldermen (the “Board”), all of whom are elected to four-year terms by the City's registered voters. The City's basic financial statements include all of the City's operations. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units 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.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds and the fiduciary fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following funds:

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.

Fiduciary Fund

Trust Fund

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The funds are further classified as follows:

Major Funds

Governmental 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.
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Magnolia Road Project Fund	Accounts for the proceeds of federal and State of Mississippi grants to be used for street resurfacing and road improvements.
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Proprietary Funds

Water and Sewer Operations Fund	Accounts for the provision of water and sewer services.
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Garbage Collection Fund	Accounts for the provision of refuse collection service.
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Nonmajor Funds

Special Revenue Funds

2% 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.
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1% Tourism Tax Fund	Accounts for revenues from a 1% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
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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.
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Debt Service Funds

2012 Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 bonds.
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2016 Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$1,800,000 Series 2016 bonds.
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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.
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City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Funds (Continued)

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 capital lease obligation - \$2,310,000.
Tax Increment Financing Bond and Interest Fund - Wal-Mart	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

Multi-Use Trails Project Fund	Accounts for the proceeds of a grant from the State of Mississippi being used for the construction of multi-use walking trails.
Senate Bill 3049 Bond Proceeds Project Fund	Accounts for the bond proceeds from the State of Mississippi being used for street resurfacing and road improvements.
Solid Waste Removal Project Fund	Accounts for the proceeds of a bond issue being used for the removal of solid waste in different areas.
Lions Club Park Project Fund	Accounts for the proceeds of a bond issue, grant, and donations to be used for the construction of a public park.
Senate Bill 2002 Bond Proceeds Fund	Accounts for the bond proceeds from the State of Mississippi to be used for the repair and maintenance of streets.
Cynthia Road Bridge Project Fund	Accounts for the proceeds of a grant from the State of Mississippi to be used for bridge repairs.
Kickapoo Road Bridge Project Fund	Accounts for the proceeds of a grant from the State of Mississippi to be used for bridge repairs.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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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.
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Budgetary Information

Budgetary Basis of Accounting

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 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).

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (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. 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, retaining 5% of the gross collections as a commission.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity

Cash and cash equivalents

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.

Interfund activities and transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified and reported as "due to other funds" or "due from other funds". Long-term borrowings between funds are classified and reported as "advances to other funds" and "advances 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".

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

The accounting treatment of property, plant, equipment, and intangible 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.

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

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer and developer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Bond and capital lease debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

Law enforcement fines and confiscated property account – Funds generated from fines and confiscated property applied towards further education and enhancement of the police department pursuant to state statutes.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

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 the 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)

Compensated Absences (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/Inflows of Resources

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

The City has two items that qualify for reporting as deferred outflows of resources, the *deferred charges on refunding* and the *deferred outflows related to pensions*, both reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting as deferred inflows of resources, the *deferred inflows of property taxes levied for the subsequent year*. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Categories and Classifications of Fund Equity

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classifications of Fund Equity (continued)

Government-wide Statements (continued)

- 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."

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures and Expenses

Program Revenues

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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.

Subsequent Events

Management of the City has evaluated subsequent events through the date that the financial statements were available to be issued, April 8, 2021, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued Accounting Pronouncements

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

In January 2017, the GASB issued 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.

In June 2017, the GASB issued 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.

In February 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement will become effective for the City in fiscal year 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of the Interbank Offered Rates*. This statement addresses accounting and financial reporting implications that result from the replacement of the London Interbank Offered Rate (LIBOR). This statement will become effective for the City in fiscal year 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement will become effective for the City in fiscal year 2023.

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits

Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Deposits with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. To address this risk, the collateral deposits in financial institutions of public entities are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the 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, 2020, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer.

Receivables and Deferred Inflows of Resources

Receivables consisted of the following:

<i>September 30, 2020</i>	Governmental Activities	Business-Type Activities	Total
Water, sewer and garbage collection charges	\$ -	\$ 2,180,767	\$ 2,180,767
Special assessments:			
Due within one year	27,037	3,826	30,863
Due in more than one year	189,261	133,278	322,539
Property taxes	7,340,781	-	7,340,781
Sales and tourism taxes	949,035	-	949,035
Franchise charges	187,293	-	187,293
Federal assistance	766,613	0	766,613
State assistance	-	0	-
Other	16,705	9,000	25,705
	9,476,725	2,326,871	11,803,596
Allowance for uncollectible amounts	-	(736,716)	(736,716)
Net receivables	\$ 9,476,725	\$ 1,590,155	\$ 11,066,880

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

<i>September 30, 2020</i>	Governmental Activities	Business-Type Activities	Total
Property taxes levied for use in the subsequent year	\$ 7,092,760	\$ -	\$ 7,092,760

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity was as follows:

<i>Year ended September 30, 2020</i>	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,740,096	\$ -	\$ -	\$ 6,740,096
Other land	1,335,636	-	-	1,335,636
Construction in progress	344,594	1,522,969	(1,057,855)	809,708
Total not being depreciated	8,420,326	1,522,969	(1,057,855)	8,885,440
Other capital assets:				
Buildings	23,512,891	368,600	-	23,881,491
Other improvements	10,404,931	-	-	10,404,931
Equipment and vehicles	10,762,067	542,634	(30,002)	11,274,699
Infrastructure	88,512,102	3,638,268	-	92,150,370
	133,191,991	4,549,502	(30,002)	137,711,491
Accumulated depreciation:				
Buildings	8,704,359	961,053	-	9,665,412
Other improvements	8,582,543	332,183	-	8,914,726
Equipment and vehicles	8,727,685	542,365	(19,327)	9,250,723
Infrastructure	51,538,337	3,595,029	-	55,133,366
	77,552,924	5,430,630	(19,327)	82,964,227
Net other capital assets	55,639,067	(881,128)	(10,675)	54,747,264
Capital assets, net	\$ 64,059,393	\$ 641,841	\$ (1,068,530)	\$ 63,632,704

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

<i>Year ended September 30, 2020</i>	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 181,742	\$ -	\$ -	\$ 181,742
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	981,742	-	-	981,742
Other capital assets:				
Water and sewer systems and improvements	60,649,461	11,255	-	60,660,716
Buildings	263,987	-	-	263,987
Equipment and vehicles	4,055,458	225,750	(121,180)	4,160,028
	64,968,906	237,005	(121,180)	65,084,731
Accumulated depreciation:				
Water and sewer systems and improvements	29,904,342	1,680,794	-	31,585,136
Buildings	152,670	9,640	-	162,310
Equipment and vehicles	3,205,881	327,222	(121,180)	3,411,923
	33,262,893	2,017,656	(121,180)	35,159,369
Net other capital assets	31,706,013	(1,780,651)	-	29,925,362
Capital assets, net	\$ 32,687,755	\$ (1,780,651)	\$ -	\$ 30,907,104

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 51,904
Public safety	885,627
Public works	3,647,436
Culture and recreation	785,376
Economic development	60,287
	\$ 5,430,630
Business-type activities:	
Water	\$ 959,721
Sewer	980,541
Garbage collection	77,394
	\$ 2,017,656

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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, 2020, was as follows:

Due to	Due From					Total	
	General Fund	Magnolia Road Project Fund	Water and Sewer Operations Fund	Garbage Collection Fund	Nonmajor Governmental Funds		Nonmajor Internal Service Fund
General Fund	\$ -	\$ -	\$ 189,067	\$ 278,535	\$ (7,180)	\$ 163,700	\$ 624,122
Magnolia Road Project Fund	56,812	-	-	-	-	-	56,812
Water and Sewer Operations Fund	395,286	-	-	-	9,051	69,300	473,637
Garbage Collection Fund	-	-	155,513	-	-	-	155,513
Nonmajor Governmental Funds	-	317,799	21,809	-	-	-	339,608
Nonmajor Internal Service Fund	129,033	-	-	-	-	-	129,033
Total	\$ 581,131	\$ 317,799	\$ 366,389	\$ 278,535	\$ 1,871	\$ 233,000	\$ 1,778,725

Transfers made during the year were to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2020, were as follows:

Transfer To	Transfer From				Total
	General Fund	Magnolia Road Project Fund	Water and Sewer Operations Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 57,759	\$ 990,960	\$ 1,048,719
Magnolia Road Project Fund	-	-	-	1,226,412	1,226,412
Nonmajor Governmental Funds	368,042	849,097	-	69,322	1,286,461
Total	\$ 368,042	\$ 849,097	\$ 57,759	\$ 2,286,694	\$ 3,561,592

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Payable

Accounts payable consisted of the following:

<i>September 30, 2020</i>	Governmental Activities	Business- Type Activities	Total
Accounts payable to vendors	\$ 1,366,502	\$ 77,134	\$ 1,443,636
Accrued wages	353,932	-	353,932
Cash bonds and evidence held	413,870	-	413,870
Payroll withholdings and employee benefits	88,933	-	88,933
Total	\$ 2,223,237	\$ 77,134	\$ 2,300,371

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.

During 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 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

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

September 30, 2020

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 2.00% to 3.00%.	\$ 4,245,000
\$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 2.40% to 3.40%.	3,010,000
\$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 3.00%.	1,525,000
\$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 2.00% to 2.50%.	4,169,420
	12,949,420

Capital Lease Obligations:

\$558,822 equipment lease; monthly payments of \$5,301 including interest at 3.89%; final payment due September 15, 2019.	388,602
\$443,110 equipment lease; monthly payments of \$4,207, including interest at 2.65%; final payment due September 15, 2019.	78,096
\$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.	1,535,000
\$19,214 equipment lease; monthly payments of \$560, including interest at 3.10%; final payment due July 17, 2022.	11,953
\$135,395 equipment lease; monthly payments of \$3,943, including interest at 3.10%; final payment due July 26, 2022.	84,230
\$28,889 equipment lease; monthly payments of \$841, including interest at 3.10%; final payment due July 17, 2022.	17,972
\$22,653 equipment lease; monthly payments of \$660, including interest at 3.14%; final payment due July 17, 2022.	14,096
\$20,955 equipment lease; monthly payments of \$610, including interest at 3.10%; final payment due July 17, 2022.	13,036
\$21,236 equipment lease; monthly payments of \$603, including interest at 1.41%; final payment due September 18, 2023.	21,236

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

September 30, 2020

Capital Lease Obligations:

\$29,427 equipment lease; monthly payments of \$835, including interest at 1.41%; final payment due September 18, 2023.	\$ 29,427
\$128,172 equipment lease; monthly payments of \$3,638, including interest at 1.41%; final payment due September 18, 2023.	128,172
\$58,463 equipment lease; monthly payments of \$1,603, including interest at 1.41%; final payment due September 18, 2023.	56,463
	2,378,283

Notes Payable:

\$120,481 loan payable to the Mississippi Development Authority; monthly installments of \$6,679, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due September 18, 2023.	118,664
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$2,300, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2023.	250,000
	368,664
Unamortized bond premium	223,338
Total Governmental Activities Long-Term Debt	\$ 15,953,977

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

September 30, 2020

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 2.00% to 2.50%.	\$ 465,580
	465,580

Notes Payable:

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3.00%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021.	851,150
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Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

September 30, 2020

Notes Payable (Continued):

\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.50%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024.	\$ 256,037
\$993,655 loan payable to the Mississippi Development Authority; monthly installments of \$5,026, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	286,774
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	77,165
\$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.	1,331,586
\$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.	1,059,966
\$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.	1,264,635
\$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.	536,645
\$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.	1,292,709

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

September 30, 2020

Notes Payable (Continued):

\$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.	\$ 2,183,310
	9,139,977

Capital Lease Obligation:

\$200,193 equipment lease; monthly payments of \$5,834, including interest at 3.14%; final payment due July 17, 2022.	124,570
\$103,900 equipment lease; monthly payments of \$1,803, including interest at 1.59%; final payment due July 17, 2022.	103,900
	228,470
Total Business-Type Activities Long-Term Debt	\$ 9,834,027

Debt Service Requirements

The future debt service requirements for all notes and bonds outstanding as of September 30, 2020, are as follows:

GOVERNMENTAL ACTIVITIES: FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,491,628	\$ 304,491	\$ 30,997	\$ 9,910	\$ 1,837,026
2022	1,539,618	266,079	34,469	6,439	1,846,605
2023	1,582,608	217,448	35,164	5,743	1,840,963
2024	1,630,099	185,223	35,874	5,033	1,856,229
2025	1,700,578	146,718	36,598	4,309	1,888,203
2026-2020	3,694,889	370,359	166,004	37,423	4,268,675
2031-2035	1,190,000	71,681	29,558	347	1,291,586
2036-2040	120,000	1,650	-	-	121,650
	\$ 12,949,420	\$ 1,563,649	\$ 368,664	\$ 69,204	\$ 14,950,937

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Debt Service Requirements (continued)

BUSINESS-TYPE ACTIVITIES: FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
	2021	\$ 83,372	\$ 9,631	\$ 1,516,369	
2022	85,381	7,943	928,592	137,058	1,158,974
2023	87,390	6,106	822,062	119,703	1,035,261
2024	89,900	4,056	784,446	102,992	981,394
2025	94,420	1,808	772,205	88,070	956,503
2026-2020	25,117	314	2,771,636	264,419	3,061,486
2031-2035	-	-	1,338,344	76,161	1,414,505
2036-2040	-	-	206,323	1,715	208,038
	<u>\$ 465,580</u>	<u>\$ 29,858</u>	<u>\$ 9,139,977</u>	<u>\$ 988,393</u>	<u>\$ 10,623,808</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2020:

	Governmental Activities
Equipment cost	\$ 3,047,566
Accumulated depreciation	(2,143,421)
Carrying value	<u>\$ 904,145</u>

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2020, are as follows:

Fiscal Years	Governmental Activities	Business-Type Activities
2021	\$ 597,129	\$ 87,184
2022	374,175	84,430
2023	280,655	21,631
2024	202,267	21,631
2025	203,949	21,631
2026-2020	794,140	-
2031-2035	272,482	-
Total minimum lease payments	2,724,797	236,507
Less amount representing interest	346,514	8,037
Present value of future minimum lease payments	<u>\$ 2,378,283</u>	<u>\$ 228,470</u>

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

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 has been 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, 2020, \$4,245,000 of the defeased debt remained outstanding.

During the year ended September 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$ 14,348,583	\$ -	\$ (1,399,163)	\$ 12,949,420	\$ 1,491,628
Notes payable	-	370,481	(1,817)	368,664	30,997
Limited obligation bonds	105,000	-	(105,000)	-	-
Capital lease obligations	2,589,718	235,298	(446,733)	2,378,283	597,129
Unamortized bond premium	260,081	-	(36,743)	223,338	-
	17,303,382	605,779	(1,989,456)	15,919,705	2,119,754
Compensated absences	1,328,820	375,558	(376,202)	1,328,176	811,808
Net pension liability	21,619,350	2,704,595	-	24,323,945	-
	\$ 40,251,552	\$ 3,685,932	\$ (2,365,658)	\$ 41,571,826	\$ 2,931,562
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 541,419	\$ -	\$ (75,839)	\$ 465,580	\$ 83,372
Notes payable	10,618,695	-	(1,478,718)	9,139,977	1,516,369
Capital lease obligations	189,558	103,900	(64,988)	228,470	87,184
	11,349,672	103,900	(1,619,545)	9,834,027	1,686,925
Compensated absences	262,669	108,186	(74,697)	296,158	164,091
Net pension liability	4,490,110	578,991	-	5,069,101	-
	\$ 16,102,451	\$ 791,077	\$ (1,694,242)	\$ 15,199,286	\$ 1,851,016

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Liabilities (continued)

Interest and fiscal charges for the year ended September 30, 2020, were as follows:

Governmental activities	\$ 431,455
Business-type activities:	
Water	108,503
Sewer	113,985
	222,488
	\$ 653,943

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 \$5,080,577 for the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,685,075 which was approximately 33% of the pledged revenue. As of September 30, 2020, the future principal and interest requirements for the notes payable totaled \$10,566,237 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 \$123,391, 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 \$111,563 was approximately 70% of the pledged revenues. As of September 30, 2020, the future principal and interest requirements for the bonds totaled \$111,563, and the maturity dates extend through April 2020.

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, 2020, was as follows:

	Governmental Activities
Property cost	\$ 955,000
Accumulated depreciation	(918,900)
Carrying value	\$ 36,100

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Lease Rental Revenue (Continued)

The City also receives lease payments from cellular telephone companies for use of the excess space on the City's water towers as well as leasing permanent cellular tower structures. This lease revenue totaled \$587,239 for the year ended September 30, 2020. Future minimum rentals from leases with terms greater than one year are as follows:

Fiscal Years	Governmental Activities	Business-Type Activities
2021	\$ 10,100	\$ 65,309
2022	10,100	65,822
2023	10,100	42,151
2024	10,100	-
2025	10,100	-
	\$ 50,500	\$ 173,282

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
2021	\$ 64,426	\$ 14,295
2022	64,426	14,295
2023	54,692	11,095
2024	47,740	11,095
2025	47,740	11,095
2026-2030	217,580	51,125
2031-2035	45,120	21,765
2036-2040	-	3,825
2041-2045	-	3,060
Total minimum lease payments	\$ 541,724	\$ 141,650

Rent expense for the year ended September 30, 2020, for all operating leases was as follows:

Governmental activities expenditures	\$ 97,992
Business-type activities expense	31,935
	\$ 129,927

Note 3: RETIREMENT PLANS

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.

Funding Policy

Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed \$101,270 to the plan for the year ended September 30, 2020. 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, 2020, 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.

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (Continued)

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 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, 2020. The auditor's opinion on that report, which includes in an accompanying schedule of collective pension amounts as of June 30, 2019 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.

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (Continued)

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% 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 17.4% beginning July 1, 2019.

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, 2021, 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, 2020, was determined as part of the June 30, 2018, actuarial valuation using the Ultimate Asset Reserve actuarial cost method. Actual employer contributions totaled \$186,690 during 2020.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (Continued)

Pension Liabilities and Pension Expense

The City reported a liability of approximately \$29,393,000 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, 2020. The net pension liability (NPL) for both plans was measured as of June 30, 2020, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation. The NPL recorded as of September 30, 2020, and the pension expense recognized by the City for the year ended September 30, 2020, was as follows:

	Cost-Sharing Plan	CDRF	Total
Net pension liability	\$ 27,819,618	\$ 1,573,428	\$ 29,393,046
Net pension expense	\$ 3,345,823	\$ 359,907	\$ 3,705,730

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, 2020, the City's proportion 0.1437% as compared to its proportion measured at June 30, 2019 of 0.1412%, or an increase of 0.0025%.

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, 2020</i>			
Service cost	\$ 8,201	\$ -	\$ 8,201
Interest	756,084	-	756,084
Difference between expected and actual experience	135,138	-	135,138
Change of assumptions	-	-	-
Employer contributions	-	343,065	(343,065)
Employee contributions	-	3,229	(3,229)
Net investment income	-	265,389	(265,389)
Benefit payments, including refunds	(893,764)	(893,764)	-
Administrative expense and other changes	-	(6,640)	6,640
Net change	5,659	(288,721)	294,380
Net pension liability, beginning of year	10,202,809	8,923,761	1,279,048
Net pension liability, end of year	\$ 10,208,468	\$ 8,635,040	\$ 1,573,428

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (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	\$ 36,009,077	\$ 27,819,618	\$ 21,060,024
CDRF Plan net pension liability	\$ 2,513,545	\$ 1,573,428	\$ 770,595

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> Deferred Outflows of Resources	<u>CDRF</u> Deferred Outflows of Resources
<i>September 30, 2020</i>		
Differences between expected and actual experience	\$ 241,478	\$ -
Changes of assumptions	155,624	-
Net difference between projected and actual earnings on investments	1,142,723	284,002
Employer contributions subsequent to the measurement date	385,351	-
Total	\$ 1,925,176	\$ 284,002

Deferred outflows of resources related to the Cost-Sharing Plan resulting from City contributions subsequent to June 30, 2020 (the measurement date) were \$385,351 and will be recognized as a reduction of the net pension liability during the year ending September 30, 2021. 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> Deferred Outflows of Resources	<u>CDRF</u> Deferred Outflows of Resources
2021	\$ 98,332	\$ (6,284)
2022	531,470	101,746
2023	541,800	107,593
2024	368,223	80,947
Total	\$ 1,539,825	\$ 284,002

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (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	2.75%	2.75%
Investment rate of return (net of plan investment expenses)	7.75%	7.75%
Projected salary increases, including inflation	3.00% - 18.25%	3.00% - 4.50%

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, 2014 to June 30, 2018. The experience report was dated April 2, 2019.

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates are projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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 nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic 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
Domestic equity	27.00%	4.90%
International equity	22.00%	4.75%
Global equity	12.00%	5.00%
Fixed income	20.00%	0.50%
Real estate	10.00%	4.00%
Private equity	8.00%	6.25%
Cash	1.00%	0.00%
Total	100.00%	

Note 3: RETIREMENT PLANS

Public Employees Retirement Plans (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 (17.40%). 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, 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 4: 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 2020, and provides for a monthly charge to the City of \$14.39 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, 2020, and provides for a monthly charge to the City of \$53,475 (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 5: 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 other new enterprises business. The City may grant 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

Note 5: TAX ABATEMENTS (Continued)

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, 2020, 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 \$92,075, and manufacturers of beverage products of 48% or \$83,689, totaling \$175,764 in abated ad valorem taxes during the year ended September 30, 2020.

Note 6: 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.

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, 2020) is approximately \$1,540,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,612,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

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.

Note 6: RISK MANAGEMENT (Continued)

Changes in the claims liability amounts were as follows:

For the year ended September 30, 2020

Claims liability, beginning of year	\$ 126,244
Current year claims	875,320
Claims paid in current year	(810,356)
Claims liability, end of year	\$ 191,208

Note 7: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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>	2020	2019	2018	2017	2016	2015
Last Ten Fiscal Years: *						
City's proportion of the net pension liability	\$ 27,819,618	\$ 24,830,412	\$ 22,317,123	\$ 19,956,382	\$ 21,059,885	\$ 18,311,889
City's proportionate share of the net pension liability	0.1437%	0.1412%	0.1342%	0.1201%	0.1179%	0.1185%
City's covered payroll	\$ 9,650,153	\$ 9,493,149	\$ 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 payroll	288.28%	261.56%	254.45%	242.53%	277.23%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	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, 2020

<i>For the years ended September 30,</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	1,679,127	\$1,495,171	\$1,381,407	\$1,295,974	\$1,196,470	\$1,170,962	\$1,154,387	\$1,056,164	\$928,832	\$868,269
Contributions in relation to the contractually required contribution	1,679,127	1,495,171	1,381,407	1,295,974	1,196,470	1,170,962	1,154,287	1,056,164	928,832	868,269
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
City's covered payroll	\$9,650,153	\$9,493,149	\$8,770,838	\$8,228,406	\$7,596,635	\$7,434,679	\$7,329,441	\$7,406,479	\$7,183,542	\$7,235,575
Contributions as a percentage of the covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	14.26%	12.93%	12.00%

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

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, 2020. 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, 2020.

Note 2: SCHEDULE OF THE CITY'S CONTRIBUTIONS FOR PENSIONS – 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, and the PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75%. The employer contribution rate remained at 15.75% through the fiscal year ending June 30, 2019. The PERS Board of Trustees approved an increase in the employer contribution rate from 15.75% to 17.40% for the fiscal year ending June 30, 2020. Further, the PERS Board of Trustees also adopted a new funding policy, which sets the funding goals, objectives, and metrics for possible changes in the contribution rate for future valuations.

Note 3: CHANGE OF ASSUMPTIONS AND BENEFIT PROVISIONS – COST-SHARING PLAN

In 2019, changes in actuarial assumptions included the following:

- i. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

Note 3: CHANGE OF ASSUMPTIONS AND BENEFIT PROVISIONS – COST-SHARING PLAN (Continued)

- ii. The expectation of disabled mortality was changed to the PubT.H-2010(B) Disabled Retiree Table for the disabled retirees with the following adjustments. For males 137% of male rates for all ages. For females 115% of the female rates for all ages. Projected scale MP-2018 will be used to project future improvements in life expectancy generationally.
- iii. The price inflation assumption was reduced from 3.00% to 2.75%.
- iv. The wage inflation assumption was reduced from 3.25% to 3.00%.
- v. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- vi. The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

In 2018, there were no changes in assumptions and methods since the last valuation.

In 2017, changes in actuarial assumptions included (i) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 and with small adjustments made to the Mortality Table for disabled lives; (ii) the wage inflation assumption was reduced from 3.75% to 3.25%; (iii) adjustments to withdrawal rates, preretirement mortality rates, disability rates and service retirement rates to more closely reflect actual experience; and (iv) the percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally for benefit provisions, effective July 1, 2016, the interest rate on employee contributions was calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent. The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

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
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

Note 4: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS – COST SHARING PLAN

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

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

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>	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 8,201	\$ 8,487	\$ 8,358	\$ 10,668	\$ 37,219
Interest	756,084	762,189	764,238	769,339	780,243
Difference between expected and actual experience	135,138	(19,121)	32,536	(48,446)	(164,102)
Changes of assumptions	-	33,305	-	31,606	-
Benefit payments, including refunds of employee contributions	(893,764)	(833,491)	(829,666)	(828,305)	(759,810)
Net change in total pension liability	5,659	(48,631)	(24,534)	(65,138)	(106,450)
Total pension liability, beginning of year	10,202,809	10,251,440	10,275,974	10,341,112	10,447,562
Total pension liability, end of year (a)	\$ 10,208,468	\$ 10,202,809	\$ 10,251,440	\$ 10,275,974	\$ 10,341,112
Plan fiduciary net position					
Contributions - employer	\$ 343,065	\$ 222,032	\$ 28,109	\$ 182,528	\$ 190,177
Contributions - member	3,229	8,374	8,142	8,142	16,900
Net investment income	265,389	540,052	775,629	1,172,297	8,619
Benefit payments	(893,764)	(833,491)	(829,666)	(828,305)	(759,810)
Administrative expense	(6,640)	(4,441)	(1,392)	(1,809)	20,942
Net change in plan fiduciary net position	(288,721)	(67,474)	(19,178)	532,853	(523,172)
Plan net position, beginning of year	8,923,761	8,991,235	9,010,413	8,477,560	9,000,732
Plan net position, end of year (b)	\$ 8,635,040	\$ 8,923,761	\$ 8,991,235	\$ 9,010,413	\$ 8,477,560
Net pension liability - ending (a) - (b)	\$ 1,573,428	\$ 1,279,048	\$ 1,260,205	\$ 1,265,561	\$ 1,863,552
Plan fiduciary net position as a percentage of the total pension liability	84.59%	87.46%	87.71%	87.68%	81.98%
Covered payroll*	N/A	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	N/A

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

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Contributions - CDRF Plan

<i>Year ended June 30,</i>	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 343,065	\$ 222,032	\$ 28,109	\$ 182,528	\$ 190,177
Contributions in relation to the actuarially determined contribution	343,065	222,032	28,109	182,528	190,177
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

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

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information - CDRF Plan

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, 2020 were based on the June 30, 2018 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	Market value of assets
Inflation	3.00%
Salary increases	3.25 - 4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

City of Clinton, Mississippi Budgetary Comparison Schedule - General Fund

Year ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
AVAILABLE				
Licenses and permits	\$ 1,022,500	\$ 1,177,395	\$ 1,166,495	\$ (10,900)
State grants	192,000	304,500	334,973	30,473
State shared revenues	5,486,900	5,234,900	5,206,117	(28,783)
Local grants	100,000	130,000	8,481	(121,519)
Charges for services	131,276	526,104	531,104	5,000
Fines and forfeitures	626,000	804,262	734,094	(70,168)
Interest earned	-	38,700	38,023	(677)
Management fee	200,000	500,000	500,000	-
Miscellaneous	1,196,847	1,782,977	1,744,833	(38,144)
Total receipts, other than taxes	8,955,523	10,498,838	10,264,120	(234,718)
Beginning fund balance	1,086,392	1,249,123	1,249,123	-
Total available, other than taxes	10,041,915	11,747,961	11,513,243	(234,718)
Ad valorem taxes to be provided by levy	8,174,571	8,334,991	8,321,098	(13,893)
Total Available From All Sources	\$ 18,216,486	\$ 20,082,952	\$ 19,834,341	\$ (248,611)
EXPENDITURES				
General government:				
Elected Officials:				
Personal services	\$ 365,151	\$ 341,234	\$ 340,818	\$ (416)
Supplies	3,100	11,669	11,669	-
Other services and charges	114,260	100,284	100,287	3
Capital outlay	-	95,000	95,000	-
Total Elected Officials	482,511	548,187	547,774	(413)
Court Services:				
Personal services	393,689	410,385	410,386	1
Supplies	3,950	4,058	4,056	(2)
Other services and charges	54,137	28,565	27,749	(816)
Total Court Services	451,776	443,008	442,191	(817)
Administration:				
Personal services	401,379	399,173	399,171	(2)
Supplies	13,350	5,950	3,186	(2,764)
Other services and charges	248,362	264,815	263,307	(1,508)
Total Administration	663,091	669,938	665,664	(4,274)
Legal:				
Personal services	98,416	104,659	104,620	(39)
Supplies	2,750	4,750	3,763	(987)
Other services and charges	16,876	11,948	11,724	(224)
Total Legal	118,042	121,357	120,107	(1,250)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund

Year ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
EXPENDITURES (Continued)				
Community Development:				
Personal services	\$ 213,772	\$ 201,036	\$ 201,028	\$ (8)
Supplies	27,300	11,400	9,620	(1,780)
Other services and charges	45,021	53,242	53,210	(32)
Capital outlay	44,000	56,463	56,463	-
Debt service	14,510	6,781	6,716	(65)
Total Community Development	344,603	328,922	327,037	(1,885)
Total General Government	2,060,023	2,111,412	2,102,773	(8,639)
Public Safety:				
Law Enforcement:				
Personal services	4,531,703	4,268,360	4,268,323	(37)
Supplies	350,000	359,700	359,683	(17)
Other services and charges	441,080	512,495	512,412	(83)
Capital outlay	140,000	175,400	175,361	(39)
Debt service	32,161	51,361	51,264	(97)
Total Law Enforcement	5,494,944	5,367,316	5,367,043	(273)
Fire Protection:				
Personal services	4,088,615	3,980,946	3,980,590	(356)
Supplies	183,090	215,090	211,528	(3,562)
Other services and charges	315,785	268,957	267,974	(983)
Capital outlay	40,000	160,301	156,840	(3,461)
Debt service	160,724	131,461	131,064	(397)
Total Fire Protection	4,788,214	4,756,755	4,747,996	(8,759)
Inspection:				
Personal services	182,360	156,190	156,144	(46)
Supplies	10,400	6,300	5,735	(565)
Other services and charges	12,611	11,515	10,411	(1,104)
Total Inspection	205,371	174,005	172,290	(1,715)
Total Public Safety	10,488,529	10,298,076	10,287,329	(10,747)
Street:				
Personal services	265,156	247,955	247,925	(30)
Supplies	230,600	133,700	132,786	(914)
Other services and charges	601,584	599,072	599,070	(2)
Capital outlay	1,151,112	2,036,345	2,035,416	(929)
Debt service	92,657	88,447	88,442	(5)
Total Street	2,341,109	3,105,519	3,103,639	(1,880)

(Continued)

City of Clinton, Mississippi Budgetary Comparison Schedule - General Fund

Year ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis, (See Note A)	Final Budget-Over (Under)
EXPENDITURES (Continued)				
Parks and Recreation:				
Personal services	\$ 767,027	\$ 617,904	\$ 617,849	\$ (55)
Supplies	203,500	203,500	200,931	(2,569)
Other services and charges	403,291	511,018	510,424	(594)
Capital outlay	86,500	1,028,500	1,027,727	(773)
Debt service	507,510	468,270	467,820	(450)
Total Parks and Recreation	1,967,828	2,829,192	2,824,751	(4,441)
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	41,400	41,339	(61)
Other services and charges	43,451	51,965	51,901	(64)
Total City Buildings	94,451	93,365	93,240	(125)
Therapeutic Recreation:				
Personal services	198,752	173,499	173,439	(60)
Supplies	18,020	11,220	11,135	(85)
Other services and charges	38,709	29,283	29,055	(228)
Debt service	7,324	7,324	7,324	-
Total Therapeutic Recreation	262,805	221,326	220,953	(373)
Total Culture and Recreation	2,345,084	3,163,883	3,158,944	(4,939)
Communications:				
Personal services	47,876	51,591	51,507	(84)
Supplies	3,125	9,425	9,371	(54)
Other services and charges	107,618	93,884	93,824	(60)
Capital outlay	5,000	5,000	4,996	(4)
Total Communications	163,619	159,900	159,698	(202)
Main Street:				
Personal services	181,255	153,333	153,314	(19)
Supplies	4,500	5,500	5,453	(47)
Other services and charges	20,381	30,430	30,078	(352)
Total Main Street	206,136	189,263	188,845	(418)
Economic Development:				
Personal services	56,702	53,284	53,223	(61)
Supplies	1,500	700	521	(179)
Other services and charges	73,878	46,744	46,700	(44)
Total Economic Development	132,080	100,728	100,444	(284)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund (Continued)

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>	Budgetary Basis, (See Note A)	
EXPENDITURES (Continued)				
Olde Towne Depot:				
Personal services	\$ 99,683	\$ 106,678	\$ 106,638	\$ (40)
Supplies	30,250	25,350	23,326	(2,024)
Other services and charges	29,782	17,495	17,482	(13)
Total Olde Towne Depot	159,715	149,523	147,446	(2,077)
Total Economic Development	661,550	599,414	596,433	(2,981)
Transfers and other charges	197,219	90,197	89,768	(429)
Total expenditures	18,093,514	19,368,501	19,338,886	(29,615)
Ending fund balance	122,972	714,451	495,455	(218,996)
Total Expenditures and Ending Fund Balance	\$ 18,216,486	\$ 20,082,952	\$ 19,834,341	\$ (248,611)

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	\$ 19,834,341
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	99,319
Overhead reimbursements from other funds are included in budgetary basis available	(500,000)
Other financing sources are included in budgetary basis available	(1,424,209)
Beginning fund balance is included in budgetary basis available	(1,249,123)
<hr/>	
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 16,760,328
<hr/>	
Expenditures - Budgetary Comparison Schedule	\$ 19,338,886
Differences:	
Overhead reimbursements from other funds are included in budgetary basis available	(500,000)
Other financing uses are included in budgetary basis expenditures	(90,197)
<hr/>	
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 18,748,689
<hr/>	
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	1,424,209
Other financing uses are included in budgetary basis expenditures	(90,197)
<hr/>	
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,334,012
<hr/>	

OTHER SUPPLEMENTARY INFORMATION

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

September 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 76,469	\$ 445,568	\$ 983,655	\$ 1,505,692
Receivables:				
Property taxes	-	1,167,650	-	1,167,650
Tourism tax	62,198	-	-	62,198
Special assessments	-	216,298	-	216,298
Prepaid expenses	-	24,253	-	24,253
Due from other funds	-	21,809	317,799	339,608
Total assets	\$ 138,667	\$ 1,875,578	\$ 1,301,454	\$ 3,315,699
Liabilities				
Accounts payable	\$ 4,419	\$ -	\$ -	\$ 4,419
Due to other funds	1,871	-	-	1,871
Total liabilities	6,290	-	-	6,290
Deferred Inflows of Resources				
Property taxes levied for subsequent year	-	1,131,697	-	1,131,697
Unavailable special assessments	-	216,298	-	216,298
Total deferred inflows of resources	-	1,347,995	-	1,347,995
Fund Balances				
Restricted for:				
Economic development and tourism	132,377	-	-	132,377
Debt service	-	527,583	-	527,583
Capital projects	-	-	1,301,454	1,301,454
Total fund balances	132,377	527,583	1,301,454	1,961,414
Total liabilities, deferred inflows of resources, and fund balances	\$ 138,667	\$ 1,875,578	\$ 1,301,454	\$ 3,315,699

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

Year ended September 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 1,432,428	\$ -	\$ 1,432,428
Sales tax	251,873	-	-	251,873
State assistance	-	34,168	1,278,351	1,312,519
County shared revenues	-	35,000	-	35,000
Charges for services	14,959	-	-	14,959
Special assessments	-	27,037	-	27,037
Interest	1,771	27,186	12,978	41,935
Contributions	15,547	-	-	15,547
Total revenues	284,150	1,555,819	1,291,329	3,131,298
Expenditures				
Current:				
General government	-	15,173	-	15,173
Culture and recreation	172,033	-	-	172,033
Economic development	99,526	-	-	99,526
Debt service	-	1,632,536	-	1,632,536
Capital outlay	-	-	1,100,910	1,100,910
Total expenditures	271,559	1,647,709	1,100,910	3,020,178
Excess (deficiency) of revenues over expenditures	12,591	(91,890)	190,419	111,120
Other Financing Sources (Uses)				
Transfers in	-	403,864	882,597	1,286,461
Transfers out	(459)	(1,059,823)	(1,226,412)	(2,286,694)
Net other financing sources (uses)	(459)	(655,959)	(343,815)	(1,000,233)
Net change in fund balances	12,132	(747,849)	(153,396)	(889,113)
Fund balances, beginning of year	120,245	1,275,432	1,454,850	2,850,527
Fund balances, end of year	\$ 132,377	\$ 527,583	\$ 1,301,454	\$ 1,961,414

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

September 30, 2020

	2% Tourism Tax Fund	1% Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 7,554	\$ 68,915	\$ -	\$ 76,469
Tourism tax receivable	46,671	15,527	-	62,198
Total assets	\$ 54,225	\$ 84,442	\$ -	\$ 138,667
Liabilities				
Accounts payable	\$ 4,419	\$ -	\$ -	\$ 4,419
Due to other funds	1,871	-	-	1,871
Total liabilities	6,290	-	-	6,290
Fund Balances				
Restricted for:				
Economic development and tourism	47,935	84,442	-	132,377
Total fund balances	47,935	84,442	-	132,377
Total liabilities and fund balances	\$ 54,225	\$ 84,442	\$ -	\$ 138,667

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

Year ended September 30, 2020

	2% Tourism Tax Fund	1% Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues				
Sales tax	\$ 169,903	\$ 81,970	\$ -	\$ 251,873
	169,903	81,970	-	251,873
Charges for services	14,959	-	-	14,959
Interest	62	1,708	1	1,771
Contributions	15,547	-	-	15,547
Total revenues	200,471	83,678	1	284,150
Expenditures				
Culture and Recreation:				
Personal services	95,732	-	-	95,732
Supplies	17,802	-	-	17,802
Other services and charges	58,499	-	-	58,499
	172,033	-	-	172,033
Economic Development:				
Other services and charges	24,526	75,000	-	99,526
Total expenditures	196,559	75,000	-	271,559
Excess (deficiency) of revenues over expenditures	3,912	8,678	1	12,591
Other Financing Sources (Uses)				
Transfers out	-	-	(459)	(459)
Net other financing sources (uses)	-	-	(459)	(459)
Net change in fund balances	3,912	8,678	(458)	12,132
Fund balances, beginning of year	44,023	75,764	458	120,245
Fund balances, end of year	\$ 47,935	\$ 84,442	\$ -	\$ 132,377

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

<i>September 30, 2020</i>	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	\$ 113,568	\$ 45,360	\$ 112,159	\$ 167,874	\$ 6,607	\$ -	\$ -	\$ -	\$ 445,568
Property taxes receivable	264,575	123,467	264,575	515,033	-	-	-	-	1,167,650
Special assessments receivable	-	-	216,298	-	-	-	-	-	216,298
Prepaid expenses	-	-	-	-	24,253	-	-	-	24,253
Due from other funds	-	-	21,809	-	-	-	-	-	21,809
Total assets	\$ 378,143	\$ 168,827	\$ 614,841	\$ 682,907	\$ 30,860	\$ -	\$ -	\$ -	\$ 1,875,578
Deferred Inflows of Resources									
Property taxes levied for subsequent year	\$ 256,427	\$ 119,666	\$ 256,427	\$ 499,177	\$ -	\$ -	\$ -	\$ -	\$ 1,131,697
Unavailable special assessments	-	-	216,298	-	-	-	-	-	216,298
Total deferred inflows of resources	256,427	119,666	472,725	499,177	-	-	-	-	1,347,995
Fund Balances									
Restricted for debt service	121,716	49,161	142,116	183,730	30,860	-	-	-	527,583
Total fund balances	121,716	49,161	142,116	183,730	30,860	-	-	-	527,583
Total liabilities, deferred inflows of resources, and fund balances	\$ 378,143	\$ 168,827	\$ 614,841	\$ 682,907	\$ 30,860	\$ -	\$ -	\$ -	\$ 1,875,578

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

<i>Year ended September 30, 2020</i>	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	\$ 324,481	\$ 151,422	\$ 324,481	\$ 632,044	\$ -	\$ -	\$ -	\$ -	\$ 1,432,428
Intergovernmental:									
State assistance	7,742	3,613	7,742	15,071	-	-	-	-	34,168
County shared revenues	-	-	-	-	-	35,000	-	-	35,000
	7,742	3,613	7,742	15,071	-	35,000	-	-	69,168
Special assessments	-	-	27,037	-	-	-	-	-	27,037
Interest	4,958	2,230	11,679	7,898	-	313	28	80	27,186
Total revenues	337,181	157,265	370,939	655,013	-	35,313	28	80	1,555,819
Expenditures									
General government:									
Other services and charges	3,439	1,604	3,438	6,692	-	-	-	-	15,173
Debt service	277,963	111,113	231,330	577,188	323,380	111,562	-	-	1,632,536
Total expenditures	281,402	112,717	234,768	583,880	323,380	111,562	-	-	1,647,709
Excess (deficiency) of revenues over expenditures	55,779	44,548	136,171	71,133	(323,380)	(76,249)	28	80	(91,890)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	325,800	78,064	-	-	403,864
Transfers out	(328,489)	(101,254)	(502,689)	(105,235)	-	(15,470)	(1,728)	(4,958)	(1,059,823)
Net other financing sources (uses)	(328,489)	(101,254)	(502,689)	(105,235)	325,800	62,594	(1,728)	(4,958)	(655,959)
Net change in fund balances	(272,710)	(56,706)	(366,518)	(34,102)	2,420	(13,655)	(1,700)	(4,878)	(747,849)
Fund balances, beginning of year	394,426	105,867	508,634	217,832	28,440	13,655	1,700	4,878	1,275,432
Fund balances, end of year	\$ 121,716	\$ 49,161	\$ 142,116	\$ 183,730	\$ 30,860	\$ -	\$ -	\$ -	\$ 527,583

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

<i>September 30, 2020</i>	Multi-Use Trails Project Fund	Senate Bill 3049 Bond Proceeds Project Fund	Solid Waste Removal Project Fund	Lions Club Park Project Fund	Senate Bill 2002 Bond Proceeds Project Fund	Cynthia Road Bridge Project Fund	Kickapoo Road Bridge Project Fund	Total Nonmajor Capital Projects Funds
Assets								
Cash and cash equivalents	\$ 121,446	\$ -	\$ -	\$ 5,950	\$ 214,274	\$ 634,086	\$ 7,899	\$ 983,655
Due from other funds	-	-	-	-	-	317,799	-	317,799
Total assets	\$ 121,446	\$ -	\$ -	\$ 5,950	\$ 214,274	\$ 951,885	\$ 7,899	\$ 1,301,454
Fund Balances								
Restricted for capital projects	\$ 121,446	\$ -	\$ -	\$ 5,950	\$ 214,274	\$ 951,885	\$ 7,899	\$ 1,301,454
Total fund balances	121,446	-	-	5,950	214,274	951,885	7,899	1,301,454
Total liabilities and fund balances	\$ 121,446	\$ -	\$ -	\$ 5,950	\$ 214,274	\$ 951,885	\$ 7,899	\$ 1,301,454

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

<i>Year ended September 30, 2020</i>	Multi-Use Trails Project Fund	Senate Bill 3049 Bond Proceeds Project Fund	Solid Waste Removal Project Fund	Lions Club Park Project Fund	Senate Bill 2002 Bond Proceeds Project Fund	Cynthia Road Bridge Project Fund	Kickapoo Road Bridge Project Fund	Total Nonmajor Capital Projects Funds
Revenues								
Intergovernmental:								
State assistance	\$ -	\$ 500,000	\$ -	\$ 148,000	\$ -	\$ 630,351	\$ -	\$ 1,278,351
	-	500,000	-	148,000	-	630,351	-	1,278,351
Interest	148	1,671	-	2,460	4,216	4,119	364	12,978
Total revenues	148	501,671	-	150,460	4,216	634,470	364	1,291,329
Expenditures								
Public Safety:								
Capital outlay	-	-	-	990,778	20,654	51,440	38,038	1,100,910
Total expenditures	-	-	-	990,778	20,654	51,440	38,038	1,100,910
Excess of revenues over expenditures	148	501,671	-	(840,318)	(16,438)	583,030	(37,674)	190,419
Other Financing Sources (Uses)								
Transfers in	121,298	-	-	443,500	-	317,799	-	882,597
Transfers out	-	(501,671)	(724,741)	-	-	-	-	(1,226,412)
Net other financing sources (uses)	121,298	(501,671)	(724,741)	443,500	-	317,799	-	(343,815)
Net change in fund balances	121,446	-	(724,741)	(396,818)	(16,438)	900,829	(37,674)	(153,396)
Fund balances, beginning of year	-	-	724,741	402,768	230,712	51,056	45,573	1,454,850
Fund balances, end of year	\$ 121,446	\$ -	\$ -	\$ 5,950	\$ 214,274	\$ 951,885	\$ 7,899	\$ 1,301,454

City of Clinton, Mississippi
Budgetary Comparison Schedule
2% Tourism Tax Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Tourism taxes	\$ 239,000	\$ 164,790	\$ 176,797	\$ 12,007
Rental income	100	100	428	328
Bankcard fees collected	630	630	2,168	1,538
Other revenue	-	-	16,109	16,109
Sales revenue	21,000	21,000	12,363	(8,637)
Total receipts, other than taxes	260,730	186,520	207,865	21,345
Beginning fund balance	(44,094)	(18,091)	(18,091)	-
Total Available From All Sources	\$ 216,636	\$ 168,429	\$ 189,774	\$ 21,345
EXPENDITURES				
Visitor center:				
Personal services	\$ 108,048	\$ 95,732	\$ 95,732	\$ -
Supplies:				
Costs of sales	12,630	12,630	9,300	(3,330)
Other	14,200	11,976	8,502	(3,474)
Other services and charges	39,928	58,510	58,499	(11)
Capital outlay	28,000	-	-	-
Total visitor center	202,806	178,848	172,033	(6,815)
Tourism promotion:				
Other services and charges	85,000	25,601	24,526	(1,075)
Total expenditures	287,806	204,449	196,559	(7,890)
Ending fund balance	(71,170)	(36,020)	(6,785)	29,235
Total Expenditures and Ending Fund Balance	\$ 216,636	\$ 168,429	\$ 189,774	\$ 21,345

City of Clinton, Mississippi
Budgetary Comparison Schedule
1% Tourism Tax Fund

Year ended September 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 137,124	\$ 78,302	\$ 84,298	\$ 5,996
Other revenue	-	-	1,708	1,708
<hr/>				
Total receipts, other than taxes	137,124	78,302	86,006	7,704
Beginning fund balance	(56,594)	(57,909)	(57,909)	-
<hr/>				
Total Available From All Sources	\$ 80,530	\$ 20,393	\$ 28,097	\$ 7,704
<hr/>				
<u>EXPENDITURES</u>				
Tourism promotion:				
Other services and charges	\$ 100,700	\$ 82,162	\$ 75,000	\$ (7,162)
<hr/>				
Total expenditures	100,700	82,162	75,000	(7,162)
<hr/>				
Ending fund balance	(20,170)	(61,769)	(46,903)	14,866
<hr/>				
Total Expenditures and Ending Fund Balance	\$ 80,530	\$ 20,393	\$ 28,097	\$ 7,704
<hr/>				

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Budgetary	Variance with
	Original	Final			
<u>AVAILABLE</u>					
Interest earned	\$	-	\$	-	\$ 1
Total receipts, other than taxes		-	-	1	1
Beginning fund balance		-	-	458	458
Total Available From All Sources	\$	-	\$	-	\$ 459
<u>EXPENDITURES</u>					
Transfers to other funds	\$	-	-	459	\$ 459
Total expenditures	\$	-	-	459	\$ 459
Ending fund balance		-	-	-	-
Total Expenditures and Ending Fund		-	-	-	-
Balance	\$	-	-	459	\$ -

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 7,742	\$ 7,742
Interest earned	-	-	4,958	4,958
<hr/>				
Total receipts other than taxes	-	-	12,700	12,700
Beginning fund balance	523,472	387,718	387,718	-
<hr/>				
Total available, other than taxes	523,472	387,718	400,418	12,700
<hr/>				
Ad valorem taxes to be provided by levy	311,939	311,939	323,040	11,101
<hr/>				
Total Available From All Sources	\$ 835,411	\$ 699,657	\$ 723,458	\$ 23,801
<hr/>				
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,796	\$ 3,796	\$ 3,439	\$ (357)
Debt service	278,443	278,443	277,963	(480)
Transfers to other funds	2,689	2,689	2,689	-
<hr/>				
Total expenditures	284,928	284,928	284,091	(837)
<hr/>				
Ending fund balance	550,483	414,729	439,367	24,638
<hr/>				
Total Expenditures and Ending Fund Balance	\$ 835,411	\$ 699,657	\$ 723,458	\$ 23,801

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ -	\$ 3,613	\$ 3,613
Interest earned	-	-	2,230	2,230
Total receipts other than taxes	-	-	5,843	5,843
Beginning fund balance	92,563	102,736	102,736	-
Total available, other than taxes	92,563	102,736	108,579	5,843
Ad valorem taxes to be provided by levy	145,572	145,572	150,752	5,180
Total Available From All Sources	\$ 238,135	\$ 248,308	\$ 259,331	\$ 11,023
EXPENDITURES				
Other services and charges	\$ 1,771	\$ 1,771	\$ 1,604	\$ (167)
Debt service	111,663	111,663	111,113	(550)
Transfers to other funds	1,254	1,254	1,254	-
Total expenditures	114,688	114,688	113,971	(717)
Ending fund balance	123,447	133,620	145,360	11,740
Total Expenditures and Ending Fund Balance	\$ 238,135	\$ 248,308	\$ 259,331	\$ 11,023

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 7,742	\$ 7,742
Interest earned	-	-	9,786	9,786
Special assessments	-	-	28,930	28,930
Total receipts other than taxes	-	-	46,458	46,458
Beginning fund balance	400,369	480,118	480,118	-
Total available, other than taxes	400,369	480,118	526,576	46,458
Ad valorem taxes to be provided by levy	311,939	311,939	323,040	11,101
Total Available From All Sources	\$ 712,308	\$ 792,057	\$ 849,616	\$ 57,559
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,796	\$ 3,796	\$ 3,438	\$ (358)
Debt service	260,904	260,904	231,330	(29,574)
Transfers to other funds	2,689	2,689	2,689	-
Total expenditures	267,389	267,389	237,457	(29,932)
Ending fund balance	444,919	524,668	612,159	87,491
Total Expenditures and Ending Fund Balance	\$ 712,308	\$ 792,057	\$ 849,616	\$ 57,559

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Homestead exemption reimbursement	\$ -	\$ -	\$ 15,071	\$ 15,071
Interest earned	-	-	7,898	7,898
Total receipts other than taxes	-	-	22,969	22,969
Beginning fund balance	-	205,170	205,170	-
Total available, other than taxes	-	205,170	228,139	22,969
Ad valorem taxes to be provided by levy	607,240	607,240	628,850	21,610
Total Available From All Sources	\$ 607,240	\$ 812,410	\$ 856,989	\$ 44,579
EXPENDITURES				
Other services and charges	\$ 7,390	\$ 7,390	\$ 6,692	\$ (698)
Debt service	578,938	578,938	577,188	(1,750)
Transfers to other funds	5,235	5,235	105,235	100,000
Total expenditures	591,563	591,563	689,115	97,552
Ending fund balance	15,677	220,847	167,874	(52,973)
Total Expenditures and Ending Fund Balance	\$ 607,240	\$ 812,410	\$ 856,989	\$ 44,579

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Transfers from other funds	\$ 325,880	\$ 325,880	\$ 325,800	\$ (80)
Total receipts	325,880	325,880	325,800	(80)
Beginning fund balance	32,548	32,548	32,548	-
Total Available From All Sources	\$ 358,428	\$ 358,428	\$ 358,348	\$ (80)
<u>EXPENDITURES</u>				
Debt service	\$ 325,880	\$ 325,880	\$ 323,380	\$ (2,500)
Total expenditures	325,880	325,880	323,380	(2,500)
Ending fund balance	32,548	32,548	34,968	2,420
Total Expenditures and Ending Fund Balance	\$ 358,428	\$ 358,428	\$ 358,348	\$ (80)

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Transfers from other funds	\$ 78,064	\$ 78,064	\$ 78,064	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	313	313	-
Total receipts	113,064	113,377	113,377	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 113,064	\$ 113,377	\$ 113,377	\$ -
<u>EXPENDITURES</u>				
Debt service	\$ 113,063	\$ 111,563	\$ 111,562	\$ (1)
Total expenditures	113,063	111,563	111,562	(1)
Ending fund balance	1	1,814	1,815	1
Total Expenditures and Ending Fund Balance	\$ 113,064	\$ 113,377	\$ 113,377	\$ -

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ -	\$ -	-
Interest earned	-	27	28	1
Total receipts	-	27	28	1
Beginning fund balance	2,006	1,700	1,700	-
Total Available From All Sources	\$ 2,006	\$ 1,727	\$ 1,728	\$ 1
<u>EXPENDITURES</u>				
Debt service	\$ -	\$ -	\$ -	-
Total expenditures	-	-	-	-
Ending fund balance	2,006	1,727	1,728	1
Total Expenditures and Ending Fund Balance	\$ 2,006	\$ 1,727	\$ 1,728	\$ 1

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Budgetary	Variance with
	Original	Final			
<u>AVAILABLE</u>					
Transfers from other funds	\$ -	\$ -	\$ -	\$ -	-
Interest earned	-	79	80	-	1
Total receipts	-	79	80	-	1
Beginning fund balance	5,213	4,878	4,878	-	-
Total Available From All Sources	\$ 5,213	\$ 4,957	\$ 4,958	\$ -	1
<u>EXPENDITURES</u>					
Debt service	\$ -	\$ -	\$ -	\$ -	-
Total expenditures	-	-	-	-	-
Ending fund balance	5,213	4,957	4,958	-	1
Total Expenditures and Ending Fund Balance	\$ 5,213	\$ 4,957	\$ 4,958	\$ -	1

City of Clinton, Mississippi
Budgetary Comparison Schedule
Multi-Use Trails Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 148	\$ 148
Transfers from other funds	-	311,583	121,298	(190,285)
Total receipts	-	311,583	121,446	(190,137)
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 311,583	\$ 121,446	\$ (190,137)
<u>EXPENDITURES</u>				
Construction	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Ending fund balance	-	311,583	121,446	(190,137)
Total Expenditures and Ending Fund Balance	\$ -	\$ 311,583	\$ 121,446	\$ (190,137)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Senate Bill 3049 Bond Proceeds Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 500,000	\$ 500,000	\$ -
Interest	-	1,671	1,671	-
Total receipts	-	501,671	501,671	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 501,671	\$ 501,671	\$ -
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 501,671	\$ 501,671	\$ -
Total expenditures	-	501,671	501,671	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 501,671	\$ 501,671	\$ -

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

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ -	\$ -
Total receipts	-	-	-	-
Beginning fund balance	-	724,741	724,741	-
Total Available From All Sources	\$ -	\$ 724,741	\$ 724,741	\$ -
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 724,741	\$ 724,741	\$ -
Total expenditures	-	724,741	724,741	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 724,741	\$ 724,741	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Lions Club Park Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget- Over (Under)
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 2,460	\$ 2,460
Grant income	-	100,000	100,000	-
Transfers from other funds	-	443,500	443,500	-
Donations - private source	-	-	48,000	48,000
Total receipts	-	987,000	1,037,460	50,460
Beginning fund balance	-	(402,768)	(402,768)	-
Total Available From All Sources	\$ -	\$ 584,232	\$ 634,692	\$ 50,460
<u>EXPENDITURES</u>				
Construction	\$ -	\$ 990,778	\$ 990,778	\$ -
Total expenditures	-	990,778	990,778	-
Ending fund balance	-	(406,546)	(356,086)	50,460
Total Expenditures and Ending Fund Balance	\$ -	\$ 584,232	\$ 634,692	\$ 50,460

City of Clinton, Mississippi
Budgetary Comparison Schedule
Senate Bill 2002 Bond Proceeds Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ -	\$ -
Interest earned	-	4,215	4,216	1
Total receipts	-	4,215	4,216	1
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 4,215	\$ 4,216	\$ 1
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 1,093	\$ 1,093
Total expenditures	-	0	1,093	1,093
Ending fund balance	-	4,215	3,123	(1,092)
Total Expenditures and Ending Fund Balance	\$ -	\$ 4,215	\$ 4,216	\$ 1

City of Clinton, Mississippi
Budgetary Comparison Schedule
Cynthia Road Bridge Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget- Over (Under)
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 630,351	\$ 630,621	\$ 630,351	\$ (270)
Interest earned	-	1,677	4,119	2,442
Total receipts	630,351	632,298	634,470	2,172
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 630,351	\$ 632,298	\$ 634,470	\$ 2,172
<u>EXPENDITURES</u>				
Capital outlay	908,386	51,439	51,440	\$ 1
Total expenditures	908,386	51,439	51,440	1
Ending fund balance	(278,035)	580,859	583,030	2,171
Total Expenditures and Ending Fund Balance	\$ 630,351	\$ 632,298	\$ 634,470	\$ 2,172

City of Clinton, Mississippi
Budgetary Comparison Schedule
Kickapoo Road Bridge Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget- Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 610,406	\$ -	\$ -	\$ -
Interest earned	-	364	364	-
Total receipts	610,406	364	364	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 610,406	\$ 364	\$ 364	\$ -
<u>EXPENDITURES</u>				
Capital outlay	\$ 686,447	\$ 38,038	\$ 38,038	\$ -
Total expenditures	686,447	38,038	38,038	-
Ending fund balance	(76,041)	(37,674)	(37,674)	-
Total Expenditures and Ending Fund Balance	\$ 610,406	\$ 364	\$ 364	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Magnolia Road Project Fund

Year ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget- Over (Under)
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 1,050,900	\$ 728,000	\$ 279,979	\$ (448,021)
Other revenue	425,864	-	50,000	50,000
Transfers from other funds	-	501,671	501,671	-
Interest earned	-	9,443	-	(9,443)
Total receipts	1,476,764	1,239,114	831,650	(407,464)
Beginning fund balance	(1,154,895)	(724,741)	(724,741)	-
Total Available From All Sources	\$ 321,869	\$ 514,373	\$ 106,909	\$ (407,464)
 <u>EXPENDITURES</u>				
Construction	\$ 2,176,659	\$ 1,114,759	\$ 361,901	\$ (752,858)
Transfers to other funds	410,000	849,096	849,097	1
Total expenditures	410,000	849,096	849,097	1
Ending fund balance	(88,131)	(334,723)	(742,188)	(407,465)
Total Expenditures and Ending Fund Balance	\$ 321,869	\$ 514,373	\$ 106,909	\$ (407,464)

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

Year ended September 30, 2020

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

REPORTS ON INTERNAL CONTROL
AND COMPLIANCE MATTERS



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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 8, 2021.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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
April 8, 2021



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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 8, 2021.

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 of Clinton, 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
April 8, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Clinton, Mississippi's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
April 8, 2021

City of Clinton, Mississippi
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2020

Year ended September 30, 2020

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U. S. Department of Transportation				
Passed Through Mississippi Department of Transportation:				
		STP-7340-00(001)		
Highway Planning and Construction Cluster	20.205	LPA/107581-70100	\$ 287,844	\$ -
Total U.S. Department of Transportation			287,844	-
U. S. Department of Justice				
Direct:				
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,661	\$ -
Total U.S. Department of Justice			5,661	-
U.S. Department of the Treasury				
Passed Through the Mississippi Emergency Management Agency:				
COVID-19 Coronavirus Aid, Relief and Economic Security Act (CARES)	21.019	*	\$ 590,609	\$ -
Total U.S. Department of the Treasury			590,609	-
U.S. Department of Homeland Security				
Passed Through Mississippi Emergency Management Agency:				
COVID-19 Disaster Grants - COVID Supply Grant	97.036	FEMA-4528-DR-MS	\$ 2,558	\$ -
Passed Through Mississippi Department of Public Safety:				
Homeland Security Grant Program	97.067	18LE147B	21,350	-
Homeland Security Grant Program	97.067	19LE147B	27,000	-
Total Homeland Security Grant Program			48,350	-
Total U.S. Department of Homeland Security			50,908	-
Grand Total - All Programs			\$ 935,022	\$ -

* Information not provided by grantor

See accompanying notes to schedule of expenditures of federal awards.

City of Clinton, Mississippi
Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Clinton, Mississippi (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2020, the City of Clinton, Mississippi did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The City of Clinton, Mississippi did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2020.

NOTE 4: SUB-RECIPIENTS

During the year ended September 30, 2020, the City of Clinton, Mississippi had no sub-recipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The City of Clinton, Mississippi did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2020.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the City of Clinton, Mississippi are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the City of Clinton, Mississippi does not believe that such disallowance, if any, would have a material effect on the financial position of the City of Clinton, Mississippi.

Note 7: FEDERAL PASS-THROUGH FUNDS

The City of Clinton, Mississippi is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

City of Clinton, Mississippi
Schedule of Findings and Questioned Costs

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs/projects | Unmodified |
| 2. Internal control over major programs/projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |

4. Identification of major programs:

Federal Programs

CFDA Number

COVID-19 Coronavirus Aid, Relief and Economic Security Act (CARES)	21.019
--	--------

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B federal programs: | \$750,000 |
|---|-----------|

- | | |
|--|----|
| 6. Auditee qualified as a low-risk auditee for federal purposes? | No |
|--|----|

SECTION II – FINANCIAL STATEMENT FINDINGS	-None-
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SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS	-None-
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