

City of Clinton, Mississippi

ANNUAL FINANCIAL STATEMENTS

September 30, 2017



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City of Clinton, Mississippi
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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, 2017, and the related notes to the financial statements, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2017, 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 and Budgetary Comparison Schedules on pages 4 through 14 and 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

budgetary comparison schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, 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
June 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)



City of Clinton, Mississippi Management's Discussion and Analysis September 30, 2017

Our discussion and analysis of the City of Clinton's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the City's financial statements that begin on page 15.

USING THIS ANNUAL REPORT

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

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's water and sewer systems and garbage collection services are reported here. The City charges a fee to customers to help it cover all or most of the cost of certain services it provides.

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 has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches.

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

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

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

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



City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

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 Collections Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses this type fund for its Self-Funded Group Insurance Fund.

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

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

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

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

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, 2017 total net position was \$58 million.

	City of Clinton Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 16,566,016	\$ 15,918,878	\$ 8,395,233	\$ 7,241,319	\$ 24,961,249	\$ 23,160,197
Capital assets	68,544,308	69,733,506	31,518,134	31,598,815	100,062,442	101,332,321
Total assets	85,110,324	85,652,384	39,913,367	38,840,134	125,023,691	124,492,518
Deferred outflows of resources	1,361,332	3,920,450	193,099	580,583	1,554,431	4,501,033
Long-term liabilities	39,738,316	40,198,806	17,923,154	19,281,573	57,661,470	59,480,379
Other liabilities	1,873,225	1,523,231	1,126,490	833,123	2,999,715	2,356,354
Total liabilities	41,611,541	41,722,037	19,049,644	20,114,696	60,661,185	61,836,733
Deferred inflows of resources	7,487,198	7,097,455	46,608	40,297	7,533,806	7,137,752
Net position:						
Net investment in capital assets	47,953,473	50,171,984	17,351,920	16,257,079	65,305,393	66,429,063
Restricted	4,459,610	4,523,822	7,313	7,313	4,466,923	4,531,135
Unrestricted	(15,137,374)	(13,901,458)	3,830,360	2,960,356	(11,307,014)	(10,941,102)
Total net position	\$ 37,275,709	\$ 40,794,348	\$ 21,189,593	\$ 19,224,748	\$ 58,465,302	\$ 60,019,096

The largest portion of the City's net position (\$65.3 million) reflects its investments in capital assets (e.g., land, buildings, 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, 2017

City of Clinton
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Changes for services	\$ 903,775	\$ 823,260	\$ 9,871,920	\$ 9,586,523	\$ 10,775,695	\$ 10,409,783
Operating grants and contributions	254,336	412,736	-	2,556	254,336	415,292
Capital grants and contributions	161,200	1,095,519	-	13,868	161,200	1,109,387
General revenues:						
Property taxes	8,921,263	8,456,166	-	-	8,921,263	8,456,166
Sales taxes	4,906,625	4,881,894	-	-	4,906,625	4,881,894
Franchise charges	680,935	695,486	-	-	680,935	695,486
Shared grants and revenues	545,644	818,670	-	-	545,644	818,670
Other	281,128	71,531	522,009	51,288	803,137	122,819
Total revenues	16,654,906	17,255,262	10,393,929	9,654,235	27,048,835	26,909,497
Expenses:						
General government	1,512,501	1,572,501	-	-	1,512,501	1,572,501
Public safety	10,468,079	9,939,218	-	-	10,468,079	9,939,218
Public works	4,944,126	4,894,300	-	-	4,944,126	4,894,300
Culture and recreation	2,275,049	2,130,256	-	-	2,275,049	2,130,256
Economic development	477,818	372,751	-	-	477,818	372,751
Interest on long-term debt	578,143	572,359	-	-	578,143	572,359
Water and sewer	-	-	6,683,884	6,293,778	6,683,884	6,293,778
Garbage	-	-	1,745,200	1,742,275	1,745,200	1,742,275
Total expenses	20,255,716	19,481,385	8,429,084	8,036,053	28,684,800	27,517,438
Change in net position before transfers	(3,600,810)	(2,226,123)	1,964,845	1,618,182	(1,635,965)	(607,941)
Transfers	-	-	-	-	-	-
Change in net position	(3,600,810)	(2,226,123)	1,964,845	1,618,182	(1,635,965)	(607,941)
Net Position as originally reported	40,794,348	43,020,471	19,224,748	17,606,566	60,019,096	60,627,037
Prior period adjustment	82,171	-	-	-	82,171	-
Net position - beginning balance as restated	40,876,519	-	-	-	40,876,519	-
Total net position	\$ 37,275,709	\$ 40,794,348	\$ 21,189,593	\$ 19,224,748	\$ 58,465,302	\$ 60,019,096



City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

At September 30, 2017, the City had 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 2017 by \$1.2 million. This increase resulted from the decrease in capital assets of \$1.2 million primarily related to increases in infrastructure accumulated depreciation. The increase in the unrestricted net position for business-type activities in 2017 is a result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems. The City's total net position decreased \$1.6 million during the current fiscal year primarily as a result of the increase in infrastructure accumulated depreciation offset by the efforts to build reserves for necessary future capital improvements to the water and sewer systems.

Governmental activities. Governmental activities decreased the City's net position by \$3.6 million during the year. The decrease in capital grants and contributions was primarily due to the completion of the Hampstead Boulevard street project that was funded by grants from the Mississippi Department of Transportation. The decrease in franchise charges was due to reductions in payments as a result of a reduction in customers using the services of the franchisor. The increase in public safety expenses was primarily due to the purchase of a new pumper truck for the fire department and the addition of a new HVAC system for the Police Department Headquarters building. The increase in public works expenses was due to costs related to the resurfacing and restriping of various streets located in the City.

Business-type activities. Business-type activities increased the City's net position by \$2.0 million during the year. This increase was primarily due to Water and Sewer revenue increases in 2017 being higher than expected in the water and sewer department offset by an increase in expenses primarily from the increases due to maintenance and upkeep of the water and sewer system infrastructure. Garbage expenditures remained level in 2017 as a result of no major changes in the customer base.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

THE CITY'S FUNDS

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

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 3,108,095	\$ (39,428)	\$ 3,068,667
Special revenue funds	33,730	(11,941)	21,789
Debt service funds	1,389,392	113,422	1,502,814
Capital project funds - as restated	2,708,686	105,663	2,814,349
Total governmental funds	\$ 7,239,903	\$ 167,716	\$ 7,407,619

	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 18,730,153	\$ 1,876,825	\$ 20,606,978
Garbage collection fund	535,601	95,670	631,271
Self-funded group insurance fund	(280,147)	(42,669)	(322,816)
Total proprietary funds	\$ 18,985,607	\$ 1,929,826	\$ 20,915,433

The decrease in the general fund is considered immaterial and is the result of expenses being higher than revenues.

The decrease in the special revenue funds is primarily due to the increases in expenses for the promotion and advertising of the City's tourism activities and events.

The increase in the debt service funds is primarily due to ad valorem taxes collected in excess of those needed for repayment of debt.

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

The increase in the water and sewer operations fund is primarily due to continued efforts to build reserves for necessary future capital improvements to the water and sewer systems.

The increase in the garbage collection fund balance is primarily due to operating revenues increasing more rapidly than operating costs. The garbage collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were greater than original budgeted funds available by \$1.3 million. This increase resulted primarily from a \$963 thousand increase to the beginning fund balance, a \$111 thousand increase in state grants received, and a \$253 thousand increase in miscellaneous funds received. Final budgeted expenditures were \$336 thousand greater than those originally budgeted. Key elements of this increase were as follows:

- \$ 4,000 decrease in personal services as a result of savings from vacant positions.
- \$ 10,000 decrease in operating supplies as the result of decreases in building materials and supplies, miscellaneous equipment and equipment repair expenses.
- \$ 10,000 decrease in other services and charges as the result of decreases in field maintenance expenses for the Parks and Recreation Department and decreases for liability insurance premiums in the Police Department.
- \$249,000 increase in capital outlay due to increases to purchase a new HVAC system for the Police Department, new street lights for Clinton Parkway, and new financial accounting software.
- \$ 111,000 increase in transfers and other charges due to under budgeting this category.

Actual funds available were \$80 thousand less than final budgeted. The majority of this difference consisted of a \$80 thousand decrease in licenses and permit fees received.

Actual expenditures were \$1.3 million less than those finally budgeted. The majority of this decrease consisted of \$655 thousand in police, fire, parks and recreation, and streets salaries, a \$363 thousand decrease in police, streets, and administration capital outlay, a \$303 thousand decrease in debit service and transfer expenses, offset by a \$21,000 increase in other expenses.

For additional information, see Required Supplementary Information beginning on page 64.

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$68.5 million at September 30, 2017. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$3.9 million. Significant increases were:

- \$1.8 million – for construction of a new fire station
- \$584 thousand – for construction of a replica train depot
- \$559 thousand – for purchase of a fire pumper truck
- \$289 thousand – for purchase of police vehicles
- \$256 thousand – for street maintenance, lighting, and signs
- \$140 thousand – for Bomb Team Robot
- \$134 thousand – for repairs and improvements to City buildings
- \$109 thousand – for replacement of HVAC system in Police Department Headquarters
- \$ 28 thousand – for resurfacing of tennis courts in Brighton Park
- \$ 1 thousand – for various other capital assets

Depreciation expense amounted to \$5.0 million for 2017 and \$4.8 million for 2016. Accumulated depreciation at September 30, 2017 and 2016 was \$ 67.1 million and \$62.1 million, respectively.

Business-type activities. At September 30, 2017, the City's business-type net capital assets amounted to \$31.5 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$1.5 million were made during 2017 mainly for water and sewer improvements and the purchase of new vehicles. Depreciation expense amounted to \$1.5 million for 2017 and \$1.5 million for 2016. Accumulated depreciation at September 30, 2017 and 2016 was \$29.8 million and \$28.2 million, respectively.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

City of Clinton
Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 8,052,648	\$ 8,052,648	\$ 168,012	\$ 168,012	\$ 8,220,660	\$ 8,220,660
Buildings	16,568,364	14,846,292	130,597	141,192	16,698,961	14,987,484
Other improvements	2,797,619	3,094,922	-	-	2,797,619	3,094,922
Water and sewer systems and improvements	-	-	28,483,817	29,882,155	28,483,817	29,882,155
Certificate of authority	-	-	800,000	800,000	800,000	800,000
Equipment and vehicles	2,239,908	1,643,109	655,912	499,230	2,895,820	2,142,339
Infrastructure	38,588,749	41,921,860	-	-	38,588,749	41,921,860
Construction in progress	297,020	174,675	1,279,796	108,226	1,576,816	282,901
Total net position	\$ 68,544,308	\$ 69,733,506	\$ 31,518,134	\$ 31,598,815	\$ 100,062,442	\$ 101,332,321

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

DEBT ADMINISTRATION

Governmental activities. At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$20.9 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable, capital lease obligations, and unamortized bond premium/discount. During the current fiscal year, the City's total governmental activities debt increased by \$980 thousand. This increase was due primarily to scheduled debt payments made during the year offset by the issuance of \$2.3 million in Certificates of Participation and a \$558 thousand capital lease obligation. Payments of principal and interest due within one-year total \$2.3 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$14.2 million at September 30, 2017. This account classification includes general obligation bonds, revenue bonds, notes payable, capital lease obligations and unamortized bond premium/discount. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2017, debt associated with the City's business-type activities decreased by \$1.2 million. This decrease was due primarily to the scheduled debt payments made during the year. Payments of principal and interest due within one-year total \$1.8 million.

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

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2017

City of Clinton
 General Obligation and Revenue Bonds and Other Loans

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 16,740,875	\$ 18,113,511	\$ 699,121	\$ 781,489	\$ 17,439,996	\$ 18,895,000
Tax increment limited obligation bonds	434,000	583,000	-	-	434,000	583,000
Notes payable	140,000	210,000	13,467,092	14,560,247	13,607,092	14,770,247
Capital lease obligations	3,284,386	676,175	-	-	3,284,386	676,175
Unamortized bond premium	333,567	370,310	-	-	333,567	370,310
Total net position	\$ 20,932,828	\$ 19,952,996	\$ 14,166,213	\$ 15,341,736	\$ 35,099,041	\$ 35,294,732

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to remain flat during the next fiscal year. Expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2018.

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, 2017</i>	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,306,772	\$ 6,624,764	\$ 13,931,536
Receivables, net	8,804,999	1,589,921	10,394,920
Internal balances	454,245	(454,245)	-
Restricted cash and cash equivalents	-	634,793	634,793
Capital assets:			
Capital assets not being depreciated	8,349,668	2,247,808	10,597,476
Other capital assets, net of depreciation	60,194,640	29,270,326	89,464,966
Total Assets	85,110,324	39,913,367	125,023,691
Deferred Outflows of Resources			
Related to pensions	1,019,342	193,099	1,212,441
Deferred charge on debt refunding	341,990	-	341,990
Total Deferred Outflows	1,361,332	193,099	1,554,431
Liabilities			
Accounts payable	1,522,849	524,445	2,047,294
Accrued interest payable	193,085	26,546	219,631
Claims liability	105,508	-	105,508
Unearned revenue	39,156	-	39,156
Due to other governments	12,627	-	12,627
Customer deposits	-	575,499	575,499
Long-term debt:			
Due within one year	1,270,126	1,490,218	2,760,344
Due in more than one year	19,662,699	12,675,996	32,338,695
Compensated absences payable:			
Due within one year	594,663	122,458	717,121
Due in more than one year	532,981	90,386	623,367
Net pension liability	17,677,847	3,544,096	21,221,943
Total Liabilities	41,611,541	19,049,644	60,661,185
Deferred Inflows of Resources			
Related to pensions	187,783	46,608	234,391
Property taxes levied for subsequent year	7,299,415	-	7,299,415
Total Deferred Inflows	7,487,198	46,608	7,533,806
Net Position			
Net investment in capital assets	47,953,473	17,351,920	65,305,393
Restricted for:			
Capital projects	2,814,349	7,313	2,821,662
Debt service	1,482,907	-	1,482,907
Law enforcement (restricted by enabling legislation)	123,094	-	123,094
Economic development and tourism (restricted by enabling legislation)	39,260	-	39,260
Unrestricted net position	(15,137,374)	3,830,360	(11,307,014)
Total Net Position	\$ 37,275,709	\$ 21,189,593	\$ 58,465,302

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Statement of Activities

September 30, 2017

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	\$ 1,512,501	\$ 47,352	\$ -	\$ 111,022	\$ (1,354,127)	\$ -	\$ (1,354,127)
Public safety	10,468,079	739,557	254,336	-	(9,474,186)	-	(9,474,186)
Public works	4,944,126	-	-	15,971	(4,928,155)	-	(4,928,155)
Culture and recreation	2,275,049	116,866	-	34,207	(2,123,976)	-	(2,123,976)
Economic development	477,818	-	-	-	(477,818)	-	(477,818)
Interest and fiscal charges on long-term debt	578,143	-	-	-	(578,143)	-	(578,143)
Total governmental activities	20,255,716	903,775	254,336	161,200	(18,936,405)	-	(18,936,405)
Business-Type Activities:							
Water	2,845,320	4,418,586	-	-	-	1,573,266	1,573,266
Sewer	3,838,564	3,714,631	-	-	-	(123,933)	(123,933)
Garbage collection	1,745,200	1,738,703	-	-	-	(6,497)	(6,497)
Total business-type activities	8,429,084	9,871,920	-	-	-	1,442,836	1,442,836
Total	\$ 28,684,800	\$ 10,775,695	\$ 254,336	\$ 161,200	(18,936,405)	1,442,836	(17,493,569)
General Revenues:							
Taxes:							
Property taxes					8,921,263	-	8,921,263
Local sales tax					189,976	-	189,976
Franchise fees based upon gross receipts					680,935	-	680,935
Grants and contributions not restricted to specific programs:							
State grants and shared revenues					5,068,908	-	5,068,908
County shared revenues					193,385	-	193,385
Interest					20,538	20,185	40,723
Gain on sale of capital assets					201,530	-	201,530
Miscellaneous					59,060	501,824	560,884
Total General Revenues					15,335,595	522,009	15,857,604
Change in Net Position					(3,600,810)	1,964,845	(1,635,965)
Net Position - Beginning					40,794,348	19,224,748	60,019,096
Prior period adjustment					82,171	-	82,171
Net Position - Beginning as restated					40,876,519	19,224,748	60,101,267
Net Position - Ending					\$ 37,275,709	\$ 21,189,593	\$ 58,465,302

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,903,848	\$ 4,248,321	\$ 7,152,169
Receivables, net:			
Property taxes	6,391,686	1,073,314	7,465,000
Sales and tourism tax	728,475	28,948	757,423
City utilities tax	8,160	-	8,160
Franchise charges	197,627	-	197,627
Federal assistance	10,116	69,261	79,377
Special assessments	-	297,412	297,412
Due from other funds	948,363	21,809	970,172
Total Assets	\$ 11,188,275	\$ 5,739,065	\$ 16,927,340
Liabilities			
Accounts payable	\$ 1,340,039	\$ 15,146	\$ 1,355,185
Due to other governments	12,627	-	12,627
Due to other funds	515,927	-	515,927
Unearned grant revenue	-	39,156	39,156
Total Liabilities	1,868,593	54,302	1,922,895
Deferred Inflows of Resources			
Property taxes levied for subsequent year	6,251,015	1,048,399	7,299,414
Unavailable special assessments	-	297,412	297,412
Total Deferred Inflows of Resources	6,251,015	1,345,811	7,596,826
Fund Balances			
Restricted for:			
Law enforcement	123,094	-	123,094
Economic development and tourism	17,471	21,789	39,260
Debt service	-	1,482,907	1,482,907
Capital projects	-	2,814,349	2,814,349
Assigned to:			
Debt service	-	19,907	19,907
Unassigned	2,928,102	-	2,928,102
Total Fund Balances	3,068,667	4,338,952	7,407,619
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,188,275	\$ 5,739,065	\$ 16,927,340

(Continued)

See accompanying notes to the basic financial statements.

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2017

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

Total Governmental Fund Balances	\$ 7,407,619
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	68,626,479
Long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds.	297,411
Interest is not recorded as an expenditure in the funds until the payment date.	(188,835)
Long-term liabilities are not due and payable in the current period and therefore the long-term liabilities and the related deferred charge on debt refundings are not reported in the funds.	(38,592,805)
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.	(274,160)
<hr/>	
Net Position- Governmental Activities	\$ 37,275,709
<hr/>	

(Concluded)

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 7,564,294	\$ 1,356,969	\$ 8,921,263
Licenses and permits	680,935	-	680,935
Intergovernmental	5,716,212	383,106	6,099,318
Charges for services	315,623	27,421	343,044
Fines and forfeitures	560,731	-	560,731
Special assessments	-	27,037	27,037
Interest	8,934	11,604	20,538
Contributions	-	2,647	2,647
Miscellaneous	32,023	-	32,023
Total Revenues	14,878,752	1,808,784	16,687,536
Expenditures			
Current:			
General government	1,434,004	13,186	1,447,190
Public safety	8,738,730	11,619	8,750,349
Public works	1,315,854	-	1,315,854
Culture and recreation	1,332,627	169,349	1,501,976
Economic development	386,783	79,207	465,990
Debt service	846,097	1,527,517	2,373,614
Capital outlay	1,402,403	22,796	1,425,199
Total Expenditures	15,456,498	1,823,674	17,280,172
Excess (Deficiency) of Revenue Over Expenditures	(577,746)	(14,890)	(592,636)
Other Financing Sources (Uses)			
Capital lease	558,822	-	558,822
Capital asset disposals	201,530	-	201,530
Transfers in	-	2,003,716	2,003,716
Transfers out	(222,034)	(1,781,682)	(2,003,716)
Total Other Financing Sources	538,318	222,034	760,352
Net Change in Fund Balances	(39,428)	207,144	167,716
Fund Balances - Beginning	3,108,095	4,448,142	7,556,237
Prior period adjustment	-	(316,334)	(316,334)
Fund Balances - Beginning as restated	3,108,095	4,131,808	7,239,903
Fund Balances- Ending	\$ 3,068,667	\$ 4,338,952	\$ 7,407,619

(Continued)

See accompanying notes to the basic financial statements.

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

September 30, 2017

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

Net Change in Fund Balances - Total Governmental Fund Balances	\$ 167,716
Differences:	
Governmental funds report capital asset purchases as expenditures.	1,425,199
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undepreciated cost is removed upon disposal of the assets.	(5,034,606)
Governmental funds report debt issuances as other financing sources and report payments to refunded debt escrow agents as other financing uses.	(558,822)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,038)
Governmental funds report principal payment on debt as expenditures.	1,848,365
Governmental activities report amortization expense over the life of the debt to allocate the debt premium received and the difference between the refunded debt and the payments to the refunded debt escrow agents.	(12,741)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(1,373,864)
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.	(35,019)
Change in Net Position- Governmental Activities	\$ (3,600,810)
	(Concluded)

See accompanying notes to the basic financial statements.

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

September 30, 2017

	Enterprise Funds			Non-Major Internal Service Funds
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Funds
Assets				
Current Assets:				
Cash and cash equivalents	\$ 6,112,382	\$ 512,382	\$ 6,624,764	\$ 154,603
Receivables, net:				
Accounts	1,419,856	-	1,419,856	-
Grants and assistance	69,007	9,000	78,007	-
Special assessments	35,409	-	35,409	-
Due from other funds	582,262	255,297	837,559	-
Restricted cash and cash equivalents:				
Customer deposit accounts	575,499	-	575,499	-
Total Current Assets	8,794,415	776,679	9,571,094	154,603
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Construction account	59,294	-	59,294	-
Receivable:				
Special assessments (net of current portion)	56,649	-	56,649	-
	115,943	-	115,943	-
Capital assets:				
Water and sewer systems and other improvements	55,416,432	-	55,416,432	-
Land	168,012	-	168,012	-
Buildings	263,987	-	263,987	-
Equipment and vehicles	2,584,560	827,546	3,412,106	-
Construction in progress	1,279,796	-	1,279,796	-
Certificate of authority	800,000	-	800,000	-
	60,512,787	827,546	61,340,333	-
Less accumulated depreciation	29,248,213	573,986	29,822,199	-
Capital Assets (net)	31,264,574	253,560	31,518,134	-
Total Noncurrent Assets	31,380,517	253,560	31,634,077	-
Total Assets	40,174,932	1,030,239	41,205,171	154,603
Deferred Outflows of Resources				
Related to pensions	\$ 193,099	\$ -	\$ 193,099	\$ -

(Continued)

See accompanying notes to the basic financial statements.

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

September 30, 2017

	Enterprise Funds			Non-Major Internal Service Funds
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Funds
Liabilities				
Current Liabilities:				
Accounts payable	\$ 125,575	\$ 398,870	\$ 524,445	\$ 143,876
Claims liability	-	-	-	105,508
Accrued interest payable	26,546	-	26,546	-
Due to other funds	1,063,671	98	1,063,769	228,035
Compensated absences payable - current	122,458	-	122,458	-
Notes payable - current	1,406,344	-	1,406,344	-
General obligation bonds payable - current	83,874	-	83,874	-
Current Liabilities Payable from Restricted Assets:				
Customer deposit payable	575,499	-	575,499	-
Total Current Liabilities	3,403,967	398,968	3,802,935	477,419
Noncurrent Liabilities:				
Compensated absences payable	90,386	-	90,386	-
Notes payable	12,060,748	-	12,060,748	-
General obligation bonds payable	615,248	-	615,248	-
Net pension liability	3,544,096	-	3,544,096	-
Total Noncurrent Liabilities	16,310,478	-	16,310,478	-
Total Liabilities	19,714,445	398,968	20,113,413	477,419
Deferred inflows of Resources				
Related to pensions	46,608	-	46,608	-
Net Position				
Net investment in capital assets	17,098,360	253,560	17,351,920	-
Restricted for:				
Capital projects	7,313	-	7,313	-
Unrestricted	3,501,305	377,711	3,879,016	(322,816)
Total Net Position	\$20,606,978	\$ 631,271	\$21,238,249	\$ (322,816)
Reconciliation of Enterprise Funds Net Position to Business-Type Activities Net Position:				
Total Enterprise Fund Net Position				\$21,238,249
Difference:				
The internal service fund's net position is included in business-type activities to the extent attributable to business-type activities.				(48,656)
Net Position - Business-Type Activities				\$21,189,593

(Concluded)

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

	Enterprise Funds			Non-Major Internal Service Funds
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Funds
Operating Revenues				
Charges for services:				
Water sales	\$ 3,911,049	\$ -	\$ 3,911,049	\$ -
Sewer service charges	3,660,660	-	3,660,660	-
Other services and charges	413,026	-	413,026	-
Refuse collection charges	-	1,736,956	1,736,956	-
Rents	148,482	-	148,482	-
Premiums	-	-	-	1,618,745
Miscellaneous	-	102,549	102,549	-
Total Operating Revenues	8,133,217	1,839,505	9,972,722	1,618,745
Operating Expenses				
Salaries	1,348,138	80,593	1,428,731	-
Employee benefits	766,536	35,677	802,213	-
Insurance	52,797	2,912	55,709	323,418
Claims expense	-	-	-	1,260,342
Office supplies	12,145	-	12,145	-
Gas and oil	49,190	13,845	63,035	-
Other operating supplies	99,314	-	99,314	-
Outside services	782,324	1,534,363	2,316,687	77,654
Repairs and maintenance	956,410	17,040	973,450	-
Telephone	28,656	-	28,656	-
Postage and printing	42,192	-	42,192	-
Printing	2,404	-	2,404	-
Utilities	510,176	-	510,176	-
Rentals	33,798	-	33,798	-
Depreciation	1,530,761	60,110	1,590,871	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	20,623	220	20,843	-
Total Operating Expenses	6,379,464	1,744,760	8,124,224	1,661,414
Operating Income (Loss)	1,753,753	94,745	1,848,498	(42,669)
Nonoperating Revenues (Expenses)				
Interest income	19,260	925	20,185	-
Special assessments	401,022	-	401,022	-
Interest and fiscal charges	(297,210)	-	(297,210)	-
Total Nonoperating Revenues (Expenses)	123,072	925	123,997	-
Change in Net Position	1,876,825	95,670	1,972,495	(42,669)
Net Position (Deficit)- Beginning	18,730,153	535,601	19,265,754	(280,147)
Net Position (Deficit) - Ending	\$20,606,978	\$ 631,271	\$21,238,249	\$ (322,816)

(Continued)

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

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

Change in Net Position - Enterprise Funds \$ 1,972,495

Differences:

The internal service fund's change in net position is included
in business-type activities to the extent attributable to
business-type activities. (7,650)

Change in Net Position - Business-Type Activities \$ 1,964,845

(Concluded)

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

	Enterprise Funds			Non-Major Internal Service Funds
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 7,996,475	\$ 1,837,008	\$ 9,833,483	\$ 192,856
Receipts from interfund services	-	-	-	1,125,498
Receipts from reinsurance	-	-	-	300,391
Payments to suppliers	(2,488,560)	(1,451,881)	(3,940,441)	(1,807,902)
Payments to employees	(1,712,172)	(104,604)	(1,816,776)	-
Payments for interfund services	(335,604)	112,830	(222,774)	-
Net Cash Provided by (Used in) Operating Activities	3,460,139	393,353	3,853,492	(189,157)
Cash Flows From Noncapital Financing Activities				
Repayments to other funds for advances	(410,114)	-	(410,114)	(2,965)
Advances from other funds	777,454	98	777,552	-
Net Cash Provided by (Used in) Noncapital Financing Activities	367,340	98	367,438	(2,965)
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(642,470)	(116,499)	(758,969)	-
Proceeds from notes payable	214,020	-	214,020	-
Special assessments received	401,022	-	401,022	-
Principal paid on general obligation bonds	(82,367)	-	(82,367)	-
Principal paid on notes payable	(1,307,175)	-	(1,307,175)	-
Interest and fiscal charges paid on debt	(293,881)	-	(293,881)	-
Net Cash Used In Capital and Related Financing Activities	(1,710,851)	(116,499)	(1,827,350)	-
Cash Flows From Investing Activities				
Interest received	19,260	925	20,185	-
Net Cash Provided by Investing Activities	19,260	925	20,185	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,135,888	277,877	2,413,765	(192,122)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,611,287	234,505	4,845,792	346,725
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,747,175	\$ 512,382	\$ 7,259,557	\$ 154,603

(Continued)

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

	Enterprise Funds			Non-Major Internal Service Funds
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Funds
CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Cash and cash equivalents	\$ 6,112,382	\$ 512,382	\$ 6,624,764	\$ 154,603
Restricted cash and cash equivalents:				
Customer deposits cash	575,499	-	575,499	-
Construction account - noncurrent	59,294	-	59,294	-
	\$ 6,747,175	\$ 512,382	\$ 7,259,557	\$ 154,603
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,753,753	\$ 94,745	\$ 1,848,498	\$ (42,669)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,530,761	60,110	1,590,871	-
(Increase) decrease in:				
Accounts receivable	(26,301)	-	(26,301)	-
Due from other funds	-	(2,497)	(2,497)	-
Special assessments	(60,512)	-	(60,512)	-
Pension related deferred outflows	387,484	-	387,484	-
Accounts payable	101,469	240,995	342,464	5,813
Claims liability	-	-	-	(152,301)
Due to other funds	2,497	-	2,497	-
Customer deposits	(52,426)	-	(52,426)	-
Compensated absences	7,676	-	7,676	-
Net pension liability	(190,573)	-	(190,573)	-
Pension related deferred inflows	6,311	-	6,311	-
Net Cash Provided by (Used in) Operating Activities	\$ 3,460,139	\$ 393,353	\$ 3,853,492	\$ (189,157)

(Concluded)

See accompanying notes to the basic financial statements.



City of Clinton, Mississippi
Statement of Fiduciary Net Position

September 30, 2017

	Unemployment Compensation Benefit Fund
<hr/>	
Assets	
Cash	\$ 33,895
<hr/>	
Net Position	
Held in trust for City employees' unemployment benefits	33,895
<hr/>	
Total Net Position	\$ 33,895
<hr/>	

See accompanying notes to the basic financial statements.

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

Year ended September 30, 2017

	Unemployment Compensation Benefit Fund
Additions	
Interest	\$ 73
Deductions	
Unemployment benefits	2,621
Change in net position	(2,548)
Net position - beginning	36,443
Net position - ending	\$ 33,895

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

Internal Service Fund

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

The funds are further classified as follows:

Major Funds:

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

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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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:

G.O. Negotiable Note Series 2014 Fund	Temporarily holds funds for payment of notes payable - \$350,000 Series 2014 negotiable note.
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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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City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Accumulates funds for payment of a \$7,934,045 portion of a general obligation refunding bond issue - \$8,820,000 Series 2013 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund, and the unrefunded portion of the Public Improvement Series 2006 bonds.
Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$8,000,000 Series 2008 bonds.
Tax Increment Financing Bond and Interest Fund – United Artists	Accumulates funds for payment of a limited obligation bond issue - \$465,000 Land Improvement Series 1996 bonds.
Tax Increment Financing Bond and Interest Fund - WalMart	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.
Tax Increment Financing Bond and Interest Fund - Parkway Center	Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds.
Tax Increment Financing Bond and Interest Fund - Prugon	Accumulates funds for payment of a limited obligation bond issue - \$485,000 Series 2007 (Springridge Crossing Project) bonds.
CAPITAL PROJECT FUNDS: Pinehaven Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Arrow Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Old Town Spring Park Project Fund	Accounts for the proceeds of a donation from Hinds County being used for the construction of a park.
Solid Waste Removal Project Fund	Accounts for the proceeds of a bond issue being used for the removal of solid waste in different areas.
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

PROPRIETARY FUND:

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

FIDUCIARY FUND:

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

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

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

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

Cash and Investments

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables

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

Receivables

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

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

Capital Assets

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

Government-Wide Financial Statements

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Net Pension Liability

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

Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Equity Classifications

Government-wide Statements

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

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

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

Revenues, Expenditures and Expenses

Grant Revenues

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund – as Operating or Non-operating

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

Interfund Transfers

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

Estimates and Evaluation of Subsequent Events

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

The City has evaluated subsequent events through June 15, 2018, which is the date the financial statements were available to be issued.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent GASB Accounting Pronouncements

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

- a. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement was issued in June 2015 and changes the focus of accounting of postemployment benefits other than pensions from how much it costs to adequately fund the benefits over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of benefits to date. This statement will become effective for the City in fiscal year 2018.
- b. 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.
- c. Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

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

Stewardship, Compliance and Accountability

Budgets

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

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Tax Levies

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

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

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

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

Deficit Fund Equity

The Self-Funded Group Insurance Fund had a deficit fund equity of \$322,816 as of September 30, 2017. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

NOTE 2: PRIOR PERIOD ADJUSTMENTS

A summary of prior period adjustments reflected in the City's financial statements at September 30, 2017 is presented below:

Explanation	Net Position	Fund Balance
Governmental Activities		
To adjust governmental capital assets	\$ 82,171	\$ -
To adjust other receivable balances	-	(316,334)
Net adjustments	\$ 82,171	\$ (316,334)

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 3: DEPOSITS

The collateral deposits in financial institutions of public entities is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2017, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer.

NOTE 4: RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables consisted of the following:

<i>September 30, 2017</i>	Governmental Activities	Business-Type Activities	Total
Water, sewer and garbage collection charges	\$ -	\$ 1,869,856	\$ 1,869,856
Special assessments:			
Due within one year	27,037	35,409	62,446
Due in more than one year	270,375	225,422	495,797
Property taxes	7,465,000	-	7,465,000
Sales and tourism taxes	757,423	-	757,423
Franchise charges	197,627	-	197,627
Federal assistance	79,377	1,100	80,477
State assistance	-	67,907	67,907
Other	8,160	9,000	17,160
	8,804,999	2,208,694	11,013,693
Allowance for uncollectible amounts	-	(618,773)	(618,773)
Net receivables	\$ 8,804,999	\$ 1,589,921	\$10,394,920

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

<i>September 30, 2017</i>	Governmental Activities	Business-Type Activities	Total
Property taxes levied for use in the subsequent year	\$ 7,299,415	\$ -	\$ 7,299,415

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity was as follows:

<i>Year ended September 30, 2017</i>	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,737,012	\$ -	\$ -	\$ 6,737,012
Other land	1,315,636	-	-	1,315,636
Construction in progress	174,675	122,345	-	297,020
Total not being depreciated	8,227,323	122,345	-	8,349,668
Other capital assets:				
Buildings	20,906,164	2,454,470	-	23,360,634
Other improvements	10,335,221	28,400	-	10,363,621
Equipment and vehicles	9,351,373	1,116,977	(57,928)	10,410,422
Infrastructure	83,026,936	175,514	-	83,202,450
	123,619,694	3,775,361	(57,928)	127,337,127
Accumulated depreciation:				
Buildings	6,059,872	732,398	-	6,792,270
Other improvements	7,240,299	325,703	-	7,566,002
Equipment and vehicles	7,708,264	520,178	(57,928)	8,170,514
Infrastructure	41,105,076	3,508,625	-	44,613,701
	62,113,511	5,086,904	(57,928)	67,142,487
Net other capital assets	61,506,183	(1,311,543)	-	60,194,640
Capital assets, net	\$ 69,733,506	\$(1,189,198)	\$ -	\$ 68,544,308

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 5: CAPITAL ASSETS (Continued)

<i>Year ended September 30, 2017</i>	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 168,012	\$ -	\$ -	\$ 168,012
Construction in progress	108,226	1,171,570	-	1,279,796
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	1,076,238	1,171,570	-	2,247,808
Other capital assets:				
Water and sewer systems and improvements	55,416,432	-	-	55,416,432
Buildings	263,987	-	-	263,987
Equipment and vehicles	3,073,486	338,620	-	3,412,106
	58,753,905	338,620	-	59,092,525
Accumulated depreciation:				
Water and sewer systems and improvements	25,534,277	1,398,338	-	26,932,615
Buildings	122,795	10,595	-	133,390
Equipment and vehicles	2,574,256	181,938	-	2,756,194
	28,231,328	1,590,871	-	29,822,199
Net other capital assets	30,522,577	(1,252,251)	-	29,270,326
Capital assets, net	\$ 31,598,815	\$ (80,681)	\$ -	\$ 31,518,134

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 37,565
Public safety	652,140
Public works	3,636,316
Culture and recreation	751,442
Economic development	9,441
	\$ 5,086,904
Business-type activities:	
Water	\$ 525,269
Sewer	1,005,492
Garbage collection	60,110
	\$ 1,590,871

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 6: INTERFUND TRANSACTIONS AND BALANCES

The majority of interfund balances result from garbage collection customer billings by the Water and Sewer Operations Fund and from temporary advances for debt service, capital projects, and self-insurance claims. These advances are typically repaid upon collection of related receivables. The schedule below does not include balances due to the fiduciary fund as presented in the accompanying Balance Sheet. The composition of interfund balances as of September 30, 2017, was as follows:

Due to	Due From				Total
	General Fund	Water and Sewer Operations Fund	Garbage Collection Fund	Nonmajor Internal Service Fund	
General Fund	\$ -	\$ 786,565	\$ 98	\$ 161,700	\$ 948,363
Water and Sewer Operations Fund	515,927	-	-	66,335	582,262
Garbage Collection Fund	-	255,297	-	-	255,297
Nonmajor Governmental Fund	-	21,809	-	-	21,809
Total	\$515,927	\$1,063,671	\$ 98	\$228,035	\$1,807,731

Transfers made during the year were to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2017, were as follows:

Transfer To	Transfer From		Total
	General Fund	Nonmajor Governmental Fund	
Nonmajor Governmental Funds	\$ 222,034	\$ 1,781,682	\$ 2,003,716
Total	\$ 222,034	\$ 1,781,682	\$ 2,003,716

NOTE 7: ACCOUNTS PAYABLE

Accounts payable consisted of the following:

<i>September 30, 2017</i>	Governmental Activities	Business-Type Activities	Total
Accounts payable to vendors	\$ 822,089	\$ 524,445	\$ 1,346,534
Cash bonds and evidence held	364,029	-	364,029
Payroll withholdings and employee benefits	336,731	-	336,731
Total	\$1,522,849	\$ 524,445	\$ 2,047,294

NOTE 8: LONG-TERM LIABILITIES

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

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

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

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

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

September 30, 2017

General Obligation Bonds:

\$5,265,000 Refunding Series 2016 serial bonds due in annual installments of \$30,000 to \$575,000 through September 1, 2028; interest varies from 2.0% to 3.0%.	\$ 5,190,000
\$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 2.4% to 3.4%.	3,555,000
\$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 3.0%.	1,735,000
\$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% to 2.5%.	6,260,875
	16,740,875

Tax Increment Limited Obligation Bonds:

\$1,200,000 Land Improvement — Series 2000 serial bonds due in annual installments of \$75,000 to \$105,000 through April 1, 2020; interest varies from 6% to 6.25%.	295,000
\$250,000 Land Improvement — Series 2004 serial bonds due in annual installments of \$19,000 to \$20,000 through March 1, 2019; interest at 4.25%.	39,000
\$485,000 Land Improvement — Series 2007 serial bonds due in annual installments of \$45,000 to \$50,000 through March 15, 2019; interest at 4.8%.	100,000
	434,000

Notes Payable:

\$350,000 negotiable note Series 2014 due in annual installments of \$70,000 through June, 2019; interest at 1.46% payable annually.	140,000
	140,000

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

September 30, 2017

Capital Lease Obligations:

\$117,840 equipment lease; monthly payments of \$3,362, including interest at 1.74%; final payment due October 15, 2018.	\$ 33,349
\$437,082 equipment lease; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019.	101,495
\$558,822 equipment lease; monthly payments of \$5,301 including interest at 2.63%; final payment due May 30, 2027.	546,566
\$443,110 equipment lease; monthly payments of \$4,207, including interest at 2.65%; final payment due September 15, 2019.	217,665
\$8,126 equipment lease; monthly payments of \$234, including interest at 4.02%; final payment due December 15, 2018.	4,519
\$147,985 equipment lease; monthly payments of \$4,215, including interest at 1.64%; final payment due February 11, 2019.	70,789
\$2,310,000 certificates of participation; yearly payments of \$133,216 to \$325,096 including interest at 3.15%; final payment due September 30, 2032.	2,310,000
	3,284,383
Unamortized bond premium	333,567
Total Governmental Activities Long-Term Debt	\$ 20,932,825

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

September 30, 2017

General Obligation Bonds:

\$885,955 portion of Refunding Series 2013 serial bonds due in annual installments of \$21,093 to \$94,421 through November 1, 2025; interest varies from 2% to 2.5%.	\$ 699,121
	699,121

Notes Payable:

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021.	2,907,962
\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.5%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024.	462,306

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

September 30, 2016

Notes Payable (Continued):

\$993,655 loan payable to the Mississippi Development Authority; monthly installments of \$5,026, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	\$ 445,588
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	118,207
\$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.	1,922,402
\$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.	1,334,679
\$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.	1,588,124
\$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.	658,497
\$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.	1,498,319
\$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.	2,531,009
	13,467,093
Total Business-Type Activities Long-Term Debt	\$14,166,214

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

Debt Service Requirements

The future debt service requirements for all notes and bonds outstanding as of September 30, 2017, are as follows:

GOVERNMENTAL							
ACTIVITIES:	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Total
FISCAL YEAR(S)	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 1,041,126	\$ 402,996	\$ 70,000	\$ 2,044	\$ 159,000	\$ 24,732	\$ 1,699,898
2019	1,351,170	380,373	70,000	1,022	170,000	16,012	1,988,577
2020	1,399,160	345,549	-	-	105,000	6,562	1,856,271
2021	1,491,628	308,932	-	-	-	-	1,800,560
2022	1,539,618	270,689	-	-	-	-	1,810,307
2023-2027	6,918,173	785,277	-	-	-	-	7,703,450
2028-2032	2,540,000	236,746	-	-	-	-	2,776,746
2033-2037	460,000	31,762	-	-	-	-	491,762
2038-2042	-	-	-	-	-	-	-
	<u>\$ 16,740,875</u>	<u>\$ 2,762,324</u>	<u>\$ 140,000</u>	<u>\$ 3,066</u>	<u>\$ 434,000</u>	<u>\$ 47,306</u>	<u>\$ 20,127,571</u>

BUSINESS-TYPE							
ACTIVITIES:	General Obligation Bonds		Notes Payable				Total
FISCAL YEAR(S)	Principal	Interest	Principal	Interest			
2018	\$ 83,874	\$ 14,297	\$ 1,406,344	\$ 278,731			\$ 1,783,246
2019	73,830	12,720	1,442,054	243,022			1,771,626
2020	75,838	11,223	1,478,719	206,356			1,772,136
2021	83,371	9,631	1,516,369	168,705			1,778,076
2022	85,381	7,943	928,591	137,058			1,158,973
2023-2027	296,827	12,284	3,618,446	446,245			4,373,802
2028-2032	-	-	2,142,860	173,232			2,316,092
2033-2037	-	-	933,710	33,583			967,293
2038-2042	-	-	-	-			-
	<u>\$ 699,121</u>	<u>\$ 68,098</u>	<u>\$13,467,093</u>	<u>\$ 1,686,932</u>			<u>\$ 15,921,244</u>

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2017, are as follows:

Fiscal Years	Governmental Activities
2018	\$ 571,858
2019	514,966
2020	435,975
2021	437,601
2022	227,877
2023-2027	993,211
2028-2032	685,356
Total minimum lease payments	3,866,844
Less amount representing interest	582,461
Present value of future minimum lease payments	\$ 3,284,383

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

	Governmental Activities
Equipment cost	\$ 4,818,176
Accumulated depreciation	(1,481,123)
Carrying value	\$ 3,337,053

Changes in Long-Term Liabilities

On March 1, 2016, the City issued general obligation refunding bonds Series 2016 totaling \$5,265,000 to refund a portion of the Series 2008 general obligation bonds for a total refunded debt of \$5,270,000. The remaining balance of the original debt issue which was not defeased through the refunding totaled \$710,000. This amount is being satisfied according to the terms of the original issue. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide funds for all of the future debt service on the refunded bonds. As a result, the refunded debt is considered defeased and has been removed from the statement of net position. At September 30, 2017, \$5,190,000 of the defeased debt remained outstanding.

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

During the year ended September 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$ 18,113,511	\$ -	\$ (1,372,636)	\$ 16,740,875	\$ 1,041,126
Notes payable	210,000	-	(70,000)	140,000	70,000
Limited obligation bonds	583,000	-	(149,000)	434,000	159,000
Capital lease obligations	676,176	2,868,822	(260,615)	3,284,383	480,691
Unamortized bond premium	370,310	-	(36,743)	333,567	-
	19,952,997	2,868,822	(1,888,994)	20,932,825	1,750,817
Compensated absences	1,057,042	405,314	(334,712)	1,127,644	594,663
Net pension liability	19,188,768	-	(1,510,921)	17,677,847	-
	<u>\$ 40,198,807</u>	<u>\$ 3,274,136</u>	<u>\$ (3,734,627)</u>	<u>\$ 39,738,316</u>	<u>\$ 2,345,480</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 781,488	\$ -	\$ (82,367)	\$ 699,121	\$ 83,874
Notes payable	14,560,247	214,020	(1,307,174)	13,467,093	1,406,344
	15,341,735	214,020	(1,389,541)	14,166,214	1,490,218
Compensated absences	205,168	78,191	(70,515)	212,844	122,458
Net pension liability	3,734,669	-	(190,573)	3,544,096	-
	<u>\$ 19,281,572</u>	<u>\$ 292,211</u>	<u>\$ (1,650,629)</u>	<u>\$ 17,923,154</u>	<u>\$ 1,612,676</u>

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

Interest and fiscal charges for the year ended September 30, 2017, were as follows:

Governmental activities	\$ 578,143
Business-type activities:	
Water	119,565
Sewer	177,645
	297,210
	<u>\$ 875,353</u>

Revenue Pledged to Secure Debt

The City has pledged its share of general sales tax collected by the State to secure certain government and business-type activities notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,700,811

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 8: LONG-TERM LIABILITIES (Continued)

for the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,592,728 which was approximately 34% of the pledged revenue. As of September 30, 2017, the future principal and interest requirements for the notes payable totaled \$15,154,025 and the maturity dates of the notes payable extend through February, 2032.

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 \$392,569, 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 \$181,885 was approximately 46% of the pledged revenues. As of September 30, 2017, the future principal and interest requirements for the bonds totaled \$481,306, and the maturity dates extend through April, 2020.

NOTE 9: LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for an industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2017, was as follows:

		Governmental Activities
Property cost	\$	955,000
Accumulated depreciation		(893,100)
Carrying value	\$	61,900

The City also receives lease payments from cellular telephone companies for use of the excess space on the City's water towers. This lease revenue totaled \$148,482 for the year ended September 30, 2017.

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

Fiscal Years	Governmental Activities	Business-Type Activities
2018	\$ 10,100	\$ 103,486
2019	-	65,502
2020	-	66,015
2021	-	66,544
2022	-	24,193
	\$ 10,100	\$ 325,740

City of Clinton, Mississippi
Notes to Basic Financial Statements

NOTE 10: OPERATING LEASE OBLIGATIONS

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

Fiscal Years	Governmental Activities	Business-Type Activities
2018	\$ 51,802	\$ 14,305
2019	51,802	14,305
2020	51,802	14,305
2021	51,802	14,305
2022	47,740	14,305
2023-2027	238,700	55,525
2028-2032	167,220	42,465
2033-2037	-	9,805
2038-2042	-	3,825
2043-2047	-	1,530
Total minimum lease payments	\$ 660,868	\$ 184,675

Rent expense for the year ended September 30, 2017, for all operating leases was as follows:

Governmental activities expenditures	\$ 102,111
Business-type activities expense	33,798
	\$ 135,909

NOTE 11: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Deferred Compensation Plan

Plan Description

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

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

Funding Policy

Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed \$97,973 to the plan for the year ended September 30, 2017. 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, 2016, included two active members and 31 retirees and beneficiaries currently receiving benefits. Benefit provisions for both plans are established by State law and may be amended only by the State of Mississippi Legislature. The Plans' provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq. (1972, as amended), and may be amended only by the Mississippi Legislature.

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

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

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

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

Cost-Sharing Plan Benefits Provided

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of the Cost-Sharing Plan before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of the Cost-Sharing Plan before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

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

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of the Cost-Sharing Plan before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

CDRF Plan Benefits Provided

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

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

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

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

Cost-Sharing Plan Contributions

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

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, 2017, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.24 mill tax levy. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to 1/2 mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a 0.35 mill general fund tax levy through September 30, 2020, if needed in addition to the CDRF tax levy to maintain the actuarial soundness of the CDRF. The annual required contribution for the year ended September 30, 2017, was determined as part of the June 30, 2014, actuarial valuation using the Ultimate Asset Reserve actuarial cost method. Actual employer contributions totaled \$197,016 during 2017.

City of Clinton, Mississippi
Notes to Basic Financial Statements

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

Pension Liabilities and Pension Expense

The City reported a liability of approximately \$19,956,000 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, 2017. The net pension liability (NPL) for both plans was measured as of June 30, 2017, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2017. The NPL recorded as of September 30, 2017, and the pension expense recognized by the City for the year ended September 30, 2017, was as follows:

	Cost-Sharing Plan	CDRF	Total
Net pension liability	\$19,956,382	\$ 1,265,561	\$ 21,221,943
Net pension expense	\$ 2,488,987	\$ 237,956	\$ 2,726,943

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, 2017 the City's proportion was 0.1201% as compared to its proportion measured at June 30, 2016 of 0.1179%, or an increase of 0.0022%.

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, 2017</i>			
Service cost	\$ 10,668	\$ -	\$ 10,668
Interest	769,339	-	769,339
Difference between expected and actual experience	(48,446)	-	(48,446)
Changes in assumptions	31,606	-	31,606
Employer contributions	-	182,528	(182,528)
Employee contributions	-	8,142	(8,142)
Net investment income	-	1,172,297	(1,172,297)
Benefit payments, including refunds	(828,305)	(828,305)	-
Administrative expense and other changes	-	(1,809)	1,809
Net change	(65,138)	532,853	(597,991)
Net pension liability, beginning of year	10,341,112	8,477,560	1,863,552
Net pension liability, end of year	\$ 10,275,974	\$ 9,010,413	\$ 1,265,561

City of Clinton, Mississippi
Notes to Basic Financial Statements

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

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

	1% Decrease	Current Rate	1% Increase
Cost-Sharing Plan net pension liability	\$ 26,174,131	\$ 19,956,382	\$ 14,794,304
CDRF Plan net pension liability	\$ 2,249,098	\$ 1,265,561	\$ 427,832

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

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

	<u>Cost-Sharing Plan</u>		<u>CDRF</u>
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
<i>September 30, 2017</i>			
Differences between expected and actual experience	\$ 286,709	\$ 145,616	\$ -
Changes of assumptions	443,555	34,006	-
Net difference between projected and actual earnings on investments	-	256,224	143,988
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(201,455)	-
Employer contributions subsequent to the measurement date	338,189	-	-
Total	\$ 1,068,453	\$ 234,391	\$ 143,988

Deferred outflows of resources related to the Cost-Sharing Plan resulting from City contributions subsequent to June 30, 2017 (the measurement date) were \$338,189 and will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an addition to (reduction of) pension expense as follows:

	<u>Cost-Sharing Plan</u>		<u>CDRF</u>
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
2018	\$ 650,013	\$ 247,123	\$ 113,283
2019	77,069	(340,052)	113,284
2020	3,182	(58,164)	25,449
2021	-	385,484	(108,028)
Total	\$ 730,264	\$ 234,391	\$ 143,988

City of Clinton, Mississippi
Notes to Basic Financial Statements

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

Actuarial assumptions

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

	Cost-Sharing Plan	CDRF Plan
Inflation	3.00%	3.50%
Investment rate of return (net of plan investment expenses)	7.75%	7.75%
Projected salary increases, including inflation	3.25% - 18.50%	4.0% - 5.50%

The actuarial assumptions used in the Cost-Sharing Plan actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report was dated May 4, 2015.

Mortality rates for the Cost-Sharing Plan were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with mortality improvements based on Scale BB projected to 2016 and set forward one year for males.

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

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

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

Discount rate

The discount rate used to measure the total pension liability was 7.75% for both pension plans. The projection of cash flows used to determine the discount rate for the Cost-Sharing Plan assumed that plan member contributions will be made at the current contribution rate (9.00%) and that the employer contributions will be made at the current employer contribution rate (15.75%). The assumed investment rate of return for the CDRF plan, net of pension plan investment expense, and including inflation, was 8%. Based on those assumptions, components of the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTE 12: COMMITMENTS AND CONTINGENT LIABILITIES

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through December 2017, and provides for a monthly charge to the City of \$13.79 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2018, and provides for a monthly charge to the City of \$50,853 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

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

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

NOTE 13: TAX ABATEMENTS

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

NOTE 13: TAX ABATEMENTS (Continued)

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

The City provided tax abatement agreements that exceeded 10.00% of the total amount abated to certain providers of advanced technology systems, products and services of 17.00% or \$12,918; manufacturers of plastic products of 38.00% or \$29,848 and manufacturers of beverage products of 45.00% or \$35,436 totaling \$78,202 in abated ad valorem taxes during the year ended September 30, 2017.

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss for which the City carries commercial insurance. There were no significant reductions in insurance coverage from the prior year, and settlements in excess of coverage for the three previous years were not material. As discussed in Note 2, the City's Self-Funded Group Insurance Fund had a deficit in fund equity at September 30, 2017.

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, 2017) is approximately \$1,556,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,250,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

NOTE 14: RISK MANAGEMENT (Continued)

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

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

<i>Years Ended September 30,</i>	2017	2016
Claims liability, beginning of year	\$ 257,809	\$ 195,550
Current year claims	962,916	874,093
Claims paid in current year	(1,115,217)	(811,834)
Claims liability, end of year	\$ 105,508	\$ 257,809

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>	2017	2016	2015
Last Ten Fiscal Years: *			
City's proportion of the net pension liability	\$ 19,956,382	\$ 21,059,885	\$ 18,311,889
City's proportionate share of the net pension liability	0.1201%	0.1179%	0.1185%
City's covered-employee payroll	\$ 8,228,406	\$ 7,596,635	\$ 7,434,679
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	242.53%	277.23%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	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, 2017

<i>Years ended September 30,</i>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	1,295,974	\$1,196,470	\$1,170,962	\$1,154,387	\$1,056,164	\$928,832	\$868,269	\$821,056	\$830,745	\$788,685
Contributions in relation to the contractually required contribution	1,295,974	1,196,470	1,170,962	1,154,287	1,056,164	928,832	868,269	821,056	830,745	788,685
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$8,228,406	\$7,596,635	\$7,434,679	\$7,329,441	\$7,406,479	\$7,183,542	\$7,235,575	\$6,842,133	\$7,010,506	\$6,655,696
Contributions as a percentage of the covered-employee payroll	15.75%	15.75%	15.75%	15.75%	14.26%	12.93%	12.00%	12.00%	11.85%	11.85%

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

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

The City's proportionate share of the net pension liability was determined based on the City's allocated percentage of its actual contributions to PERS to total actual contributions as of and for the year ended June 30, 2017. 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, 2017.

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

The employer contribution rate for the City was 9.75% in fiscal year 2005 with an increase in fiscal year 2006 to 10.75%. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75% in .55% increments until the target rate was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purpose of the phased-in approach was to moderate the impact to the State of Mississippi of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85% to 12.00%. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.00% to a projected 13.56% for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.00% for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate from 13.56% to 12.93%, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26% and in fiscal year 2014, the Board implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75%. The employer contribution rate has remained at 15.75% through the fiscal year ending June 30, 2017.

NOTE 3: CHANGE OF ASSUMPTIONS

In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

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

<i>Year ended June 30,</i>	2017	2016
Total Pension Liability		
Service cost	\$ 10,668	\$ 37,219
Interest	769,339	780,243
Differences between expected and actual experience	(48,446)	(164,102)
Changes of assumptions	31,606	-
Benefit payments, including refunds of employee contributions	(828,305)	(759,810)
Net change in total pension liability	(65,138)	(106,450)
Total pension liability - beginning	10,341,112	10,447,562
Total pension liability - ending (a)	\$ 10,275,974	\$ 10,341,112
Plan fiduciary net position		
Contributions - employer	\$ 182,528	\$ 190,177
Contributions - member	8,142	16,900
Net investment income	1,172,297	8,619
Benefit payments, including refunds of employee contributions	(828,305)	(759,810)
Administrative expense and other changes	(1,809)	20,942
Net change in plan fiduciary net position	532,853	(523,172)
Plan net position - beginning	8,477,560	9,000,732
Plan net position - ending (b)	\$ 9,010,413	\$ 8,477,560
Net pension liability - ending (a) - (b)	\$ 1,265,561	\$ 1,863,552
Plan fiduciary net position as a percentage of the total pension liability	87.68%	81.98%
Covered-employee payroll*	N/A	N/A
Net pension liability (asset) as a percentage of covered-employee payroll*	N/A	N/A

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

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

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

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

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2017 were based on the June 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

City of Clinton, Mississippi Budgetary Comparison Schedule - General Fund

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
AVAILABLE				
Licenses and permits	\$ 960,000	\$ 960,000	\$ 879,610	\$ (80,390)
State grants	241,000	352,022	459,677	107,655
State shared revenues	5,069,000	4,919,000	5,074,538	155,538
Local grants	98,000	98,000	57,868	(40,132)
Federal grants	163,333	163,333	207,853	44,520
Charges for services	13,700	13,700	108,272	94,572
Fines and forfeitures	496,000	496,000	560,731	64,731
Interest earned	-	-	8,934	8,934
Management fee	144,000	144,000	144,000	-
Miscellaneous	1,173,386	1,426,806	813,231	(613,575)
Total receipts, other than taxes	8,358,419	8,572,861	8,314,714	(258,147)
Beginning fund balance	1,014,093	1,977,617	1,977,617	-
Total available, other than taxes	9,372,512	10,550,478	10,292,331	(258,147)
Ad valorem taxes to be provided by levy	7,303,228	7,303,228	7,481,154	177,926
Total Available From All Sources	\$ 16,675,740	\$ 17,853,706	\$ 17,773,485	\$ (80,221)
EXPENDITURES				
General government:				
Elected officials:				
Personal services	\$ 316,769	\$ 316,754	\$ 291,481	\$ (25,273)
Supplies	3,250	3,250	2,739	(511)
Other services and charges	36,960	36,844	35,095	(1,749)
Capital outlay	-	391	236	(155)
Total elected officials	356,979	357,239	329,551	(27,688)
Court services:				
Personal services	232,175	232,167	217,898	(14,269)
Supplies	3,500	3,500	2,441	(1,059)
Other services and charges	71,024	70,832	64,303	(6,529)
Capital outlay	-	336	203	(133)
Total court services	306,699	306,835	284,845	(21,990)
Administration:				
Personal services	402,748	402,731	404,202	1,471
Supplies	19,650	18,758	21,332	2,574
Other services and charges	351,389	351,554	311,387	(40,167)
Capital outlay	40,000	12,492	539	(11,953)
Total administration	813,787	785,535	737,460	(48,075)
Community development:				
Personal services	196,071	196,164	168,817	(27,347)
Supplies	33,900	33,611	31,820	(1,791)
Other services and charges	33,800	33,968	25,809	(8,159)
Capital outlay	-	289	175	(114)
Debt service	-	-	-	-
Total community development	263,771	264,032	226,621	(37,411)
Total General Government	1,741,236	1,713,641	1,578,477	(135,164)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis, (See Note A)	
EXPENDITURES (Continued)				
Public safety:				
Law enforcement:				
Personal services	4,220,125	4,219,037	3,974,040	(244,997)
Supplies	380,150	376,150	391,804	15,654
Other services and charges	362,105	357,914	434,212	76,298
Capital outlay	280,000	421,771	343,008	(78,763)
Debt service	197,777	197,777	77,603	(120,174)
Total law enforcement	5,440,157	5,572,649	5,220,667	(351,982)
Fire protection:				
Personal services	3,425,784	3,424,082	3,322,248	(101,834)
Supplies	160,850	158,850	161,528	2,678
Other services and charges	245,255	244,516	255,287	10,771
Capital outlay	558,822	563,805	561,622	(2,183)
Debt service	156,957	156,957	146,174	(10,783)
Total fire protection	4,547,668	4,548,210	4,446,859	(101,351)
Inspection:				
Personal services	184,637	184,552	171,294	(13,258)
Supplies	14,550	14,317	11,812	(2,505)
Other services and charges	13,863	13,974	25,850	11,876
Capital outlay	-	233	141	(92)
Total inspection	213,050	213,076	208,956	(3,887)
Total Public Safety	10,200,875	10,333,935	9,876,482	(457,220)
Street:				
Personal services	658,668	658,180	519,894	(138,286)
Supplies	242,250	240,072	147,606	(92,466)
Other services and charges	597,880	601,015	648,354	47,339
Capital outlay	387,996	474,946	213,808	(261,138)
Debt service	100,786	100,786	92,199	(8,587)
Total Street	1,987,580	2,074,999	1,621,861	(453,138)
Parks and recreation:				
Personal services	650,506	650,108	586,240	(63,868)
Supplies	214,000	213,000	186,139	(26,861)
Other services and charges	273,883	262,589	302,203	39,614
Capital outlay	14,037	56,406	77,522	21,116
Debt service	572,794	572,794	530,121	(42,673)
Total Parks and Recreation	1,725,220	1,754,897	1,682,225	(72,672)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis, (See Note A)	Variance with Final Budget- Over (Under)
EXPENDITURES (Continued)				
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	56,000	56,000	34,841	(21,159)
Other services and charges	39,081	41,399	41,711	312
Capital outlay	-	-	-	-
Total City buildings	95,081	97,399	76,552	(20,847)
Therapeutic recreation:				
Personal services	133,871	133,823	132,520	(1,303)
Supplies	9,890	9,701	8,256	(1,445)
Other services and charges	28,608	28,891	20,717	(8,174)
Capital outlay	-	189	114	(75)
Total Communications	172,369	172,604	161,493	(10,922)
Communications:				
Personal services	44,128	44,127	42,343	(1,784)
Supplies	1,550	2,550	4,106	1,556
Other services and charges	138,073	137,863	146,000	8,137
Capital outlay	36,500	35,741	6,191	(29,550)
Total Communications	220,251	220,281	198,640	(21,641)
Main Street:				
Personal services	178,173	178,169	154,250	(23,919)
Supplies	17,950	17,715	6,431	(11,284)
Other services and charges	18,036	18,059	33,653	15,594
Capital outlay	-	235	142	(93)
Total Main Street	214,159	214,178	194,476	(19,702)
Transfers and other charges	232,933	343,955	222,032	(121,923)
Total expenditures	16,609,704	16,945,889	15,632,238	(1,313,651)
Ending fund balance	66,036	907,817	2,141,247	1,233,430
Total Expenditures and Ending Fund Balance	\$16,675,740	\$17,853,706	\$ 17,773,485	\$ (80,221)

(Concluded)

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

NOTE A: BUDGETARY BASIS RECONCILIATION

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

Available - Budgetary Comparison Schedule	\$17,773,485
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	(12,764)
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing sources are included in budgetary basis available	(760,352)
Beginning fund balance is included in budgetary basis available	(1,977,617)
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances	\$14,878,752
Expenditures - Budgetary Comparison Schedule	\$15,632,238
Differences:	
GAAP basis payables are reflected as budgetary basis expenditures in the year paid unless paid within 30 days after the end of the year in which they were budgeted	190,294
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing uses are included in budgetary basis expenditures	(222,034)
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances	\$15,456,498
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	760,352
Other financing uses are included in budgetary basis expenditures	(222,034)
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 538,318

OTHER SUPPLEMENTARY INFORMATION

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

September 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 42,893	\$ 1,460,340	\$ 2,745,088	\$ 4,248,321
Receivables:				
Property taxes	-	1,073,314	-	1,073,314
Tourism tax	28,948	-	-	28,948
Federal assistance	-	-	69,261	69,261
Special assessments	-	297,412	-	297,412
Due from other funds	-	21,809	-	21,809
Total Assets	\$ 71,841	\$ 2,852,875	\$ 2,814,349	\$ 5,739,065
Liabilities				
Accounts payable	\$ 10,896	\$ 4,250	\$ -	\$ 15,146
Unearned grant revenue	39,156	-	-	39,156
Total Liabilities	50,052	4,250	-	54,302
Deferred Inflows of Resources				
Property taxes levied for subsequent year	-	1,048,399	-	1,048,399
Unavailable special assessments	-	297,412	-	297,412
Total Deferred Inflows of Resources	-	1,345,811	-	1,345,811
Fund Balances				
Restricted for:				
Economic development and tourism	21,789	-	-	21,789
Debt service	-	1,482,907	-	1,482,907
Capital projects	-	-	2,814,349	2,814,349
Assigned to:				
Debt service	-	19,907	-	19,907
Total Fund Balances	21,789	1,502,814	2,814,349	4,338,952
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 71,841	\$ 2,852,875	\$ 2,814,349	\$ 5,739,065

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

Year ended September 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 1,356,969	\$ -	\$ 1,356,969
Intergovernmental	189,976	65,159	127,971	383,106
Charges for services	27,421	-	-	27,421
Special assessments	-	27,037	-	27,037
Interest	89	5,926	5,589	11,604
Contributions	2,647	-	-	2,647
Total Revenues	220,133	1,455,091	133,560	1,808,784
Expenditures				
Current:				
General government	-	13,186	-	13,186
Public safety	88	-	11,531	11,619
Culture and recreation	165,674	-	3,675	169,349
Economic development	79,207	-	-	79,207
Debt service	-	1,527,517	-	1,527,517
Capital outlay	10,105	-	12,691	22,796
Total Expenditures	255,074	1,540,703	27,897	1,823,674
Excess (Deficiency) of Revenue Over Expenditures	(34,941)	(85,612)	105,663	(14,890)
Other Financing Sources (Uses)				
Transfers in	23,000	220,283	1,760,433	2,003,716
Transfers out	-	(21,249)	(1,760,433)	(1,781,682)
Total other financing sources	23,000	199,034	-	222,034
Net Change in Fund Balances	(11,941)	113,422	105,663	207,144
Fund Balances - Beginning	33,730	1,389,392	3,025,020	4,448,142
Prior period adjustment	-	-	(316,334)	(316,334)
Fund Balance - Beginning as restated	33,730	1,389,392	2,708,686	4,131,808
Fund Balances- Ending	\$ 21,789	\$ 1,502,814	\$ 2,814,349	\$ 4,338,952

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

September 30, 2017

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 3,737	\$ 39,156	\$ 42,893
Tourism tax receivable	28,948	-	28,948
Total Assets	\$ 32,685	\$ 39,156	\$ 71,841
Liabilities			
Accounts payable	\$ 10,896	\$ -	\$ 10,896
Unearned grant revenue	-	39,156	39,156
Total Liabilities	10,896	39,156	50,052
Fund Balances			
Restricted for:			
Economic development and tourism	21,789	-	21,789
Total Fund Balances	21,789	-	21,789
Total Liabilities and Fund Balances	\$ 32,685	\$ 39,156	\$ 71,841

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

Year ended September 30, 2017

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues			
Intergovernmental:			
Tourism tax	\$ 189,976	\$ -	\$ 189,976
	189,976	-	189,976
Charges for services	27,421	-	27,421
Interest	1	88	89
Contributions	2,647	-	2,647
Total Revenues	220,045	88	220,133
Expenditures			
Public Safety:			
Other services and charges	-	88	88
Culture and Recreation:			
Personal services	80,314	-	80,314
Supplies	40,926	-	40,926
Other services and charges	44,434	-	44,434
	165,674	-	165,674
Economic Development:			
Other services and charges	79,207	-	79,207
Capital outlay	10,105	-	10,105
Total Expenditures	254,986	88	255,074
Deficiency of Revenue Over Expenditures	(34,941)	-	(34,941)
Other Financing Sources			
Transfers in	23,000	-	23,000
Total Other Financing Sources	23,000	-	23,000
Net Change in Fund Balances	(11,941)	-	(11,941)
Fund Balances - Beginning	33,730	-	33,730
Fund Balances - Ending	\$ 21,789	\$ -	\$ 21,789

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

<i>September 30, 2017</i>	G.O. Negotiable Series 2014 Fund	2012 Infrastructure Bond and Interest Fund	2016 Infrastructure Bond and Interest Fund	G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	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	\$ -	\$ 607,153	\$ 35,236	\$ 277,396	\$ 520,648	\$ -	\$ 11,476	\$ 1,981	\$ 6,450	\$ 1,460,340
Property taxes receivable	-	252,639	114,857	252,313	453,505	-	-	-	-	1,073,314
Special assessments	-	-	-	297,412	-	-	-	-	-	297,412
Due from other funds	-	-	-	21,809	-	-	-	-	-	21,809
Total Assets	\$ -	\$ 859,792	\$ 150,093	\$ 848,930	\$ 974,153	\$ -	\$ 11,476	\$ 1,981	\$ 6,450	\$ 2,852,875
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,250	\$ -	\$ -	\$ -	\$ -	\$ 4,250
Total Liabilities	-	-	-	-	4,250	-	-	-	-	4,250
Deferred Inflows of Resources										
Property taxes levied for subsequent year	-	246,103	114,848	246,103	441,345	-	-	-	-	1,048,399
Unavailable special assessments	-	-	-	297,412	-	-	-	-	-	297,412
Total Deferred Inflows of Resources	-	246,103	114,848	543,515	441,345	-	-	-	-	1,345,811
Fund Balances										
Restricted for debt service	-	613,689	35,245	305,415	528,558	-	-	-	-	1,482,907
Assigned to debt service	-	-	-	-	-	-	11,476	1,981	6,450	19,907
Total Fund Balances	-	613,689	35,245	305,415	528,558	-	11,476	1,981	6,450	1,502,814
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 859,792	\$ 150,093	\$ 848,930	\$ 974,153	\$ -	\$ 11,476	\$ 1,981	\$ 6,450	\$ 2,852,875

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

<i>Year ended September 30, 2017</i>	G.O. Negotiable Note Series 2014 Fund	2012 Infrastructure Bond and Interest Fund	2016 Infrastructure Bond and Interest Fund	G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	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	\$ -	\$ 319,128	\$ 146,333	\$ 318,838	\$ 572,670	\$ -	\$ -	\$ -	\$ -	\$ 1,356,969
Intergovernmental:										
State grants	-	7,080	3,304	7,079	12,696	-	-	-	-	30,159
County shared revenues	-	-	-	-	-	-	35,000	-	-	35,000
	-	7,080	3,304	7,079	12,696	-	35,000	-	-	65,159
Special assessments	-	-	-	27,037	-	-	-	-	-	27,037
Interest	-	1,325	88	2,858	1,590	-	47	4	14	5,926
Total Revenues	-	327,533	149,725	355,812	586,956	-	35,047	4	14	1,455,091
Expenditures										
General government:										
Other services and charges	-	3,443	-	3,525	6,218	-	-	-	-	13,186
Debt service	73,167	268,818	114,813	321,445	565,838	-	108,960	21,465	53,011	1,527,517
Total Expenditures	73,167	272,261	114,813	324,970	572,056	-	108,960	21,465	53,011	1,540,703
Excess (Deficiency) of Revenues over Expenditures	(73,167)	55,272	34,912	30,842	14,900	-	(73,913)	(21,461)	(52,997)	(85,612)
Other Financing Sources (Uses)										
Transfers in	73,167	-	333	-	-	-	73,595	21,094	52,094	220,283
Transfers out	-	(5,513)	-	(5,513)	(9,890)	(333)	-	-	-	(21,249)
Total Other Financing Sources (Uses)	73,167	(5,513)	333	(5,513)	(9,890)	(333)	73,595	21,094	52,094	199,034
Net Change in Fund Balances	-	49,759	35,245	25,329	5,010	(333)	(318)	(367)	(903)	113,422
Fund Balances - Beginning	-	563,930	-	280,086	523,548	333	11,794	2,348	7,353	1,389,392
Fund Balances - Ending	\$ -	\$ 613,689	\$ 35,245	\$ 305,415	\$ 528,558	\$ -	\$ 11,476	\$ 1,981	\$ 6,450	\$ 1,502,814

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

<i>September 30, 2017</i>	Pinehaven Drive Construction Project Fund	Arrow Drive Construction Project Fund	Old Town Spring Park Project Fund	Solid Waste Removal Project Fund	Hampstead Boulevard Construction Project Fund	Fire Station #4 Construction Fund	Train Station Construction Project Fund	Total Nonmajor Capital Projects Funds
Assets								
Cash and cash equivalents	\$ 354,706	\$ 14,439	\$ 99,322	\$ 1,710,433	\$ 207,154	\$ 50,000	\$ 309,034	\$ 2,745,088
Federal assistance	69,261	-	-	-	-	-	-	69,261
Total Assets	\$ 423,967	\$ 14,439	\$ 99,322	\$ 1,710,433	\$ 207,154	\$ 50,000	\$ 309,034	\$ 2,814,349
Fund Balances								
Restricted for capital projects	\$ 423,967	\$ 14,439	\$ 99,322	\$ 1,710,433	\$ 207,154	\$ 50,000	\$ 309,034	\$ 2,814,349
Total Fund Balances	423,967	14,439	99,322	1,710,433	207,154	50,000	309,034	2,814,349
Total Liabilities and Fund Balances	\$ 423,967	\$ 14,439	\$ 99,322	\$ 1,710,433	\$ 207,154	\$ 50,000	\$ 309,034	\$ 2,814,349

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

<i>Year ended September 30, 2017</i>	Pinehaven Drive Construction Project Fund	Arrow Drive Construction Project Fund	Old Town Spring Park Project Fund	Solid Waste Removal Project Fund	Hampstead Boulevard Construction Project Fund	Fire Station #4 Construction Fund	Train Station Construction Fund	Total Nonmajor Capital Projects Funds
Revenues								
Intergovernmental:								
State grants	\$ -	\$ -	\$ -	\$ -	\$ 15,971	\$ -	\$ -	\$ 15,971
County shared revenues	-	-	112,000	-	-	-	-	112,000
	-	-	112,000	-	15,971	-	-	127,971
Interest	765	31	-	-	426	3,589	778	5,589
Total Revenues	765	31	112,000	-	16,397	3,589	778	133,560
Expenditures								
Public Safety:								
Other services and charges	-	-	-	-	-	11,531	-	11,531
Capital outlay	-	-	12,691	-	-	-	-	12,691
Culture and Recreation:								
Other services and charges	-	-	-	-	-	-	3,675	3,675
Total Expenditures	-	-	12,691	-	-	11,531	3,675	27,897
Excess of Revenues over Expenditures	765	31	99,309	-	16,397	(7,942)	(2,897)	105,663
Other Financing Sources (Uses)								
Transfers in	-	-	-	1,710,433	-	50,000	-	1,760,433
Transfers out	-	-	-	-	-	(1,710,433)	(50,000)	(1,760,433)
Total Other Financing Sources (Uses)	-	-	-	1,710,433	-	(1,660,433)	(50,000)	-
Net Change in Fund Balances	765	31	99,309	1,710,433	16,397	(1,668,375)	(52,897)	105,663
Fund Balances - Beginning	423,202	14,408	13	-	507,091	1,718,375	361,931	3,025,020
Prior period adjustment	-	-	-	-	(316,334)	-	-	(316,334)
Fund Balances - Beginning as restated	423,202	14,408	13	-	190,757	1,718,375	361,931	2,708,686
Fund Balances - Ending	\$ 423,967	\$ 14,439	\$ 99,322	\$ 1,710,433	\$ 207,154	\$ 50,000	\$ 309,034	\$ 2,814,349

City of Clinton, Mississippi
Budgetary Comparison Schedule
Tourism Tax Fund

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Budgetary Final Budget- Basis Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget- Over (Under)</u>	
<u>AVAILABLE</u>					
Tourism taxes	\$ 200,000	\$ 200,000	\$ 191,286	\$ (8,714)	
Interest earned	-	-	1	1	
Rental income	100	100	1,401	1,301	
Donations - private sources	-	-	2,647	2,647	
Other revenue	10,000	10,000	2,049	(7,951)	
Sales	38,330	38,330	46,971	8,641	
Total receipts, other than taxes	248,430	248,430	244,355	(4,075)	
Beginning fund balance	184	2,972	2,972	-	
Total Available From All Sources	\$ 248,614	\$ 251,402	\$ 247,327	\$ (4,075)	
<u>EXPENDITURES</u>					
Visitor center:					
Personal services	\$ 80,780	\$ 80,778	\$ 80,314	\$ (464)	
Supplies:					
Costs of sales	12,630	12,630	10,827	(1,803)	
Other	29,500	29,329	23,531	(5,798)	
Other services and charges	36,103	36,521	44,253	7,732	
Capital outlay	10,000	10,171	10,105	(66)	
Total visitor center	169,013	169,429	169,030	(399)	
Tourism promotion:					
Other services and charges	77,500	77,500	79,207	1,707	
Total expenditures	246,513	246,929	248,237	1,308	
Ending fund balance	2,101	4,473	(910)	(5,383)	
Total Expenditures and Ending Fund Balance	\$ 248,614	\$ 251,402	\$ 247,327	\$ (4,075)	

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts		Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	Final Budget- Over (Under)	
AVAILABLE					
Asset forfeitures:					
U.S. Justice Department	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	
Local	5,000	5,000	-	(5,000)	
Interest earned	-	-	88	88	
Total receipts	10,000	10,000	88	(9,912)	
Beginning fund balance	52,638	39,068	39,068	-	
Total Available From All Sources	\$ 62,638	\$ 49,068	\$ 39,156	\$ (9,912)	
EXPENDITURES					
Supplies	\$ -	\$ -	\$ -	\$ -	
Total expenditures	-	-	-	-	
Ending fund balance	62,638	49,068	39,156	(9,912)	
Total Expenditures and Ending Fund Balance	\$ 62,638	\$ 49,068	\$ 39,156	\$ (9,912)	

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

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget- Basis Over (Under)
AVAILABLE				
Transfers from other funds	\$ 73,066	\$ 73,066	\$ 73,167	\$ 101
Total receipts	73,066	73,066	73,167	101
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ 73,066	\$ 73,066	\$ 73,167	\$ 101
EXPENDITURES				
Debt service	\$ 73,066	\$ 73,066	\$ 73,167	\$ 101
Total expenditures	73,066	73,066	73,167	101
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 73,066	\$ 73,066	\$ 73,167	\$ 101

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts		Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	Final Budget- Over (Under)	
AVAILABLE					
Homestead exemption reimbursement	\$ -	\$ -	\$ 7,080	\$ 7,080	
Interest earned	-	-	1,325	1,325	
Total receipts other than taxes	-	-	8,405	8,405	
Beginning fund balance	541,829	558,436	558,436	-	
Total available, other than taxes	541,829	558,436	566,841	8,405	
Ad valorem taxes to be provided by levy	300,459	300,459	318,086	17,627	
Total Available From All Sources	\$ 842,288	\$ 858,895	\$ 884,927	\$ 26,032	
EXPENDITURES					
Other services and charges	\$ 3,525	\$ 3,525	\$ 3,443	\$ (82)	
Debt service	271,123	271,123	268,818	(2,305)	
Transfers to other funds	5,513	5,513	5,513	-	
Total expenditures	280,161	280,161	277,774	(2,387)	
Ending fund balance	562,127	578,734	607,153	28,419	
Total Expenditures and Ending Fund Balance	\$ 842,288	\$ 858,895	\$ 884,927	\$ 26,032	

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Interest	\$ -	\$ -	\$ 88	\$ 88
Total receipts other than taxes	-	-	88	88
Beginning fund balance	434	434	434	-
Total available, other than taxes	434	434	522	88
Ad valorem taxes to be provided by levy	140,214	140,214	149,628	9,414
Total Available From All Sources	\$ 140,648	\$ 140,648	\$ 150,150	\$ 9,502
EXPENDITURES				
Other services and charges	\$ 1,645	\$ 1,645	\$ 1,500	\$ (145)
Debt service	112,813	112,813	113,313	500
Transfers to other funds	2,572	2,572	-	(2,572)
Total expenditures	117,030	117,030	114,813	(2,217)
Ending fund balance	23,618	23,618	35,337	11,719
Total Expenditures and Ending Fund Balance	\$ 140,648	\$ 140,648	\$ 150,150	\$ 9,502

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts		Variance with Final Budget- Over (Under)
	Original	Final	Budgetary	Basis	
AVAILABLE					
Homestead exemption reimbursement	\$ -	\$ -	\$ 7,079	\$ 7,079	
Interest earned	-	-	965	965	
Special assessments	28,930	28,930	28,930	-	
Total receipts other than taxes	28,930	28,930	36,974	8,044	
Beginning fund balance	211,220	251,184	251,184	-	
Total available, other than taxes	240,150	280,114	288,158	8,044	
Ad valorem taxes to be provided by levy	300,459	300,459	319,721	19,262	
Total Available From All Sources	\$ 540,609	\$ 580,573	\$ 607,879	\$ 27,306	
EXPENDITURES					
Other services and charges	\$ 3,525	\$ 3,525	\$ 3,525	\$ -	
Debt service	294,664	294,664	321,445	26,781	
Transfers to other funds	5,513	5,513	5,513	-	
Total expenditures	303,702	303,702	330,483	26,781	
Ending fund balance	236,907	276,871	277,396	525	
Total Expenditures and Ending Fund Balance	\$ 540,609	\$ 580,573	\$ 607,879	\$ 27,306	

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

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Over (Under)
	Original	Final	Budgetary Basis	Final Budget- Over (Under)	
<u>AVAILABLE</u>					
Homestead exemption reimbursement	\$ -	\$ -	\$ 12,696	\$ 12,696	
Interest earned	-	-	1,590	1,590	
Total receipts other than taxes	-	-	14,286	14,286	
Beginning fund balance	463,096	516,998	516,998	-	
Total available, other than taxes	463,096	516,998	531,284	14,286	
Ad valorem taxes to be provided by levy	538,822	538,822	571,310	32,488	
Total Available From All Sources	\$1,001,918	\$ 1,055,820	\$1,102,594	\$ 46,774	
<u>EXPENDITURES</u>					
Other services and charges	\$ 6,322	\$ 6,322	\$ 6,218	\$ (104)	
Debt service	565,288	565,288	565,838	550	
Transfers to other funds	9,890	9,890	9,890	-	
Total expenditures	581,500	581,500	581,946	446	
Ending fund balance	420,418	474,320	520,648	46,328	
Total Expenditures and Ending Fund Balance	\$1,001,918	\$ 1,055,820	\$1,102,594	\$ 46,774	

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

Year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget- Basis Over (Under)
AVAILABLE				
Transfers from other funds	\$ 74,905	\$ 74,905	\$ 73,595	\$ (1,310)
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	47	47
Total receipts	109,905	109,905	108,642	(1,263)
Beginning fund balance	10,776	11,794	11,794	-
Total Available From All Sources	\$ 120,681	\$ 121,699	\$ 120,436	\$ (1,263)
EXPENDITURES				
Debt service	\$ 109,960	\$ 109,960	\$ 108,960	\$ (1,000)
Total expenditures	109,960	109,960	108,960	(1,000)
Ending fund balance	10,721	11,739	11,476	(263)
Total Expenditures and Ending Fund Balance	\$ 120,681	\$ 121,699	\$ 120,436	\$ (1,263)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with	
	Original	Final	Budgetary	Final Budget-	Basis Over (Under)
AVAILABLE					
Transfers from other funds	\$ 21,465	\$ 21,465	\$ 21,094	\$	(371)
Interest earned	-	-	4	\$	4
Total receipts	21,465	21,465	21,098		(367)
Beginning fund balance	2,342	2,342	2,342		-
Total Available From All Sources	\$ 23,807	\$ 23,807	\$ 23,440	\$	(367)
EXPENDITURES					
Debt service	\$ 21,465	\$ 21,465	\$ 21,465	\$	-
Total expenditures	21,465	21,465	21,465		-
Ending fund balance	2,342	2,342	1,975		(367)
Total Expenditures and Ending Fund Balance	\$ 23,807	\$ 23,807	\$ 23,440	\$	(367)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Transfers from other funds	\$ 53,007	\$ 53,007	\$ 52,094	\$ (913)
Interest earned	-	-	14	14
Total receipts	53,007	53,007	52,108	(899)
Beginning fund balance	6,239	7,353	7,353	-
Total Available From All Sources	\$ 59,246	\$ 60,360	\$ 59,461	\$ (899)
EXPENDITURES				
Debt service	\$ 53,060	\$ 53,060	\$ 53,011	\$ (49)
Total expenditures	53,060	53,060	53,011	(49)
Ending fund balance	6,186	7,300	6,450	(850)
Total Expenditures and Ending Fund Balance	\$ 59,246	\$ 60,360	\$ 59,461	\$ (899)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Basis</u>	
AVAILABLE					
Grant income - State of Mississippi	\$ 120,206	\$ 120,206	\$ -		\$ (120,206)
Interest earned	-	-	765		765
Total receipts	120,206	120,206	765		(119,441)
Beginning fund balance	(120,206)	353,941	353,941		-
Total Available From All Sources	\$ -	\$ 474,147	\$ 354,706		\$ (119,441)
EXPENDITURES					
Capital outlay	\$ -	\$ -	\$ -		\$ -
Total expenditures	-	-	-		-
Ending fund balance	-	474,147	354,706		(119,441)
Total Expenditures and Ending Fund Balance	\$ -	\$ 474,147	\$ 354,706		\$ (119,441)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget- Over (Under)</u>	
<u>AVAILABLE</u>					
Grant income - State of Mississippi	\$ 118,273	\$ 118,273	\$ -	\$ (118,273)	
Interest earned	-	-	31	31	
Total receipts	118,273	118,273	31	(118,242)	
Beginning fund balance	(118,273)	14,408	14,408	-	
Total Available From All Sources	\$ -	\$ 132,681	\$ 14,439	\$ (118,242)	
<u>EXPENDITURES</u>					
Capital outlay	\$ -	\$ -	\$ -	\$ -	
Total expenditures	-	-	-	-	
Ending fund balance	-	132,681	14,439	(118,242)	
Total Expenditures and Ending Fund Balance	\$ -	\$ 132,681	\$ 14,439	\$ (118,242)	

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with	
	Original	Final	Budgetary	Final Budget-	Basis Over (Under)
<u>AVAILABLE</u>					
Donation - Hinds county	\$ -	\$ 112,000	\$ 112,000	\$ -	-
Total receipts	-	112,000	112,000	-	-
Beginning fund balance	-	99,931	99,931	-	-
Total Available From All Sources	\$ -	\$ 211,931	\$ 211,931	\$ -	-
<u>EXPENDITURES</u>					
Construction	\$ -	\$ 112,000	\$ -	\$ (112,000)	-
Total expenditures	-	112,000	-	(112,000)	-
Ending fund balance	-	99,931	211,931	112,000	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 211,931	\$ 211,931	\$ -	-

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with	
	Original	Final	Budgetary	Final Budget-	Basis Over (Under)
AVAILABLE					
Transfers from other funds	\$ -	\$ -	\$ -	\$ -	-
Total receipts	-	-	-	-	-
Beginning fund balance	-	1,726,544	1,726,544	-	-
Total Available From All Sources	\$ -	\$ 1,726,544	\$ 1,726,544	\$ -	-
EXPENDITURES					
Total expenditures	-	-	-	-	-
Ending fund balance	-	1,726,544	1,726,544	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 1,726,544	\$ 1,726,544	\$ -	-

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Grant income - State of Mississippi	\$ 141,013	\$ 141,013	\$ 126,190	\$ (14,823)
Interest earned	-	-	426	426
Total receipts	141,013	141,013	126,616	(14,397)
Beginning fund balance	(141,013)	80,538	80,538	-
Total Available From All Sources	\$ -	\$ 221,551	\$ 207,154	\$ (14,397)
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Ending fund balance	-	221,551	207,154	(14,397)
Total Expenditures and Ending Fund Balance	\$ -	\$ 221,551	\$ 207,154	\$ (14,397)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Sale of notes	\$ -	\$ 1,726,054	\$ -	\$(1,726,054)
Cost of note issuance	-	(55,425)	-	55,425
Interest earned	-	-	3,589	3,589
Total receipts	-	1,670,629	3,589	(1,667,040)
Beginning fund balance	1,726,544	-	-	-
Total Available From All Sources	\$1,726,544	\$ 1,670,629	\$ 3,589	\$(1,667,040)
<u>EXPENDITURES</u>				
Capital outlay	\$1,726,544	\$ 1,670,629	\$ -	\$(1,670,629)
Total expenditures	1,726,544	1,670,629	-	(1,670,629)
Ending fund balance	-	-	3,589	3,589
Total Expenditures and Ending Fund Balance	\$1,726,544	\$ 1,670,629	\$ 3,589	\$(1,667,040)

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

Year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget-</u>
			<u>Basis</u>	<u>Over (Under)</u>
<u>AVAILABLE</u>				
Sale of notes	\$ -	\$ 583,946	\$ -	\$ (583,946)
Cost of note issuance	-	(18,752)	-	18,752
Interest earned	-	-	778	778
Total receipts	-	565,194	778	(564,416)
Beginning fund balance	473,918	473,918	473,918	-
Total Available From All Sources	\$ 473,918	\$ 1,039,112	\$ 474,696	\$ (564,416)
<u>EXPENDITURES</u>				
Capital outlay	\$ 473,918	\$ 1,039,112	\$ -	\$(1,039,112)
Total expenditures	473,918	1,039,112	-	(1,039,112)
Ending fund balance	-	-	474,696	474,696
Total Expenditures and Ending Fund				
Balance	\$ 473,918	\$ 1,039,112	\$ 474,696	\$ (564,416)

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

September 30, 2017

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

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2018.

Internal Control over Financial Reporting

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

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

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

We consider the following deficiencies to be material weaknesses:

- a) During our audit procedures related to accounts payable, we determined certain transactions were not accrued as of year end due to the conversion to the new accounting system used by the City and deficiencies in the process by which invoices were received, uploaded, and coded in the new system. As a result, accruals of approximately \$420,000 were necessary to record \$415,000 of capital assets and \$5,000 of maintenance expense in both the general fund and proprietary funds.
- b) During our audit procedures related to accounts receivable and capital assets, we determined certain amounts presented in the prior year financial statements required adjustment in the current year. As a result, prior period adjustments were made to beginning net position and fund balance amounts at the government-wide and fund financial statement levels. An increase to government-wide net position of approximately \$82,000 for capital assets and a decrease to fund balance of approximately \$316,000 for other receivables were made. We recommend the City strengthen its internal controls surrounding the review process as it relates to financial reporting.

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
June 15, 2018



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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2018.

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
June 15, 2018