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**Clinton Public School District**

Audited Financial Statements  
For the Year Ended June 30, 2020

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Clinton Public School District**  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Clinton Public School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton Public School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Clinton Public School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's 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 of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

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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, each major fund, and the aggregate remaining fund information of the Clinton Public School District, as of June 30, 2020, and the respective changes in financial position 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, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 8 to 19, and 64 to 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, on our consideration of the Clinton Public School District'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 solely 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 the effectiveness of the Clinton Public School District's 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 Clinton Public School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
February 22, 2021

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS



**Clinton Public School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

The following discussion and analysis of Clinton Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2020 increased \$753,129, including a prior period adjustment of \$654, which represents a 6% increase from fiscal year 2019. Total net position for 2019 decreased \$589,847, which represents a 5% decrease from fiscal year 2018.
- General revenues amounted to \$42,989,955 and 41,664,160, or 85% and 85% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,586,750, or 15% of total revenues for 2020, and \$7,298,238, or 15% of total revenues for 2019.
- The District had \$49,824,230 and \$49,552,245 in expenses for fiscal years 2020 and 2019; only 7,586,750 for 2020 and only \$7,298,398 for 2019 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$42,989,955 for 2020 were adequate to provide for these programs and \$41,664,160 for 2019 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$40,075,836 in revenues and \$38,553,420 in expenditures for 2020, and \$38,357,822 in revenues and \$38,754,628 in expenditures for 2019. The General Fund's fund balance increased by \$982,319, including a prior period adjustment of \$654, from 2019 to 2020, and increased by \$365,738 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, increased by \$12,833,676 for 2020 and increased by \$1,597,354 for 2019. The increase for 2020 was primarily due to additions to construction in progress, improvements other than buildings, mobile equipment and furniture and equipment.
- Long-term debt decreased by \$4,636,306 for 2020 and increased by \$16,326,529 for 2019. The decrease for 2020 was due primarily to principal debt payments. The liability for compensated absences increased by \$50,297 for 2020 and increased by \$26,303 for 2019.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information,

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Management's Discussion and Analysis  
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supplementary information, and other information.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional services, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** - Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### **Reconciliation of Government-wide and Fund Financial Statements**

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the

**Clinton Public School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

governmental funds financial statements.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

**Supplementary Information**

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

**Other Information**

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,890,819 as of June 30, 2020.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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Management's Discussion and Analysis  
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Table 1 presents a summary of the District's net position at June 30, 2020 and June 30, 2019.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2020	June 30, 2019	Percentage Change
Current assets	\$ 22,250,527	36,559,491	(39)%
Restricted assets	4,853,692	4,388,726	11%
Capital assets, net	72,759,352	59,925,676	21%
<b>Total assets</b>	<b>99,863,571</b>	<b>100,873,893</b>	<b>(1)%</b>
<b>Deferred outflows of resources</b>	<b>9,886,446</b>	<b>9,425,176</b>	<b>5%</b>
Current liabilities	1,624,107	1,788,138	(9)%
Long-term debt outstanding	48,096,197	52,850,927	(9)%
Net OPEB liability	4,219,407	3,711,103	14%
Net pension liability	65,239,831	60,509,583	8%
<b>Total liabilities</b>	<b>119,179,542</b>	<b>118,859,751</b>	<b>0%</b>
<b>Deferred inflows of resources</b>	<b>3,461,294</b>	<b>5,083,266</b>	<b>(32)%</b>
<b>Net position:</b>			
Net investment in capital assets	29,397,325	7,681,237	283%
Restricted	8,843,511	27,595,087	(68)%
Unrestricted	(51,131,655)	(48,920,272)	(5)%
<b>Total net position (deficit)</b>	<b>\$ (12,890,819)</b>	<b>(13,643,948)</b>	<b>6%</b>

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

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Total unrestricted net position (deficit)	\$ (51,131,655)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>63,307,935</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u><u>\$ 12,176,280</u></u>

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- Increase in net capital assets in the amount of \$12,833,676.
- The principal retirement of \$4,636,306 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$50,576,705 and \$48,962,398, respectively. The total cost of all programs and services was 49,824,230 for 2020 and \$49,552,245 for 2019.

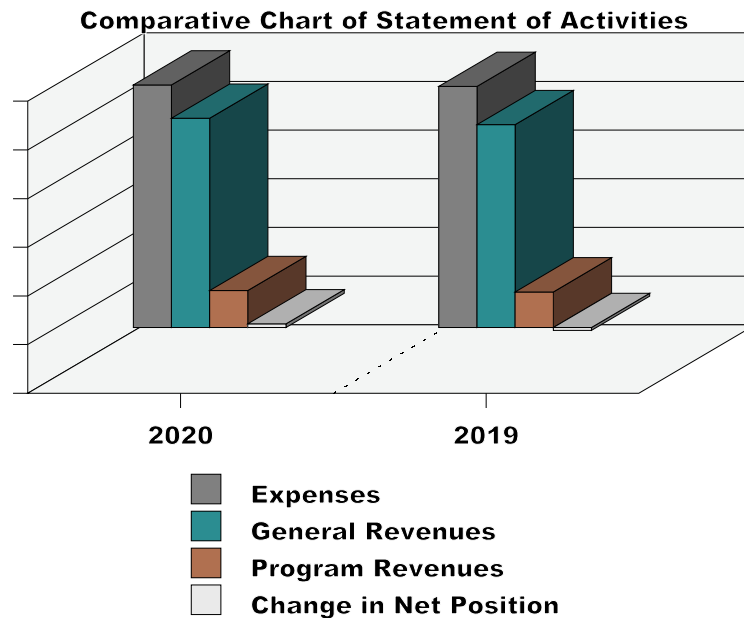
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

**Clinton Public School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

**Table 2**  
**Changes in Net Position**

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,374,961	1,515,592	(9)%
Operating grants and contributions	6,211,789	5,782,646	7%
General Revenues:			
Property taxes	17,065,827	16,318,633	5%
Grants and contributions not restricted	24,802,975	24,197,832	3%
Unrestricted investment earnings	632,796	845,705	(25)%
Sixteenth section sources	226,506	207,908	9%
Other	261,851	94,082	178%
<b>Total revenues</b>	<u>50,576,705</u>	<u>48,962,398</u>	3%
<b>Expenses:</b>			
Instruction	25,365,989	24,804,635	2%
Support services	13,785,296	13,699,859	1%
Non-instructional	1,547,100	1,694,741	(9)%
Sixteenth section	129,539	67,436	92%
Pension expense	7,352,538	7,801,304	(6)%
OPEB expense	298,750	219,590	36%
Interest on long-term liabilities	1,345,018	1,264,680	6%
<b>Total expenses</b>	<u>49,824,230</u>	<u>49,552,245</u>	1%
<b>Increase (Decrease) in net position</b>	<u>752,475</u>	<u>(589,847)</u>	228%
<b>Net Position (Deficit), July 1, as previously reported</b>	(13,643,948)	(13,054,101)	(5)%
<b>Prior period adjustment</b>	654		N/A
<b>Net Position (Deficit), July 1, as restated</b>	<u>(13,643,294)</u>	<u>(13,054,101)</u>	(5)%
<b>Net Position (Deficit), June 30</b>	<u>\$ (12,890,819)</u>	<u>(13,643,948)</u>	6%

**Clinton Public School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**



### Governmental activities

The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**

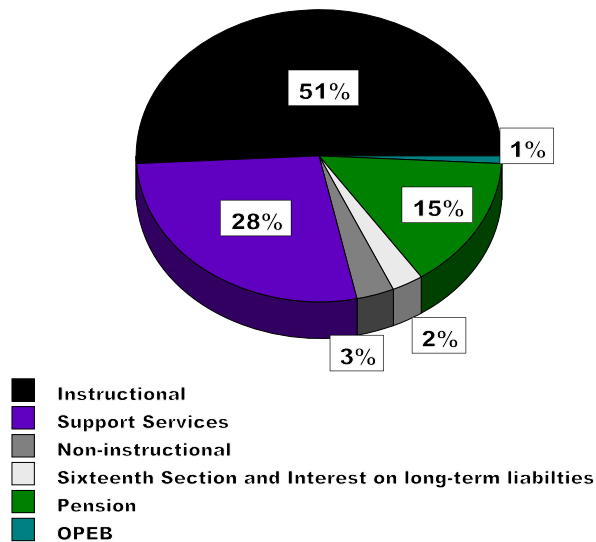
	<u>Total Expenses</u>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ 25,365,989	24,804,635	2%
Support services	13,785,296	13,699,859	1%
Non-instructional	1,547,100	1,694,741	(9)%
Sixteenth section	129,539	67,436	92%
Pension expense	7,352,538	7,801,304	(6)%
OPEB expense	298,750	219,590	36%
Interest on long-term liabilities	1,345,018	1,264,680	6%
<b>Total expenses</b>	<b>\$ 49,824,230</b>	<b>49,552,245</b>	<b>1%</b>



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**Management's Discussion and Analysis**  
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	<u>Net (Expense) Revenue</u>		
	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Instruction	\$ (20,875,766)	(20,596,911)	(1)%
Support services	(12,558,199)	(12,874,145)	2%
Non-instructional	322,330	570,059	(43)%
Sixteenth section	(129,539)	(67,436)	(92)%
Pension expense	(7,352,538)	(7,801,304)	6%
OPEB expense	(298,750)	(219,590)	(36)%
Interest on long-term liabilities	(1,345,018)	(1,264,680)	(6)%
<b>Total net (expense) revenue</b>	<b>\$ (42,237,480)</b>	<b>(42,254,007)</b>	<b>0%</b>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$42,237,480 for 2020 and \$42,254,007 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$17,065,827 for 2020 and \$16,318,633 for 2019) and state and federal revenues (\$24,802,975 for 2020 and \$24,197,832 for 2019). In addition, there was \$226,506 and \$207,908 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$632,796 for 2020 and \$845,705 for 2019.

**Clinton Public School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$25,818,371, a decrease of \$13,691,734, which includes a prior period adjustment of \$654 and an increase in inventory of \$63,740. \$9,794,755 or 38% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$16,023,616 or 62% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$982,319, which includes a prior period adjustment of \$654. The fund balance of Other Governmental Funds showed a decrease in the amount of \$683,419, which includes an increase in inventory of \$63,740. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Building Project Fund	\$ (14,434,630)
QSCB Retirement Fund	443,996

**BUDGETARY HIGHLIGHTS**

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

**Clinton Public School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2020, the District's total capital assets were \$104,323,688, including land, construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$14,841,993 from 2019. Total accumulated depreciation as of June 30, 2020, was \$31,564,336, and total depreciation expense for the year was \$2,143,691, resulting in total net capital assets of \$72,759,352.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 4,333,367	4,333,367	0%
Construction in progress	17,083,176	2,402,625	611%
Buildings	40,357,803	41,492,574	(3)%
Building improvements	140,840	153,272	(8)%
Improvements other than buildings	8,158,175	8,707,137	(6)%
Mobile equipment	2,464,501	2,570,227	(4)%
Furniture and equipment	221,490	266,474	(17)%
<b>Total</b>	<u>\$ 72,759,352</u>	<u>59,925,676</u>	<u>21%</u>

Additional information on the District's capital assets can be found in Note 5 included in this report.

**Debt Administration.** At June 30, 2020, the District had \$48,096,197 in outstanding long-term debt, including bond premiums, of which \$3,177,593 is due within one year. The liability for compensated absences increased \$50,297 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 37,954,000	40,935,000	(7)%
Premiums	2,868,250	3,036,971	(6)%
Three mill notes payable	6,000,000	6,000,000	0%
Obligations under capital leases	902,916	2,558,222	(65)%
Compensated absences payable	371,031	320,734	16%
<b>Total</b>	<u>\$ 48,096,197</u>	<u>52,850,927</u>	<u>(9)%</u>

**Clinton Public School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

Additional information on the District's long-term debt can be found in Note 6 included in this report.

**CURRENT ISSUES**

The Clinton Public School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state and federal revenues.

Enrollment for the 2019 - 2020 year decreased by 1% to 5,283 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Clinton Public School District, P.O. Box 300, Clinton, MS 39060.

## FINANCIAL STATEMENTS

**CLINTON PUBLIC SCHOOL DISTRICT****STATEMENT OF NET POSITION**

JUNE 30, 2020

**EXHIBIT A**

	Governmental Activities
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 20,035,947
<i>Cash with fiscal agents</i>	970,148
<i>Due from other governments</i>	1,091,788
<i>Other receivables, net</i>	4,187
<i>Inventories</i>	129,307
<i>Prepaid items</i>	19,150
<i>Restricted assets</i>	4,853,692
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	4,333,367
<i>Construction in progress</i>	17,083,176
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	40,357,803
<i>Building improvements</i>	140,840
<i>Improvements other than buildings</i>	8,158,175
<i>Mobile equipment</i>	2,464,501
<i>Furniture and equipment</i>	221,490
Total Assets	<u>99,863,571</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount on refunding	273,849
Deferred outflows - pension	8,839,501
Deferred outflows - OPEB	773,096
Total Deferred Outflows of Resources	<u>9,886,446</u>
<b>Liabilities</b>	
<i>Accounts payable and accrued liabilities</i>	1,248,907
<i>Due to other funds</i>	2,792
<i>Unearned revenue</i>	34,149
<i>Interest payable on long-term liabilities</i>	338,259
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	3,008,872
<i>Premiums</i>	168,721
<i>Net OPEB liability</i>	160,441
Long-term liabilities (due beyond one year)	
<i>Capital related liabilities</i>	41,848,044
<i>Non-capital related liabilities</i>	371,031
<i>Premiums</i>	2,699,529
<i>Net pension liability</i>	65,239,831
<i>Net OPEB liability</i>	4,058,966
Total Liabilities	<u>119,179,542</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	3,182,100
Deferred inflows - OPEB	279,194
Total Deferred Inflows of Resources	<u>3,461,294</u>
<b>Net Position</b>	
Net investment in capital assets	29,397,325
Restricted for:	
Expendable:	
School-based activities	936,544
Debt service	6,559,441
Unemployment benefits	121,662
Forestry improvements	53,221
Non-expendable:	
Sixteenth section	1,172,643
Unrestricted	(51,131,655)
Total Net Position (Deficit)	<u>\$ (12,890,819)</u>

The accompanying notes are an integral part of this statement.

**CLINTON PUBLIC SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense)
				Revenue and
				Changes in
				Net Position
Functions/Programs	Expenses	Charges for	Operating	
		Services	Grants and	Governmental
			Contributions	Activities
Governmental Activities:				
<i>Instruction</i>	25,365,989	676,217	3,814,006	(20,875,766)
<i>Support services</i>	13,785,296	--	1,227,097	(12,558,199)
<i>Noninstructional services</i>	1,547,100	698,744	1,170,686	322,330
<i>Sixteenth section</i>	129,539	--	--	(129,539)
<i>Pension expense</i>	7,352,538	--	--	(7,352,538)
<i>OPEB expense</i>	298,750	--	--	(298,750)
<i>Interest on long-term liabilities</i>	1,345,018	--	--	(1,345,018)
Total Governmental Activities	<u>\$ 49,824,230</u>	<u>\$ 1,374,961</u>	<u>\$ 6,211,789</u>	<u>(42,237,480)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				13,123,247
<i>Debt purpose levies</i>				3,942,580
<i>Unrestricted grants and contributions:</i>				
<i>State</i>				24,668,339
<i>Federal</i>				134,636
<i>Unrestricted investment earnings</i>				632,796
<i>Sixteenth section sources</i>				226,506
<i>Other</i>				261,851
Total General Revenues				<u>42,989,955</u>
Change in Net Position				<u>752,475</u>
Net Position (Deficit) - Beginning, as previously reported				(13,643,948)
Prior Period Adjustment				<u>654</u>
Net Position (Deficit) - Beginning, as restated				<u>(13,643,294)</u>
Net Position (Deficit) - Ending				<u>\$ (12,890,819)</u>

The accompanying notes are an integral part of this statement.

**CLINTON PUBLIC SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

**EXHIBIT C**

	General Fund	Building Project Fund	QSCB Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
<i>Cash and cash equivalents</i>	\$ 11,796,792	\$ 5,017,307	\$ --	\$ 4,394,491	\$ 21,208,590
<i>Cash with fiscal agents</i>	6,658	--	44,248	963,490	1,014,396
<i>Investments</i>	--	--	3,636,801	--	3,636,801
<i>Due from other governments</i>	603,919	--	--	429,234	1,033,153
<i>Other receivables, net</i>	4,187	--	--	--	4,187
<i>Due from other funds</i>	524,323	--	--	64,025	588,348
<i>Inventories</i>	--	--	--	129,307	129,307
<i>Prepaid items</i>	19,150	--	--	--	19,150
Total Assets	<u>\$ 12,955,029</u>	<u>\$ 5,017,307</u>	<u>\$ 3,681,049</u>	<u>\$ 5,980,547</u>	<u>\$ 27,633,932</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
<i>Accounts payable and accrued liabilities</i>	\$ 370,776	\$ 850,976	\$ --	\$ 27,155	\$ 1,248,907
<i>Due to other funds</i>	2,793	77,041	--	452,671	532,505
<i>Unearned revenue</i>	34,149	--	--	--	34,149
Total Liabilities	<u>407,718</u>	<u>928,017</u>	<u>--</u>	<u>479,826</u>	<u>1,815,561</u>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Permanent fund principal	--	--	--	1,172,643	1,172,643
Inventory	--	--	--	129,307	129,307
Prepaid items	19,150	--	--	--	19,150
<b>Restricted:</b>					
Unemployment benefits	--	--	--	121,662	121,662
Forestry improvements	--	--	--	53,221	53,221
Capital improvements	--	4,089,290	--	--	4,089,290
Debt service	--	--	3,681,049	3,216,651	6,897,700
Food service	--	--	--	807,237	807,237
<b>Assigned:</b>					
Additional projects	2,000,000	--	--	--	2,000,000
Activity funds	648,680	--	--	--	648,680
Targeted support funds	84,726	--	--	--	84,726
<b>Unassigned</b>	<u>9,794,755</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,794,755</u>
Total Fund Balances	<u>12,547,311</u>	<u>4,089,290</u>	<u>3,681,049</u>	<u>5,500,721</u>	<u>25,818,371</u>
Total Liabilities and Fund Balances	<u>\$ 12,955,029</u>	<u>\$ 5,017,307</u>	<u>\$ 3,681,049</u>	<u>\$ 5,980,547</u>	<u>\$ 27,633,932</u>

The accompanying notes are an integral part of this statement.



**CLINTON PUBLIC SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020*

Total fund balances for governmental funds	\$ 25,818,371
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	72,759,352
Liabilities due in one year are not recognized in the funds.	(3,338,034)
Payables for bond principal which are not due in the current period are not reported in the funds.	(35,081,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(767,044)
Payables for bond interest which are not due in the current period are not reported in the funds.	(338,259)
Payables for notes which are not due in the current period are not reported in the funds.	(6,000,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(371,031)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(65,239,831)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(3,182,100)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	8,839,501
Deferred amount on refunding is accounted for in SNP but not in the funds.	273,849
Bond premiums are amortized in the SNP but not in the funds.	(2,699,529)
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(4,058,966)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(279,194)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	773,096
Net position of governmental activities	\$ <u>(12,890,819)</u>

The accompanying notes are an integral part of this statement.

**CLINTON PUBLIC SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

**EXHIBIT D**

	General Fund	Building Project Fund	QSCB Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue:</b>					
Local sources	\$ 14,309,623	\$ 264,378	\$ 81,308	\$ 4,605,931	\$ 19,261,240
State sources	25,349,588	--	--	1,536,279	26,885,867
Federal sources	134,636	--	--	3,990,833	4,125,469
Sixteenth section sources	281,989	--	--	22,140	304,129
Total Revenues	<u>40,075,836</u>	<u>264,378</u>	<u>81,308</u>	<u>10,155,183</u>	<u>50,576,705</u>
<b>Expenditures:</b>					
Instruction	23,160,125	--	--	3,808,244	26,968,369
Support services	13,576,028	--	--	1,057,584	14,633,612
Noninstructional services	7,843	--	--	1,750,490	1,758,333
Sixteenth section	110,266	--	--	19,273	129,539
Facilities acquisition and construction	--	14,699,008	--	--	14,699,008
Debt service:					
Principal	1,655,306	--	--	2,981,000	4,636,306
Interest	43,852	--	--	1,459,277	1,503,129
Other	--	--	--	10,472	10,472
Total Expenditures	<u>38,553,420</u>	<u>14,699,008</u>	<u>--</u>	<u>11,086,340</u>	<u>64,338,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,522,416</u>	<u>(14,434,630)</u>	<u>81,308</u>	<u>(931,157)</u>	<u>(13,762,063)</u>
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	5,935	--	--	--	5,935
Payment from QSCB escrow agent	--	--	362,688	--	362,688
Payment to QSCB debt escrow agent	--	--	--	(362,688)	(362,688)
Operating transfers in	80,070	--	--	793,348	873,418
Operating transfers out	(626,756)	--	--	(246,662)	(873,418)
Total Other Financing Sources (Uses)	<u>(540,751)</u>	<u>--</u>	<u>362,688</u>	<u>183,998</u>	<u>5,935</u>
Net Change in Fund Balances	<u>981,665</u>	<u>(14,434,630)</u>	<u>443,996</u>	<u>(747,159)</u>	<u>(13,756,128)</u>
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	11,564,992	18,523,920	3,237,053	6,184,140	39,510,105
Prior period adjustments	654	--	--	--	654
July 1, 2019, as restated	<u>11,565,646</u>	<u>18,523,920</u>	<u>3,237,053</u>	<u>6,184,140</u>	<u>39,510,759</u>
Increase (decrease) in inventory	--	--	--	63,740	63,740
June 30, 2020	<u>\$ 12,547,311</u>	<u>\$ 4,089,290</u>	<u>\$ 3,681,049</u>	<u>\$ 5,500,721</u>	<u>\$ 25,818,371</u>

The accompanying notes are an integral part of this statement.

**CLINTON PUBLIC SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020*

Net change in fund balances - total governmental funds	\$ (13,756,128)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	14,985,981
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,143,691)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(8,614)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,981,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	1,655,306
Deferred outflows of resources related to refunding of debt is amortized in SOA but not in the funds.	(11,905)
(Increase) decrease in accrued interest from beginning of period to end of period.	11,767
Change in inventory affects fund balance in the funds but affects expense in the SOA.	63,740
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(50,297)
Bond premiums are reported in the funds but not in the SOA.	168,721
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	4,356,159
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(7,352,538)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	151,724
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(298,750)
Change in net position of governmental activities - Statement of Activities	\$ <u>752,475</u>

The accompanying notes are an integral part of this statement.

**CLINTON PUBLIC SCHOOL DISTRICT**  
*STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES*  
*FIDUCIARY FUNDS*  
*JUNE 30, 2020*

**EXHIBIT E**

	Agency Funds
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 2,000,394
<i>Due from other funds</i>	2,792
Total Assets	<u>\$ 2,003,186</u>
<b>Liabilities</b>	
<i>Accounts payable &amp; accrued liabilities</i>	\$ 1,862,999
<i>Due to student clubs</i>	81,552
<i>Due to other funds</i>	58,635
Total Liabilities	<u>\$ 2,003,186</u>

The accompanying notes are an integral part of this statement.

**Clinton Public School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2020

## **Clinton Public School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2020

### **Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the school district 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 governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

#### **A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Clinton since the governing authority of the city selects a majority of the school district's board but does not have a financial accountability for the school district.

For financial reporting purposes, Clinton Public School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

#### **B. Government-wide and Fund Financial Statements**

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Building Project Fund - This is a fund used to account for the resources and other financing resources to service the building project.

QSCB Retirement Fund - This is a debt retirement fund that accounts for the payments of the Qualified School Construction Bonds when the bonds and the interest becomes due.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The District's fiduciary funds include the following:

Student Club Funds - These funds are used to account for the transactions of student clubs.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing Fund - This fund is used as a clearing fund for non-payroll type transactions.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

#### FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2014, issued by the U.S. Department of Education.

#### **D. Encumbrances**

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

#### **E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances**

##### **1. Cash, Cash equivalents and Investments**

###### **Cash and cash equivalents**

The district's cash and cash equivalents 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 school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

###### **Investments**

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### 2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of inter-fund loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### 3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

#### 4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Certain payments to vendors reflect costs applicable for future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

#### 5. 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, Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

#### 6. Capital Assets

Capital assets include land, improvements to land, easements, water rights,

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

		Capitalization Policy	Estimated Useful Life
Land	\$	0	0
Buildings		50,000	40 years
Building Improvements		25,000	20 years
Improvements other than buildings		25,000	20 years
Mobile equipment		5,000	5-10 years
Furniture and equipment		5,000	3-7 years
Leased property under capital leases		*	*

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

#### 7. Deferred outflows/inflows of resources

In addition to assets, the statement financial position will sometimes report a separate section for deferred outflows of resources. This separate

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has deferred outflows which are presented as deferred outflows for deferred amount on refunding, pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The school district has deferred inflows which are presented as deferred inflows for pension and OPEB.

See Note 12 for further details.

#### 8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

#### 9. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### 10. Pensions

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

#### 11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

#### 12. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

*Nonspendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 8% of actual revenues.

#### 13. Accounting Standards Update

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1 and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

## **Clinton Public School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2020

### **Note 2 - Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments**

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' 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 entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

#### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$21,208,590 and \$2,000,394, respectively.



## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. 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 Institution Corporation. 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 district. As of June 30, 2020, none of the district's bank balance of \$26,294,345 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,014,396.

#### Investments

As of June 30, 2020, the district had the following investments.

Investment	Rating	Maturities (in years)	Fair Value
BankPlus Sinking Fund Fiscal Agent for QSCB Loan	N/A	More than 1 year	\$ <u>3,636,801</u>

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2020:

Level 1 type of investments of \$3,636,801 are valued using quoted market prices (Level 1 inputs)

*Interest Rate Risk.* The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

## Clinton Public School District

Notes to the Financial Statements  
For the Year Ended June 30, 2020

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk.

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

### Note 3 - Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

#### A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building Project Fund	\$ 77,041
	Other Governmental Funds	388,647
	Fiduciary Funds	58,635
Other Governmental Funds	General Fund	1
	Other Governmental Funds	64,024
Fiduciary Funds	General Fund	2,792
Total		<u>\$ 591,140</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

#### B. Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 80,070
Other Governmental Funds	General Fund	626,756
	Other Governmental Funds	166,592
Total		<u>\$ 873,418</u>

Operating transfers were primarily for the following: indirect cost transfers, the transfer of expendable sixteenth section sources, unemployment compensation transfers, and other routine operating transfers.

# Clinton Public School District

## Notes to the Financial Statements For the Year Ended June 30, 2020

### Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$1,172,643, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

The restricted assets represent the cash with fiscal agents and investment balances, totaling \$44,248 and \$3,636,801, respectively, of the QSCB Retirement Fund which is legally restricted and may not be used for purposes that support the district's programs.

### Note 5 - Capital Assets

The following is a summary of changes in capital assets for governmental activities:

	Balance 7-1-2019	Additions	Deletions	Balance 6-30-2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,333,367			4,333,367
Construction in progress	2,402,625	14,680,551		17,083,176
Total non-depreciable capital assets	6,735,992	14,680,551	0	21,416,543
<u>Depreciable capital assets:</u>				
Buildings	60,645,489			60,645,489
Building improvements	310,793			310,793
Improvements other than buildings	14,167,021	18,457		14,185,478
Mobile equipment	5,866,467	253,170	79,715	6,039,922
Furniture and equipment	1,755,933	33,803	64,273	1,725,463
Total depreciable capital assets	82,745,703	305,430	143,988	82,907,145
<u>Less accumulated depreciation for:</u>				
Buildings	19,152,915	1,134,771		20,287,686
Building improvements	157,521	12,432		169,953
Improvements other than buildings	5,459,884	567,419		6,027,303
Mobile equipment	3,296,240	350,925	71,744	3,575,421
Furniture and equipment	1,489,459	78,144	63,630	1,503,973
Total accumulated depreciation	29,556,019	2,143,691	135,374	31,564,336
Total depreciable capital assets, net	53,189,684	(1,838,261)	8,614	51,342,809
Governmental activities capital assets, net	\$ 59,925,676	12,842,290	8,614	72,759,352

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 1,626,262
Support services	511,297
Non-instructional	6,132
Total depreciation expense	\$ 2,143,691

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

The details of construction-in-progress are as follows:

Governmental Activities:	Spent to June 30, 2020	Remaining Commitments
Clinton Jr. High	\$ 4,520,141	178,353
Clinton High School	10,670,701	164,598
Clinton Park Elementary	972,773	
Lovett Elementary	538,026	2,530,744
Northside Elementary	361,442	462,109
Central Office	20,093	
Total	\$ 17,083,176	3,335,804

Construction projects included in governmental activities are funded with the proceeds of the \$20 million 2019 bond issue.

### Note 6 - Long-term liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	Balance 7-1-2019	Additions	Reductions	Balance 6-30-2020	Amounts due within one year
A. General obligation bonds payable	\$ 40,935,000		2,981,000	37,954,000	2,873,000
B. Three mill notes payable	6,000,000			6,000,000	
C. Obligations under capital leases	2,558,222		1,655,306	902,916	135,872
D. Compensated absences payable	320,734	50,297		371,031	
Sub - Total	\$ 49,813,956	50,297	4,636,306	45,227,947	3,008,872
Premiums	3,036,971		168,721	2,868,250	168,721
Total	\$ 52,850,927	50,297	4,805,027	48,096,197	3,177,593

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2010	3.00 - 4.25%	06-01-11	06-01-23	\$ 14,000,000	2,175,000
General obligation bonds, Series 2011	2.50 - 3.25%	04-01-12	10-01-28	9,000,000	6,600,000
General obligation refunding bonds, Series 2012 - Refunded 2005	2.00 - 2.125%	09-15-12	03-15-22	8,490,000	2,630,000
General obligation refunding bonds, Series 2017	2.46%	12-15-17	06-01-30	6,729,000	6,549,000
General obligation bonds, Series 2019	4.00 - 5.00%	04-09-19	04-01-37	20,000,000	20,000,000
				<u>\$ 58,219,000</u>	<u>37,954,000</u>

The following is a schedule by years of the total payments due on this debt:

#### 1. Bond issue of Series 2010:

Year Ending June 30	Principal	Interest	Total
2021	\$ 695,000	321,475	1,016,475
2022	725,000	293,675	1,018,675
2023	<u>755,000</u>	<u>264,675</u>	<u>1,019,675</u>
Total	\$ <u>2,175,000</u>	<u>879,825</u>	<u>3,054,825</u>

This debt will be retired from the Debt Service Funds (Debt Service - 2010 Bonds Fund) which will be financed by local millage and EEF Building and Buses Fund annual appropriation of \$166,601. These EEF funds are pledged exclusively to the general obligation bonds, series 2005 (including the refunded bonds) through March 15, 2022 at which time they will become exclusively pledged to the general obligation bonds, series 2010 through June 1, 2030.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### 2. Bond issue of Series 2011:

Year Ending June 30		Principal	Interest	Total
2021	\$	425,000	168,031	593,031
2022		600,000	155,219	755,219
2023		575,000	140,891	715,891
2024		650,000	125,938	775,938
2025		700,000	108,625	808,625
2026-2029		3,650,000	217,469	3,867,469
Total	\$	6,600,000	916,173	7,516,173

This debt will be retired from the Debt Service Funds (Debt Service - 2011 Bonds Fund) which will be financed by local millage.

#### 3. Bond issue of Refunded Series 2012:

Year Ending June 30		Principal	Interest	Total
2021	\$	1,680,000	53,788	1,733,788
2022		950,000	20,188	970,188
Total	\$	2,630,000	73,976	2,703,976

This debt will be retired from the Debt Service Funds (Debt Service - 2005/2012 Refunded Bonds Fund) which will be financed by local millage and EEF Building and Buses Fund annual appropriation of \$166,601. These EEF funds are pledged exclusively to the general obligation bonds, series 2005 (including the refunded bonds) through March 15, 2022 at which time they will become exclusively pledged to the general obligation bonds, series 2010 through June 1, 2030.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### 4. Bond issue of Refunded Series 2017

Year Ending June 30		Principal	Interest	Total
2021	\$	73,000	161,105	234,105
2022		75,000	159,310	234,310
2023		76,000	157,465	233,465
2024		868,000	155,595	1,023,595
2025		893,000	134,242	1,027,242
2026-2030		4,564,000	327,302	4,891,302
Total	\$	<u>6,549,000</u>	<u>1,095,019</u>	<u>7,644,019</u>

This debt will be retired from the Debt Service Funds (Debt Service - 2010/2017 Refunded Bonds Fund).

#### 5. Bond issue Series 2019

Year Ending June 30		Principal	Interest	Total
2021	\$		932,350	932,350
2022			932,350	932,350
2023		930,000	932,350	1,862,350
2024		980,000	885,850	1,865,850
2025		1,025,000	836,850	1,861,850
2026-2030		5,960,000	3,361,000	9,321,000
2031-2035		7,590,000	1,730,450	9,320,450
2036-2037		3,515,000	212,200	3,727,200
Total	\$	<u>20,000,000</u>	<u>9,823,400</u>	<u>29,823,400</u>

This debt will be retired from the Debt Service Fund (Debt Service - 2019 Bonds Fund).

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

The total general obligation bond payments for all issues:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	2,873,000	1,636,749	4,509,749
2022	2,350,000	1,560,742	3,910,742
2023	2,336,000	1,495,381	3,831,381
2024	2,498,000	1,167,383	3,665,383
2025	2,618,000	1,079,717	3,697,717
2026-2030	14,174,000	3,905,771	18,079,771
2031-2035	7,590,000	1,730,450	9,320,450
2036-2037	3,515,000	212,200	3,727,200
Total	\$ <u>37,954,000</u>	<u>12,788,393</u>	<u>50,742,393</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2020, the amount of outstanding bonded indebtedness was equal to 13.43% of property assessments as of October 1, 2019.

#### **B. Three mill notes payable**

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Three mill note, series 2010	0.00%	12-16-10	12-01-25	\$ <u>6,000,000</u>	<u>6,000,000</u>

The following is a schedule by years of the total payments due on this debt:

NOTE: This is a Qualified School Construction Bond but was recorded in the books as Three Mills Note according to the financial institution's repayment agreement. This debt will be retired from the Debt Service Fund (Debt Service - 2010 Note Fund), which will be financed by local millage.

See Note 14 for required sinking fund payments.



## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

Year Ending June 30		Principal
2021	\$	0
2022		0
2023		0
2024		0
2025		0
2026		<u>6,000,000</u>
Total	\$	<u><u>6,000,000</u></u>

#### C. Obligation under capital leases

The school district entered into a lease agreement as lessee for financing the acquisition of computer and computer equipment at a cost of \$1,824,495 with a down payment of \$0 in 2016-2017, \$3,202,171 with a down payment of \$0 in 2017-2018, and \$1,205,250 with a down payment of \$0 in 2018-2019. These leases qualify as capital leases for accounting purposes with the option to purchase for \$1 at the end of the term.

Capital leases currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Capital lease, August 2016 Issue	0.39%	08-05-16	08-05-19	\$ 1,824,495	0
Capital lease, June 2017 Issue	0.00%	07-25-17	07-25-19	3,202,171	0
Capital lease, August 2018 Issue	4.00%	08-28-18	08-28-25	<u>1,205,250</u>	<u>902,916</u>
				<u>\$ 6,231,916</u>	<u>902,916</u>

The following is a schedule by years of the total payments due on this debt:

1. This debt was paid off and retired from the District Maintenance Fund.
2. This debt was paid off and retired from the District Maintenance Fund.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### 3. Capital lease issue of August 2018:

Year Ending June 30		Principal	Interest	Total
2021	\$	135,872	36,786	172,658
2022		141,407	31,251	172,658
2023		147,169	25,489	172,658
2024		153,164	19,494	172,658
2025		159,405	13,253	172,658
2026		165,899	6,759	172,658
Total	\$	<u>902,916</u>	<u>133,032</u>	<u>1,035,948</u>

This debt will be retired from the District Maintenance Fund.

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

#### **D. Compensated absences payable**

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

### **Note 7 - Other Commitments**

Commitments under construction contracts are described in Note 5.

#### Operating leases:

The school has several operating leases for postage machines and copiers.

Lease expenditures for the year ended June 30, 2020, amounted to \$58,337.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

Future lease payments for this lease are as follows:

Year Ending June 30		Principal
2021	\$	73,579
2022		73,579
2023		1,696
2024		330
Total	\$	<u>149,184</u>

#### Note 8 - Defined Benefit Pension Plan

##### General Information about the Pension Plan

*Plan Description.* The school district 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 is available at [www.pers.ms.gov](http://www.pers.ms.gov).

*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 district. 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 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

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

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.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2020, 2019, and 2018, were \$4,356,159, \$3,804,016, and \$3,658,985, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the school district reported a liability of \$65,239,831 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2020 net pension liability was 0.370850 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.007057 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$7,352,538. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,859	\$
Net difference between projected and actual earnings on pension plan investments		674,740
Change in assumptions	639,275	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,806,208	2,507,360
District contributions subsequent to the measurement date	4,356,159	
Total	<u>\$ 8,839,501</u>	<u>\$ 3,182,100</u>

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

\$4,356,159 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 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:

Year Ending June 30:		
2021	\$	934,536
2022		(358,301)
2023		427,158
2024		297,849
Total	\$	<u>1,301,242</u>

*Actuarial assumptions.* The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 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% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.90%
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate 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 contribution rate (17.40%). 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 District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District'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%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ <u>85,760,019</u>	<u>65,239,831</u>	<u>48,302,259</u>

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

## Note 9 - Other Postemployment Benefits (OPEB)

### General Information about the OPEB Plan.

*Plan description.* State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et. seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

#### *Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

#### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$151,724 for the year ended June 30, 2020.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2020, the District reported a liability of \$4,219,407 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the District's proportion was 0.49725439 percent. This was an increase of 0.01750475 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$298,750. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,380	\$ 60,397
Changes of assumptions	314,568	218,797
Net difference between projected and actual earnings on OPEB plan investments	80	
Changes in proportion and differences between District contributions and proportionate share of contributions	300,344	
District contributions subsequent to the measurement date	151,724	
Total	\$ <u>773,096</u>	\$ <u>279,194</u>

\$151,724 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

#### Year Ending June 30:

2021	\$	58,068
2022		58,068
2023		58,068
2024		65,351
2025		74,748
Thereafter		27,875
Total	\$	<u>342,178</u>

*Actuarial assumptions.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 - 18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an ultimate rate of 4.75 percent by 2028
Pre-Medicare	

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

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

*Discount rate.* The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Board Buyer General Obligation 20-year Municipal Bond index Rate.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

		1% Decrease (2.50%)		Discount Rate (3.50%)		1% Increase (4.50%)
Net OPEB liability	\$	4,687,025	\$	4,219,407	\$	3,819,316

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease		Healthcare Cost Trend Rates Current		1% Increase
Net OPEB liability	\$	3,909,931	\$	4,219,407	\$	4,569,992

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

#### **Note 10 - Risk Management**

The school district 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 district 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.

#### **Note 11 - Contingencies**

**Federal Grants** - The school district 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 the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

**Litigation** - The school district 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 the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

#### **Note 12 - Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$29,397,325 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of school district debt. The \$273,849 balance of the deferred outflow of resources at June 30, 2020 will be recognized as an expense and decrease the net investment in capital assets net position for the next 9 years.

The unrestricted net position amount of (\$51,131,655) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$4,356,159 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$4,483,342 balance of deferred outflow of resources, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

## **Clinton Public School District**

### Notes to the Financial Statements For the Year Ended June 30, 2020

The unrestricted net position amount of (\$51,131,655) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,182,100 balance of deferred inflow of resources, at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$51,131,655) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$151,724 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$621,372 balance of deferred outflow of resources, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$51,131,655) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$279,194 balance of deferred inflow of resources at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

## Clinton Public School District

Notes to the Financial Statements  
For the Year Ended June 30, 2020

### Note 13 - Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trusts lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30,		Amount
2021	\$	177,337
2022		163,142
2023		118,327
2024		72,974
2025		65,558
2026 - 2030		309,940
2031 - 2035		92,867
2036 - 2040		29,225
2041 - 2045		12,025
2046 - 2050		5,000
2051		1,916
Total	\$	<u>1,048,311</u>

### Note 14 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

## Clinton Public School District

### Notes to the Financial Statements For the Year Ended June 30, 2020

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2020 was \$3,681,049. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30,		Amount
2021	\$	415,000
2022		416,000
2023		416,000
2024		416,000
2025		416,000
2026		415,000
Total	\$	<u>2,494,000</u>

#### Note 15 - Insurance Loss Recoveries

The Clinton Public School District received \$5,935 in insurance loss recoveries related to bus accident damage during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as support services and allocated to support service expense.

#### Note 16 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

## Clinton Public School District

Notes to the Financial Statements  
For the Year Ended June 30, 2020

### Note 17 - Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

#### Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
See below for explanation.	\$ <u>654</u>

#### Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To adjust expenses from prior year.	\$ <u>654</u>

### Note 18 - State Compliance Testing

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

### Note 19 - 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 Clinton Public School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statement.

## REQUIRED SUPPLEMENTARY INFORMATION



**CLINTON PUBLIC SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2020

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 14,754,897	14,639,643	14,309,623	(115,254)	(330,020)
State sources	25,571,427	25,606,933	25,349,588	35,506	(257,345)
Federal sources	35,000	135,644	134,636	100,644	(1,008)
Sixteenth section sources	250,000	250,000	281,989	-	31,989
Total Revenues	<u>40,611,324</u>	<u>40,632,220</u>	<u>40,075,836</u>	<u>20,896</u>	<u>(556,384)</u>
<b>Expenditures:</b>					
Instruction	24,545,684	23,659,590	23,160,125	886,094	499,465
Support services	13,929,649	14,298,475	13,576,028	(368,826)	722,447
Noninstructional services	19,500	18,500	7,843	1,000	10,657
Sixteenth section	51,500	51,500	110,266	-	(58,766)
Debt service:					
Principal	1,522,940	1,655,270	1,655,306	(132,330)	(36)
Interest	3,560	43,888	43,852	(40,328)	36
Total Expenditures	<u>40,072,833</u>	<u>39,727,223</u>	<u>38,553,420</u>	<u>345,610</u>	<u>1,173,803</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>538,491</u>	<u>904,997</u>	<u>1,522,416</u>	<u>366,506</u>	<u>617,419</u>
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	-	5,935	-	5,935
Sale of transportation equipment	2,000	2,000	-	-	(2,000)
Operating transfers in	4,375,245	5,265,857	80,070	890,612	(5,185,787)
Operating transfers out	<u>(5,447,920)</u>	<u>(6,079,691)</u>	<u>(626,756)</u>	<u>(631,771)</u>	<u>5,452,935</u>
Total Other Financing Sources (Uses)	<u>(1,070,675)</u>	<u>(811,834)</u>	<u>(540,751)</u>	<u>258,841</u>	<u>271,083</u>
Net Change in Fund Balances	<u>(532,184)</u>	<u>93,163</u>	<u>981,665</u>	<u>625,347</u>	<u>888,502</u>
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	11,199,254	11,199,254	11,564,992	-	365,738
Prior period adjustments	-	-	654	-	654
July 1, 2019, as restated	<u>11,199,254</u>	<u>11,199,254</u>	<u>11,565,646</u>	<u>-</u>	<u>366,392</u>
June 30, 2020	<u>\$ 10,667,070</u>	<u>11,292,417</u>	<u>12,547,311</u>	<u>625,347</u>	<u>1,254,894</u>

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

**Clinton Public School District**

## Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 65,239,832	60,509,584	59,482,992	63,182,510	51,722,253	37,202,153
District's proportion of the net pension liability	0.370850%	0.363793%	0.357827%	0.353716%	0.334598%	0.306489%
District's covered payroll	21,862,161	23,231,651	22,954,813	22,628,038	20,903,784	18,728,070
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Clinton Public School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

		2020	2019	2018	2017	2016	2015
Contractually required contribution	\$	4,356,159	3,804,016	3,658,985	3,615,383	3,563,916	3,292,346
Contributions in relation to the contractually required contribution		4,356,159	3,804,016	3,658,985	3,615,383	3,563,916	3,292,346
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll		25,035,397	24,152,483	23,231,651	22,954,813	22,628,038	20,903,784
Contributions as a percentage of covered payroll		17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Clinton Public School District**

## Schedule of the District's Proportionate Share of the Net OPEB Liability

## OPEB

## Last 10 Fiscal Years\*

	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 4,219,407	3,711,103	3,571,669
District's proportion of the net OPEB liability	0.49725439%	0.47974964%	0.45521654% *
District's covered-employee payroll	22,771,397	21,698,750	20,451,627 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Clinton Public School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years\*

	2020	2019	2018	
Actuarially determined contribution	\$ 151,724	169,127	152,266	**
Contributions in relation to the actuarially determined contribution	151,724	169,127	152,266	**
Contribution deficiency (excess)	\$ -	-	-	
District's covered-employee payroll	23,269,305	21,299,353	21,888,442	
Contributions as a percentage of covered-employee payroll	0.65%	0.79%	0.70%	

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

## Clinton Public School District

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

### Budgetary Comparison Schedule

#### (1) Basis of Presentation

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

#### (2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund consistent with accounting principles generally accepted in the United States of America.

### Pension Schedules

#### (1) *Changes of assumptions*

##### 2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

##### 2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

##### 2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

## Clinton Public School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2020

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 6% to 7%.

#### 2019:

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; and 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; and 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, 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%.

#### (2) *Changes in benefit provisions*

##### 2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

#### (3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

## Clinton Public School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

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 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

#### OPEB Schedules

##### (1) Changes of assumptions

###### 2017:

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

###### 2018:

The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

###### 2019:

The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

##### (2) Changes in benefit provisions

###### 2017:

None

###### 2018:

None

###### 2019:

None

- (3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*  
The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:



## Clinton Public School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	7.25 percent
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	4.75 percent
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89 percent

## SUPPLEMENTARY INFORMATION

**CLINTON PUBLIC SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	205MS326N1099	10.553	\$ 143,462
National School Lunch Program	205MS326N1099	10.555	1,146,225
Total Child Nutrition Cluster			1,289,687
State Administrative Expenses for Child Nutrition	205MS907N2533	10.560	13,396
Total passed-through the Mississippi Department of Education			1,303,083
<b>Total U.S. Department of Agriculture</b>			<b>1,303,083</b>
<b><u>U.S. Department of Energy</u></b>			
Passed-through the Environmental Protection Agency			
EPA's DERA School Bus Rebates	N/A	66.xxx	60,000
Total passed-through the Environmental Protection Agency			60,000
<b>Total U.S. Department of Energy</b>			<b>60,000</b>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A190024	84.010	1,308,592
Career and Technical Education - Basic Grants to States	V048A190024	84.048	45,940
English Language Acquisition State Grants	ES365A190024	84.365	56,677
Supporting Effective Instruction State Grants	ES367A190023	84.367	73,562
Student Support and Academic Enrichment Program	ES424A190025	84.424	19,445
COVID-19 - Education Stabilization Fund (ESSER)	S425D200031	84.425D	39,030
Subtotal			1,543,246
Special Education Cluster:			
Special Education - Grants to States	H027A190108	84.027	1,116,758
Positive Behavior Specialists	H027A190108	84.027A	10,644
Special Education - Preschool Grants	H173A190113	84.173	27,745
Total Special Education Cluster			1,155,147
Total passed-through the Mississippi Department of Education			2,698,393
<b>Total U.S. Department of Education</b>			<b>2,698,393</b>
Total for All Federal Awards			\$ <b>4,061,476</b>

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

## Clinton Public School District

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

#### (1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the school district under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the school district, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school district.

#### (2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### (3) Indirect Cost Rate

The school district has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### (4) Other Items

Donated commodities of \$183,956 are included in the National School Lunch Program.

**CLINTON PUBLIC SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2020

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	34,519,432	27,068,936	1,226,589	2,575,742	3,648,165
Other	29,819,336	2,363,438	338,175	24,755	27,092,968
Total	\$ 64,338,768	29,432,374	1,564,764	2,600,497	30,741,133
Total number of students *	5,283				
Cost per student	\$ 12,178	5,571	296	492	5,819

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following functions: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration categories.

\* Includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year

## OTHER INFORMATION

**CLINTON PUBLIC SCHOOL DISTRICT**Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

"UNAUDITED"

	2020	2019*	2018*	2017*
<b>Revenues:</b>				
Local sources	\$ 14,309,623	13,898,193	14,042,060	14,023,849
State sources	25,349,588	24,119,824	23,264,805	23,543,975
Federal sources	134,636	63,476	80,864	514,300
Sixteenth section sources	281,989	276,329	259,144	361,173
Total Revenues	<u>40,075,836</u>	<u>38,357,822</u>	<u>37,646,873</u>	<u>38,443,297</u>
<b>Expenditures:</b>				
Instruction	23,160,125	22,398,721	25,037,037	22,877,831
Support services	13,576,028	14,437,938	12,954,486	13,839,898
Noninstructional services	7,843	9,741	9,926	13,765
Sixteenth section	110,266	60,955	104,599	67,235
Facilities acquisition and construction	-	148,992	631,906	335,980
Debt service:				
Principal	1,655,306	1,694,721	1,621,834	1,682,143
Interest	43,852	3,560	8,127	21,870
Total Expenditures	<u>38,553,420</u>	<u>38,754,628</u>	<u>40,367,915</u>	<u>38,838,722</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,522,416</u>	<u>(396,806)</u>	<u>(2,721,042)</u>	<u>(395,425)</u>
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	-	1,205,250	3,202,171	1,824,495
Insurance recovery	5,935	-	66,925	3,603
Sale of transportation equipment	-	14,480	3,500	2,900
Sale of other property	-	153,055	776,214	234,336
Operating transfers in	80,070	101,557	78,393	100,487
Operating transfers out	(626,756)	(711,798)	(1,448,218)	(970,874)
Total Other Financing Sources (Uses)	<u>(540,751)</u>	<u>762,544</u>	<u>2,678,985</u>	<u>1,194,947</u>
Net Change in Fund Balances	<u>981,665</u>	<u>365,738</u>	<u>(42,057)</u>	<u>799,522</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	11,564,992	11,199,254	11,241,311	10,441,789
Prior period adjustments	654	-	-	-
Beginning of period, as restated	<u>11,565,646</u>	<u>11,199,254</u>	<u>11,241,311</u>	<u>10,441,789</u>
End of period	<u>\$ 12,547,311</u>	<u>11,564,992</u>	<u>11,199,254</u>	<u>11,241,311</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**CLINTON PUBLIC SCHOOL DISTRICT**

## Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

**"UNAUDITED"**

	2020	2019*	2018*	2017*
<b>Revenues:</b>				
Local sources	\$ 19,261,240	18,636,822	18,715,480	18,612,456
State sources	26,885,867	25,581,983	24,528,051	24,447,005
Federal sources	4,125,469	4,290,173	3,860,060	3,315,185
Sixteenth section sources	304,129	302,894	279,232	5,738,697
Total Revenues	<u>50,576,705</u>	<u>48,811,872</u>	<u>47,382,823</u>	<u>52,113,343</u>
<b>Expenditures:</b>				
Instruction	26,968,369	26,061,120	28,129,313	24,940,552
Support services	14,633,612	15,334,397	13,814,021	15,022,329
Noninstructional services	1,758,333	1,810,988	1,862,521	2,150,640
Sixteenth section	129,539	67,436	3,674,024	77,415
Facilities acquisition and construction	14,699,008	2,551,617	1,386,566	435,227
Debt service:				
Principal	4,636,306	4,878,721	4,736,834	4,612,143
Interest	1,503,129	631,553	749,141	914,726
Other	10,472	384,302	91,399	7,393
Total Expenditures	<u>64,338,768</u>	<u>51,720,134</u>	<u>54,443,819</u>	<u>48,160,425</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(13,762,063)</u>	<u>(2,908,262)</u>	<u>(7,060,996)</u>	<u>3,952,918</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	20,000,000	-	-
Capital leases issued	-	1,205,250	3,202,171	1,824,495
Insurance recovery	5,935	-	66,925	3,603
Premium on debt issued	-	3,036,971	-	-
Refunding bond issued	-	-	6,729,000	-
Payment to refunded bond escrow agent	-	-	(6,642,659)	-
Payment from QSCB escrow agent	362,688	343,511	415,000	415,000
Payment to QSCB debt escrow agent	(362,688)	(343,511)	(415,000)	(415,000)
Sale of transportation equipment	-	14,480	3,500	2,900
Sale of other property	-	153,055	776,214	234,336
Operating transfers in	873,418	813,355	1,526,611	1,071,361
Operating transfers out	(873,418)	(813,355)	(1,526,611)	(1,071,361)
Total Other Financing Sources (Uses)	<u>5,935</u>	<u>24,409,756</u>	<u>4,135,151</u>	<u>2,065,334</u>
Net Change in Fund Balances	<u>(13,756,128)</u>	<u>21,501,494</u>	<u>(2,925,845)</u>	<u>6,018,252</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	39,510,105	18,023,931	20,915,589	14,890,289
Prior period adjustments	654	-	-	-
Beginning of period, as restated	<u>39,510,759</u>	<u>18,023,931</u>	<u>20,915,589</u>	<u>14,890,289</u>
Increase (decrease) in reserve for inventory	63,740	(15,320)	34,187	7,048
End of period	<u>\$ 25,818,371</u>	<u>39,510,105</u>	<u>18,023,931</u>	<u>20,915,589</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

Superintendent and School Board  
Clinton Public School District

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, each major fund, and the aggregate remaining fund information of Clinton Public School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Clinton Public School District's basic financial statements, and have issued our report thereon dated February 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the school district's internal control over financial reporting (internal control) as a basis for designing 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 school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 22, 2021

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Clinton Public School District

**Report on Compliance for Each Major Federal Program**

We have audited Clinton Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Clinton Public School District's major federal program for the year ended June 30, 2020. The Clinton Public School District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, the Clinton Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 22, 2021

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Clinton Public School District

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

#### Section I: Summary of Auditor's Results

##### Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major program:

CFDA Numbers:	Name of Federal Program or Cluster
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84.027, 84.027A & 84.173	Special Education Cluster
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8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.
10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

## Section II: Financial Statements Findings

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

## Section III: Federal Awards Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.