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*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

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**CITY OF CLARKSDALE, MISSISSIPPI**

**AUDIT REPORT**

**SEPTEMBER 30, 2020**

# **CITY OF CLARKSDALE, MISSISSIPPI**

## **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)	40
Schedule of the City's Proportionate Share of the Net Pension Liability	41
Schedule of the City's Contributions	42
Notes to Required Supplementary Information	43

**CITY OF CLARKSDALE, MISSISSIPPI**

**CONTENTS**

<b>INDIVIDUAL FUND FINANCIAL STATEMENTS</b>	<b><u>Page</u></b>
Combining Balance Sheet – General Fund	46
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund	47
Combining Balance Sheet – Special Revenue Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds	55
Combining Statement of Fiduciary Assets and Liabilities	56
 <b>OTHER SUPPLEMENTAL INFORMATION</b>	
Schedule of Surety Bonds	58
 <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>	60
Independent Auditors' Report on Compliance with State Laws and Regulations	63
Schedule of Findings	65

## **INDEPENDENT AUDITORS' REPORT**



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

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Harry W. Stevens, CPA  
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Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, 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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 February 23, 2022, 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  
February 23, 2022

*Watkins Ward and Stafford, P.C.*



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF CLARKSDALE, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Clarksdale Public Utilities</b>
<b><u>ASSETS</u></b>		
Cash and other deposits	\$ 9,641,860	7,712,785
Receivables (net):		
Accounts		1,488,269
Refuse and mosquito receivable		190,973
Unbilled revenue		670,631
Franchise fees	22,758	
Intergovernmental:		
State of Mississippi	356,136	
Coahoma County	5,213	
Other	167,195	311,004
Prepaid expenses		136,241
Inventory		320,369
Restricted cash and investments		1,283,029
Non-current accounts receivable		77,612,325
Non-current investments - MDEA		2,834,210
Capital Assets:		
Construction in Progress		16,358
Land and construction in progress	1,700,373	627,475
Buildings, structures, and improvements	18,865,813	16,978,092
Machinery and equipment	753,735	210,838,527
Furniture and fixtures	181,244	
Vehicles	7,473,231	
Less: accumulated depreciation	(16,077,425)	(160,345,636)
Total Assets	<u>23,090,133</u>	<u>160,674,652</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred outflows related		
to pensions	1,318,501	1,628,329
Total Deferred Outflows of Resources	<u>1,318,501</u>	<u>1,628,329</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	10,664	2,000,728
Accrued expenses		688,048
Interest payable		2,771,267
Customer deposits	6,578	1,263,693
Other payables	92,819	10,306
Cash Overdraft		193,218
Long-term liabilities:		
Current	445,731	265,784
Non-current	7,787,839	119,344,265
Unfunded pension liability	15,994,466	11,161,917
Total Liabilities	<u>24,338,097</u>	<u>137,699,226</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows related		
to pensions	640,282	1,676,765
Total Deferred Inflows of Resources	<u>640,282</u>	<u>1,676,765</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	9,408,572	(51,495,233)
Restricted:		
Restricted for capital projects	5,978,983	
Restricted for plant maintenance		-
Restricted for Crossroads Project		76,963,545
Restricted for debt service		
Unrestricted (Deficit)	(15,957,300)	(2,541,322)
Total Net Position	<u>\$ (569,745)</u>	<u>22,926,990</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, 2020**

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	\$ 2,569,472	16,702			(2,552,770)	
Public safety:						
Police	3,132,820				(3,132,820)	
Fire	2,669,750		108,362		(2,561,388)	
Other	950,964				(950,964)	
Highways and streets	1,807,364		160,471		(1,646,893)	
Health and sanitation	2,165,688	1,669,832	500		(495,356)	
Internal service	219,230				(219,230)	
Interest on long-term debt	140,119				(140,119)	
Miscellaneous	532,437				(532,437)	
Total primary government	14,187,844	1,686,534	269,333	-	(12,231,977)	-
<b>Component Unit</b>						
Clarksdale Public Utilities	\$ 32,208,701	24,364,253	-	-	-	(7,844,448)
<b>General revenues</b>						
Taxes						
General property taxes					6,442,665	
General sales taxes					2,555,699	
Licenses and permits					326,966	
Intergovernmental						
Federal					220,436	
State of Mississippi					518,848	
Coahoma County					163,357	
Fines and forfeitures					149,591	
Interest income					312,858	63,543
Miscellaneous					452,674	8,313,800
Transfers					991,582	
Total general revenues and transfers					12,134,676	8,377,343
Change in net position					(97,301)	532,895
Net position, October 1, 2019					(472,444)	23,003,394
Distributions to the City						(609,299)
Net position, September 30, 2020					\$ (569,745)	22,926,990

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

**CITY OF CLARKSDALE, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	Major Funds		Other	Total
	General	Capital	Governmental	Governmental
		Projects	Funds	Funds
<b><u>ASSETS</u></b>				
Cash and other deposits	\$ 3,657,426	5,432,198	552,236	9,641,860
Receivables				
Franchise fees	22,758			22,758
Intergovernmental				
State of Mississippi	356,136			356,136
Coahoma County			5,213	5,213
Due from other funds	14,196			14,196
Due from other departments	167,195			167,195
<b><u>Total Assets</u></b>	<b>\$ 4,217,711</b>	<b>5,432,198</b>	<b>557,449</b>	<b>10,207,358</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities:</u></b>				
Accounts payable	\$		10,664	10,664
Due to outside agency	92,819			92,819
Customer deposits	6,578			6,578
Due to other funds	14,196			14,196
Total Liabilities	113,593	-	10,664	124,257
<b><u>Fund Balances:</u></b>				
Fund balances - restricted				
Restricted for capital projects		5,432,198		5,432,198
Restricted for debt service			546,785	546,785
Fund balances - assigned	1,683,083			1,683,083
Fund balances - unassigned	2,421,035			2,421,035
Total Fund Balances	4,104,118	5,432,198	546,785	10,083,101
<b><u>Total Liabilities and Fund Balances</u></b>	<b>\$ 4,217,711</b>	<b>5,432,198</b>	<b>557,449</b>	<b>10,207,358</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, 2020**

Fund Balances - total governmental funds		\$	10,083,101
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	28,974,396		
Less accumulated depreciation	<u>(16,077,425)</u>		12,896,971
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:			
Long-Term Liabilities	(24,228,036)		
Deferred Outflows of Resources	1,318,501		
Deferred Inflows of Resources	<u>(640,282)</u>		(23,549,817)
Net Position of Governmental Activities		\$	<u><u>(569,745)</u></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, 2020**

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,968,643		474,022	6,442,665
Licenses and permits	326,966			326,966
Intergovernmental	3,712,874		14,799	3,727,673
Charges and services	1,686,534			1,686,534
Fines and forfeits	149,591			149,591
Interest income	32,035	275,685	5,138	312,858
Miscellaneous	407,674		45,000	452,674
Total Revenues	<u>12,284,317</u>	<u>275,685</u>	<u>538,959</u>	<u>13,098,961</u>
<b><u>Expenditures</u></b>				
Current:				
General government	2,272,843			2,272,843
Public safety	6,155,941			6,155,941
Highways and streets	1,575,394			1,575,394
Health and sanitation	1,751,095			1,751,095
Capital projects	21,840	602,071		623,911
Internal service	205,938			205,938
Miscellaneous	531,928		509	532,437
Debt service:				
Principal	49,853		380,000	429,853
Interest	34,195		105,924	140,119
Total Expenditures	<u>12,599,027</u>	<u>602,071</u>	<u>486,433</u>	<u>13,687,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(314,710)</u>	<u>(326,386)</u>	<u>52,526</u>	<u>(588,570)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	253,322	274,103	491,001	1,018,426
Operating transfers out	(517,459)		(500,967)	(1,018,426)
Transfers from other departments	987,534			987,534
Proceed from bond sale		4,740,000		4,740,000
Proceed from sale of capital assets	4,048			4,048
Total Other Financing Sources (Uses)	<u>727,445</u>	<u>5,014,103</u>	<u>(9,966)</u>	<u>5,731,582</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>412,735</u>	<u>4,687,717</u>	<u>42,560</u>	<u>5,143,012</u>
<b><u>Fund Balances</u></b>				
October 1, 2019	<u>3,691,383</u>	<u>744,481</u>	<u>504,225</u>	<u>4,940,089</u>
September 30, 2020	<u>\$ 4,104,118</u>	<u>5,432,198</u>	<u>546,785</u>	<u>10,083,101</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, 2020**

Net Change in Fund Balances - total governmental funds \$ 5,143,012

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

Expenditures that are not reported as expenditures in the funds:

Change in unfunded pension liability	151,294	
Change in deferred inflows of resources	200,728	
Change in deferred outflows of resources	(249,079)	
Change in long-term compensated absences	<u>(4,664)</u>	98,279

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	623,911	
Less current year depreciation	<u>(1,058,935)</u>	(435,024)

Distribution to the City		(609,299)
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Proceeds of long term debt		(4,740,000)
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Change in compensated absences		4,664
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Change in beginning balances of debt to reflect amortization schedules		11,214
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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>429,853</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (97,301)</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

**CITY OF CLARKSDALE, MISSISSIPPI**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2020**

	<b><u>Non-expendable Trust Funds</u></b>
<b><u>ASSETS</u></b>	
Cash and other deposits	\$ 122,683
Receivables	
Intergovernmental	
Coahoma County	<u>63,378</u>
<b><u>Total Assets</u></b>	<b>\$ <u>186,061</u></b>
<b><u>LIABILITIES</u></b>	
<b><u>Liabilities</u></b>	
Payroll Withholding	\$ 4,636
Amounts Held in Custody for Others	<u>181,425</u>
<b><u>Total Liabilities</u></b>	<b>\$ <u>186,061</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**

**Private-Purpose Trust Fund and Agency Fund** – The Private-Purpose Trust 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 Trust 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 and Prepaid Items**

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.

**M. Receivables**

Receivables are reported net of allowances for uncollectible accounts, where applicable.



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

**Note 1: Summary of Significant Accounting Policies (Continued)**

**N. 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.

**O. 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.

**P. 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)**

**Q. 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.

**R. 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.

**S. Restricted Assets**

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes.

**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.

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

**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.

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

The carrying amount of deposits with financial institutions was \$9,764,552 balance was \$10,339,459 as of September 30, 2020. 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, 2020, consisted of the following:

Clarksdale Public Utilities – Discretely presented component unit:

Materials and supplies	\$ <u>320,369</u>
Total	\$ <u>320,369</u>

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

**Note 6: Intergovernmental Receivables**

The following is a summary of intergovernmental receivables at September 30, 2020:

Penalty and interest	\$ 2,028
Ad valorem taxes	67,330
Sales tax	216,325
MVC truck bus	3,972
Road fund	2,015
Mosquito eradication	12,874
Utilities reimbursement	51,592
	<u>356,136</u>
 Tax allocation	 5,213
<b>Total</b>	<b>\$ <u>361,349</u></b>

**Note 7: Capital Assets**

Capital asset activity for the Primary Government for the year ended September 30, 2020, was as follows:

	<u>Balance</u> <u>10/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2020</u>
Governmental Activities				
Non-depreciable:				
Land	\$ 1,700,373			1,700,373
Depreciable:				
Buildings	15,860,036			15,860,036
Machinery and equipment	753,735			753,735
Furniture and fixtures	181,244			181,244
Vehicles	6,849,320	623,911		7,473,231
Improvements	3,005,777			3,005,777
Total	<u>28,350,485</u>	<u>623,911</u>	<u>-</u>	<u>28,974,396</u>
Less accumulated depreciation				
Buildings	6,740,517	396,501		7,137,018
Machinery and equipment	634,048	40,614		674,662
Furniture and fixtures	96,005	1,216		97,221
Vehicles	6,587,361	492,905		7,080,266
Improvements	960,559	127,699		1,088,258
Total	<u>15,018,490</u>	<u>1,058,935</u>	<u>-</u>	<u>16,077,425</u>
Governmental Activities Capital Assets, net	<u>\$ 13,331,995</u>	<u>(435,024)</u>	<u>-</u>	<u>12,896,971</u>

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

**Note 7: Capital Assets (Continued)**

Depreciation expense was charged to the functions of the primary government as follows:

	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	<u>99,126</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>113,187</u>	<u>213,292</u>
Public safety						
Police Department	99,125			100,842		199,967
Dispatch Department						-
Fire Department		36,192	1,216	94,069	2,272	133,749
Inspections Department						-
Animal control						-
Homeland Security						-
Total Public Safety	<u>99,125</u>	<u>36,192</u>	<u>1,216</u>	<u>194,911</u>	<u>2,272</u>	<u>333,716</u>
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	<u>99,125</u>	<u>1,861</u>	<u>-</u>	<u>62,951</u>	<u>7,213</u>	<u>171,150</u>
Health and sanitation						
Trash / Debris Collection Street Cleaning	99,125			68,574		167,699
Trash / Debris Collection Trash Collection				91,854		91,854
Trash / Debris Disposal Site				70,508	2,292	72,800
Litter Control				4,107		4,107
Total Health and Sanitation	<u>99,125</u>	<u>-</u>	<u>-</u>	<u>235,043</u>	<u>2,292</u>	<u>336,460</u>
Internal Service						
Shop Department		1,582			2,735	4,317
Total Depreciation Expense	<u>\$ 396,501</u>	<u>40,614</u>	<u>1,216</u>	<u>492,905</u>	<u>127,699</u>	<u>1,058,935</u>

**Discretely presented component Unit**

Activity for Clarksdale Public Utilities for the year ended September 30, 2020, was as follows:

	<b><u>Balance</u></b> <b><u>10/01/19</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>9/30/20</u></b>
Land & land rights	\$ 627,475			627,475
Construction in Progress	54,941	16,358	54,941	16,358
Structures & Improvements	16,761,215	216,875		16,978,092
Equipment	<u>210,712,694</u>	<u>125,833</u>		<u>210,838,527</u>
Totals	228,156,325	359,068	54,941	228,460,450
Less: Accumulated				
Depreciation	<u>154,390,968</u>	<u>5,954,668</u>		<u>160,345,636</u>
Net Fixed Assets	<u>\$ 73,765,357</u>	<u>(5,595,600)</u>	<u>54,941</u>	<u>68,114,816</u>

Depreciation in the discretely presented component unit for the fiscal year September 30, 2020 was \$5,928,968.

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

**Note 8: Long-term Debt**

The following is a summary of the changes in long-term debt of the City for the year ended September 30, 2020:

	Balance Outstanding 10/1/2019	Issued	Redeemed	Adjustments	Balance Outstanding 9/30/20
<b><u>Primary Government Activities:</u></b>					
General Obligation Bonds	\$ 3,210,000	4,740,000	380,000		7,570,000
Capital Improvements	117,978		21,797		96,181
Compensated Absences	382,580	4,664	-		387,244
Capital Lease Obligations	208,201		28,056		180,145
Total Governmental Activities	<u>\$ 3,918,759</u>	<u>4,744,664</u>	<u>429,853</u>	<u>-</u>	<u>8,233,570</u>
<b><u>Discretely Presented Component Unit:</u></b>					
Notes Payable	\$ 3,186,315		261,176		2,925,139
Water and Sewer - Revenue Bonds	116,684,910				116,684,910
Total Discretely Presented Component Unit	<u>\$ 119,871,225</u>	<u>-</u>	<u>261,176</u>	<u>-</u>	<u>119,610,049</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 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 %	\$1,760,000
General Government	2.0 to 4.0 %	1,070,000
General Government	2.0 to 3.0 %	4,740,000
		<u>\$7,570,000</u>

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

**Note 8: Long-term Debt (Continued)**

The annual requirements to amortize all General Obligation Debt Outstanding at September 30, 2020, are as follows:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 395,000	226,870	621,870
2022	620,000	201,140	821,140
2023	640,000	182,765	822,765
2024	670,000	164,156	834,156
2025	700,000	144,038	844,038
Thereafter	4,545,000	815,275	5,360,275
Total	<u>\$ 7,570,000</u>	<u>1,734,243</u>	<u>9,304,243</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, 2020:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 21,797	1,213	23,010
2022	21,797	1,109	22,906
2023	21,797	932	22,729
2024	21,797	755	22,552
2025	8,993	578	9,571
Total	<u>\$ 96,181</u>	<u>4,587</u>	<u>100,768</u>

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.



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

**Note 8: Long-term Debt (Continued)**

The following is the annual requirements to amortize these obligations at September 30, 2020:

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 28,934	1,415	30,349
2022	30,381	1,486	31,867
2023	31,900	1,560	33,460
2024	33,495	1,638	35,133
2025	34,671	1,168	35,839
Thereafter	20,764	965	21,729
Total	<u>\$ 180,145</u>	<u>8,232</u>	<u>188,377</u>

**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%.

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

**Note 8: Long-term Debt (Continued)**

*\$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.

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>
2021	\$ -	8,313,800	8,313,800
2022	-	8,313,800	8,313,800
2023	-	8,313,800	8,313,800
2024	-	8,313,800	8,313,800
2025-2029	-	41,569,000	41,569,000
2030	-	8,313,800	8,313,800
2031	116,684,910	8,313,800	124,998,710
Total	<u>\$ 116,684,910</u>	<u>91,451,800</u>	<u>208,136,710</u>

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>
2021	\$ 265,784	48,863	314,647
2022	270,473	44,174	314,647
2023	275,244	39,403	314,647
2024	280,100	34,547	314,647
2025	285,041	29,606	314,647
2026-2030	898,886	94,232	993,118
2031-2034	649,611	20,182	669,793
Total	<u>\$ 2,925,139</u>	<u>311,007</u>	<u>3,236,146</u>

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

**Note 9: 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.

**Note 10: 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.

Since the advent of the COVID-19 pandemic in March 2020, the City has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Per discussion with management, comparative to last year, cash receipts have decreased slightly since the beginning of the outbreak. Additionally, the City has had no ongoing projects that have been impacted by the pandemic. As of the date of the audit report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the City.

**Note 11: 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.

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

**Note 11: Defined Benefit Pension Plan (Continued)**

*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 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, 2020 was 17.40% of annual covered payroll. The employer's rate was 15.75% through June 30, 2020 and 17.40% thereafter. 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, 2020, 2019 and 2018 were \$936,814, \$858,661, and \$879,946, respectively, which equaled the required contributions for each year.

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

**Note 11: Defined Benefit Pension Plan (Continued)**

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

At September 30, 2020, the City reported a liability of \$15,994,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was 0.082621 percent.

For the year ended September 30, 2020, the City recognized pension expense of \$1,421,556. At September 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 139,070	-
Net difference between projected and actual earnings on pension plan investments	631,960	
Changes of assumptions	87,626	-
Change in proportion percentage	211,925	(640,282)
City contributions subsequent to the measurement date	<u>247,920</u>	<u>-</u>
	<u><u>\$ 1,318,501</u></u>	<u><u>(640,282)</u></u>

\$247,920 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**Note 11:     Defined Benefit Pension Plan (Continued)**

Year ended September 30,		
2020	\$	107,575
2021		107,575
2022		107,576
2024		107,576
Thereafter		-
	\$	<u>430,299</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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 as of June 30, 2020 are summarized in the following table:

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

**Note 11: Defined Benefit Pension Plan (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27	%	4.90	%
International Equity	22		4.75	
Global Equity	12		5.00	
Fixed Income	20		1.50	
Real Estate	10		4.00	
Private Equity	8		6.25	
Cash	1		0.25	
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 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 19,106,319	\$ 15,994,466	\$ 10,761,173

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

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

**Note 12: 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.

**Note 13: 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 14: 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, and natural disasters at September 30, 2020, therefore no liability has been accrued at this time.



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

**Note 15: Economic Dependency**

- a. The Commission is dependent on the population of Clarksdale, Mississippi to purchase utilities.
- b. The Commission is dependent on Kansas City Power & Light honoring its agreement in order to repay the Crossroad Production Department revenue bond issue.

The Bond Resolution provides that a one-time principal payment will be made on the bonds at the end of thirty years. Under the agreement, the utility is to accrue a receivable from Kansas City Power & Light each month equal to 1/360th of the bond principal outstanding in order to have an asset (a receivable) which will be used to pay off the outstanding bond principal amount. The agreement is dependent upon Kansas City Power & Light being in existence at the end of the bond period in order for the above transactions to occur

**Note 16: Joint Project**

The Clarksdale Public Utilities Commission (Commission) determined in 2001 to proceed with the Crossroads Project, which consisted to two parts: "Project Generation" and "Project Transmission". Project Generation's purpose was to acquire and construct a 320-MW nominally rated natural gas fueled generation station and upgrade an existing 115KV transmission line located within the geographical limits of the City of Clarksdale, Mississippi. Project Transmission's purpose with the Commission, acting as agent of the Mississippi Delta Energy Agency (MDEA), was to acquire and construct a 230 KV transmission line to extend approximately twenty-three miles from the site of Project Generation to a point of inter-connection with the transmission facilities of Entergy Mississippi, Inc.

The Crossroads Project is a joint project under the provisions of Miss. Code Ann. Sections 77-5-701 et seq. (1972), as amended, with the City of Clarksdale, Mississippi, acting by and through Clarksdale Public Utilities (CPU). CPU will have an undivided interest in the Crossroads Project equal to the cost of acquisition and construction of Project Generation. MDEA will have an undivided interest in the Crossroads Project equal to the cost of acquisitions and construction of Project Transmission.

The City of Clarksdale owns and CPU operates Project Generation; and MDEA owns and CPU operates Project Transmission, as agent of MDEA.

The Board of Mayor and Commissioners of the City adopted a resolution on June 12, 2001, entitled the "Crossroads Project Revenue Bond Resolution" approving the issuance and sale of \$124,000,000 aggregate principal amounts of bonds designated "Crossroads Project Revenue Bonds, Taxable 2001 Series" to finance the cost of acquisition and construction of the Crossroads Project.

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

**Note 16: Joint Project (continued)**

Construction began in July 2001 and the generating units of Project Generation became commercially operational in August 2002. The transmission upgrade of the 115KV line was completed in 2003.

The cost of acquisition and construction of Project Transmission has been accounted for by Clarksdale Public Utilities as an investment in MDEA on the books of Crossroads Production Department.

**Note 17: Inter-fund Transactions and Balances**

The following is a summary of inter-fund balances at September 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>	253,322	517,459
<b>Capital Projects Fund</b>	274,103	
<b>Other Governmental Funds</b>	491,001	500,967
	\$ <u>1,018,426</u>	<u>1,018,426</u>

The amounts due to or due from other funds primarily represent amounts loaned between funds for timing differences between revenues, expenditures, and cash balances.

<u>Governmental</u>	<u>Due To</u>	<u>Due From</u>
<b>Major funds</b>		
General Fund	\$ 14,196	
<b>Non-Major funds</b>		
City Incidental Exp. Acct.		14,196
<b>Total Government</b>	\$ <u>14,196</u>	<u>14,196</u>

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

**Note 18: 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, Mississippi evaluated the activity of the City through February 23, 2022, the date 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, 2020**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<b>Revenues</b>					
Taxes	\$ 5,554,216	414,427	5,968,643	5,968,643	-
Licenses and permits	338,967	(12,001)	326,966	326,966	-
Intergovernmental	3,339,665	373,209	3,712,874	3,712,874	-
Charges and services	1,765,824	(79,290)	1,686,534	1,686,534	-
Fines and forfeits	150,000	(409)	149,591	149,591	-
Interest income	28,059	3,976	32,035	32,035	-
Miscellaneous	316,245	91,429	407,674	407,674	-
Total Revenues	<u>11,492,976</u>	<u>791,341</u>	<u>12,284,317</u>	<u>12,284,317</u>	<u>-</u>
<b>Expenditures</b>					
General government	2,375,770	(102,927)	2,272,843	2,272,843	-
Public safety:				-	
Police	3,388,456	(233,796)	3,154,660	3,154,660	-
Fire	2,696,889	(27,139)	2,669,750	2,669,750	-
Other	386,089	(32,718)	353,371	353,371	-
Highways and streets	1,365,692	209,702	1,575,394	1,575,394	-
Health and sanitation	2,072,415	(321,320)	1,751,095	1,751,095	-
Capital projects		-		-	-
Internal service	206,969	(1,031)	205,938	205,938	-
Debt service	151,892	(67,844)	84,048	84,048	-
Miscellaneous	617,876	(85,948)	531,928	531,928	-
Total Expenditures	<u>13,262,048</u>	<u>(663,021)</u>	<u>12,599,027</u>	<u>12,599,027</u>	<u>-</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(1,769,072)</u>	<u>1,454,362</u>	<u>(314,710)</u>	<u>(314,710)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Other uses	(485,565)	(31,894)	(517,459)	(517,459)	-
Other sources	1,406,875	(161,971)	1,244,904	1,244,904	-
Total Other Financing Sources (Uses)	<u>921,310</u>	<u>(193,865)</u>	<u>727,445</u>	<u>727,445</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	<u>\$ (847,762)</u>	<u>1,260,497</u>	<u>412,735</u>	<u>412,735</u>	<u>-</u>
<b>Fund Balances</b>					
October 1, 2019				<u>3,691,383</u>	
September 30, 2020				<u>\$ 4,104,118</u>	

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\***

	2020	2019	2018	2017	2016
City's proportion of the net pension liability	\$ 15,994,466	\$ 14,234,545	\$ 14,551,854	\$ 14,440,410	\$ 14,909,203
City's proportionate share of the net pension liability	0.082621%	0.080915%	0.087488%	0.086868%	0.060893%
City's covered-employee payroll	5,483,596	5,361,405	\$ 5,670,154	\$ 5,569,996	\$ 5,286,277
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.68%	265.50%	256.64%	259.25%	282.04%
Plan fiduciary net position as a percentage of the total pension liability	58.62%	61.78%	60.86%	59.89%	58.69%

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

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

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

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

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 936,814	\$ 858,661	\$ 879,946	\$ 877,274	\$ 840,077
Contribution in relation to the contractually required contribution	936,814	858,661	879,946	877,274	840,077
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,483,596	\$ 5,361,405	\$ 5,670,154	\$ 5,569,996	\$5,286,277
Contributions as a percentage of covered-employee payroll	17.08%	16.02%	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 ASSUMPTIONS**

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection Scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%. The wage inflation assumption was reduced from 3.25% to 3.00%. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.



**City of Clarksdale**  
**Notes to Required Supplemental Information**

**NOTE 2- METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00%
Salary increase	3.25% to 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment

## **INDIVIDUAL FUND FINANCIAL STATEMENTS**

**CITY OF CLARKSDALE, MISSISSIPPI**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

					Totals (Memorandum Only)	
	General	Fire	Garbage	Landfill	September 30,	
	Fund	Department	Fund	Fund	2020	2019
<b>ASSETS</b>						
Cash and other deposits	\$ 2,088,761	113,682	1,230,703	224,280	3,657,426	3,276,225
Receivables						
Franchise fees	22,758				22,758	27,004
Intergovernmental						
State of Mississippi	356,136				356,136	342,632
Due from other funds	14,196				14,196	59,696
Due from other departments	50,000		117,195		167,195	115,468
<b>Total Assets</b>	<b>\$ 2,531,851</b>	<b>-</b>	<b>113,682</b>	<b>-</b>	<b>1,347,898</b>	<b>224,280</b>
					<b>4,217,711</b>	<b>3,821,025</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Due to outside agency	\$ 92,290		529		92,819	106,348
Customer deposits	4,330		2,248		6,578	9,098
Due to other funds	14,196				14,196	14,196
Total Liabilities	110,816	-	-	2,777	-	113,593
						129,642
<b>Fund Balances:</b>						
Fund Balances - Assigned		113,682	1,345,121	224,280	1,683,083	1,604,679
Fund Balances - Unassigned	2,421,035				2,421,035	2,086,704
Total Fund Balances	2,421,035	-	113,682	-	1,345,121	224,280
					<b>4,104,118</b>	<b>3,691,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,531,851</b>	<b>113,682</b>	<b>1,347,898</b>	<b>224,280</b>	<b>4,217,711</b>	<b>3,821,025</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**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

					<b>Totals</b>	
					<b>(Memorandum Only)</b>	
					<b>September 30,</b>	
	<b>General</b>	<b>Fire</b>	<b>Garbage</b>	<b>Landfill</b>	<b>2020</b>	<b>2019</b>
	<b>Fund</b>	<b>Department</b>	<b>Fund</b>	<b>Fund</b>		
<b>Revenues</b>						
Taxes						
General property taxes	\$ 5,803,392				5,803,392	5,340,129
Penalties and interest	112,145				112,145	109,922
In lieu taxes	53,106				53,106	109,557
Licenses and permits						
Privilege license	39,202				39,202	41,000
Permits	52,148				52,148	61,508
Franchise fees	235,616				235,616	263,147
Intergovernmental						
Federal grants	220,436				220,436	265,663
State of Mississippi						
General sales tax	2,555,699				2,555,699	2,419,999
Liquor licenses	17,775				17,775	15,075
Municipal aid - gas tax	15,596				15,596	15,596
State Privilege License	25,699				25,699	27,349
Fire protection grants		108,362			108,362	106,014
Grand Gulf	13,082				13,082	15,369
Municipal Aid	8,957				8,957	8,957
Homestead	193,923				193,923	194,670
Other	229,017				229,017	235,782
Coahoma County						
Road maintenance	160,471				160,471	156,526
Mosquito eradication	163,357				163,357	166,766
Miscellaneous	500				500	1,470
Charges for services						
Garbage fees	19,458		1,650,374		1,669,832	1,658,592
Other	16,702				16,702	23,616
Fines and forfeits	149,591				149,591	156,264
Interest income	16,463	627	12,839	2,106	32,035	76,060

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**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2020	2019
<b>Revenues (Continued)</b>						
Miscellaneous						
Delta blues museum	30,193				30,193	30,193
Other	372,994		4,487		377,481	577,592
Total Revenues	<u>10,505,522</u>	<u>108,989</u>	<u>1,667,700</u>	<u>2,106</u>	<u>12,284,317</u>	<u>12,076,816</u>
<b>Expenditures</b>						
General Government:						
Legislative						
Personal services	\$ 121,799				121,799	124,368
Supplies					-	170
Other services and charges	40,553				40,553	44,779
Capital Outlay	5,114				5,114	-
Total Legislative	<u>167,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,466</u>	<u>169,317</u>
Judicial						
Personal services	227,016				227,016	210,207
Supplies	3,354				3,354	684
Other services and charges	29,814				29,814	32,538
Capital Outlay	3,027				3,027	755
Total Judicial	<u>263,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,211</u>	<u>244,184</u>
Executive						
Personal services	301,135				301,135	295,633
Supplies	3,879				3,879	3,670
Other services and charges	79,738				79,738	92,802
Capital Outlay	135				135	1,714
Total Executive	<u>384,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,887</u>	<u>393,819</u>
Election						
Personal services					-	1,198
Supplies					-	83
Other services and charges					-	13,755
Total Election	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,036</u>

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

**CITY OF CLARKSDALE, MISSISSIPPI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

					<b>Totals</b> <b>(Memorandum Only)</b>	
	<b>General</b>	<b>Fire</b>	<b>Garbage</b>	<b>Landfill</b>	<b>September 30,</b>	
	<b>Fund</b>	<b>Department</b>	<b>Fund</b>	<b>Fund</b>	<b>2020</b>	<b>2019</b>
		<b>Fund</b>				
<b>Expenditures (Continued)</b>						
City Clerk and Tax Collector						
Personal services	\$ 253,312				253,312	250,501
Supplies	8,527				8,527	10,369
Other services and charges	183,966				183,966	138,368
Capital Outlay	1,792				1,792	715
Total City Clerk and Tax Collector	<u>447,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,597</u>	<u>399,953</u>
City Hall						
Personal services	84,803				84,803	82,020
Supplies	6,885				6,885	116,798
Other services and charges	137,924				137,924	-
Capital Outlay	5,363				5,363	934
Total City Hall	<u>234,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,975</u>	<u>199,752</u>
Other Community Promotion						
Other services and charges	111,212				111,212	29,539
Capital Outlay	53,798				53,798	-
Total Other Community Promotion	<u>165,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,010</u>	<u>29,539</u>
City Auditorium						
Personal services	39,733				39,733	41,812
Supplies	977				977	1,504
Other services and charges	55,494				55,494	55,615
Capital Outlay	-				-	-
Total City Auditorium	<u>96,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,204</u>	<u>98,931</u>
Other Miscellaneous						
Other services and charges	305,002				305,002	621,294
Total Other Miscellaneous	<u>305,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,002</u>	<u>621,294</u>
Legal						
Personal services	195,902				195,902	155,914
Supplies	161				161	117
Other services and charges	12,428				12,428	67,438
Capital Outlay	-				-	1,200
Total Legal	<u>208,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,491</u>	<u>224,669</u>

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

**CITY OF CLARKSDALE, MISSISSIPPI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

<b>Expenditures (Continued)</b>	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Garbage Fund</b>	<b>Landfill Fund</b>	<b>Totals (Memorandum Only) September 30,</b>	
					<b>2020</b>	<b>2019</b>
Total General Government	\$ 2,272,843	-	-	-	2,272,843	2,396,494
Public Safety						
Public safety - police						
Personal services	2,559,996				2,559,996	2,550,573
Supplies	13,672				13,672	10,056
Other services and charges	457,454				457,454	477,305
Capital outlay	101,698				101,698	129,657
Total Public Safety - Police	3,132,820	-	-	-	3,132,820	3,167,591
Public Safety - Fire						
Personal services	2,399,662				2,399,662	2,319,887
Supplies	16,667	14,648			31,315	30,145
Other services and charges	216,176	15,267			231,443	212,579
Capital outlay	7,330				7,330	1,023
Total Public Safety - Fire	2,639,835	29,915	-	-	2,669,750	2,563,634
Public Safety - Public Inspection						
Personal services	88,515				88,515	120,818
Supplies	1,964				1,964	2,892
Other services and charges	12,510				12,510	14,348
Capital outlay					-	580
Total Public Safety - Public Inspection	102,989	-	-	-	102,989	138,638
Public Safety - 911 Dispatch						
Personal services	243,042				243,042	217,750
Supplies					-	162
Other services and charges	7,340				7,340	9,112
Capital outlay					-	1,205
Total Public Safety - 911 Dispatch	250,382	-	-	-	250,382	228,229
Total Public Safety	6,126,026	29,915	-	-	6,155,941	6,098,092
Highways and Streets						
Public Works Administration						
Personal services	187,426				187,426	175,381
Supplies	3,954				3,954	3,862
Other services and charges	11,149				11,149	11,142
Capital outlay	93				93	376
Total Public Works Administration	202,622	-	-	-	202,622	190,761

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**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2020	2019
<b>Expenditures (Continued)</b>						
City Streets						
Personal services	\$ 486,982				486,982	434,683
Supplies	40,143				40,143	44,641
Other services and charges	369,131				369,131	226,193
Capital outlay					-	32,275
Total City Streets	<u>896,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,256</u>	<u>737,792</u>
Street Lights						
Other services and charges	400,188				400,188	398,428
Total Street Lights	<u>400,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,188</u>	<u>398,428</u>
Street Markings and Signs						
Personal services	59,859				59,859	59,163
Supplies	11,899				11,899	7,826
Other services and charges	4,570				4,570	9,981
Total Street Markings and Signs	<u>76,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,328</u>	<u>76,970</u>
Total Highways and Streets	<u>1,575,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,394</u>	<u>1,403,951</u>
Health and Sanitation						
Health and Welfare - Animals						
Personal services	42,086				42,086	43,348
Supplies	2,225				2,225	2,739
Other services and charges	6,213				6,213	4,861
Capital outlay	404				404	491
Total Health and Welfare - Animals	<u>50,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,928</u>	<u>51,439</u>
Extermination of Mosquitos						
Other services and charges	150,406				150,406	150,472
Total Extermination of Mosquitos	<u>150,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,406</u>	<u>150,472</u>
Street Cleaning						
Personal services			87,093		87,093	85,998
Supplies			11,616		11,616	14,666
Other services and charges			39,514		39,514	46,821
Capital outlay					-	375,500
Total Street Cleaning	<u>-</u>	<u>-</u>	<u>138,223</u>	<u>-</u>	<u>138,223</u>	<u>522,985</u>

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



**CITY OF CLARKSDALE, MISSISSIPPI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2020	2019
<b>Expenditures (Continued)</b>						
Waste Collection						
Personal services	\$		182,479		182,479	143,154
Supplies			24,019		24,019	24,805
Other services and charges			1,043,244		1,043,244	946,183
Total Waste Collection	-	-	1,249,742	-	1,249,742	1,114,142
Waste Disposal						
Personal services			91,570		91,570	117,019
Supplies			26,585		26,585	32,074
Other services and charges			43,641		43,641	41,798
Total Waste Disposal	-	-	161,796	-	161,796	190,891
Total Health and Sanitation	201,334	-	1,549,761	-	1,751,095	2,029,929
Internal Service						
Internal service - vehicles						
Personal services	156,446				156,446	156,358
Supplies	14,315				14,315	10,253
Other services and charges	33,192				33,192	29,809
Capital outlay	1,985				1,985	-
Total Internal Service	205,938	-	-	-	205,938	196,420

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**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

	General Fund	Fire Department Fund	Garbage Fund	Landfill Fund	Totals (Memorandum Only) September 30,	
					2020	2019
<b>Expenditures (Continued)</b>						
Debt Service						
Principal	\$ 21,797	28,056			49,853	189,853
Interest	24,796	9,399			34,195	20,029
Total Debt Service	46,593	37,455	-	-	84,048	209,882
Miscellaneous						
Appropriations to other entities	436,520				436,520	360,113
Capital outlays	21,840				21,840	300
Other services and charges	66,736		28,672		95,408	116,700
Total Miscellaneous	525,096	-	28,672	-	553,768	477,113
Total Expenditures	10,953,224	67,370	1,578,433	-	12,599,027	12,811,881
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(447,702)	41,619	89,267	2,106	(314,710)	(735,065)
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	185,066		68,256		253,322	60,000
Transfers from other departments	987,534				987,534	1,205,403
Proceeds from sale of capital assets	4,048				4,048	15,091
Operating transfers out	(394,615)		(122,844)		(517,459)	(217,000)
Total Other Financing Sources (Uses)	782,033	-	(54,588)	-	727,445	1,063,494
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	334,331	41,619	34,679	2,106	412,735	328,429
<b>Fund Balances</b>						
October 1	2,086,704	72,063	1,310,442	222,174	3,691,383	3,362,954
September 30	\$ 2,421,035	113,682	1,345,121	224,280	4,104,118	3,691,383

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, 2020**  
**(With Comparative Totals for September 30, 2019)**

			<b>Totals</b>	
			<b>(Memorandum Only)</b>	
			<b>September 30,</b>	
			<b>2020</b>	<b>2019</b>
	<b>Crime</b>	<b>General</b>		
	<b>Prevention</b>	<b>Building</b>		
	<b>Fund</b>	<b>Fund</b>		
<b><u>ASSETS</u></b>				
Cash and other deposits	\$ -	297,788	297,788	264,695
Due from other funds		-	-	-
Total Assets	\$ -	297,788	297,788	264,695
<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	-	297,788	297,788	264,695
Total Fund Balances	-	297,788	297,788	264,695
<b><u>Total Liabilities and Fund Balances</u></b>	\$ -	297,788	297,788	264,695

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**  
**September 30, 2020**  
**(With Comparative Totals for September 30, 2019)**

		Crime Prevention Fund	General Building Fund	Totals (Memorandum Only) September 30,	
				2020	2019
<b><u>Revenues</u></b>					
Interest income	\$		2,636	2,636	6,494
Other income			45,000	45,000	45,311
Total Revenues		-	47,636	47,636	51,805
<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		-	47,636	47,636	51,805
<b><u>Other Financing Sources (Uses)</u></b>					
Operating transfers in				-	-
Transfers from other departments			(14,543)	(14,543)	(30,311)
Transfers to outside agencies				-	-
Operating transfers out				-	-
Total Other Financing Sources (Uses)		-	(14,543)	(14,543)	(30,311)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		-	33,093	33,093	21,494
<b><u>Fund Balances</u></b>					
October 1			264,695	264,695	243,201
September 30	\$	-	297,788	297,788	264,695

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, 2020**  
**(With Comparative Totals for September 30, 2019)**

	Non-Expendable Trust Funds				Totals (Memorandum Only)	
	Unemployment Fund	Tax Collector's Fund	Insurance Fund	Disability and Relief Fund	September 30, 2020	September 30, 2019
<b><u>ASSETS</u></b>						
Cash and other deposits	\$ 77,690		44,993		122,683	120,439
Receivables						
Intergovernmental						
Coahoma County		58,742	-	4,636	63,378	60,955
<b>Total Assets</b>	<b>\$ 77,690</b>	<b>58,742</b>	<b>44,993</b>	<b>4,636</b>	<b>186,061</b>	<b>181,394</b>
<b><u>LIABILITIES</u></b>						
<b><u>Liabilities</u></b>						
Payroll Withholding	\$			4,636	4,636	10,584
Amounts Held in Custody for Others	77,690	58,742	44,993		181,425	170,810
<b>Total Liabilities</b>	<b>\$ 77,690</b>	<b>58,742</b>	<b>44,993</b>	<b>4,636</b>	<b>186,061</b>	<b>181,394</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, 2020**

<b><u>Individual</u></b>	<b><u>Amounts or Limits</u></b>	<b><u>Terms in Years</u></b>	<b><u>Expires</u></b>	<b><u>Company</u></b>	<b><u>Policy Number</u></b>	<b><u>Office/Position</u></b>
Edward Seals	17,500	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	17,500	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	7/2/2021	Western Surety Company	69183659	City Clerk
Sandra J. Williams	50,000	Indefinite	Indefinite	Travelers Casualty and Surety	106803363	Police Chief

## **COMPLIANCE SECTION**



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



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

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Michael W. McCully, CPA  
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  
Edward A. Maxwell, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksdale, Mississippi, as of and for the year ended September 30, 2020, 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 February 23, 2022.

**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  
February 23, 2022

*Watkins Ward and Stafford, P.C.*

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

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

We have audited the financial statements of the City of Clarksdale, Mississippi, as of and for the year ended September 30, 2020, and have issued our report thereon dated February 23, 2022. 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  
February 23, 2022

*Watkins Ward and Stafford, PLLC*

## **SCHEDULE OF FINDINGS**

**CITY OF CLARKSDALE, MISSISSIPPI**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Section 1: Summary of Auditors' Results**

**Financial Statements:**

Type of auditors' report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Section 2: Findings Relating to the Financial Statements**

None

**Section 3: Federal Award Findings and Questioned Cost**

None