



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

# *City of Clarksdale*

**Chuck Espy**

**Mayor**

**Telephone (662) 621-8164**

**121 Sunflower Avenue**

**Post Office Box 940**

**Clarksdale, MS 38614**

September 11, 2018

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

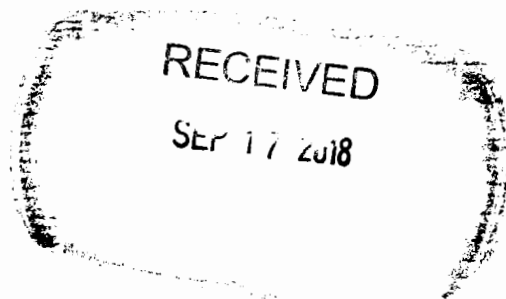
Please find enclosed two copies of the City of Clarksdale 2016-2017 audit which was approved by the Board of Mayor and Commissioners on September 10, 2018. If I can be of any further assistance please do not hesitate to contact me at 662-621-8136.

Sincerely,



Cathy Clark  
City Clerk

Enclosure



**Commissioner**  
**Ward 1**  
**Bo Plunk**

**Commissioner**  
**Ward 2**  
**Ken Murphey**

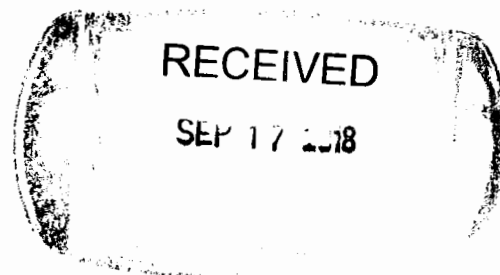
**Commissioner**  
**Ward 3**  
**Willie Turner, Jr.**

**Commissioner**  
**Ward 4**  
**Edward Seals**

CITY OF CLARKSDALE, MISSISSIPPI

AUDIT REPORT

SEPTEMBER 30, 2017



WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF CLARKSDALE, MISSISSIPPI**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	10
Statement of Fiduciary Assets and Liabilities	11
Notes to Financial Statements	12
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund - Budget and Actual (Non-GAAP Budgetary Basis)	37
Schedule of the City's Proportionate Share of the Net Pension Liability	38
Schedule of the City's Contributions	39
Notes to Required Supplementary Information	40

**CITY OF CLARKSDALE, MISSISSIPPI**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**CONTENTS**

<b>INDIVIDUAL FUND FINANCIAL STATEMENTS</b>	<b><u>Page</u></b>
Combining Balance Sheet – General Fund	42
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund	43
Combining Balance Sheet – Special Revenue Funds	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds	51
Combining Statement of Fiduciary Assets and Liabilities	52
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Schedule of Surety Bonds	54
<b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Independent Auditors' Report on Compliance with State Laws and Regulations	60
Schedule of Findings	62

**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. 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  
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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

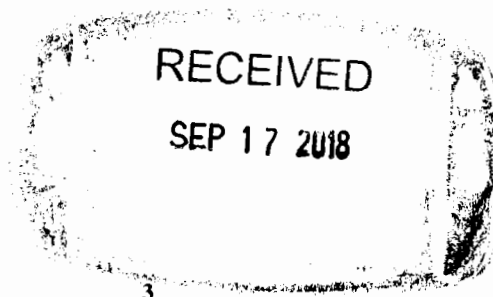
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 August 10, 2018, 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  
August 10, 2018

*Watkins Ward and Stafford, PLLC*



3  
WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF CLARKSDALE, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Primary Government Governmental Activities	Component Unit Clarksdale Public Utilities
<b><u>ASSETS</u></b>		
Cash and other deposits	\$ 3,841,423	5,821,544
Receivables (net):		
Accounts		2,206,641
Unbilled revenue		710,112
Franchise fees	30,114	
Intergovernmental:		
State of Mississippi	328,903	
Coahoma County	3,328	
Other	126,999	264,389
Prepaid expenses		114,603
Inventory		335,188
Restricted cash and investments		1,593,655
Non-current accounts receivable		65,943,834
Non-current investments, MDEA		3,536,676
Capital Assets:		
Land and construction in progress	1,700,373	627,475
Buildings, structures, and improvements	18,865,813	16,294,032
Machinery and equipment	753,735	207,148,205
Furniture and fixtures	181,244	
Vehicles	6,830,590	
Less: accumulated depreciation	(13,030,049)	(142,377,029)
Total Assets	<u>19,632,473</u>	<u>162,219,325</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred outflows related		
to pensions	1,791,793	1,275,801
Total Deferred Outflows of Resources	<u>1,791,793</u>	<u>1,275,801</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	10,664	2,394,277
Accrued expenses		709,462
Interest payable		2,771,267
Customer deposits	6,918	1,254,119
Other payables	58,555	10,306
Long-term liabilities:		
Current	491,560	251,993
Non-current	3,321,802	120,128,068
Unfunded pension liability	14,440,410	9,785,693
Total Liabilities	<u>18,329,909</u>	<u>137,305,185</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows related		
to pensions	1,629,053	1,791,938
Total Deferred Inflows of Resources	<u>1,629,053</u>	<u>1,791,938</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	14,371,413	(38,687,378)
Restricted:		
Restricted for capital projects	899,966	
Restricted for plant maintenance		357,212
Restricted for Crossroads Project		65,997,306
Restricted for debt service		
Unrestricted (Deficit)	(13,806,075)	(3,269,137)
Total Net Position	<u>\$ 1,465,304</u>	<u>24,398,003</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, 2017**

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 Governmental Activities	Component Unit
<b>Primary government</b>						
Governmental Activities						
General government	\$ 2,485,038	10,926			(2,474,113)	
Public safety:						
Police	3,376,681				(3,376,681)	
Fire	3,047,126		100,570		(2,946,556)	
Other	1,608,915				(1,608,915)	
Highways and streets	1,877,785		158,610		(1,719,175)	
Health and sanitation	2,216,823	1,688,582	44,000		(484,241)	
Capital projects	53,585				(53,585)	
Internal service	237,978				(237,978)	
Interest on long-term debt	125,716				(125,716)	
Miscellaneous	892,488				(892,488)	
Total primary government	15,922,135	1,699,507	303,180	-	(13,919,448)	-
<b>Component Unit</b>						
Clarksdale Public Utilities	\$ 32,680,225	24,246,936	-	-	-	(8,433,289)
<b>General revenues</b>						
Taxes						
General property taxes					5,552,262	
General sales taxes					2,613,988	
Licenses and permits					329,512	
Intergovernmental						
Federal					24,425	
State of Mississippi					669,461	
Coahoma County					149,537	
Fines and forfeitures					242,910	
Interest income					25,366	53,470
Miscellaneous					620,176	8,920,791
Transfers					1,079,450	
Total general revenues and transfers					11,307,088	8,974,261
Change in net position					(2,612,361)	540,972
Net position, October 1, 2016					4,718,317	24,482,611
Prior period adjustment					(640,652)	
Distributions to the City						(625,580)
Net position, September 30, 2017					\$ 1,465,304	24,398,003

RECEIVED

SEP 17 2013

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

**CITY OF CLARKSDALE, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>ASSETS</u>		<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
Cash and other deposits	\$ 3,325,121	65,800	450,502	3,841,423
Receivables				
Franchise fees	30,114			30,114
Intergovernmental				
Federal				-
State of Mississippi	328,903			328,903
Coahoma County			3,328	3,328
Due from other funds	59,696	391,000		450,696
Due from other departments	126,999			126,999
<b>Total Assets</b>	<b>\$ 3,870,833</b>	<b>456,800</b>	<b>453,830</b>	<b>4,781,463</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities:</u></b>				
Accounts payable	\$		10,664	10,664
Due to outside agency	108,555			108,555
Customer deposits	6,918			6,918
Due to other funds	400,696			400,696
Total Liabilities	516,169	-	10,664	526,833
<b><u>Fund Balances:</u></b>				
Fund balances - restricted				
Restricted for capital projects		456,800		456,800
Restricted for debt service			443,166	443,166
Fund balances - assigned	1,580,336			1,580,336
Fund balances - unassigned	1,774,328			1,774,328
Total Fund Balances	3,354,664	456,800	443,166	4,254,630
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,870,833</b>	<b>456,800</b>	<b>453,830</b>	<b>4,781,463</b>

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, 2017

Fund Balances - total governmental funds \$ 4,254,630

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

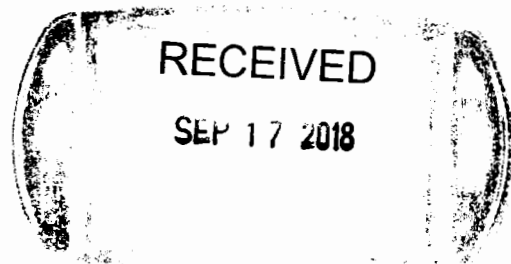
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	28,331,755	
Less accumulated depreciation	<u>(13,030,049)</u>	15,301,706

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

Long-Term Liabilities	(18,253,772)	
Deferred Outflows of Resources	1,791,793	
Deferred Inflows of Resources	<u>(1,629,053)</u>	(18,091,032)

Net Position of Governmental Activities		<u>\$ 1,465,304</u>
---	--	---------------------



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

**CITY OF CLARKSDALE, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,251,938		300,324	5,552,262
Licenses and permits	329,512			329,512
Intergovernmental	3,695,093	53,585	11,913	3,760,590
Charges and services	1,699,507			1,699,507
Fines and forfeits	242,910			242,910
Interest income	20,731	1,514	3,122	25,367
Miscellaneous	475,176		145,000	620,176
Total Revenues	<u>11,714,867</u>	<u>55,099</u>	<u>460,359</u>	<u>12,230,325</u>
<b><u>Expenditures</u></b>				
Current:				
General government	1,990,626			1,990,626
Public safety	6,772,181			6,772,181
Highways and streets	1,489,310			1,489,310
Health and sanitation	1,653,091			1,653,091
Capital projects		53,585		53,585
Internal service	201,588			201,588
Miscellaneous	583,258		2,440	585,698
Debt service:				
Principal	316,868		220,000	536,868
Interest	36,151		89,565	125,716
Total Expenditures	<u>13,043,073</u>	<u>53,585</u>	<u>312,005</u>	<u>13,408,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,328,206)</u>	<u>1,514</u>	<u>148,354</u>	<u>(1,178,338)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	553,788		361,358	915,146
Operating transfers out	(75,000)	(183,788)	(656,358)	(915,146)
Transfers from other departments	1,071,659			1,071,659
Proceed from sale of capital assets	7,791			7,791
Total Other Financing Sources (Uses)	<u>1,558,238</u>	<u>(183,788)</u>	<u>(295,000)</u>	<u>1,079,450</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>230,032</u>	<u>(182,274)</u>	<u>(146,646)</u>	<u>(98,888)</u>
<b><u>Fund Balances</u></b>				
October 1, 2016	<u>3,124,632</u>	<u>639,074</u>	<u>589,812</u>	<u>4,353,518</u>
September 30, 2017	<u>\$ 3,354,664</u>	<u>456,800</u>	<u>443,166</u>	<u>4,254,630</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, 2017**

Net Change in Fund Balances - total governmental funds		\$ (98,888)
Amounts reported for governmental activities in Statement of Activities are different because:		
Prior period adjustment		(640,652)
Expenditures that are not reported as expenditures in the funds:		
Change in unfunded pension liability	(2,166,478)	
Change in deferred inflows of resources	1,293,518	
Change in deferred outflows of resources	(38,883)	
Change in long-term compensated absences	<u>(23,123)</u>	(934,966)
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	663,265	
Less current year depreciation	<u>(990,931)</u>	(327,666)
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>536,868</u>
Change in Net Position of Governmental Activities		<u><u>\$ (1,465,304)</u></u>

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, 2017**

	<u>Non-expendable Trust Funds</u>
<b><u>ASSETS</u></b>	
Cash and other deposits	\$ 126,254
Receivables	
Intergovernmental	
Coahoma County	<u>55,825</u>
<b><u>Total Assets</u></b>	<b>\$ <u>182,079</u></b>
<b><u>LIABILITIES</u></b>	
<b><u>Liabilities</u></b>	
Payroll Withholding	\$ 10,656
Amounts Held in Custody for Others	<u>171,424</u>
<b><u>Total Liabilities</u></b>	<b>\$ <u>182,079</u></b>

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)**

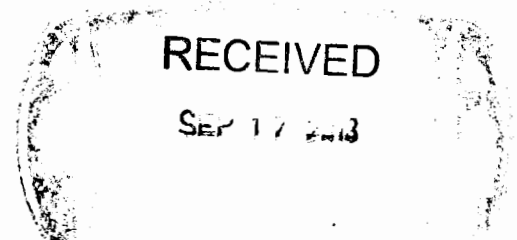
Discretely presented component unit:

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.



**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.

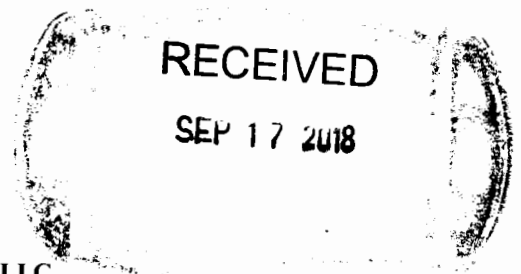
Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
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.

**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 1<sup>st</sup> and personal property taxes become a lien on March 1<sup>st</sup>. Taxes on both real and personal property, however, are due on or before February 1<sup>st</sup> 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 1<sup>st</sup>, the City Council submits a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. 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 15<sup>th</sup>, 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.

RECEIVED

SEP 17 2018

**CITY OF CLARKSDALE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4: Cash, Other Deposits and Investments**

The carrying amount of deposits with financial institutions was \$3,841,423 and the bank balance was \$4,108,354 as of September 30, 2017. 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, 2017, consisted of the following:

Clarksdale Public Utilities – Discretely presented component unit:

Fuel	\$ 1,851
Materials and supplies	<u>333,337</u>
Total	<u>\$335,188</u>

**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, 2017, was as follows:

	Balance 10/1/2016	Increases	Decreases	Balance 9/30/2017
Governmental Activities				
Non-depreciable:				
Land	1,700,373			1,700,373
Depreciable:				
Buildings	15,860,036			15,860,036
Machinery and equipment	552,671	201,064		753,735
Furniture and fixtures	181,244			181,244
Vehicles	6,684,222	146,368		6,830,590
Improvements	2,992,834	12,943		3,005,777
Total	27,971,380	360,375	-	28,331,755
Less accumulated depreciation				
Buildings	5,551,014	396,501		5,947,515
Machinery and equipment	513,185	39,635		552,820
Furniture and fixtures	81,021	1,216		82,237
Vehicles	5,309,223	433,093		5,742,316
Improvements	584,675	120,486		705,161
Total	12,039,118	990,931	-	13,030,049
Governmental Activities Capital Assets, net	15,932,262	(630,556)	-	15,301,706

	Buildings	Machinery & Equipment	Furniture & Fixtures	Vehicles	Improvements	Total
General government						
Court Clerk		-				-
City Clerk	99,126					99,126
City Hall				979	22,163	23,142
City Auditorium					20,571	20,571
Blues Museum					70,453	70,453
Total General Government	99,126	-	-	979	113,187	213,292
Public safety						
Police Department	99,125			84,758		183,883
Dispatch Department						-
Fire Department		36,192	1,216	94,069	2,272	133,749
Inspections Department						-
Animal control						-
Homeland Security						-
Total Public Safety	99,125	36,192	1,216	178,827	2,272	317,632
Highways and streets						
Public Works Administration	99,125			7,213		106,338
Public Works Street		1,861		61,880		63,741
Public Works Marking				1,071		1,071
Total Highways and Streets	99,125	1,861	-	70,164	-	171,150
Health and sanitation						
Trash / Debris Collection Street Cleaning	99,125			34,779		133,904
Trash / Debris Collection Trash Collection				73,729		73,729
Trash / Debris Disposal Site				70,508	2,292	72,800
Litter Control				4,107		4,107
Total Health and Sanitation	99,125	-	-	183,123	2,292	284,540
Internal Service						
Shop Department		1,582			2,735	4,317
Total Depreciation Expense	396,501	39,635	1,216	433,093	120,486	990,931

**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, 2017, was as follows:

	<b><u>Balance</u></b> <b><u>10/01/16</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>9/30/17</u></b>
Land & land rights	\$ 627,475			627,475
Structures & Improvements	16,180,810	113,222		16,294,032
Equipment	<u>206,252,112</u>	<u>896,093</u>	<u>-</u>	<u>207,148,205</u>
Totals	223,060,397	1,009,315		224,069,712
Less: Accumulated				
Depreciation	<u>136,353,158</u>	<u>6,023,871</u>	<u>-</u>	<u>142,377,029</u>
Net Fixed Assets	<u>\$ 86,707,239</u>	<u>(5,014,556)</u>	<u>-</u>	<u>81,692,683</u>

Depreciation in the discretely presented component unit for the fiscal year September 30, 2017 was \$5,864,882.

**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, 2017:

	<b><u>Balance</u></b> <b><u>Outstanding</u></b> <b><u>10/1/2016</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Adjustments</u></b>	<b><u>Balance</u></b> <b><u>Outstanding</u></b> <b><u>9/30/17</u></b>
<b><u>Primary Government Activities:</u></b>					
General Obligation Bonds	\$ 2,700,000		220,000		2,480,000
Capital Improvements	513,976		82,181		431,795
Compensated Absences	379,946	23,123	-		403,069
Capital Lease Obligations	<u>733,185</u>		<u>234,687</u>		<u>498,498</u>
Total Governmental Activities	<u>\$ 4,327,107</u>	<u>23,123</u>	<u>536,868</u>	<u>-</u>	<u>3,813,362</u>
<b><u>Discretely Presented Component Unit:</u></b>					
Notes Payable	\$ 3,942,979		247,828		3,695,151
Water and Sewer - Revenue Bonds	<u>116,684,910</u>				<u>116,684,910</u>
Total Discretely Presented Component Unit	<u>\$ 120,627,889</u>	<u>-</u>	<u>247,828</u>	<u>-</u>	<u>120,380,061</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:

<b><u>Purpose</u></b>	<b><u>Average Interest Rates</u></b>	<b><u>Amount</u></b>
General Government	2.0 to 4.0 %	<u>\$2,480,000</u>

The annual requirements to amortize all General Obligation Debt Outstanding at September 30, 2017, are as follows:

<b><u>Fiscal Year Ending September 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 230,000	71,565	301,565
2019	240,000	63,885	303,885
2020	250,000	56,385	306,385
2021	260,000	48,325	308,325
2022	275,000	39,525	314,525
Thereafter	<u>1,225,000</u>	<u>61,935</u>	<u>1,286,935</u>
Total	<u>\$ 2,480,000</u>	<u>341,620</u>	<u>2,821,620</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, 2017:



**CITY OF CLARKSDALE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 7: Long-term Debt (Continued)**

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
2022	34,565	932	35,497
Thereafter	151,585	13,104	164,689
<b>Total</b>	<b>\$ 431,795</b>	<b>20,476</b>	<b>452,271</b>

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, 2017:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	169,239	13,069	182,308
2019	107,444	11,212	118,656
2020	34,406	9,913	44,319
2021	28,934	8,495	37,429
2022	30,381	7,075	37,456
Thereafter	128,094	12,363	140,457
<b>Total</b>	<b>\$ 498,498</b>	<b>62,126</b>	<b>560,624</b>

**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 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:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	-	8,313,800	8,313,800
2023-2027	-	41,569,000	41,569,000
2028-2030	-	24,941,400	24,941,400
2031	116,684,910	8,313,800	124,998,710
<b>Total</b>	<b>\$ 116,684,910</b>	<b>116,393,200</b>	<b>233,078,110</b>

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:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 251,993	62,447	314,440
2019	256,438	57,997	314,435
2020	260,962	53,740	314,702
2021	265,784	48,863	314,647
2022	270,473	44,174	314,647
2023-2027	1,222,590	150,231	1,372,821
2028-2032	876,505	63,891	940,396
2033-2034	290,406	3,848	294,254
<b>Total</b>	<b>\$ 3,695,151</b>	<b>485,191</b>	<b>4,180,342</b>

**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**

RECEIVED

SEP 17 2018

**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, 2017 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, 2017, 2016 and 2015 were \$1,397,882, \$1,327,945 and \$1,260,161, 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, 2017, the City reported a liability of \$14,440,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 0.086868 percent.

For the year ended September 30, 2017, the City recognized pension expense of \$1,889,573. At September 30, 2017 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	\$ 262,580	261,448
Net difference between projected and actual earnings on pension plan investments	1,088,895	2,768,507
Changes of assumptions	237,384	58,651
Change in proportion percentage	-	(1,459,553)
City contributions subsequent to the measurement date	202,934	-
	<u>\$ 1,791,793</u>	<u>1,629,053</u>

\$202,934 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, 2018. 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,	
2018	\$ (10,049)
2019	(10,049)
2020	(10,048)
2021	(10,048)
Thereafter	-
	<u>\$ (40,194)</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, 2017 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 – 18.50 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 2022, with males rates set forward one year.

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

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	27	%	4.60	%
International Equity	18		4.50	
Emerging Markets Equity	4		4.75	
Global	12		4.75	
Fixed Income	18		0.75	
Real Assets	10		3.50	
Private Equity	8		5.10	
Emerging Debt	2		2.25	
Cash	1		(0.00)	
Total	100	%		

*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	\$ 18,939,562	\$ 14,440,410	\$ 10,705,136

*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, 2017, 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 August 10, 2018, 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, 2017**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b>Revenues</b>					
Taxes	\$ 4,959,313	292,625	5,251,938	5,251,938	-
Licenses and permits	358,534	(29,022)	329,512	329,512	-
Intergovernmental	3,403,716	291,377	3,695,093	3,695,093	-
Charges and services	1,809,533	(110,026)	1,699,507	1,699,507	-
Fines and forfeits	342,000	(99,090)	242,910	242,910	-
Interest income	5,538	15,196	20,734	20,734	-
Miscellaneous	298,000	177,176	475,176	475,176	-
Total Revenues	11,176,634	538,236	11,714,870	11,714,870	-
<b>Expenditures</b>					
General government	1,804,097	186,529	1,990,626	1,990,626	-
Public safety:					
Police	3,796,537	(419,856)	3,376,681	3,376,681	-
Fire	2,881,659	165,467	3,047,126	3,047,126	-
Other	137,529	210,845	348,374	348,374	-
Highways and streets	1,469,751	19,559	1,489,310	1,489,310	-
Health and sanitation	2,091,491	(438,400)	1,653,091	1,653,091	-
Capital projects		-		-	-
Internal service	220,927	(19,339)	201,588	201,588	-
Debt service	353,019	-	353,019	353,019	-
Miscellaneous	489,979	93,279	583,258	583,258	-
Total Expenditures	13,244,989	(201,916)	13,043,073	13,043,073	-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(2,068,355)	740,152	(1,328,203)	(1,328,203)	-
<b>Other Financing Sources (Uses)</b>					
Other uses	(75,000)	-	(75,000)	(75,000)	-
Other sources	1,041,818	591,420	1,633,238	1,633,238	-
Total Other Financing Sources (Uses)	966,818	591,420	1,558,238	1,558,238	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,101,537)	1,331,572	230,035	230,035	-
<b>Fund Balances</b>					
October 1, 2016				3,124,629	
September 30, 2017				\$ 3,354,664	

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\***

	2017	2016	2015
City's proportion of the net pension liability	\$ 14,440,410	\$ 14,909,203	\$ 12,492,715
City's proportionate share of the net pension liability	0.086868%	0.060893%	0.080817%
City's covered-employee payroll	\$ 5,569,996	\$ 5,286,277	\$ 5,029,937
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.25%	282.04%	248.37%
Plan fiduciary net position as a percentage of the total pension liability	59.89%	58.69%	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.

**RECEIVED**  
**SEP 17 2013**

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

	2017	2016	2015
Contractually required contribution	\$ 877,274	\$ 840,077	\$ 795,215
Contribution in relation to the contractually required contribution	877,274	840,077	795,215
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,569,996	\$ 5,286,277	\$ 5,029,937
Contributions as a percentage of covered-employee payroll	15.75%	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 GAAP 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 9/30/17.

(2) Changes of Assumptions

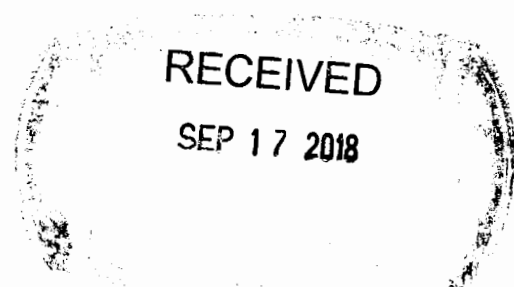
In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2022 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 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, 2017**  
**(With Comparative Totals for September 30, 2016)**

					Totals (Memorandum Only)	
	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	September 30, 2017	2016
<b>ASSETS</b>						
Cash and other deposits	\$ 1,864,508	39,930	1,223,310	197,373	3,325,121	3,570,570
Receivables						
Franchise fees	30,114				30,114	33,395
Intergovernmental						
State of Mississippi	328,903				328,903	349,342
Due from other funds	59,696				59,696	59,696
Due from other departments	4,500		122,499		126,999	130,317
<b>Total Assets</b>	<b>\$ 2,287,721</b>	<b>39,930</b>	<b>1,345,809</b>	<b>197,373</b>	<b>3,870,833</b>	<b>4,143,320</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Due to outside agency	\$ 108,027		528		108,555	101,154
Customer deposits	4,670		2,248		6,918	7,838
Due to other funds	400,696				400,696	909,696
Total Liabilities	<u>513,393</u>	<u>-</u>	<u>2,776</u>	<u>-</u>	<u>516,169</u>	<u>1,018,688</u>
<b>Fund Balances:</b>						
Fund Balances - Assigned		39,930	1,343,033	197,373	1,580,336	1,499,889
Fund Balances - Unassigned	1,774,328				1,774,328	1,624,743
Total Fund Balances	<u>1,774,328</u>	<u>39,930</u>	<u>1,343,033</u>	<u>197,373</u>	<u>3,354,664</u>	<u>3,124,632</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,287,721</b>	<b>39,930</b>	<b>1,345,809</b>	<b>197,373</b>	<b>3,870,833</b>	<b>4,143,320</b>

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Revenues</b>						
Taxes						
General property taxes	\$ 5,070,344				5,070,344	4,462,608
Penalties and interest	79,063				79,063	76,291
In lieu taxes	102,531				102,531	98,322
Licenses and permits						
Privilege license	40,801				40,801	30,409
Permits	45,732				45,732	56,096
Franchise fees	242,979				242,979	288,892
Intergovernmental						
Federal grants	24,425				24,425	8,529
State of Mississippi						
General sales tax	2,613,988				2,613,988	2,491,689
Liquor licenses	16,200				16,200	17,100
Municipal aid - gas tax	15,596				15,596	15,596
State Privilege License	26,115				26,115	31,295
Fire protection grants		100,570			100,570	115,200
Grand Gulf	15,193				15,193	14,836
Municipal Aid	8,957				8,957	8,957
Homestead	197,081				197,081	182,661
Other	324,821				324,821	594,336
Coahoma County						
Road maintenance	158,610				158,610	159,880
Mosquito eradication	149,537				149,537	169,068
Miscellaneous	44,000				44,000	26,050
Charges for services						
Garbage fees	14,458		1,674,124		1,688,582	1,841,761
Other	10,926				10,926	49,990
Fines and forfeits	242,910				242,910	260,546
Interest income	14,090	286	5,669	685	20,731	8,419

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Revenues (Continued)</b>						
Miscellaneous						
Industrial facilities rent	\$ 6,302				6,302	6,875
Delta blues museum	74,740				74,740	98,386
Other	314,483		79,651		394,134	160,663
Total Revenues	9,853,862	100,856	1,759,444	685	11,714,868	11,274,455
<b>Expenditures</b>						
General Government:						
Legislative						
Personal services	\$ 131,970				131,970	111,649
Supplies	303				303	-
Other services and charges	33,251				33,251	26,034
Capital Outlay	2,509				2,509	-
Total Legislative	168,032	-	-	-	168,032	137,683
Judicial						
Personal services	201,410				201,410	180,440
Supplies	1,410				1,410	2,125
Other services and charges	43,509				43,509	36,668
Capital Outlay	1,685				1,685	949
Total Judicial	248,013	-	-	-	248,013	220,182
Executive						
Personal services	243,377				243,377	228,403
Supplies	3,059				3,059	1,670
Other services and charges	17,314				17,314	17,882
Capital Outlay	8,596				8,596	146
Total Executive	272,346	-	-	-	272,346	248,101
Election						
Personal services	11,775				11,775	-
Supplies	440				440	-
Other services and charges	40,215				40,215	-
Total Election	52,430	-	-	-	52,430	-

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Expenditures (Continued)</b>						
City Clerk and Tax Collector						
Personal services	\$ 269,425				269,425	268,915
Supplies	10,562				10,562	21,787
Other services and charges	193,731				193,731	158,594
Capital Outlay	1,397				1,397	7,384
Total City Clerk and Tax Collector	475,115	-	-	-	475,115	456,680
City Hall						
Personal services	77,457				77,457	87,640
Supplies	172,858				172,858	88,313
Other services and charges	-				-	-
Capital Outlay	6,908				6,908	1,621
Total City Hall	257,223	-	-	-	257,223	177,574
Other Community Promotion						
Other services and charges	18,657				18,657	14,977
Total Other Community Promotion	18,657	-	-	-	18,657	14,977
City Auditorium						
Personal services	38,938				38,938	35,108
Supplies	1,442				1,442	1,598
Other services and charges	61,762				61,762	42,939
Capital Outlay	-				-	68,721
Total City Auditorium	102,142	-	-	-	102,142	148,366
Other Miscellaneous						
Other services and charges	128,930				128,930	180,891
Total Other Miscellaneous	128,930	-	-	-	128,930	180,891
Safety Department						
Personal services	-				-	-
Supplies	-				-	-
Other services and charges	-				-	-
Total Safety Department	-	-	-	-	-	-
Legal						
Personal services	252,310				252,310	229,460
Supplies	150				150	323
Other services and charges	15,279				15,279	22,525
Capital Outlay	-				-	222
Total Legal	267,738	-	-	-	267,738	252,530

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

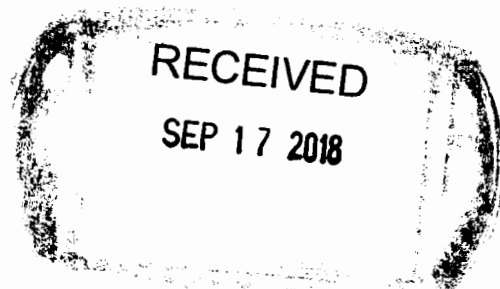
45  
**WATKINS, WARD AND STAFFORD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

RECEIVED  
SEP 17 2018

**CITY OF CLARKSDALE, MISSISSIPPI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(With Comparative Totals for September 30, 2016)**

Expenditures (Continued)	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
Total General Government	\$ 1,990,626	-	-	-	1,990,626	1,836,984
Public Safety						
Public safety - police						
Personal services	2,754,587				2,754,587	2,566,335
Supplies	10,951				10,951	12,817
Other services and charges	489,976				489,976	538,460
Capital outlay	121,167				121,167	87,361
Total Public Safety - Police	3,376,681	-	-	-	3,376,681	3,204,973
Public Safety - Fire						
Personal services	2,467,370				2,467,370	2,290,484
Supplies	18,873				18,873	16,392
Other services and charges	294,664	1,953			296,617	258,686
Capital outlay	264,266				264,266	47,799
Total Public Safety - Fire	3,045,173	1,953	-	-	3,047,126	2,613,361
Public Safety - Public Inspection						
Personal services	117,138				117,138	108,352
Supplies	4,103				4,103	4,562
Other services and charges	13,740				13,740	37,951
Capital outlay	138				138	-
Total Public Safety - Public Inspection	135,118	-	-	-	135,118	150,865
Public Safety - 911 Dispatch						
Personal services	206,908				206,908	182,624
Supplies	287				287	402
Other services and charges	6,061				6,061	7,458
Capital outlay	-				-	424
Total Public Safety - 911 Dispatch	213,256	-	-	-	213,256	190,908
Total Public Safety	6,770,228	1,953	-	-	6,772,181	6,160,107
Highways and Streets						
Public Works Administration						
Personal services	171,623				171,623	163,426
Supplies	5,157				5,157	6,953
Other services and charges	11,856				11,856	13,646
Capital outlay	-				-	2,008
Total Public Works Administration	188,636	-	-	-	188,636	186,033

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Expenditures (Continued)</b>						
City Streets						
Personal services	\$ 363,484				363,484	331,836
Supplies	50,276				50,276	50,187
Other services and charges	344,520				344,520	376,550
Capital outlay	78,633				78,633	6,279
Total City Streets	836,913	-	-	-	836,913	764,852
Street Lights						
Other services and charges	396,677				396,677	399,140
Total Street Lights	396,677	-	-	-	396,677	399,140
Street Markings and Signs						
Personal services	56,740				56,740	50,812
Supplies	4,301				4,301	14,409
Other services and charges	6,042				6,042	4,618
Capital Outlay	-				-	-
Total Street Markings and Signs	67,084	-	-	-	67,084	69,839
Total Highways and Streets	1,489,310	-	-	-	1,489,310	1,419,864
Health and Sanitation						
Health and Welfare - Animals						
Personal services	39,672				39,672	29,926
Supplies	2,138				2,138	298
Other services and charges	3,117				3,117	9,326
Capital outlay	884				884	-
Total Health and Welfare - Animals	45,810	-	-	-	45,810	39,550
Extermination of Mosquitos						
Other services and charges	206,640				206,640	207,418
Total Extermination of Mosquitos	206,640	-	-	-	206,640	207,524
Street Cleaning						
Personal services			100,727		100,727	119,056
Supplies			19,149		19,149	21,002
Other services and charges			28,170		28,170	36,948
Capital outlay			-		-	-
Total Street Cleaning	-	-	148,046	-	148,046	177,006

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Expenditures (Continued)</b>						
Waste Collection						
Personal services	\$		136,720		136,720	130,591
Supplies			9,621		9,621	8,970
Other services and charges			863,135		863,135	964,326
Capital outlay			200		200	2,234
Total Waste Collection	-	-	1,009,676	-	1,009,676	1,106,121
Waste Disposal						
Personal services			153,695		153,695	156,022
Supplies			25,899		25,899	30,816
Other services and charges			59,015		59,015	91,470
Capital outlay			4,310		4,310	15,051
Total Waste Disposal	-	-	242,919	-	242,919	293,359
Total Health and Sanitation	252,450	-	1,400,641	-	1,653,091	1,824,951
Internal Service						
Internal service - vehicles						
Personal services	153,265				153,265	141,961
Supplies	6,828				6,828	7,645
Other services and charges	38,223				38,223	27,401
Capital outlay	3,272				3,272	32,608
Total Internal Service	201,588	-	-	-	201,588	209,615

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2017	2016
<b>Expenditures (Continued)</b>						
Debt Service						
Principal	\$ 25,567	80,417	210,884		316,868	319,261
Interest	12,174	16,501	7,476		36,151	56,403
Total Debt Service	<u>37,741</u>	<u>96,918</u>	<u>218,360</u>	<u>-</u>	<u>353,019</u>	<u>375,664</u>
Miscellaneous						
Appropriations to other entities	440,676				440,676	377,800
Capital outlays	42,934				42,934	564,721
Other services and charges	86,982		12,666		99,648	246,400
Total Miscellaneous	<u>570,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,258</u>	<u>1,188,921</u>
Total Expenditures	<u>11,312,535</u>	<u>98,871</u>	<u>1,631,667</u>	<u>-</u>	<u>13,043,074</u>	<u>13,014,609</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(1,458,653)</u>	<u>1,985</u>	<u>127,777</u>	<u>685</u>	<u>(1,328,206)</u>	<u>(1,740,154)</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	528,788		5,000	20,000	553,788	199,719
Transfers from other departments	1,071,659				1,071,659	829,942
Inception of capital leases					-	-
Proceeds from sale of capital assets	7,791				7,791	14,694
Operating transfers out			(75,000)		(75,000)	(71,667)
Total Other Financing Sources (Uses)	<u>1,608,238</u>	<u>-</u>	<u>(70,000)</u>	<u>20,000</u>	<u>1,558,238</u>	<u>972,688</u>
Excess (Deficiency) of Revenues and						
Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	<u>149,585</u>	<u>1,985</u>	<u>57,777</u>	<u>20,685</u>	<u>230,032</u>	<u>(767,466)</u>
<b>Fund Balances</b>						
October 1	1,624,743	37,945	1,285,256	176,688	3,124,632	3,892,098
September 30	<u>\$ 1,774,328</u>	<u>39,930</u>	<u>1,343,033</u>	<u>197,373</u>	<u>3,354,664</u>	<u>3,124,632</u>

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

			<b>Totals</b>	
			<b>(Memorandum Only)</b>	
			<b>September 30,</b>	
			<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>				
Cash and other deposits	\$	-	235,006	33,799
Due from other funds			-	350,000
Total Assets	\$	-	235,006	383,799
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Due to other funds	\$		-	-
<b><u>Fund Balances</u></b>				
Fund Balances - Assigned		-	235,006	383,799
Total Fund Balances		-	235,006	383,799
<b><u>Total Liabilities and Fund Balances</u></b>	\$	-	235,006	383,799

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

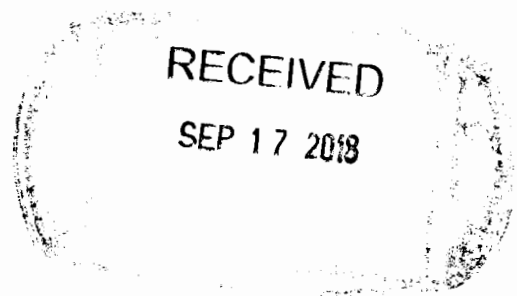
	Crime Prevention Fund	General Building Fund	Totals (Memorandum Only) September 30, 2017	2016
<b><u>Revenues</u></b>				
Interest income	\$	1,207	1,207	1,093
Other income		145,000	145,000	4,500
Total Revenues	-	146,207	146,207	46,093
<b><u>Expenditures</u></b>				
Public Safety				
Public Safety - Police				
Supplies			-	-
Other services and charges			-	-
Capital outlay			-	-
Total Public Safety - Police	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	146,207	146,207	46,093
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in			-	-
Transfers from other departments		(295,000)	(295,000)	(35,000)
Transfers to outside agencies			-	-
Operating transfers out			-	-
Total Other Financing Sources (Uses)	-	(295,000)	(295,000)	(35,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(148,793)	(148,793)	11,093
<b><u>Fund Balances</u></b>				
October 1		383,799	383,799	372,706
September 30	\$	235,006	235,006	383,799

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, 2017**  
**(With Comparative Totals for September 30, 2016)**

	Non-Expendable Trust Funds				Totals (Memorandum Only)	
	Unemployment Fund	Tax Collector's Fund	Insurance Fund	Disability and Relief Fund	September 30, 2017	September 30, 2016
<b>ASSETS</b>						
Cash and other deposits	\$ 74,146		52,109		126,254	170,590
Receivables						
Intergovernmental		45,170	-	10,656	55,825	317,544
Coahoma County						
<b>Total Assets</b>	<b>\$ 74,146</b>	<b>45,170</b>	<b>52,109</b>	<b>10,656</b>	<b>182,079</b>	<b>488,134</b>
<b>LIABILITIES</b>						
<b>Liabilities</b>						
Payroll Withholding	\$			10,656	10,656	11,136
Amounts Held in Custody for Others	74,146	45,170	52,109		171,424	476,181
<b>Total Liabilities</b>	<b>\$ 74,146</b>	<b>45,170</b>	<b>52,109</b>	<b>10,656</b>	<b>182,079</b>	<b>487,317</b>

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



**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF CLARKSDALE, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<b>Individual</b>	<b>Amounts or Limits</b>	<b>Terms in Years</b>	<b>Expires</b>	<b>Company</b>	<b>Policy Number</b>	<b>Office/Position</b>
Edward Seals	25,000	4	7/1/2021	Western Surety Company	70736144	Commissioner
Willie Turner Jr.	25,000	4	7/2/2021	Travelers Casualty and Surety	106744983	Commissioner
Timothy Plunk	25,000	4	7/1/2021	Western Surety Company	70736151	Commissioner
Richard K. Murphey, Jr.	25,000	4	7/1/2021	RLI Insurance Company	LSM0511483	Commissioner
Henry W. Espy III	90,000	4	7/1/2021	Western Surety Company	71916742	Mayor
Cathy Ann Clark	77,000	1	7/2/2018	Western Surety Company	69183659	City Clerk
Sandra J. Williams	50,000	Indefinite	Indefinite	Travelers Casualty and Surety	106803363	Police Chief
Milton Williams	50,000	1/4th	10/19/2017	Travelers Casualty and Surety	106776065	Interim 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. Staggars, 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 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

RECEIVED

SEP 17 2013

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, 2017, 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 August 10, 2018.

**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  
August 10, 2018

*Watkins Ward and Stafford, PLLC*

RECEIVED

SEP 17 2018



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



**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. Staggars, 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 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, 2017, and have issued our report thereon dated August 10, 2018. 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  
August 10, 2018

*Watkins Ward and Stafford, PLLC*

**SCHEDULE OF FINDINGS**

RECEIVED  
SEP 17 2018

**CITY OF CLARKSDALE, MISSISSIPPI**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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.