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CLINTON PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

CLINTON PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton Public School District, as of June 30, 2021, 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 6-14, 48-49, 50, 51, 52 & 53, 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 April 28, 2022, 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.

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, MS

April 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The following discussion and analysis of District's financial performance provides an overview of the Clinton Public School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the Clinton Public 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 Clinton Public School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2021 decreased \$3,792,716, including a prior period adjustment of \$65,917, which represents a 29% decrease from fiscal year 2020. Total net position for 2020 increased \$753,129, including a prior period adjustment of \$654, which represents a 6% increase from fiscal year 2019.
- General revenues amounted to \$43,497,352 and \$42,989,955, or 82% and 85% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,791,584, or 18% of total revenues for 2021, and \$7,586,750, or 15% of total revenues for 2020.
- The District had \$57,147,569 and \$49,824,230 in expenses for fiscal years 2021 and 2020; only \$9,791,584 for 2021 and \$7,586,750 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$43,497,352 for 2021 were not adequate to provide for these programs and \$42,989,955 for 2020 were adequate to provide for these programs.
- Among major funds, the General Fund had \$39,866,871 in revenues and \$40,417,908 in expenditures for 2021, and \$40,075,836 in revenues and \$38,553,420 in expenditures in 2020. The General Fund's fund balance increased by \$1,844,968, including a prior period adjustment of \$82,868, from 2020 to 2021, and increased by \$982,319, which includes a prior period adjustment of \$654, from 2019 to 2020.
- Capital assets, net of accumulated depreciation, increased by \$4,580,199, including a prior period adjustment of (\$16,951), for 2021 and increased by \$12,833,676 for 2020. The increase for 2021 was due primarily to construction in progress net of the increase in accumulated depreciation.
- Long-term debt increased by \$4,563,613 for 2021 and decreased by \$4,636,306 for 2020. This increase for 2021 was due primarily to issuing general obligation bonds and the inception of capital leases net of the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$38,775 for 2021 and increased by \$50,297 for 2020.

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, 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

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 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 are classified as governmental funds.

Governmental funds – All 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.

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.

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

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 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 and each additional major special revenue 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 \$16,683,535 as of June 30, 2021.

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.

Table 1 presents a summary of the District's net position at June 30, 2021 and June 30, 2020.

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Table 1
Condensed Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Current assets	\$ 17,894,206	\$ 22,250,527	(19.58) %
Restricted assets	10,408,145	4,853,692	114.44 %
Capital assets, net	77,339,551	72,759,352	6.29 %
Total assets	<u>105,641,902</u>	<u>99,863,571</u>	5.79 %
 Deferred outflows of resources	 <u>10,907,881</u>	 <u>9,886,446</u>	 10.33 %
 Current liabilities	 2,996,107	 1,624,107	 84.48 %
Long-term debt outstanding	52,698,585	48,096,197	9.57 %
Net OPEB liability	3,804,529	4,219,407	(9.83) %
Net pension liability	72,784,778	65,239,831	11.56 %
Total liabilities	<u>132,283,999</u>	<u>119,179,542</u>	11.00 %
 Deferred inflows of resources	 <u>949,319</u>	 <u>3,461,294</u>	 (72.57) %
 Net position:			
Net investment in capital assets	27,171,335	29,397,325	(7.57) %
Restricted	8,793,402	8,843,511	(0.57) %
Unrestricted	(52,648,272)	(51,131,655)	(2.97) %
Total net position	<u>\$ (16,683,535)</u>	<u>\$ (12,890,819)</u>	(29.42) %

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:

Total unrestricted net position (deficit)	\$ (52,648,272)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	 <u>66,630,745</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	 <u><u>\$ 13,982,473</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 \$4,580,199.
- The principal retirement of \$12,740,790 of long-term debt.
- Issuing \$12,690,000 in general obligation bonds.
- Inception of \$2,852,753 capital lease.

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$53,288,936 and \$50,576,705, respectively. The total cost of all programs and services was \$57,147,569 for 2021 and \$49,824,230 for 2020.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 684,720	\$ 1,374,961	(50.20) %
Operating grants and contributions	9,106,864	6,211,789	46.61 %
General revenues:			
Property and gaming taxes	17,462,261	17,065,827	2.32 %
Grants and contributions not restricted	25,131,697	24,802,975	1.33 %
Investment earnings	454,759	632,796	(28.13) %
Sixteenth section sources	250,460	226,506	10.58 %
Other	198,175	261,851	(24.32) %
Total revenues	<u>53,288,936</u>	<u>50,576,705</u>	5.36 %
Expenses:			
Instruction	30,910,335	25,365,989	21.86 %
Support services	14,192,450	13,785,296	2.95 %
Non-instructional	2,259,004	1,547,100	46.02 %
Sixteenth section	82,055	129,539	(36.66) %
Pension expense	7,749,726	7,352,538	5.40 %
OPEB expense	129,292	298,750	(56.72) %
Interest on long-term liabilities	1,824,707	1,345,018	35.66 %
Total expenses	<u>57,147,569</u>	<u>49,824,230</u>	14.70 %
Increase (Decrease) in net position	<u>(3,858,633)</u>	<u>752,475</u>	(612.79) %
Net Position, July 1, as previously reported	<u>(12,890,819)</u>	<u>(13,643,948)</u>	5.52 %
Prior Period Adjustment	<u>65,917</u>	<u>654</u>	9,979.05 %
Net Position, July 1, as restated	<u>(12,824,902)</u>	<u>(13,643,294)</u>	6.00 %
Net Position, June 30	<u><u>\$ (16,683,535)</u></u>	<u><u>\$ (12,890,819)</u></u>	(29.42) %

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

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 30,910,335	\$ 25,365,989	21.86 %
Support services	14,192,450	13,785,296	2.95 %
Non-instructional	2,259,004	1,547,100	46.02 %
Sixteenth section	82,055	129,539	(36.66) %
Pension Expense	7,749,726	7,352,538	5.40 %
OPEB Expense	129,292	298,750	(56.72) %
Interest on long-term liabilities	1,824,707	1,345,018	35.66 %
Total expenses	\$ 57,147,569	\$ 49,824,230	14.70 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (24,934,073)	\$ (20,875,766)	(19.44) %
Support services	(12,277,230)	(12,558,199)	2.24 %
Non-instructional	(358,902)	322,330	(211.35) %
Sixteenth section	(82,055)	(129,539)	36.66 %
Pension Expense	(7,749,726)	(7,352,538)	(5.40) %
OPEB Expense	(129,292)	(298,750)	56.72 %
Interest on long-term liabilities	(1,824,707)	(1,345,018)	(35.66) %
Total net (expense) revenue	\$ (47,355,985)	\$ (42,237,480)	(12.12) %

- Net cost of governmental activities (\$47,355,985 for 2021 and \$42,237,480 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$17,462,261 for 2021 and \$17,065,827 for 2020) and state and federal revenues (\$25,131,697 for 2021 and \$24,802,975 for 2020). In addition, there was \$250,460 and \$226,506 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$454,759 for 2021 and \$632,796 for 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 \$25,678,727, a decrease of \$139,644, including a prior period adjustment of \$82,868, and which includes a decrease in inventory of \$76,077. \$11,644,759 or 45% 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

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$14,033,968 or 55% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed 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 \$1,844,968, including a prior period adjustment of \$82,868. The fund balance of Other Governmental Funds showed a decrease in the amount of \$377,906, which includes a decrease in reserve for inventory of \$76,077, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER II Fund	No increase or decrease
Building Project Fund	\$ (1,968,727)
QSCB Retirement Fund	\$ 362,021

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 Clinton Public School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$110,775,411, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$6,451,723 from 2020. Total accumulated depreciation as of June 30, 2021, was \$33,435,860, and total depreciation expense for the year was \$2,617,100, resulting in total net capital assets of \$77,339,551.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 4,333,367	\$ 4,333,367	0.00 %
Construction in progress	2,885,971	17,083,176	(83.11) %
Buildings	58,404,063	40,357,803	44.72 %
Building improvements	128,408	140,840	(8.83) %
Improvements other than buildings	9,130,016	8,158,175	11.91 %
Mobile equipment	2,122,867	2,464,501	(13.86) %
Furniture and equipment	334,859	221,490	51.18 %
Total	\$ 77,339,551	\$ 72,759,352	6.29 %

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

CLINTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Debt Administration. At June 30, 2021, the District had \$52,698,585 in outstanding long-term debt, of which \$3,717,931 is due within one year. The liability for compensated absences increased \$38,775 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>	
General obligation bonds payable	\$ 38,990,000	\$ 37,954,000	2.73	%
Premiums	4,629,900	2,868,250	61.42	%
Three mill notes payable	6,000,000	6,000,000	0.00	%
Obligations under capital leases	2,668,879	902,916	195.58	%
Compensated absences payable	409,806	371,031	10.45	%
Total	<u>\$ 52,698,585</u>	<u>\$ 48,096,197</u>	9.57	%

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 are 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, 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, 2021

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 16,071,511
Due from other governments	1,751,683
Inventories	53,230
Prepaid items	17,782
Restricted assets	10,408,145
Capital assets, non-depreciable:	
Land	4,333,367
Construction in progress	2,885,971
Capital assets, net of accumulated depreciation:	
Buildings	58,404,063
Building improvements	128,408
Improvements other than buildings	9,130,016
Mobile equipment	2,122,867
Furniture and equipment	334,859
Total Assets	<u>105,641,902</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	9,972,741
Deferred outflows - OPEB	935,140
Total deferred outflows of resources	<u>10,907,881</u>
Liabilities	
Accounts payable and accrued liabilities	2,597,467
Unearned revenue	26,157
Interest payable on long-term liabilities	372,483
Long-term liabilities, due within one year:	
Capital related liabilities	3,717,931
Net OPEB liability	103,937
Long-term liabilities, due beyond one year:	
Capital related liabilities	48,570,848
Non-capital related liabilities	409,806
Net pension liability	72,784,778
Net OPEB liability	3,700,592
Total Liabilities	<u>132,283,999</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	67,848
Deferred inflows - OPEB	881,471
Total deferred inflows of resources	<u>949,319</u>
Net Position	
Net investment in capital assets	27,171,335
Restricted for:	
Expendable:	
School-based activities	961,484
Debt service	6,484,462
Forestry improvements	48,365
Unemployment benefits	105,790
Non-expendable:	
Sixteenth section principal	1,193,301
Unrestricted	(52,648,272)
Total Net Position	<u>\$ (16,683,535)</u>

The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 30,910,335	\$ 628,117	\$ 5,348,145	\$ -	\$ (24,934,073)
Support services	14,192,450	-	1,915,220	-	(12,277,230)
Non-instructional	2,259,004	56,603	1,843,499	-	(358,902)
Sixteenth section	82,055	-	-	-	(82,055)
Pension expense	7,749,726	-	-	-	(7,749,726)
OPEB expense	129,292	-	-	-	(129,292)
Interest on long-term liabilities	1,824,707	-	-	-	(1,824,707)
Total Governmental Activities	<u>\$ 57,147,569</u>	<u>\$ 684,720</u>	<u>\$ 9,106,864</u>	<u>\$ -</u>	<u>\$ (47,355,985)</u>
General Revenues:					
Taxes:					
General purpose levies					13,431,621
Debt purpose levies					4,030,640
Unrestricted grants and contributions:					
State					25,065,461
Federal					66,236
Unrestricted investment earnings					454,759
Sixteenth section					250,460
Other					198,175
Total General Revenues					<u>43,497,352</u>
Change in Net Position					<u>(3,858,633)</u>
Net Position - Beginning, as previously reported					(12,890,819)
Prior period adjustment					65,917
Net Position - Beginning, as restated					<u>(12,824,902)</u>
Net Position - Ending					<u>\$ (16,683,535)</u>

The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2021

Exhibit C

	Major Funds					Total
	General Fund	ESSER II Fund	Building Project Fund	QSCB Retirement Fund	Other Governmental Funds	Governmental Funds
Assets:						
Cash and cash equivalents	\$ 14,926,230	\$ -	\$ 2,456,042	\$ -	\$ 5,016,000	\$ 22,398,272
Cash with fiscal agents	-	-	-	44,269	38,314	82,583
Investments	-	-	-	3,998,801	-	3,998,801
Due from other governments	605,021	411,225	-	-	735,437	1,751,683
Due from other funds	1,040,651	-	-	-	15,735	1,056,386
Inventories	-	-	-	-	53,230	53,230
Prepaid items	17,782	-	-	-	-	17,782
Total assets	16,589,684	411,225	2,456,042	4,043,070	5,858,716	29,358,737
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,197,405	\$ -	\$ 296,997	\$ -	\$ 103,065	\$ 2,597,467
Due to other funds	-	411,225	38,482	-	606,679	1,056,386
Unearned income	-	-	-	-	26,157	26,157
Total Liabilities	2,197,405	411,225	335,479	-	735,901	3,680,010
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	53,230	53,230
Prepaid items	17,782	-	-	-	-	17,782
Permanent fund principal	-	-	-	-	1,193,301	1,193,301
Restricted:						
Debt service	-	-	-	4,043,070	2,813,875	6,856,945
Capital improvements	-	-	2,120,563	-	-	2,120,563
Grant activities	-	-	-	-	908,254	908,254
Forestry improvements	-	-	-	-	48,365	48,365
Unemployment benefits	-	-	-	-	105,790	105,790
Assigned:						
Additional projects	2,000,000	-	-	-	-	2,000,000
Targeted support	65,451	-	-	-	-	65,451
Student activities	664,287	-	-	-	-	664,287
Unassigned	11,644,759	-	-	-	-	11,644,759
Total Fund Balances	14,392,279	-	2,120,563	4,043,070	5,122,815	25,678,727
Total Liabilities and Fund Balances	\$ 16,589,684	\$ 411,225	\$ 2,456,042	\$ 4,043,070	\$ 5,858,716	\$ 29,358,737

The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Exhibit C-1

Total fund balances for governmental funds	\$ 25,678,727
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	4,333,367	
Construction in progress	2,885,971	
Buildings	80,217,970	
Building improvements	310,793	
Improvements other than buildings	15,788,874	
Mobile equipment	5,398,742	
Furniture and equipment	1,839,694	
Accumulated depreciation	<u>(33,435,860)</u>	77,339,551

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(72,784,778)	
Deferred outflow s and inflow s of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to pensions	9,972,741	
Deferred inflow s of resources related to pensions	<u>(67,848)</u>	(62,879,885)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(3,804,529)	
Deferred outflow s and inflow s of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to OPEB	935,140	
Deferred inflow s of resources related to OPEB	<u>(881,471)</u>	(3,750,860)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds payable	(38,990,000)	
Premium on bond issuance	(4,629,900)	
Three mill notes payable	(6,000,000)	
Obligations under capital leases	(2,668,879)	
Compensated absences	(409,806)	
Accrued interest payable	<u>(372,483)</u>	(53,071,068)

Net position of governmental activities	\$ <u>(16,683,535)</u>
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The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

Exhibit D

	Major Funds					
	General Fund	ESSER II Fund	Building Project Fund	QSCB Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 14,439,620	\$ -	\$ 60,009	\$ 85,525	\$ 4,117,584	\$ 18,702,738
State sources	25,047,667	-	-	-	1,564,808	26,612,475
Federal sources	77,084	411,225	-	-	7,137,778	7,626,087
Sixteenth section sources	302,500	-	-	-	22,714	325,214
Total Revenues	39,866,871	411,225	60,009	85,525	12,842,884	53,266,514
Expenditures:						
Instruction	26,298,825	308,414	-	-	5,495,560	32,102,799
Support services	12,907,846	95,353	714,972	-	1,194,600	14,912,771
Noninstructional services	12,518	7,458	-	-	2,369,126	2,389,102
Sixteenth section	75,143	-	-	-	6,912	82,055
Facilities acquisition and construction	-	-	6,995,623	-	-	6,995,623
Debt service:						
Principal	1,086,790	-	-	-	2,930,000	4,016,790
Interest	36,786	-	-	-	1,538,498	1,575,284
Other	-	-	-	-	286,956	286,956
Total Expenditures	40,417,908	411,225	7,710,595	-	13,821,652	62,361,380
Excess (Deficiency) of Revenues over (under) Expenditures	(551,037)	-	(7,650,586)	85,525	(978,768)	(9,094,866)
Other Financing Sources (Uses):						
Inception of capital leases	2,852,753	-	-	-	-	2,852,753
Bonds and notes issued	-	-	5,000,000	-	-	5,000,000
Proceeds of refunding bonds	-	-	-	-	7,690,000	7,690,000
Payment to bond escrow agent	-	-	-	-	(8,724,000)	(8,724,000)
Premium on debt issuance	-	-	681,859	-	1,425,397	2,107,256
Payment from QSCB escrow agent	-	-	-	276,496	-	276,496
Payment to QSCB debt escrow agent	-	-	-	-	(276,496)	(276,496)
Operating transfers in	80,979	-	-	-	647,853	728,832
Other financing sources	17,859	-	-	-	4,563	22,422
Operating transfers out	(638,454)	-	-	-	(90,378)	(728,832)
Total Other Financing Sources (Uses)	2,313,137	-	5,681,859	276,496	676,939	8,948,431
Net Change in Fund Balances	1,762,100	-	(1,968,727)	362,021	(301,829)	(146,435)
Fund Balances:						
July 1, 2020, as previously reported	12,547,311	-	4,089,290	3,681,049	5,500,721	25,818,371
Prior period adjustments	82,868	-	-	-	-	82,868
July 1, 2020, as restated	12,630,179	-	4,089,290	3,681,049	5,500,721	25,901,239
Increase (Decrease) in reserve for inventory	-	-	-	-	(76,077)	(76,077)
June 30, 2021	\$ 14,392,279	\$ -	\$ 2,120,563	\$ 4,043,070	\$ 5,122,815	\$ 25,678,727

The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021**

Exhibit D-1

Net change in fund balances - total governmental funds \$ (146,435)

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 7,296,181	
Depreciation expense	(2,617,100)	4,679,081

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

(81,931)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	4,016,790	
Proceeds of bonds and loans	(12,690,000)	
Capital lease proceeds	(2,852,753)	
Payment to bond escrow agent	8,724,000	
Premium on bond issuance	(2,107,256)	
Accrued interest payable	(34,224)	(4,943,443)

4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(7,749,726)	
Contributions subsequent to the measurement date	4,452,271	(3,297,455)

5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB expense	(129,292)	
Contributions subsequent to the measurement date	103,937	(25,355)

6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(38,775)	
Amortization of bond premiums and deferred bond costs	71,757	
Change in inventory reserve	(76,077)	(43,095)

Change in net position of governmental activities \$ (3,858,633)

The notes to the financial statements are an integral part of this statement.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Clinton Public 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 Clinton Public 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.
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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds. 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 Clinton Public School District reports the following major governmental funds:

General Fund - This is the Clinton Public 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.

ESSER II Fund – This special revenue fund is used to account for the activity of the ESSER II federal grant.

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.

Additionally, the Clinton Public 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.

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. 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.

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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

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 is 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.

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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

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 Clinton Public 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 Clinton Public 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.

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, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th 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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

Capital assets include land, improvements to land, easements, water rights, 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 of financial position will sometimes report a separate section for deferred outflows of resources. This separate 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 district reports \$9,972,741 of deferred outflows related to its pension plan and \$935,140 related to its OPEB plan.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$67,848 of deferred inflows related to its pension plan and \$881,471 related to its OPEB plan.

See Note 14 for further details.

8. Compensated Absences

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Employees of the Clinton Public School District accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by Clinton Public 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 Clinton Public 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.

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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

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.

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. This formal action is for formal board approval of commitments. Currently there is no committed fund balance for this Clinton Public 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 management pursuant to authorization established by the school board.

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.

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.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

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 Clinton

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Public School District's 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 Clinton Public School District's deposits with financial institutions reported in the governmental funds was \$23,398,272.

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 Insurance 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.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$82,583.

Investments

As of June 30, 2021, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AA+	1-5 years	\$ 3,998,801
Total			<u>\$ 3,998,801</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, 2021:

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

- U.S. government securities type of investments of \$3,998,801 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.

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. Disclosure 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. As of June 30, 2021, the district had the following investments:

Issuer	Fair Value	% of Total Investments
U.S. Government Securities	\$ 3,998,801	100%

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

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	\$ 411,225
	Building Project Fund	38,482
	Other governmental funds	590,944
Other governmental funds	Other governmental funds	15,735
Total		<u>\$ 1,056,386</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 638,454
Other governmental funds	General Fund	80,979
	Other governmental funds	9,399
Total		<u>\$ 728,832</u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$1,193,301, 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.

In addition, the restricted assets represent the cash balance, totaling \$2,456,042, of unspent loan proceeds. Restricted assets also include the cash and cash with fiscal agents balance, totaling \$2,677,418 and \$38,314, respectively, in the debt service funds that is restricted for future debt service requirements.

In addition, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$44,269 and \$3,998,801, respectively, of the QSCB Bond Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2020	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2021
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 4,333,367	\$ -	\$ -	\$ -	\$ -	4,333,367
Construction in progress	17,083,176	6,995,623	-	(21,175,877)	(16,951)	2,885,971
Total non-depreciable capital assets	21,416,543	6,995,623	-	(21,175,877)	(16,951)	7,219,338
<u>Depreciable capital assets:</u>						
Buildings	60,645,489	-	-	19,572,481	-	80,217,970
Building improvements	310,793	-	-	-	-	310,793
Improvements other than buildings	14,185,478	-	-	1,603,396	-	15,788,874
Mobile equipment	6,039,922	76,178	(717,358)	-	-	5,398,742
Furniture and equipment	1,725,463	224,380	(110,149)	-	-	1,839,694
Total depreciable capital assets	82,907,145	300,558	(827,507)	21,175,877	-	103,556,073
<u>Less accumulated depreciation for:</u>						
Buildings	20,287,686	1,526,221	-	-	-	21,813,907
Building improvements	169,953	12,432	-	-	-	182,385
Improvements other than buildings	6,027,303	631,555	-	-	-	6,658,858
Mobile equipment	3,575,421	346,076	(645,622)	-	-	3,275,875
Furniture and equipment	1,503,973	100,816	(99,954)	-	-	1,504,835
Total accumulated depreciation	31,564,336	2,617,100	(745,576)	-	-	33,435,860
Total depreciable capital assets, net	51,342,809	(2,316,542)	(81,931)	21,175,877	-	70,120,213
Governmental activities capital assets, net	\$ 72,759,352	\$ 4,679,081	\$ (81,931)	\$ -	\$ (16,951)	\$ 77,339,551

Depreciation expense was charged to the following governmental functions:

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

	<u>Amount</u>
Governmental activities:	
Instruction	\$ 2,027,901
Support services	571,687
Non-instructional	<u>17,512</u>
Total depreciation expense - Governmental activities	<u><u>\$ 2,617,100</u></u>

Construction in progress is composed of:

	<u>Spent to June 30, 2021</u>	<u>Remaining Commitment</u>
Lovett Elementary Project	<u>\$ 2,885,971</u>	<u>\$ 383,489</u>
Total construction in progress	<u><u>\$ 2,885,971</u></u>	<u><u>\$ 383,489</u></u>

Construction projects included in governmental activities are funded by the energy project fund.

Note 6 – Long-term Liabilities

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

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2021</u>	<u>Amounts due within one year</u>
A. General obligation bonds payable	\$ 37,954,000	\$ 12,690,000	\$ (11,654,000)	\$ 38,990,000	\$ 2,280,000
Premiums on bond issuance	2,868,250	2,107,256	(345,606)	4,629,900	345,606
B. Three mill notes payable	6,000,000	-	-	6,000,000	-
C. Obligation under capital leases	902,916	2,852,753	(1,086,790)	2,668,879	1,092,325
D. Compensated absences payable	371,031	38,775	-	409,806	-
Total	<u><u>\$ 48,096,197</u></u>	<u><u>\$ 17,688,784</u></u>	<u><u>\$ (13,086,396)</u></u>	<u><u>\$ 52,698,585</u></u>	<u><u>\$ 3,717,931</u></u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

A. General obligations 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
G.O. Bonds, Series 2011	2.5-3.25%	4/1/2012	10/1/2028	\$ 9,000,000	\$ 6,175,000
G.O. Bonds, Series 2012	2.00-2.125%	9/15/2012	3/15/2022	8,490,000	950,000
G.O. Bonds, Series 2019	4.00-5.00%	4/9/2019	4/1/2037	20,000,000	20,000,000
G.O. Bonds, Series 2020	3.00-5.00%	9/8/2020	4/1/2037	5,000,000	5,000,000
G.O. Refunding Bonds, Series 2020	2.00-5.00%	10/26/2020	6/1/2030	7,690,000	6,865,000
Total				<u>\$ 50,180,000</u>	<u>\$ 38,990,000</u>

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

Series 2011:

Year Ending June 30	Principal	Interest	Total
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	750,000	89,594	839,594
2027-2029	2,900,000	127,875	3,027,875
Total	<u>\$ 6,175,000</u>	<u>\$ 748,142</u>	<u>\$ 6,923,142</u>

This debt will be retired from the 2011 bond debt service fund.

Series 2012:

Year Ending June 30	Principal	Interest	Total
2022	\$ 950,000	\$ 20,188	\$ 970,188
Total	<u>\$ 950,000</u>	<u>\$ 20,188</u>	<u>\$ 970,188</u>

This debt will be retired from the 2012 bond debt service fund.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

Series 2019:

Year Ending June 30	Principal	Interest	Total
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	1,080,000	785,600	1,865,600
2027-2031	6,255,000	3,063,000	9,318,000
2032-2036	7,940,000	1,383,450	9,323,450
2037	1,790,000	71,600	1,861,600
Total	<u>\$ 20,000,000</u>	<u>\$ 8,891,050</u>	<u>\$ 28,891,050</u>

This debt will be retired from the 2019 bond debt service fund.

Series 2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 176,450	\$ 176,450
2023	265,000	176,450	441,450
2024	275,000	168,500	443,500
2025	280,000	160,250	440,250
2026	290,000	151,850	441,850
2027-2031	1,580,000	623,650	2,203,650
2032-2036	1,885,000	317,200	2,202,200
2037	425,000	17,000	442,000
Total	<u>\$ 5,000,000</u>	<u>\$ 1,791,350</u>	<u>\$ 6,791,350</u>

This debt will be retired from the 2020 bond debt service fund.

Refunding Series 2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ 730,000	\$ 284,850	\$ 1,014,850
2023	695,000	262,950	957,950
2024	780,000	242,100	1,022,100
2025	815,000	210,900	1,025,900
2026	860,000	170,150	1,030,150
2027-2030	2,985,000	282,200	3,267,200
Total	<u>\$ 6,865,000</u>	<u>\$ 1,453,150</u>	<u>\$ 8,318,150</u>

This debt will be retired from the 2020 refunding bonds debt service fund.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

Total all General Obligation Bonds:

Year Ending June 30	Principal	Interest	Total
2022	\$ 2,280,000	\$ 1,569,057	\$ 3,849,057
2023	2,465,000	1,512,641	3,977,641
2024	2,685,000	1,422,388	4,107,388
2025	2,820,000	1,316,625	4,136,625
2026	2,980,000	1,197,194	4,177,194
2027-2031	13,720,000	4,096,725	17,816,725
2032-2036	9,825,000	1,700,650	11,525,650
2037	2,215,000	88,600	2,303,600
Total	<u>\$ 38,990,000</u>	<u>\$ 12,903,880</u>	<u>\$ 51,893,880</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, 2021, the amount of outstanding bonded indebtedness was equal to 1.3% of property assessments as of October 1, 2020.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note, Series 2010	0.00%	12/16/2010	12/1/2025	<u>\$6,000,000</u>	<u>\$6,000,000</u>

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 12 for required sinking fund payments.

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

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

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

C. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of computers and related equipment. These leases qualify as capital leases for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Capital Lease, August 2018 Issue	4.00%	8/28/2018	8/28/2025	\$ 1,205,250	\$ 767,044
2. Capital Lease, September 2020 Issue	0.00%	9/9/2020	10/15/2022	2,852,753	1,901,835
Total				<u>\$ 4,058,003</u>	<u>\$ 2,668,879</u>

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

August 2018 Issue:

Year Ending June 30	Principal	Interest	Total
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>\$ 767,044</u>	<u>\$ 96,246</u>	<u>\$ 863,290</u>

This debt will be retired from the district maintenance fund.

September 2020 Issue:

Year Ending June 30	Principal	Interest	Total
2022	\$ 950,918	\$ -	\$ 950,918
2023	950,917	-	950,917
Total	<u>\$ 1,901,835</u>	<u>\$ -</u>	<u>\$ 1,901,835</u>

This debt will be retired from the district maintenance fund.

Total on all capital leases:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,092,325	\$ 31,251	\$ 1,123,576
2023	1,098,086	25,489	1,123,575
2024	153,164	19,494	172,658
2025	159,405	13,253	172,658
2026	165,899	6,759	172,658
Total	<u>\$ 2,668,879</u>	<u>\$ 96,246</u>	<u>\$ 2,765,125</u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

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.

The school has several operating leases for postage machines and copiers. Lease expenditures for the year ended June 30, 2021, amounted to \$71,460.

Future lease payments for this lease are as follows:

Year Ending June 30	Amount
2022	\$ 73,579
2023	1,696
2024	330
Total	<u>\$ 75,605</u>

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The Clinton Public 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.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65,

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the Clinton Public School District is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 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 Clinton Public School District's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$4,452,271, \$4,356,159 and \$3,804,016, 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, 2021, the Clinton Public School District reported a liability of \$72,784,778 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the Clinton Public School District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Clinton Public School District's proportionate share used to calculate the June 30, 2021 net pension liability was .3759770 percent, which was based on a measurement date of June 30, 2020. This was an increase of .0051 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$7,749,726. At June 30, 2021 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	\$ 631,180	\$ -
Net difference between projected and actual earnings on pension plan investments	3,053,873	-
Changes of assumptions	401,607	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,433,810	67,848
District contributions subsequent to the measurement date	4,452,271	-
Total	\$ <u>9,972,741</u>	\$ <u>67,848</u>

\$4,452,271 reported as deferred outflows of resources related to pensions resulting from Clinton Public 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

follows:

Year ending June 30:

2022	\$ 1,068,155
2023	1,853,972
2024	1,567,107
2025	963,388
Total	<u>\$ 5,452,622</u>

Actuarial assumptions. The total pension liability as of June 30, 2020 was determined by actuarial valuation prepared as of June 30, 2019. 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 are projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
Total	<u>100</u>	<u>%</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.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 94,210,952	\$ 72,784,778	\$ 55,099,576

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 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.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

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 \$103,937 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$3,804,529 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an 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, 2020, the District's proportion was .48888325 percent. This was a decrease of .0084 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$129,292. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,850	\$ 662,090
Net difference between projected and actual earnings on OPEB plan investments	122	-
Changes of assumptions	590,688	160,774
Changes in proportion and differences between District contributions and proportionate share of contributions	235,543	58,607
District contributions subsequent to the measurement date	103,937	-
Total	<u>\$ 935,140</u>	<u>\$ 881,471</u>

\$103,937 reported as deferred outflows of resources related to OPEB resulting from Clinton Public 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2022	\$ (8,524)
2023	(8,524)
2024	(1,422)
2025	7,373
2026	(39,171)
Total	<u>\$ (50,268)</u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Actuarial assumptions. The total OPEB liability in the June 30, 2020 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	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2030
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.

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. 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 the June 30, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers 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 (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 4,204,264	\$ 3,804,529	\$ 3,461,665

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	\$ 3,512,900	\$ 3,804,529	\$ 4,134,931

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 – Contingencies

Federal Grants – The Clinton Public 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 Clinton Public School District.

Litigation –The Clinton Public 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 Clinton Public School District with respect to the various proceedings. However, the Clinton Public 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 Clinton Public School District.

Note 11 – Risk Management

The Clinton Public 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 12 – 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 Clinton Public School District.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the Clinton Public School District may apply for a

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

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, 2021 was \$4,043,070. 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
2022	\$ 416,000
2023	416,000
2024	416,000
2025	416,000
2026	415,000
Total	<u>\$ 2,079,000</u>

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 trust 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
2022	\$ 226,059
2023	136,506
2024	134,613
2025	127,788
2026	78,927
2027-2031	335,575
Thereafter	190,110
Total	<u>\$ 1,229,578</u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2021

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$52,648,272) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$4,452,271 resulting from the Clinton Public School District contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$5,520,470 balance of deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$52,648,272) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$67,848 balance of deferred inflow of resources related to pensions, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$52,648,272) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$103,937 resulting from the Clinton Public School District contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$831,203 balance of deferred outflow of resources related to OPEB, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$52,648,272) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$881,471 balance of deferred inflow of resources related to OPEB, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 15 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. To adjust beginning asset balances related to the implementation of GASB 84	\$ 82,868
2. To adjust beginning construction in progress	(16,951)
Total	<u>\$ 65,917</u>

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

Fund	Explanation	Amount
General Fund	To adjust beginning asset balances related to the implementation of GASB 84	\$ 82,868
Total		<u>\$ 82,868</u>

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2021

Note 16 - 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 April 28, 2022 (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 statements.

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON PUBLIC SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 14,645,104	\$ 14,386,023	\$ 14,439,620	\$ (259,081)	\$ 53,597
State sources	26,564,499	24,957,713	25,047,667	(1,606,786)	89,954
Federal sources	65,000	60,000	77,084	(5,000)	17,084
Sixteenth section sources	275,000	275,000	302,500	-	27,500
Total Revenues	41,549,603	39,678,736	39,866,871	(1,870,867)	188,135
Expenditures:					
Instruction	29,073,593	24,804,290	26,298,825	4,269,303	(1,494,535)
Support services	13,884,355	13,532,595	12,907,846	351,760	624,749
Noninstructional services	15,000	15,000	12,518	-	2,482
Sixteenth section	50,500	80,250	75,143	(29,750)	5,107
Debt service:					
Principal	1,108,656	822,940	1,086,790	285,716	(263,850)
Interest	31,251	3,560	36,786	27,691	(33,226)
Total Expenditures	44,163,355	39,258,635	40,417,908	4,904,720	(1,159,273)
Excess (Deficiency) of Revenues over (under) Expenditures	(2,613,752)	420,101	(551,037)	3,033,853	(971,138)
Other Financing Sources (Uses):					
Inception of capital leases	-	2,750,000	2,852,753	2,750,000	102,753
Operating transfers in	8,145,024	4,280,964	80,979	(3,864,060)	(4,199,985)
Other financing sources	2,000	2,000	17,859	-	15,859
Operating transfers out	(9,281,030)	(5,688,567)	(638,454)	3,592,463	5,050,113
Total Other Financing Sources (Uses)	(1,134,006)	1,344,397	2,313,137	2,478,403	968,740
Net Change in Fund Balances	(3,747,758)	1,764,498	1,762,100	5,512,256	(2,398)
Fund Balances:					
July 1, 2020, as previously reported	12,547,311	12,547,311	12,547,311	-	-
Prior period adjustment	-	-	82,868	-	82,868
July 1, 2020, as restated	12,547,311	12,547,311	12,630,179	-	82,868
June 30, 2021	\$ 8,799,553	\$ 14,311,809	\$ 14,392,279	\$ 5,512,256	\$ 80,470

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

CLINTON PUBLIC SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER II Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 2,668,013	\$ 451,843	\$ 411,225	\$ (2,216,170)	\$ (40,618)
Total Revenues	2,668,013	451,843	411,225	(2,216,170)	(40,618)
Expenditures:					
Instruction	1,178,672	23,523	308,414	1,155,149	(284,891)
Support services	738,472	6,220	95,353	732,252	(89,133)
Noninstructional services	7,569	-	7,458	7,569	(7,458)
Facilities acquisition and construction	693,300	372,100	-	321,200	372,100
Total Expenditures	2,618,013	401,843	411,225	2,216,170	(9,382)
Excess (Deficiency) of Revenues over (under) Expenditures	50,000	50,000	-	-	(50,000)
Other Financing Sources (Uses):					
Operating transfers out	(50,000)	(50,000)	-	-	50,000
Total Other Financing Sources (Uses)	(50,000)	(50,000)	-	-	50,000
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2020	-	-	-	-	-
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

CLINTON PUBLIC SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.375977%	0.370850%	0.363793%	0.357827%	0.353716%	0.334598%	0.306489%
District's proportionate share of the net pension liability	\$ 72,784,778	65,239,832	60,509,584	59,482,992	63,182,510	51,722,253	37,202,153
District's covered payroll	25,035,397	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	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	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 Statement No. 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
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,452,271	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	\$ 4,452,271	4,356,159	3,804,016	3,658,985	3,615,383	3,563,916	3,292,346
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	\$ 25,587,764	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%	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 Statement No. 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
Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OPEB
Last 10 Fiscal Years*

	2021	2020	2019	2018*
District's proportion of the net OPEB liability	0.48888325%	0.49725439%	0.47974964%	0.45521654%
District's proportionate share of the net OPEB liability	\$ 3,804,529	4,219,407	3,711,103	3,571,669
District's covered-employee payroll	25,035,397	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	15.20%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.1331%	0.1198%	0.1291%	0.0000%

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 Statement No. 75 was implemented in FYE 6/30/2018, 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
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 103,937	151,724	169,127	152,266
Contributions in relation to the actuarially determined contribution	\$ 103,937	151,724	169,127	152,266
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 25,587,764	23,269,305	21,299,353	21,888,442
Contributions as a percentage of covered-employee payroll	0.4062%	0.6520%	0.7940%	0.6956%

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 Statement No. 75 was implemented in FYE 6/30/2018, 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).

Notes to Required Supplementary Information

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 and each major Special Revenue 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%.

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, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 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.

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

(3) *Methods and assumptions used in calculations 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, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending 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	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.50%

SUPPLEMENTARY INFORMATION

CLINTON PUBLIC SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - Summer food service program for children	10.559	215MS326N1099	\$ 2,045,061
Total child nutrition cluster			2,045,061
Total passed-through Mississippi Department of Education			2,045,061
Total U.S. Department of Agriculture			2,045,061
<u>U.S. Department of Treasury</u>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund:			
Equity in Distance Learning Act	21.019	21/12010115/8491/EDLA	1,590,325
Mississippi Pandemic Response Broadband Availability Act	21.019	21/1201021785/8499/PRBAA	220,199
COVID-19 - Coronavirus Relief Fund Subtotal			1,810,524
Total passed-through Mississippi Department of Education			1,810,524
Total U.S. Department of Treasury			1,810,524
<u>Federal Communications Commission</u>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	60,980
Total Federal Communications Commission			60,980
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	1,398,220
Career and technical education - basic grants to states	84.048	VO048A200024	35,095
Supporting Effective Instruction State Grants	84.367	S367A200023	11,103
English language acquisition grant	84.365	ES365A200024	32,425
Student Support and Academic Enrichment	84.424	S424A200025	11,361
Subtotal			1,488,204
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	649,793
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	412,605
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,062,398
Special education cluster:			
Special education - grants to states	84.027	H027A200108	1,125,243
Special education - preschool grants	84.173	H173A200113	28,420
Total special education cluster			1,153,663
Total passed-through Mississippi Department of Education			3,704,265
Total U.S. Department of Education			3,704,265
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	5,256
Total passed-through Mississippi Department of Education			5,256
Total U.S. Department of Health and Human Services			5,256
Total for All Federal Awards			\$ 7,626,086

The notes to the Supplementary Information are an integral part of this schedule.

CLINTON PUBLIC SCHOOL DISTRICT

Notes to the Supplementary Information For the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Clinton Public School District under programs of the federal government for the year ended June 30, 2021. 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 Clinton Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Clinton Public School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Clinton Public School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Noncash Awards

Donated commodities of \$172,016 are included in the COVID-19 – Summer Food Service Program for Children.

CLINTON PUBLIC SCHOOL DISTRICT

Supplementary Information

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2021**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 35,221,685	27,577,375	1,290,678	2,719,384	3,634,248
Other	27,139,695	7,095,392	247,752	33,509	19,763,042
Total	<u>\$ 62,361,380</u>	<u>34,672,767</u>	<u>1,538,430</u>	<u>2,752,893</u>	<u>23,397,290</u>
Total number of students *	<u>5,196</u>				
Cost per student	<u>\$ 12,002</u>	<u>6,673</u>	<u>296</u>	<u>530</u>	<u>4,503</u>

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 function: 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

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 14,439,620	\$ 14,309,623	\$ 13,898,193	\$ 14,042,060
State sources	25,047,667	25,349,588	24,119,824	23,264,805
Federal sources	77,084	134,636	63,476	80,864
Sixteenth section sources	302,500	281,989	276,329	259,144
Total Revenues	39,866,871	40,075,836	38,357,822	37,646,873
Expenditures:				
Instruction	26,298,825	23,160,125	22,398,721	25,037,037
Support services	12,907,846	13,576,028	14,437,938	12,954,486
Noninstructional services	12,518	7,843	9,741	9,926
Sixteenth section	75,143	110,266	60,955	104,599
Facilities acquisition and construction	-	-	148,992	631,906
Debt service:				
Principal	1,086,790	1,655,306	1,694,721	1,621,834
Interest	36,786	43,852	3,560	8,127
Total Expenditures	40,417,908	38,553,420	38,754,628	40,367,915
Excess (Deficiency) of Revenues over (under) Expenditures	(551,037)	1,522,416	(396,806)	(2,721,042)
Other Financing Sources (Uses):				
Inception of capital leases	2,852,753	-	1,205,250	3,202,171
Insurance recovery	-	5,935	-	66,925
Sale of transportation equipment	-	-	14,480	3,500
Sale of other property	-	-	153,055	776,214
Operating transfers in	80,979	80,070	101,557	78,393
Other financing sources	17,859	-	-	-
Operating transfers out	(638,454)	(626,756)	(711,798)	(1,448,218)
Other financing uses	-	-	-	-
Total Other Financing Sources (Uses)	2,313,137	(540,751)	762,544	2,678,985
Net Change in Fund Balances	1,762,100	981,665	365,738	(42,057)
Fund Balances:				
Beginning of period, as previously reported	12,547,311	11,564,992	11,199,254	11,241,311
Prior period adjustments	82,868	654	-	-
Beginning of period, as restated	12,630,179	11,565,646	11,199,254	11,241,311
End of Period	\$ 14,392,279	\$ 12,547,311	\$ 11,564,992	\$ 11,199,254

*SOURCE - PRIOR YEAR AUDIT REPORTS

CLINTON PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 18,702,738	\$ 19,261,240	\$ 18,636,822	\$ 18,715,480
State sources	26,612,475	26,885,867	25,581,983	24,528,051
Federal sources	7,626,087	4,125,469	4,290,173	3,860,060
Sixteenth section	325,214	304,129	302,894	279,232
Total Revenues	53,266,514	50,576,705	48,811,872	47,382,823
Expenditures:				
Instruction	32,102,799	26,968,369	26,061,120	28,129,313
Support services	14,912,771	14,633,612	15,334,397	13,814,021
Noninstructional services	2,389,102	1,758,333	1,810,988	1,862,521
Sixteenth section	82,055	129,539	67,436	3,674,024
Facilities acquisition and construction	6,995,623	14,699,008	2,551,617	1,386,566
Debt service:				
Principal	4,016,790	4,636,306	4,878,721	4,736,834
Interest	1,575,284	1,503,129	631,553	749,141
Other	286,956	10,472	384,302	91,399
Total Expenditures	62,361,380	64,338,768	51,720,134	54,443,819
Excess (Deficiency) of Revenues over (under) Expenditures	(9,094,866)	(13,762,063)	(2,908,262)	(7,060,996)
Other Financing Sources (Uses):				
Bonds and notes issued	5,000,000	-	20,000,000	-
Inception of capital leases	2,852,753	-	1,205,250	3,202,171
Insurance recovery	-	5,935	-	66,925
Premium on debt issued	2,107,256	-	3,036,971	-
Refunding bonds issued	7,690,000	-	-	6,729,000
Payment to refunded bond escrow agent	(8,724,000)	-	-	(6,642,659)
Payment from QSCB escrow agent	276,496	362,688	343,511	415,000
Payment to QSCB debt escrow agent	(276,496)	(362,688)	(343,511)	(415,000)
Sale of transportation equipment	-	-	14,480	3,500
Sale of other property	-	-	153,055	776,214
Operating transfers in	728,832	873,418	813,355	1,526,611
Other financing sources	22,422	-	-	-
Operating transfers out	(728,832)	(873,418)	(813,355)	(1,526,611)
Total Other Financing Sources (Uses)	8,948,431	5,935	24,409,756	4,135,151
Net Change in Fund Balances	(146,435)	(13,756,128)	21,501,494	(2,925,845)
Fund Balances:				
Beginning of period, as previously reported	25,818,371	39,510,105	18,023,931	20,915,589
Prior period adjustments	82,868	654	-	-
Beginning of period, as restated	25,901,239	39,510,759	18,023,931	20,915,589
Increase (Decrease) in reserve for inventory	(76,077)	63,740	(15,320)	34,187
End of Period	\$ 25,678,727	\$ 25,818,371	\$ 39,510,105	\$ 18,023,931

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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 the Clinton Public School District, as of and for the year ended June 30, 2021, 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 April 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinton Public 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 Clinton Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton Public 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

A handwritten signature in dark ink that reads "Cunningham CPAs". The word "Cunningham" is written in a cursive script, and "CPAs" is written in a more blocky, sans-serif style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

April 28, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND 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 the 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 each of the Clinton Public School District's major federal programs for the year ended June 30, 2021. Clinton Public School District's major federal programs are identified in the summary of 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 each of the Clinton Public School District's major federal programs 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 Clinton Public 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 of the Clinton Public 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 each of its major federal programs for the year ended June 30, 2021.

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 the 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 Clinton Public 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 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 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.

A handwritten signature in dark ink, appearing to read "Cunningham CPAs". The signature is fluid and cursive, with the letters "CPAs" written in a slightly larger, more distinct font than the preceding name.

Cunningham CPAs, PLLC

Belzoni, Mississippi

April 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Clinton Public School District

We have audited the 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, 2021, which collectively comprise Clinton Public School District's basic financial statements and have issued our report thereon dated April 28, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink that reads "Cunningham CPAs". The word "Cunningham" is written in a cursive script, and "CPAs" is written in a more blocky, sans-serif style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

April 28, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLINTON PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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 programs:

CFDA Numbers

Name of Federal Program or Cluster

21.019

COVID-19 – Coronavirus Relief Fund

84.425D

COVID-19 – Elementary and Secondary School
Emergency Relief I & II (ESSER)

84.010

Title I – Grants to local educational agencies

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 which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). No

CLINTON PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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