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City of Clarksdale

Chuck Espy

Mayor

Telephone (662) 621-8164

121 Sunflower Avenue

Post Office Box 940

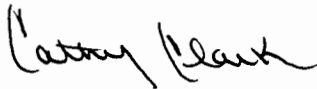
Clarksdale, MS 38614

August 10, 2017

State of Mississippi
Office of the State Auditor
Post Office Box 956
Jackson, Mississippi 39205

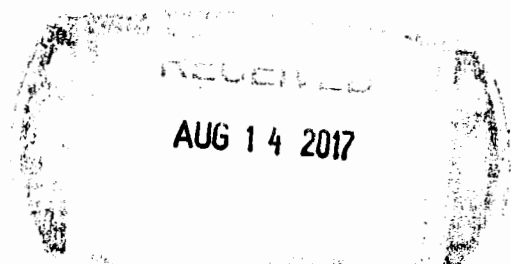
Please find enclosed two copies of the City of Clarksdale 2015-2016 audit which will be received by the Board of Mayor and Commissioners on August 14, 2017. The Auditor will report to the Board on August 14, 2017. If I can be of any further assistance please do not hesitate to contact me at 662-621-8136.

Sincerely,



Cathy Clark
City Clerk

Enclosure



Commissioner
Ward 1
Bo Plunk

Commissioner
Ward 2
Ken Murphey

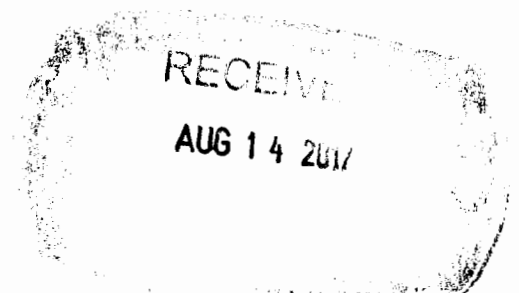
Commissioner
Ward 3
Willie Turner, Jr.

Commissioner
Ward 4
Edward Seals

CITY OF CLARKSDALE, MISSISSIPPI

AUDIT REPORT

SEPTEMBER 30, 2016



**WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF CLARKSDALE, MISSISSIPPI
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

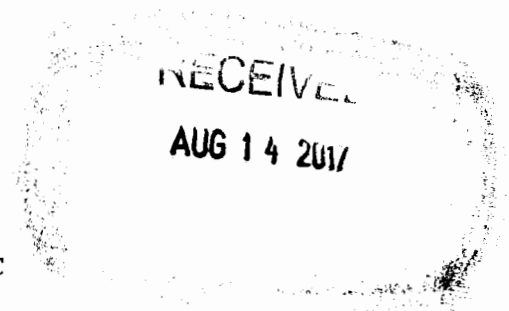
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CITY OF CLARKSDALE, MISSISSIPPI
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA

Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Commissioners
City of Clarksdale
Clarksdale, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Clarksdale, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the 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 auditors consider 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksdale, Mississippi, as of September 30, 2016, 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, budgetary comparison information schedule of City's proportionate share of net pension liability, and schedule of the City's contributions 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2017, on our consideration of the City of Clarksdale, Mississippi'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 City of Clarksdale, Mississippi's internal control over financial reporting and compliance.

Starkville, Mississippi
July 31, 2017

Watkins Ward and Stafford, PLLC

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CLARKSDALE, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government Governmental Activities	Component Unit Clarksdale Public Utilities
<u>ASSETS</u>		
Cash and other deposits	\$ 4,120,636	4,355,410
Receivables (net):		
Accounts		1,468,361
Unbilled revenue		636,981
Franchise fees	33,395	
Intergovernmental:		
State of Mississippi	349,342	
Coahoma County	1,833	
Other	130,317	574,212
Prepaid expenses		114,717
Inventory		321,163
Restricted cash and investments		1,596,323
Non-current accounts receivable		62,087,633
Non-current investments - MDEA		3,812,390
Capital Assets:		
Land and construction in progress	1,700,373	627,475
Buildings, structures, and improvements	18,852,870	16,180,810
Machinery and equipment	552,671	206,252,112
Furniture and fixtures	181,244	
Vehicles	6,684,222	
Less: accumulated depreciation	(12,039,118)	(136,353,158)
Total Assets	<u>20,567,785</u>	<u>161,674,429</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related		
to pensions	1,752,910	1,799,761
Total Deferred Outflows of Resources	<u>1,752,910</u>	<u>1,799,761</u>
<u>LIABILITIES</u>		
Accounts payable	6,812	2,131,536
Accrued expenses		567,245
Interest payable		2,771,267
Customer deposits	7,838	1,254,119
Other payables	651,154	10,306
Long-term liabilities:		
Current	545,866	247,625
Non-current	3,781,241	120,380,264
Unfunded pension liability	12,273,932	10,877,012
Total Liabilities	<u>17,266,843</u>	<u>138,239,374</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related		
to pensions	335,535	744,325
Total Deferred Inflows of Resources	<u>335,535</u>	<u>744,325</u>
<u>NET POSITION</u>		
Net investment in capital assets	14,685,101	(33,900,140)
Restricted:		
Restricted for capital projects	639,074	
Restricted for plant maintenance		357,212
Restricted for Crossroads Project		62,387,159
Restricted for debt service	206,013	
Unrestricted (Deficit)	(10,811,871)	(4,361,620)
Total Net Position	<u>\$ 4,718,317</u>	<u>24,482,611</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit
Primary government						
Governmental Activities						
General government	\$ 2,040,009	130,404			(1,909,605)	
Public safety:						
Police	3,446,353				(3,446,353)	
Fire	2,642,079		115,200		(2,526,879)	
Other	341,770				(341,770)	
Highways and streets	1,606,295		159,880		(1,446,415)	
Health and sanitation	2,085,514	1,735,287	26,060		(324,167)	
Internal service	216,982				(216,982)	
Interest on long-term debt	158,368				(158,368)	
Miscellaneous	1,129,433				(1,129,433)	
Total primary government	13,666,803	1,865,691	301,140	-	(11,499,972)	-
Component Unit						
Clarksdale Public Utilities	\$ 33,354,938	25,161,170	-	-	-	(8,193,768)
General revenues						
Taxes						
General property taxes					5,115,370	
General sales taxes					2,491,689	
Licenses and permits					378,397	
Intergovernmental						
Federal					8,529	
State of Mississippi					1,614,804	
Coahoma County					169,098	
Fines and forfeitures					260,546	
Interest income					9,964	25,513
Miscellaneous					281,897	8,313,800
Transfers					829,942	
Total general revenues and transfers					11,160,236	8,339,313
Change in net position					(339,736)	145,545
Net position, October 1, 2015					5,058,053	25,066,466
Distributions to the City						(729,400)
Net position, September 30, 2016					\$ 4,718,317	24,482,611

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and other deposits	\$ 3,570,570	339,074	210,992	4,120,636
Receivables				
Franchise fees	33,395			33,395
Intergovernmental				
Federal				-
State of Mississippi	349,342			349,342
Coahoma County			1,833	1,833
Due from other funds	59,696	300,000		359,696
Due from other departments	130,317			130,317
<u>Total Assets</u>	<u>\$ 4,143,320</u>	<u>639,074</u>	<u>212,825</u>	<u>4,995,219</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts payable	\$		6,812	6,812
Due to outside agency	101,154			101,154
Customer deposits	7,838			7,838
Due to other funds	909,696			909,696
Total Liabilities	1,018,688	-	6,812	1,025,500
 <u>Fund Balances:</u>				
Fund balances - restricted				
Restricted for capital projects		639,074		639,074
Restricted for debt service			206,013	206,013
Fund balances - assigned	1,499,889			1,499,889
Fund balances - unassigned	1,624,743			1,624,743
Total Fund Balances	3,124,632	639,074	206,013	3,969,719
<u>Total Liabilities and Fund Balances</u>	<u>\$ 4,143,320</u>	<u>639,074</u>	<u>212,825</u>	<u>4,995,219</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Fund Balances - total governmental funds \$ 3,969,719

Amounts reported for governmental activities in Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	27,971,380	
Less accumulated depreciation	<u>(12,039,118)</u>	15,932,262

Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:

Long-Term Liabilities	(16,601,039)	
Deferred Outflows of Resources	1,752,910	
Deferred Inflows of Resources	<u>(335,535)</u>	(15,183,664)

Net Position of Governmental Activities		<u><u>\$ 4,718,317</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

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CITY OF CLARKSDALE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>Revenues</u>				
Taxes	\$ 4,637,221		478,149	5,115,370
Licenses and permits	375,397			375,397
Intergovernmental	3,835,197	729,949	20,114	4,585,260
Charges and services	1,891,751			1,891,751
Fines and forfeits	260,546			260,546
Interest income	8,419	919	626	9,964
Miscellaneous	265,924		1,279	267,203
Total Revenues	<u>11,274,455</u>	<u>730,868</u>	<u>500,168</u>	<u>12,505,491</u>
<u>Expenditures</u>				
Current:				
General government	1,836,984			1,836,984
Public safety	6,160,107			6,160,107
Highways and streets	1,419,864			1,419,864
Health and sanitation	1,823,454			1,823,454
Capital projects		393,501		393,501
Internal service	209,615			209,615
Miscellaneous	1,188,921		2,440	1,191,361
Debt service:				
Principal	319,261		460,000	779,261
Interest	56,403		101,965	158,368
Total Expenditures	<u>13,014,609</u>	<u>393,501</u>	<u>564,405</u>	<u>13,972,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,740,154)</u>	<u>337,367</u>	<u>(64,237)</u>	<u>(1,467,024)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	199,719		564,405	764,124
Operating transfers out	(71,667)	(128,052)	(564,405)	(764,124)
Transfers from other departments	829,942			829,942
Proceed from sale of capital assets	14,694			14,694
Total Other Financing Sources (Uses)	<u>972,688</u>	<u>(128,052)</u>	<u>-</u>	<u>844,636</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(767,466)</u>	<u>209,315</u>	<u>(64,237)</u>	<u>(622,388)</u>
<u>Fund Balances</u>				
October 1, 2015	<u>3,892,098</u>	<u>429,759</u>	<u>270,250</u>	<u>4,592,107</u>
September 30, 2016	<u>\$ 3,124,632</u>	<u>639,074</u>	<u>206,013</u>	<u>3,969,719</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Net Change in Fund Balances - total governmental funds \$ (622,388)

Amounts reported for governmental activities in Statement of Activities are different because:

Expenditures that are not reported as expenditures in the funds:

Change in unfunded pension liability	(1,396,920)	
Change in deferred outflows of resources	1,208,253	
Change in long-term compensated absences	<u>6,235</u>	(182,432)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:

Current additions to fixed assets	637,861	
Less current year depreciation	<u>(952,038)</u>	(314,177)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		<u>779,261</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (339,736)</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2016

	<u>Non-expendable Trust Funds</u>
<u>ASSETS</u>	
Cash and other deposits	\$ 170,590
Receivables	
Intergovernmental	
Coahoma County	<u>55,591</u>
<u>Total Assets</u>	\$ <u><u>226,181</u></u>
<u>LIABILITIES</u>	
<u>Liabilities</u>	
Amounts Held in Custody for Others	\$ <u>226,181</u>
<u>Total Liabilities</u>	\$ <u><u>226,181</u></u>

The accompanying notes to financials are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

The accompanying financial statements of the City of Clarksdale (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The following is a brief review of each potential component unit addressed in defining the government's reporting entity.

The following represent entities to which the City has a combined interest in conjunction with another government and therefore, are excluded from the reporting entity:

Carnegie Public Library – The City has a joint interest with Coahoma County, which is the oversight agency of the library. Annually, the City levies a 3-mill tax in support of the total library system. This levy is remitted to the library as received on a monthly basis.

Clarksdale-Coahoma County Airport is a joint venture of both the City of Clarksdale and Coahoma County. Each entity shares an equal interest in the funding of the airport.

Excluded from the reporting entity:

Clarksdale Municipal Separate School District. This potential component unit has a separate elected board and provides services to residents, generally within the boundaries of the City. This unit is excluded because the City does not have the ability to exercise influence or control over daily operations or approve budgets.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely presented component unit:

Clarksdale Public Utilities is a legally separate entity for which the City is financially accountable. The members of Clarksdale Public Utilities (CPU) governing board are appointed by the City. Clarksdale Public Utilities', which has a September 30 year-end, is presented as if it were a proprietary fund (discrete presentation) on a separate column in the City's government-wide financial statements in order to emphasize that it is legally separate from the city. Complete financial statements for CPU may be obtained from the entity's administrative offices.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

FIDUCIARY FUNDS

Employee Benefit Fund and Agency Fund – The Employee Benefit Fund and Agency Fund are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The Employee Benefit Fund is accounted for in essentially the same manner as governmental funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

C. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are five thousand dollars and over. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40
Machinery and equipment	3-5
Furniture and fixtures	7
Vehicles	5
Improvements	20

Depreciation of buildings, equipment and vehicles in the proprietary fund is computed using the straight-line method. Depreciation rates from 5% to 33% are used for various asset classifications.

D. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual or accrual basis of accounting, as appropriate, is used in measuring financial position and operating results:

Governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

Fiduciary fund revenues and expenses or expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective. Expendable Trust Funds are accounted for on the modified accrual basis. Agency Fund assets and liabilities are accounted for on the modified accrual basis.

F. Budgets

Budgets are adopted on a basis consistent with state statutes which require the cash basis of accounting for revenues and the modified accrual basis of accounting for expenditures. Annual appropriated budgets are adopted for all funds. Project-length financial plans are adopted for all capital projects funds. The budget of the City has been amended in accordance with procedures adopted by the State of Mississippi.

The Miss. Code Ann. (1972) prescribes cash basis reporting of revenue for budgets and budgeting of expenditures to be disbursed within thirty days after year end (with an exception for construction in progress).

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

G. Account Classifications

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

H. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

I. Cash, Other Deposits and Investments

Cash and other deposits

The City's cash and other deposits are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City deposits excess funds in the financial institutions selected by the city commissioners.

Investments

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

For accounting purposes, certificates of deposit and interest-bearing accounts are classified as cash and other deposits.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

J. Interfund Receivables and Payables

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds."

K. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventory maintained in the enterprise funds are valued at lower of cost or market for diesel and fuel oil utilizing the first-in/first-out method. All other materials and supplies are valued at average cost.

L. Compensated Absences

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

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CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

M. Net Position

GASB 63 requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- a. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- b. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- c. Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

N. Fund Balance

GASB 54 requires the classification of fund balance into five components – nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as follows:

- a. Nonspendable fund balance - amounts that cannot be spent due to form such as inventories, prepaid amounts, etc...

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

The City does not have any nonspendable fund balances.

- b. Restricted fund balance - amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

The City has the following restricted fund balances: restricted for debt service and restricted for capital projects.

- c. Committed fund balance - amounts constrained for a specific purpose by an entity using its highest level of decision-making authority. It would require the same group to remove or change the constraints placed on the resources.

The City does not have any committed fund balances.

- d. Assigned fund balance - for all funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.

The City has the following assigned fund balances: assigned for fire department, assigned for garbage, assigned for landfill, and assigned for special revenues.

- e. Unassigned fund balance - for the general fund, any remaining amounts not classified as nonspendable, restricted or committed.

When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, and then unassigned resources as they are needed.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (Continued)

P. Grant Revenues

Revenues from Federal, State and Other grants, the purpose for which is to fund specific City expenditures, are recognized at the time the specific grant is received or when the City has expended funds for which it is entitled to reimbursement for under any such grants.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Note 2: Property Tax

The Mayor and Board of Commissioners, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes attach an enforceable lien on the property as of January 1st and personal property taxes become a lien on March 1st. Taxes on both real and personal property, however, are due on or before February 1st of the next succeeding year. The city taxes are collected and remitted to the city by the Coahoma County Tax Collector.

The distributions of taxes to funds were made in accordance with prescribed tax levies, and uncollected taxes were properly handled.

Delinquent taxes are not recorded as assets.

Note 3: Legal Compliance – Budgets

As provided for in the City Charter, prior to August 1st, the City Council submits a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to September 15th, the budget is legally enacted through adoption by the City Council. Amendments to the budget during the year are made by the council in accordance with applicable state statutes including publication requirements.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 4: Cash, Other Deposits and Investments

The carrying amount of deposits with financial institutions was \$4,291,226 and the bank balance was \$4,434,756 as of September 30, 2016. The collateral for public entities' deposits in financial institutions is 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 City'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 (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

Note 5: Inventory

Inventory at the City of Clarksdale consists primarily of supplies and parts for repairs and maintenance of city owned property. Inventory at September 30, 2016, consisted of the following:

Clarksdale Public Utilities – Discretely presented component unit:

Fuel	\$ 1,851
Materials and supplies	<u>319,312</u>
Total	<u>\$321,163</u>

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CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 6: Capital Assets

Capital asset activity for the Primary Government for the year ended September 30, 2016, was as follows:

	Balance 10/1/2015	Increases	Decreases	Balance 9/30/2016
Governmental Activities				
Non-depreciable:				
Land	1,700,373			1,700,373
Depreciable:				
Buildings	15,860,036			15,860,036
Machinery and equipment	552,671			552,671
Furniture and fixtures	178,998	2,246		181,244
Vehicles	6,684,222			6,684,222
Improvements	2,357,219	635,615		2,992,834
Total	27,333,519	637,861	-	27,971,380
Less accumulated depreciation				
Buildings	5,154,513	396,501		5,551,014
Machinery and equipment	500,431	12,754		513,185
Furniture and fixtures	79,284	1,737		81,021
Vehicles	4,875,531	433,692		5,309,223
Improvements	477,321	107,354		584,675
Total	11,087,080	952,038	-	12,039,118
Governmental Activities Capital Assets, net	16,246,439	(314,177)	-	15,932,262

Depreciation expense for the year ended September 30, 2016, was as follows:

	Buildings	Machinery & Equipment	Furniture & Fixtures	Vehicles	Improvements	Total
General government						
Court Clerk		1,620				1,620
City Clerk	99,126					99,126
City Hall				979	22,163	23,142
City Auditorium					15,382	15,382
Blues Museum					63,755	63,755
Total General Government	99,126	1,620	-	979	101,300	203,025
Public safety						
Police Department	99,125			74,162		173,287
Dispatch Department			810			810
Fire Department		3,144	927	112,715	2,272	119,058
Inspections Department						-
Animal control						-
Homeland Security						-
Total Public Safety	99,125	3,144	1,737	186,877	2,272	293,155
Highways and streets						
Public Works Administration	99,125			6,099		105,224
Public Works Street		6,408		70,678		77,086
Public Works Marking				4,121		4,121
Total Highways and Streets	99,125	6,408	-	80,898	-	186,431
Health and sanitation						
Trash / Debris Collection Street Cleaning	99,125			36,118		135,243
Trash / Debris Collection Trash Collection				73,729		73,729
Trash / Debris Disposal Site				48,352	1,047	49,399
Litter Control				3,689		3,689
Total Health and Sanitation	99,125	-	-	161,888	1,047	262,060
Internal Service						
Shop Department		1,582		3,050	2,735	7,367
Total Depreciation Expense	396,501	12,754	1,737	433,692	107,354	952,038

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 6: Capital Assets (Continued)

Discretely presented component Unit

Activity for Clarksdale Public Utilities for the year ended September 30, 2016, was as follows:

	<u>Balance 10/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/16</u>
Land & land rights	\$ 627,475			627,475
Structures & Improvements	16,064,895	115,915		16,180,810
Equipment	<u>204,395,922</u>	<u>1,856,190</u>	<u>0</u>	<u>206,252,112</u>
Totals	221,088,292	1,949,079		222,432,922
Less: Accumulated				
Depreciation	<u>130,326,274</u>	<u>6,026,884</u>	<u>0</u>	<u>136,353,158</u>
Net Fixed Assets\$	<u>\$ 90,762,018</u>	<u>(4,054,779)</u>	<u>0</u>	<u>86,707,239</u>

Depreciation in the discretely presented component unit for the fiscal year September 30, 2016 was \$5,901,148.

Note 7: Long-term Debt

The following is a summary of the changes in long-term debt of the City for the year ended September 30, 2016:

	<u>Balance Outstanding 10/1/2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Adjustments</u>	<u>Balance Outstanding 9/30/16</u>
<u>Primary Government Activities:</u>					
General Obligation Bonds	\$ 3,160,000		460,000		2,700,000
Capital Improvements	604,035		90,059		513,976
Compensated Absences	386,181		6,235		379,946
Capital Lease Obligations	<u>962,387</u>		<u>229,202</u>		<u>733,185</u>
Total Governmental Activities	<u>\$ 5,112,603</u>	<u>-</u>	<u>785,496</u>	<u>-</u>	<u>4,327,107</u>
<u>Discretely Presented Component Unit:</u>					
Notes Payable	\$ 4,280,411		337,432		3,942,979
Water and Sewer - Revenue Bonds	<u>116,684,910</u>				<u>116,684,910</u>
Total Discretely Presented Component Unit	<u>\$ 120,965,321</u>	<u>-</u>	<u>337,432</u>	<u>-</u>	<u>120,627,889</u>

Primary Government Activities:

General Obligation Bonds – The City issues general obligation bonds to provide funds for the acquisition or construction of major capital facilities or improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 10-year serial bonds, except for refunding issues, with equal amounts of principal

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 7: Long-term Debt (Continued)

maturing each year. Additionally, the City issues general obligation industrial bonds to provide funds for the construction and improvement of City owned industrial buildings. Annual installments of principal and interest are serviced from the rental revenues provided by the industries occupying the buildings. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Average Interest Rates</u>	<u>Amount</u>
General Government	2.0 to 4.0 %	<u>\$3,160,000</u>

The annual requirements to amortize all General Obligation Debt Outstanding at September 30, 2016, are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 220,000	94,565	314,565
2018	230,000	80,765	310,765
2019	240,000	71,565	311,565
2020	250,000	66,765	316,765
2021	260,000	63,115	323,115
Thereafter	<u>1,500,000</u>	<u>86,125</u>	<u>1,586,125</u>
Total	<u>\$ 2,700,000</u>	<u>462,900</u>	<u>3,162,900</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Capital Improvement Notes Payable – The State of Mississippi has made available to the City loans for the purposes of renovations and aerial fire truck purchase. The following is the annual requirements to amortize these notes at September 30, 2016:

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 7: Long-term Debt (Continued)

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 91,179	2,850	94,029
2018	92,321	2,404	94,725
2019	84,194	1,714	85,908
2020	34,565	1,213	35,778
2021	34,565	1,109	35,674
Thereafter	177,152	14,036	191,188
Total	\$ 513,976	23,326	537,302

Capital Lease Obligations – The City enters into capital leases to finance equipment and vehicles. The capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is the annual requirements to amortize these obligations at September 30, 2016:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	234,687	16,473	251,160
2018	169,239	13,069	182,308
2019	107,444	11,212	118,656
2020	34,406	9,617	44,023
2021	28,934	9,617	38,551
Thereafter	142,475	28,242	170,717
Total	\$ 717,185	88,230	805,415

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 7: Long-term Debt (Continued)

Discretely Presented Component Unit – Clarksdale Public Utilities:

Crossroads Project Revenue Bonds – \$124,000,000, 2002 Series initially dated July 11, 2002, issued for the purpose of financing the cost of acquisition and construction of a 320 MW nominally rated natural gas fueled generation station and a transmission line extending approximately 23 miles to connect with transmission facilities of Entergy Mississippi, Inc.

The 2002 Series Bonds bear interest from the respective dates of issuance payable semiannually on June 1 and December 1 of each year commencing on June 1, 2003 at the rate of 7.125 percent per annum and shall mature on June 1, 2031. During the year ended September 30, 2004 the Commission made a payment of \$7,315,090. These funds were obtained from unused construction monies and money received from the sale of a transmission station. The sole bondholder is Kansas City Power & Light.

\$436,922 Mississippi Department of Environmental Quality State Revolving Fund Loan Commitment due in monthly installments of \$2,793 from October 24, 1994 through March 24, 2016; rate of interest is 4.5%.

\$1,132,514 Mississippi Department of Environmental Quality State Revolving Fund Loan Commitment due in monthly installments of \$7,221 from February 7, 1997 through October 7, 2016; rate of interest is 4.5%.

\$2,104,720 Mississippi Department of Environmental Quality State Revolving Fund Loan Commitment due in monthly installments of \$10,547 from July 10, 2006 through February 10, 2026; rate of interest is 4.5%.

\$3,116,502 Mississippi Department of Environmental Quality State Revolving Fund Loan Commitment due in monthly installments of \$15,673 from September 1, 2014 through March 1, 2034; rate of interest is 1.75%.

Covenant Bank Tax-Exempt Note - \$1,350,000, proceeds from this note were used to finance improvements to the electric utility system. The note bears an interest rate of 2.95% with interest payments due semi-annually beginning on June 15, 2012 and the principal amount due on December 15, 2014.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 7: Long-term Debt (Continued)

The Debt Service requirements for the bonded debt for the next (5) five years and for the five (5) succeeding years until maturity are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ -	8,313,800	8,313,800
2018	-	8,313,800	8,313,800
2019	-	8,313,800	8,313,800
2020	-	8,313,800	8,313,800
2021	-	8,313,800	8,313,800
2022-2026	-	41,569,000	41,569,000
2027-2030	-	33,255,200	33,255,200
2031	116,684,910	8,313,800	124,998,710
Total	\$ 116,684,910	124,707,000	241,391,910

The Debt Service requirements for the notes payable for the next five (5) years and for the five (5) succeeding years, until maturity are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 247,625	66,819	314,444
2018	251,993	62,447	314,440
2019	256,438	57,997	314,435
2020	260,962	53,470	314,432
2021	265,784	48,863	314,647
2022-2026	1,326,772	172,616	1,499,388
2027-2031	861,311	79,086	940,397
2032-2034	472,094	10,442	482,536
Total	\$ 3,942,979	551,740	4,494,719

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Note 8: Obligations Under Capital Lease

The City has entered into lease contracts as lessee for financing the acquisition of various machinery and equipment. These leases 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.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 9: Contingencies

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

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

Note 10: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 10: Defined Benefit Pension Plan (Continued)

with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2016, 2015 and 2014 were \$1,327,945, \$1,260,161 and \$1,182,858, respectively, which equaled the required contributions for each year.

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

At September 30, 2016, the City reported a liability of \$12,273,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.080817 percent.

For the year ended September 30, 2016, the City recognized pension expense of \$335,535. At September 30, 2016 the City reported deferred outflows of

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 10: Defined Benefit Pension Plan (Continued)

resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 312,305	
Net difference between projected and actual earnings on pension plan investments	837,689	360,590
Changes of assumptions	372,506	(28,902)
Change in proportion percentage	38,731	3,847
City contributions subsequent to the measurement date	191,679	-
	<u>\$ 1,752,910</u>	<u>335,535</u>

\$191,679 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2017	\$ 354,344
2018	354,344
2019	354,344
2020	354,344
	<u>\$ 1,417,376</u>

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 10: Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	<u>100 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 10: Defined Benefit Pension Plan (Continued)

assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 13,946,766	\$ 10,877,010	\$ 8,330,108

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

Note 11: Solid Waste Disposal

The "State of Mississippi Solid Waste Full Cost Accounting Manual for Mississippi Local Governments" issued by the Office of the State Auditor prescribes procedures for meeting the requirements of Section 17-17-347, Miss. Code Ann. (1972) concerning reporting of costs of solid waste management. Included in these requirements are provisions for landfill closure and post-closure costs.

The manual and law referred to above further require accounting for and disclosure of the costs for solid waste collection, handling, and disposal. These costs are recorded in the City's general fund in the Streets and Sanitation Department and have not been reported separately.

The City adopted the Solid Waste Management Plan for Coahoma County on October 25, 1995.

CITY OF CLARKSDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS

Note 12: Related Party Transactions

Clarksdale Public Utilities is the agent for the Mississippi Delta Energy Agency (MDEA) in acquiring and constructing a transmission line to carry the generated power to the transmission facilities of Entergy Mississippi, Inc.- the Project Transmission. Clarksdale Public Utilities is a member of the Mississippi Delta Energy Agency, a joint action agency under the provisions of Miss. Code Ann. Sections 77-5-701 et seq. (1972), as amended. Clarksdale Public Utilities has an equity investment in the Project Transmission which is a fiduciary concern of the Utility and accounts for its investment in MDEA under the purchase method.

Note 13: Risk Management

The City of Clarksdale is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must 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 that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees, natural disasters at September 30, 2016, therefore no liability has been accrued at this time.

Note 14: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Clarksdale evaluated the activity of the City through July 31, 2017, the date which the financial statements were available to be issued, and determined that there were no subsequent events that should be noted in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLARKSDALE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>Revenues</u>					
Taxes	\$ 4,470,000	167,221	4,637,221	4,637,221	-
Licenses and permits	393,445	(18,048)	375,397	375,397	-
Intergovernmental	3,494,765	340,432	3,835,197	3,835,197	-
Charges and services	1,880,949	10,802	1,891,751	1,891,751	-
Fines and forfeits	342,000	(81,454)	260,546	260,546	-
Interest income	5,538	2,881	8,419	8,419	-
Miscellaneous	298,000	(32,076)	265,924	265,924	-
Total Revenues	10,884,697	389,758	11,274,455	11,274,455	-
<u>Expenditures</u>					
General government	1,690,443	146,541	1,836,984	1,836,984	-
Public safety:					
Police	3,562,806	(386,548)	3,176,258	3,176,258	-
Fire	2,680,739	(38,660)	2,642,079	2,642,079	-
Other	350,595	(8,825)	341,770	341,770	-
Highways and streets	1,299,145	120,719	1,419,864	1,419,864	-
Health and sanitation	1,826,059	(2,605)	1,823,454	1,823,454	-
Capital projects		-			-
Internal service	248,663	(39,048)	209,615	209,615	-
Debt service	375,664	-	375,664	375,664	-
Miscellaneous	433,000	755,921	1,188,921	1,188,921	-
Total Expenditures	12,467,114	547,495	13,014,609	13,014,609	-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,582,417)	(157,737)	(1,740,154)	(1,740,154)	-
<u>Other Financing Sources (Uses)</u>					
Other uses	(71,667)	-	(71,667)	(71,667)	-
Other sources	794,528	249,827	1,044,355	1,044,355	-
Total Other Financing Sources (Uses)	722,861	249,827	972,688	972,688	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (859,556)	92,090	(767,466)	(767,466)	-
<u>Fund Balances</u>					
October 1, 2015				3,892,098	
September 30, 2016				\$ 3,124,632	

The accompanying notes to financials are an integral part of these financial statements.

City of Clarksdale
Schedule of the City's Proportionate Share of the Net Pension Liability
(Excluding Clarksdale Public Utilities)
Last 10 Fiscal Years*

	2016	2015
City's proportion of the net pension liability	\$ 12,273,932	\$ 12,492,715
City's proportionate share of the net pension liability	0.060893%	0.080817%
City's covered-employee payroll	\$ 5,213,116	\$ 5,029,937
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.44%	248.37%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

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

The notes to required supplementary information are an integral part of this schedule.

City of Clarksdale
Schedule of the City's Contributions
(Excluding Clarksdale Public Utilities)
Last 10 Fiscal Years

	2016	2015
Contractually required contribution	\$ 840,077	\$ 795,215
Contribution in relation to the contractually required contribution	840,077	795,215
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,286,277	\$ 5,029,937
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

The notes to required supplementary information are an integral part of this schedule.

City of Clarksdale
Notes to Required Supplemental Information

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedule presents the final legally adopted budget, the actual data on the CAAP basis, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the City Council. Amendments can be made on the approval of the council. A budgetary comparison is presented and is consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) Changes of Benefit Terms

There were no changes of benefit terms for the FYE 9/30/16.

(2) Changes of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

					Totals (Memorandum Only)	
	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	September 30,	
ASSETS					2016	2015
Cash and other deposits	\$ 2,198,222	37,945	1,157,715	176,688	3,570,570	3,539,110
Receivables						
Franchise fees	33,395				33,395	13,701
Intergovernmental						
State of Mississippi	349,342				349,342	320,098
Due from other funds	59,696				59,696	59,696
Due from other departments			130,317		130,317	108,380
Total Assets	\$ 2,640,655	37,945	1,288,032	176,688	4,143,320	4,040,985
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to outside agency	\$ 100,626		528		101,154	133,670
Customer deposits	5,590		2,248		7,838	5,521
Due to other funds	909,696				909,696	9,696
Total Liabilities	<u>1,015,912</u>	<u>-</u>	<u>2,776</u>	<u>-</u>	<u>1,018,688</u>	<u>148,887</u>
Fund Balances:						
Fund Balances - Assigned		37,945	1,285,256	176,688	1,499,889	1,506,643
Fund Balances - Unassigned	1,624,743				1,624,743	2,385,455
Total Fund Balances	<u>1,624,743</u>	<u>37,945</u>	<u>1,285,256</u>	<u>176,688</u>	<u>3,124,632</u>	<u>3,892,098</u>
Total Liabilities and Fund Balances	\$ 2,640,655	37,945	1,288,032	176,688	4,143,320	4,040,985

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
Revenues						
Taxes						
General property taxes	\$ 4,462,608				4,462,608	4,257,025
Penalties and interest	76,291				76,291	66,800
In lieu taxes	98,322				98,322	96,896
Licenses and permits						
Privilege license	30,409				30,409	29,233
Permits	56,096				56,096	48,258
Franchise fees	288,892				288,892	311,457
Intergovernmental						
Federal grants	8,529				8,529	27,095
State of Mississippi						
General sales tax	2,491,689				2,491,689	2,572,812
Liquor licenses	17,100				17,100	14,175
Municipal aid - gas tax	15,596				15,596	15,595
State Privilege License	31,295				31,295	33,317
Fire protection grants		115,200			115,200	97,734
Grand Gulf	14,836				14,836	15,372
Municipal Aid	8,957				8,957	8,957
Homestead	182,661				182,661	183,351
Other	594,336				594,336	334,223
Coahoma County						
Road maintenance	159,880				159,880	158,156
Mosquito eradication	169,068				169,068	170,889
Miscellaneous	26,050				26,050	53,209
Charges for services						
Garbage fees	106,474		1,735,287		1,841,761	1,742,182
Other	49,990				49,990	59,556
Fines and forfeits	260,546				260,546	328,477
Interest income	5,024	143	2,980	272	8,419	1,648

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
Revenues (Continued)						
Miscellaneous						
Industrial facilities rent	\$ 6,875				6,875	7,447
Delta blues museum	98,386				98,386	97,385
Other	103,254		57,409		160,663	166,715
Total Revenues	9,363,164	115,343	1,795,676	272	11,274,455	10,897,964
Expenditures						
General Government:						
Legislative						
Personal services	\$ 111,649				111,649	99,963
Supplies	-				-	-
Other services and charges	26,034				26,034	26,833
Total Legislative	137,683	-	-	-	137,683	126,796
Judicial						
Personal services	180,440				180,440	187,549
Supplies	2,125				2,125	1,816
Other services and charges	36,668				36,668	38,959
Capital Outlay	949				949	381
Total Judicial	220,182	-	-	-	220,182	228,705
Executive						
Personal services	228,403				228,403	201,364
Supplies	1,670				1,670	1,848
Other services and charges	17,882				17,882	22,095
Capital Outlay	146				146	2,268
Total Executive	248,101	-	-	-	248,101	227,575
Election						
Supplies	-				-	-
Other services and charges	-				-	-
Total Election	-	-	-	-	-	-

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
Expenditures (Continued)						
City Clerk and Tax Collector						
Personal services	\$ 268,915				268,915	241,106
Supplies	21,787				21,787	8,407
Other services and charges	158,594				158,594	154,838
Capital Outlay	7,384				7,384	5,927
Total City Clerk and Tax Collector	456,680	-	-	-	456,680	410,278
City Hall						
Personal services	87,640				87,640	80,275
Supplies	88,313				88,313	95,513
Other services and charges	-				-	-
Capital Outlay	1,621				1,621	1,611
Total City Hall	177,574	-	-	-	177,574	177,399
Other Community Promotion						
Other services and charges	14,977				14,977	15,182
Total Other Community Promotion	14,977	-	-	-	14,977	15,182
City Auditorium						
Personal services	35,108				35,108	33,235
Supplies	1,598				1,598	9,595
Other services and charges	42,939				42,939	331,188
Capital Outlay	68,721				68,721	700
Total City Auditorium	148,366	-	-	-	148,366	374,718
Other Miscellaneous						
Other services and charges	180,891				180,891	196,004
Total Other Miscellaneous	180,891	-	-	-	180,891	196,004
Safety Department						
Personal services	-				-	-
Supplies	-				-	-
Other services and charges	-				-	-
Total Safety Department	-	-	-	-	-	-
Legal						
Personal services	229,460				229,460	220,317
Supplies	323				323	526
Other services and charges	22,525				22,525	15,941
Capital Outlay	222				222	-
Total Legal	252,530	-	-	-	252,530	236,784

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

Expenditures (Continued)	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
Total General Government	\$ 1,836,984	-	-	-	1,836,984	1,993,441
Public Safety						
Public safety - police						
Personal services	2,566,335				2,566,335	2,420,687
Supplies	12,817				12,817	12,046
Other services and charges	538,460				538,460	557,377
Capital outlay	87,361				87,361	180,027
Total Public Safety - Police	3,204,973	-	-	-	3,204,973	3,170,137
Public Safety - Fire						
Personal services	2,290,484				2,290,484	2,255,554
Supplies	16,392				16,392	18,083
Other services and charges	257,406	1,280			258,686	241,859
Capital outlay	47,799				47,799	188
Total Public Safety - Fire	2,612,081	1,280	-	-	2,613,361	2,515,684
Public Safety - Public Inspection						
Personal services	108,352				108,352	102,165
Supplies	4,562				4,562	5,737
Other services and charges	37,951				37,951	52,802
Capital outlay	-				-	-
Total Public Safety - Public Inspection	150,865	-	-	-	150,865	160,704
Public Safety - 911 Dispatch						
Personal services	182,624				182,624	170,404
Supplies	402				402	318
Other services and charges	7,458				7,458	5,940
Capital outlay	424				424	1,698
Total Public Safety - 911 Dispatch	190,908	-	-	-	190,908	178,360
Total Public Safety	6,158,827	1,280	-	-	6,160,107	6,024,885
Highways and Streets						
Public Works Administration						
Personal services	163,426				163,426	161,932
Supplies	6,953				6,953	6,678
Other services and charges	13,646				13,646	12,278
Capital outlay	2,008				2,008	-
Total Public Works Administration	186,033	-	-	-	186,033	180,888

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
<u>Expenditures (Continued)</u>						
City Streets						
Personal services	\$ 331,836				331,836	326,279
Supplies	50,187				50,187	50,805
Other services and charges	376,550				376,550	279,679
Capital outlay	6,279				6,279	22,381
Total City Streets	<u>764,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>764,852</u>	<u>679,144</u>
Street Lights						
Other services and charges	399,140				399,140	402,360
Total Street Lights	<u>399,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,140</u>	<u>402,360</u>
Street Markings and Signs						
Personal services	50,812				50,812	50,541
Supplies	14,409				14,409	8,141
Other services and charges	4,618				4,618	3,894
Capital Outlay	-				-	-
Total Street Markings and Signs	<u>69,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,839</u>	<u>62,576</u>
Total Highways and Streets	<u>1,419,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,419,864</u>	<u>1,324,968</u>
Health and Sanitation						
Health and Welfare - Animals						
Personal services	29,926				29,926	62,369
Supplies	298				298	1,607
Other services and charges	9,326				9,326	16,890
Capital outlay	-				-	325
Total Health and Welfare - Animals	<u>39,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,550</u>	<u>81,191</u>
Extermination of Mosquitos						
Other services and charges	207,418				207,418	207,524
Total Extermination of Mosquitos	<u>207,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,418</u>	<u>207,524</u>
Street Cleaning						
Personal services			119,056		119,056	109,852
Supplies			21,002		21,002	27,637
Other services and charges			36,948		36,948	29,939
Capital outlay			-		-	46
Total Street Cleaning	<u>-</u>	<u>-</u>	<u>177,006</u>	<u>-</u>	<u>177,006</u>	<u>167,474</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
<u>Expenditures (Continued)</u>						
Waste Collection						
Personal services	\$		130,591		130,591	136,624
Supplies			8,970		8,970	10,815
Other services and charges			964,326		964,326	883,668
Capital outlay			2,234		2,234	396,437
Total Waste Collection	-	-	1,106,121	-	1,106,121	1,427,544
Waste Disposal						
Personal services			156,022		156,022	120,090
Supplies			30,816		30,816	33,742
Other services and charges			91,470		91,470	50,436
Capital outlay			15,051		15,051	2,757
Total Waste Disposal	-	-	293,359	-	293,359	207,025
Total Health and Sanitation	246,968	-	1,576,486	-	1,823,454	2,090,758
Internal Service						
Internal service - vehicles						
Personal services	141,961				141,961	134,879
Supplies	7,645				7,645	7,178
Other services and charges	27,401				27,401	40,647
Capital outlay	32,608				32,608	5,592
Total Internal Service	209,615	-	-	-	209,615	188,296

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2016	2015
<u>Expenditures (Continued)</u>						
Debt Service						
Principal	\$ 34,565	78,163	206,533		319,261	279,608
Interest	25,820	18,755	11,828		56,403	55,294
Total Debt Service	60,385	96,918	218,361	-	375,664	334,902
Miscellaneous						
Appropriations to other entities	377,800				377,800	321,700
Capital outlays	564,721				564,721	-
Other services and charges	246,400				246,400	388,241
Total Miscellaneous	1,188,921	-	-	-	1,188,921	709,941
Total Expenditures	11,121,564	98,198	1,794,847	-	13,014,609	12,667,191
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(1,758,400)	17,145	829	272	(1,740,154)	(1,769,227)
<u>Other Financing Sources (Uses)</u>						
Operating transfers in	178,052			21,667	199,719	155,157
Transfers from other departments	829,942				829,942	1,084,133
Inception of capital leases					-	388,935
Proceeds from sale of capital assets	14,694				14,694	19,120
Operating transfers out	(25,000)		(46,667)		(71,667)	(126,537)
Total Other Financing Sources (Uses)	997,688	-	(46,667)	21,667	972,688	1,520,808
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(760,712)	17,145	(45,838)	21,939	(767,466)	(248,419)
<u>Fund Balances</u>						
October 1	2,385,455	20,800	1,331,094	154,749	3,892,098	4,214,463
September 30	\$ 1,624,743	37,945	1,285,256	176,688	3,124,632	4,140,517

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>Crime Prevention Fund</u>	<u>General Building Fund</u>	<u>Totals (Memorandum Only) September 30, 2016</u>	<u>2015</u>
<u>ASSETS</u>				
Cash and other deposits	\$ -	33,799	33,799	372,707
Due from other funds		350,000	350,000	-
Total Assets	\$ -	383,799	383,799	372,707
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to other funds	\$ -		-	-
<u>Fund Balances</u>				
Fund Balances - Assigned	-	383,799	383,799	372,707
Total Fund Balances	-	383,799	383,799	372,707
<u>Total Liabilities and Fund Balances</u>	<u>\$ -</u>	<u>383,799</u>	<u>383,799</u>	<u>372,707</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>Crime Prevention Fund</u>	<u>General Building Fund</u>	Totals (Memorandum Only) September 30,	
			<u>2016</u>	<u>2015</u>
<u>Revenues</u>				
Interest income	\$	1,093	1,093	-
Other income		45,000	45,000	41,250
Total Revenues	-	46,093	46,093	41,250
<u>Expenditures</u>				
Public Safety				
Public Safety - Police				
Supplies			-	137
Other services and charges			-	-
Capital outlay			-	-
Total Public Safety - Police	-	-	-	137
Total Expenditures	-	-	-	137
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	46,093	46,093	41,113
<u>Other Financing Sources (Uses)</u>				
Operating transfers in			-	-
Transfers from other departments		(35,000)	(35,000)	(10,000)
Transfers to outside agencies			-	-
Operating transfers out			-	-
Total Other Financing Sources (Uses)	-	(35,000)	(35,000)	(10,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	11,093	11,093	31,113
<u>Fund Balances</u>				
October 1		372,706	372,706	341,593
September 30	\$	383,799	383,799	372,706

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF CLARKSDALE, MISSISSIPPI
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	Non-Expendable Trust Funds				Totals (Memorandum Only)	
	Unemployment Fund	Tax Collector's Fund	Insurance Fund	Disability and Relief Fund	September 30, 2016	September 30, 2015
<u>ASSETS</u>						
Cash and other deposits	\$ 73,787		96,803		170,590	574,026
Receivables						
Intergovernmental						
Coahoma County		55,591	250,000	11,953	317,544	62,486
<u>Total Assets</u>	\$ 73,787	55,591	346,803	11,953	488,134	636,512
<u>LIABILITIES</u>						
<u>Liabilities</u>						
Payroll Withholding	\$			11,136	11,136	120,713
Amounts Held in Custody for Others	73,787	55,591	346,803		476,181	515,799
<u>Total Liabilities</u>	\$ 73,787	55,591	346,803	11,136	487,317	636,512

The accompanying notes to financial statements are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

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CITY OF CLARKSDALE, MISSISSIPPI
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Individual</u>	<u>Amounts or Limits</u>	<u>Terms in Years</u>	<u>Expires</u>	<u>Company</u>	<u>Policy Number</u>	<u>Office/Position</u>
Edward Seals	17,500	4	7/1/2017	Western Surety Company	70736151	Commissioner
Buster Moton, Sr.	17,500	4	7/2/2017	Western Surety Company	69178315	Commissioner
Timothy Plunk	17,500	4	7/1/2017	Western Surety Company	70736151	Commissioner
Richard K. Murphey, Jr.	17,500	4	7/1/2017	RLI Insurance Company	LSM0511483	Commissioner
William O. Luckett Jr.	70,000	4	7/1/2017	RLI Insurance Company	LSM0512115	Mayor
Cathy Ann Clark	60,000	1	7/2/2016	Western Surety Company	69183659	City Clerk
William Read	50,000	4	8/24/2017	Travelers Casualty and Surety	105832805	Police Chief

COMPLIANCE SECTION

**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***



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
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Stephen D. Flake, CPA
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Thomas A. Davis, CPA
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Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA

**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 Commissioners
The City of Clarksdale, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksdale, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Clarksdale, Mississippi's basic financial statements, and have issued our report thereon dated July 31, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clarksdale, Mississippi's financial statements are free from 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.

Starkville, Mississippi
July 31, 2017

Watkins Ward and Stafford, PLLC

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



WATKINS, WARD and STAFFORD
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor and Board of Commissioners
The City of Clarksdale

We have audited the financial statements of the City of Clarksdale, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated July 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our tests indicate that, with respect to the items tested, the City of Clarksdale complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Clarksdale had not complied with those provisions.

This report is intended solely for the information and use of management, City Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Starkville, Mississippi
July 31, 2017

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS

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CITY OF CLARKSDALE, MISSISSIPPI
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section 1: Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Clarksdale, Mississippi.
2. The audit of the financial statements did not disclose any material weaknesses in internal control.
3. No instances of noncompliance material to the financial statements of the City of Clarksdale, Mississippi were disclosed during the audit.
4. The audit did not note any significant deficiencies in internal control which are required to be reported in accordance with *Government Auditing Standards*.

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

Not applicable.

