

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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



City of Clinton, Mississippi

ANNUAL FINANCIAL STATEMENTS

September 30, 2022



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 14, the defined benefit plan information on pages 67 – 74, and the budgetary comparison information on pages 75 - 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

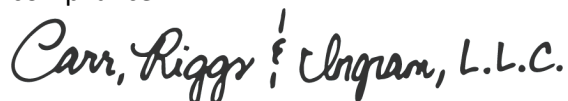
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules and the schedule of surety bonds for municipal officials and other employees but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023, on our consideration of the City'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 City'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 the City's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
May 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

Our discussion and analysis of the financial performance of the City of Clinton, Mississippi (the "City") provides an overview of the City's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the City's financial statements that begin on page 15.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities presented on pages 15 and 16 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The fund financial statements start on page 17 and tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statement by providing information about the City's most significant funds. Fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. The notes to the financial statements begin on page 29 and provide additional detail about the amounts presented in the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the total City begins on page 7. One of the most important questions asked about the City's finances is "Is the City, as a whole, in better or worse condition as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities to assist in answering this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year's revenues and expenses are taken into account, regardless of when cash is received or spent.

These two statements report the City's net position and, in addition, the changes which have occurred in it. Think of the City's net position as the difference between assets and deferred outflows of resources (what citizens own) and liabilities and deferred inflows of resources (what citizens owe), as one way of measuring the City's financial health, or financial position. Over time, increases and decreases in the City's net position is an indicator of whether its financial health is improving or worsening. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, sales tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines, etc.) to determine the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Government activities:** Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, economic development and general administration. Property taxes, sales tax, licenses and permits, fines, and state and federal grants finance most of these activities.
- **Business-type activities:** The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems and garbage collection are reported here.

Reporting the City's Funds

Fund Financial Statements

Our analysis of the City's funds begins on page 10. The fund financial statements begin on page 17 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law. However, the City established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the end of the year that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in the reconciliations at the bottom of the fund financial statements.

The City maintains three major governmental funds (the General Fund, the American Rescue Plan Fund, and the House Bill 1353 Bond Proceeds Fund) and fifteen non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data on all governmental funds is provided elsewhere in this report.

The City adopts an annual budget for all of its funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. Enterprise funds, a component of proprietary funds, are used to report the same functions presented as "business-type" activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and garbage collection funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses this type fund for its self-funded group insurance fund.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and garbage collection funds, both of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 21 through 26 of this report.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

Reporting the City's Funds (Continued)

Fiduciary fund: The City maintains one fiduciary fund. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City's fiduciary fund is the unemployment compensation benefit fund, which is reported on the accrual basis. The fiduciary fund financial statements can be found on pages 27 and 28 of this report.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, at September 30, 2022, total net position was approximately \$64.7 million.

City of Clinton Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 29,053,715	\$ 16,899,296	\$ 13,449,749	\$ 11,847,607	\$ 42,503,464	\$ 28,746,903
Capital assets	60,414,293	63,169,704	29,556,096	29,865,512	89,970,389	93,035,216
Total assets	89,468,008	80,069,000	43,005,845	41,713,119	132,473,853	121,782,119
Deferred outflows of resources	3,328,533	2,125,378	648,544	454,478	3,977,077	2,579,856
Long-term liabilities	40,704,766	33,925,130	13,069,522	12,525,167	53,774,288	46,450,297
Other liabilities	3,491,605	2,605,168	696,332	806,850	4,187,937	3,412,018
Total liabilities	44,196,371	36,530,298	13,765,854	13,332,017	57,962,225	49,862,315
Deferred inflows of resources	13,454,610	16,798,251	260,709	1,234,250	13,715,319	18,032,501
Net position:						
Net investment in capital assets	47,976,797	48,733,874	22,371,395	21,585,004	70,348,192	70,318,878
Restricted	2,367,510	2,049,564	257,370	212,329	2,624,880	2,261,893
Unrestricted	(15,198,747)	(21,917,609)	6,999,061	5,803,997	(8,199,686)	(16,113,612)
Total net position	\$ 35,145,560	\$ 28,865,829	\$ 29,627,826	\$ 27,601,330	\$ 64,773,386	\$ 56,467,159

The largest portion of the City's net position, \$70.3 million, reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and water and sewer systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the related debt.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

THE CITY AS A WHOLE (Continued)

City of Clinton Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Changes for services	\$ 1,199,697	\$ 1,167,257	\$ 12,558,268	\$ 11,213,389	\$ 13,757,965	\$ 12,380,646
Operating grants and contributions	505,849	637,713	-	-	505,849	637,713
Capital grants and contributions	359,919	651,388	666,664	39,018	1,026,583	690,406
General revenues:						
Property taxes	9,416,152	9,071,047	-	-	9,416,152	9,071,047
Sales taxes	6,353,625	5,899,906	-	-	6,353,625	5,899,906
Franchise fees	656,520	756,294	-	-	656,520	756,294
Shared grants and revenues	10,958,358	2,956,003	27,275	17,950	10,985,633	2,973,953
Other	186,795	147,236	988,498	157,167	1,175,293	304,403
Total revenues	29,636,915	21,286,844	14,240,705	11,427,524	43,877,620	32,714,368
Expenses:						
General government	2,016,720	1,856,163	-	-	2,016,720	1,856,163
Public safety	12,643,158	11,030,448	-	-	12,643,158	11,030,448
Public works	5,164,759	4,893,264	-	-	5,164,759	4,893,264
Culture and recreation	3,078,829	2,974,357	-	-	3,078,829	2,974,357
Economic development	680,169	712,631	-	-	680,169	712,631
Water and sewer	-	-	9,549,180	8,591,428	9,549,180	8,591,428
Garbage	-	-	2,438,578	2,177,356	2,438,578	2,177,356
Total expenses	23,583,635	21,466,863	11,987,758	10,768,784	35,571,393	32,235,647
Change in net position before transfers	6,053,280	(180,019)	2,252,947	658,740	8,306,227	478,721
Transfers in (out)	226,451	48,260	(226,451)	(48,260)	-	-
Change in net position	6,279,731	(131,759)	2,026,496	610,480	8,306,227	478,721
Net position, beginning of year	28,865,829	28,997,588	27,601,330	26,990,850	56,467,159	55,988,438
Total net position	\$ 35,145,560	\$ 28,865,829	\$ 29,627,826	\$ 27,601,330	\$ 64,773,386	\$ 56,467,159

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

THE CITY AS A WHOLE (Continued)

At September 30, 2022, the City has positive balances in all three categories of net position in business-type activities and in two categories in governmental activities. The negative unrestricted net position for governmental activities decreased in 2022 by \$6.7 million. This decrease resulted primarily from an increase in cash received from the State of Mississippi bond proceeds and additional American Rescue Plan Act proceeds for infrastructure projects. The increase in the unrestricted net position for business-type activities in 2022 is a result of the City's continued efforts to pay down long-term debt of the water and sewer fund. The City's total net position increased \$8.3 million during the current fiscal year primarily as a result of the increases in cash received from the State of Mississippi bond proceeds and American Rescue Plan Act proceeds for infrastructure projects and the City's continued efforts to pay down long-term debt of the water and sewer fund.

Governmental activities. Governmental activities increased the City's net position by \$6.3 million during the year. The increase was primarily due to an increase in shared grants and revenues due to money received from the State of Mississippi for infrastructure projects. The increase in property was due to an increase in the assessed values of the property located in the City and the increase in sales taxes was due to citizens purchasing more goods and services than the previous year. These increases in revenues were primarily offset by increases in public works and culture and recreation expenses for infrastructure improvements and improvements made to the City's parks. The increase in public safety expenses was primarily due to increases in fuel costs for police and fire vehicles, utility expenses, training, and equipment for the bomb team.

Business-type activities. Business-type activities increased the City's net position by \$2.0 million during the year. This increase was primarily due to water and sewer revenue increases in 2022 being higher than expected. Increases in revenues were primarily offset by increases in maintenance and upkeep of the water and sewer system infrastructure. Garbage expenditures increased by \$261 thousand in 2022 as a result of increases in the cost of picking up garbage for residential and commercial customers.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

THE CITY'S FUNDS

The following schedule presents a summary of the changes in fund balances and net position of the City's major funds and the City's non-major funds by type.

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 2,005,970	\$ 176,160	\$ 2,182,130
American Rescue Plan Proceeds Fund	-	3,804	3,804
House Bill 1353 Bond Proceeds Fund	-	8,000,811	8,000,811
Non-major special revenue funds	265,093	73,277	338,370
Non-major debt service funds	486,638	185,102	671,740
Non-major capital project funds	1,057,825	23,011	1,080,836
Total governmental funds	\$ 3,815,526	\$ 8,462,165	\$ 12,277,691

	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 27,550,666	\$ 1,845,314	\$ 29,395,980
Garbage collection fund	78,149	214,693	292,842
Self-funded group insurance fund	(212,236)	(114,010)	(326,246)
Total proprietary funds	\$ 27,416,579	\$ 1,945,997	\$ 29,362,576

The increase in the general fund is primarily due to increases in ad valorem tax collections, sales tax collections, and state assistance revenue.

The increase in the non-major special revenue funds is due to an increase in the tourism tax on all hotel and motels as a result of more hotel and motel stays and the addition of a 2% tax on restaurants in the City.

The increase in the non-major debt service funds is primarily due to ad valorem taxes collected being more than what was needed for the repayment of debt.

The increase in the capital projects funds resulted from grant revenue received in the current year for capital improvements being higher than the expenditures during the current year.

The increase in the water and sewer operations fund is primarily due to continued efforts to build reserves for necessary future capital improvements to the water and sewer systems.

The increase in the garbage collection fund is primarily due to increased revenues related to a new contract for the collection of residential and commercial garbage within the City. The garbage collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

THE CITY'S FUNDS (Continued)

The self-funded group insurance fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with a negative net position. The cost of claims in the current year was higher than expected, and the fund also ended the year with a negative net position. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were less than original budgeted funds available by \$665 thousand. This decrease resulted primarily from a \$651 thousand decrease to beginning fund balance. Final budgeted expenditures were \$1.4 million less than those originally budgeted. Key elements of this decrease were as follows:

- \$410,000 decrease in personal services as a result of vacant positions not being filled during the year.
- \$28,000 increase in operating supplies as a result of increases in gas and oil expenses and utilities expenses.
- \$230,000 increase in other services and charges as the result of increases in maintenance contracts for communication services and training expenses for police officers and firefighters.
- \$1,102,000 decrease in capital outlay as a result of budgeted infrastructure projects that were not implemented due to unforeseen problems. These projects were budgeted during fiscal year 2023.
- \$49,000 decrease in debt service is primarily due to the payment of principal and interest on debt with no new debt incurred.
- \$97,000 decrease in transfers due to budgeting more transfers that were actually needed.

Actual funds available were \$47 thousand less than what was finally budgeted. This decrease was primarily due to decreases in licenses and permits of \$21 thousand, decreases in state shared revenues of \$21 thousand, and decreases in ad valorem taxes to be provided by levy of \$17 thousand. These decreases were offset by a \$13 thousand increase in fines and forfeitures.

Actual expenditures were \$113 thousand less than those finally budgeted. This decrease is considered immaterial to the changes in expenditures.

For additional information, see Required Supplementary Information beginning on page 75.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$60.4 million at September 30, 2022. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure, construction in progress, and right-to-use lease assets. Additions during the current year totaled \$2.8 million. Significant increases were:

- \$1.5 million – for resurfacing and street repairs to the City's streets
- \$761 thousand – for infrastructure projects related to Northside Drive, Arrow Drive, Arrow Drive Multi-Use Path, Midway Road Bridge Replacement, Cynthia Road Bridge Replacement, and Kickapoo Road Bridge Replacement
- \$196 thousand – for City vehicles
- \$112 thousand – for improvements to the City's parks
- \$66 thousand – for various other capital assets
- \$39 thousand – for equipment for the Police Department Bomb Team
- \$27 thousand – for an Outdoor Mass Notification Siren
- \$25 thousand – for a License Plate Reader for the Police Department
- \$19 thousand – for a Palm Scanner for the Police Department

Depreciation and amortization expense amounted to \$5.6 million for 2022 and \$5.5 million for 2021. Accumulated depreciation and amortization at September 30, 2022 and 2021 was \$93.9 million and \$88.4 million, respectively. The City implemented GASB No. 87 during the 2022 fiscal year. Right-to-use lease assets amounted to \$638 thousand for 2022 and \$752 thousand for 2021 net of amortization. See Note 2 Capital Assets for detailed explanation of this implementation.

Business-type activities. At September 30, 2022, the City's business-type net capital assets amounted to \$29.6 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles, construction in progress, and right-to-use lease assets. Additions of \$1.6 million were made during 2022 mainly for water and sewer improvements, the purchase of new vehicles and equipment and land. Depreciation and amortization expense amounted to \$1.9 million for 2022 and \$2.0 million for 2021, respectively. Accumulated depreciation and amortization at September 30, 2022 and 2021 was \$39.1 million and \$37.2 million, respectively. Right-to-use lease assets amounted to \$130 thousand for 2022 and \$133 thousand for 2021 net of amortization. See Note 2 Capital Assets for detailed explanation of this implementation.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

CAPITAL ASSETS (Continued)

City of Clinton Capital Assets (Net of Depreciation and Amortization)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,087,186	\$ 8,087,186	\$ 426,742	\$ 181,742	\$ 8,513,928	\$ 8,268,928
Buildings	12,386,304	13,216,738	82,397	92,037	12,468,701	13,308,775
Other improvements	1,225,162	1,535,076	-	-	1,225,162	1,535,076
Water and sewer systems and improvements	-	-	27,015,151	27,458,017	27,015,151	27,458,017
Certificate of authority	-	-	800,000	800,000	800,000	800,000
Equipment and vehicles	1,216,761	1,314,116	952,058	979,185	2,168,819	2,293,301
Infrastructure	36,829,402	35,990,257	-	-	36,829,402	35,990,257
Right-to-use lease assets	638,172	751,922	129,530	133,407	767,702	885,329
Construction in progress	31,306	2,274,409	150,218	221,124	181,524	2,495,533
Total capital assets	\$ 60,414,293	\$ 63,169,704	\$ 29,556,096	\$ 29,865,512	\$ 89,970,389	\$ 93,035,216

For additional information, see Note 2 to the Basic Financial Statements.

DEBT ADMINISTRATION

Governmental activities. At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$12.5 million. This account classification includes general obligation bonds, notes payable, financed purchases payable, certificates of participation payable, lease liability, and unamortized bond premium. During the current fiscal year, the City's total governmental activities debt decreased by \$2.0 million. This decrease was due primarily to scheduled debt payments made during the year. Payments of principal and interest due within one year total \$1.8 million. The City implemented GASB No. 87 during the 2022 fiscal year. See Note 2 Long-term Debt and Liabilities for detailed explanation of this implementation.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$7.2 million at September 30, 2022. This account classification includes general obligation bonds, notes payable, financed purchases payable, and lease liability. The majority of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2022, debt associated with the City's business-type activities decreased by \$1.1 million. This decrease was due primarily to the scheduled debt payments made during the year. Payments of principal and interest due within one-year total \$933 thousand. The City implemented GASB No. 87 during the 2022 fiscal year. See Note 2 Long-term Debt and Liabilities for detailed explanation of this implementation.

City of Clinton, Mississippi
Management's Discussion and Analysis
September 30, 2022

DEBT ADMINISTRATION (Continued)

City of Clinton General Obligation and Revenue Bonds and Other Debt						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 9,918,172	\$ 11,457,791	\$ 296,828	\$ 382,208	\$ 10,215,000	\$ 11,839,999
Notes payable	302,252	336,739	6,695,015	7,623,607	6,997,267	7,960,346
Financed purchases	358,618	586,837	-	141,286	358,618	728,123
Certificates of participation	1,165,000	1,260,000	-	-	1,165,000	1,260,000
Lease liability	638,836	751,922	192,853	133,407	831,689	885,329
Unamortized bond premium	149,852	186,595	-	-	149,852	186,595
Total debt and obligations	\$ 12,532,730	\$ 14,579,884	\$ 7,184,696	\$ 8,280,508	\$ 19,717,426	\$ 22,860,392

For additional information, see Note 2 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As a result of the COVID-19 pandemic, the City has not seen a significant decline in the major sources of revenue. These major sources are ad valorem taxes and sales taxes. However, due to the continuing pandemic, expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All of these factors were considered in preparing the City's budgets for 2023.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives and spends. If you have questions about this report or need additional information, you may contact the City Clerk, Post Office Box 156, Clinton, MS 39060.

BASIC FINANCIAL STATEMENTS

City of Clinton, Mississippi
Statement of Net Position

<i>September 30, 2022</i>	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 20,326,387	\$ 8,993,154	\$ 29,319,541
Receivables, net	9,110,623	3,022,195	12,132,818
Internal balances	(469,900)	469,900	-
Lease receivable	68,198	260,709	328,907
Prepaid items	18,407	-	18,407
Restricted assets			
Cash and cash equivalents	-	703,791	703,791
Capital assets			
Non-depreciable	8,118,492	1,376,961	9,495,453
Depreciable, net	51,657,629	28,049,605	79,707,234
Right-to-use lease assets, net	638,172	129,530	767,702
Total assets	89,468,008	43,005,845	132,473,853
Deferred Outflows of Resources			
Related to pensions	3,233,963	648,544	3,882,507
Deferred charges on refunding	94,570	-	94,570
Total deferred outflows of resources	3,328,533	648,544	3,977,077
Liabilities			
Accounts payable	3,125,484	192,604	3,318,088
Accrued interest	103,135	14,408	117,543
Claims payable	189,751	42,899	232,650
Due to other governments	73,235	-	73,235
Customer deposits payable	-	446,421	446,421
Non-current liabilities			
Due within one year			
Long term debt	1,854,285	930,227	2,784,512
Compensated absences	1,042,276	108,386	1,150,662
Lease liability	87,811	3,416	91,227
Due in more than one year			
Long term debt	10,039,609	6,124,944	16,164,553
Compensated absences	528,321	211,439	739,760
Lease liability	551,025	126,109	677,134
Net pension liability	26,601,439	5,565,001	32,166,440
Total liabilities	44,196,371	13,765,854	57,962,225
Deferred Inflows of Resources			
Related to leases	68,198	260,709	328,907
Unearned revenue	6,008,456	-	6,008,456
Property taxes levied for the subsequent year	7,377,956	-	7,377,956
Total deferred inflows of resources	13,454,610	260,709	13,715,319
Net Position			
Net investment in capital assets	47,976,797	22,371,395	70,348,192
Restricted for			
Capital projects	1,080,836	257,370	1,338,206
Debt service	671,740	-	671,740
Law enforcement (restricted by enabling legislation)	237,056	-	237,056
Economic development and tourism (restricted by enabling legislation)	377,878	-	377,878
Unrestricted net position (deficit)	(15,198,747)	6,999,061	(8,199,686)
Total net position	\$ 35,145,560	\$ 29,627,826	\$ 64,773,386

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

City of Clinton, Mississippi
Statement of Activities

For the year ended September 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 2,016,720	\$ 149,035	\$ -	\$ 326,769	\$ (1,540,916)	\$ -	\$ (1,540,916)
Public safety	12,643,158	966,627	505,849	-	(11,170,682)	-	(11,170,682)
Public works	5,164,759	-	-	-	(5,164,759)	-	(5,164,759)
Culture and recreation	3,078,829	84,035	-	33,150	(2,961,644)	-	(2,961,644)
Economic development	680,169	-	-	-	(680,169)	-	(680,169)
Total governmental activities	23,583,635	1,199,697	505,849	359,919	(21,518,170)	-	(21,518,170)
Business-Type Activities							
Water	4,429,151	5,441,721	-	-	-	1,012,570	1,012,570
Sewer	5,120,029	4,472,908	-	666,664	-	19,543	19,543
Garbage collection	2,438,578	2,643,639	-	-	-	205,061	205,061
Total business-type activities	11,987,758	12,558,268	-	666,664	-	1,237,174	1,237,174
Total	\$ 35,571,393	\$ 13,757,965	\$ 505,849	\$ 1,026,583	(21,518,170)	1,237,174	(20,280,996)
General revenues and transfers							
Taxes							
Property taxes, levied for general purposes					9,416,152	-	9,416,152
Sales tax					6,353,625	-	6,353,625
Franchise fees					656,520	-	656,520
State revenue sharing					10,890,295	27,275	10,917,570
County revenue sharing					41,026	-	41,026
Special assessments					27,037	681,396	708,433
Interest					15,578	24,040	39,618
Gain on sale of capital assets					106,176	3,120	109,296
Transfers, net					226,451	(226,451)	-
Miscellaneous					65,041	279,942	344,983
Total general revenues and transfers					27,797,901	789,322	28,587,223
Change in net position					6,279,731	2,026,496	8,306,227
Net position, beginning of year					28,865,829	27,601,330	56,467,159
Net position, end of year					\$ 35,145,560	\$ 29,627,826	\$ 64,773,386

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

City of Clinton, Mississippi
Balance Sheet - Governmental Funds

September 30, 2022

	General Fund	American Rescue Plan Proceeds Fund	House Bill 1353 Bond Proceeds Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,643,130	\$ 6,012,260	\$ 8,000,811	\$ 2,531,082	\$ 20,187,283
Receivables, net					
Property taxes	6,421,055	-	-	1,218,581	7,639,636
Sales and tourism tax	939,695	-	-	164,040	1,103,735
Utilities tax	13,543	-	-	-	13,543
Franchise fees	94,170	-	-	-	94,170
Lease receivable	68,198	-	-	-	68,198
Special assessments	-	-	-	162,224	162,224
Federal assistance	64,115	-	-	33,200	97,315
Prepaid expenses	-	-	-	18,407	18,407
Internal balances	784,226	-	-	55,790	840,016
Total assets	\$ 12,028,132	\$ 6,012,260	\$ 8,000,811	\$ 4,183,324	\$ 30,224,527
Liabilities					
Accounts payable	\$ 3,044,351	\$ -	\$ -	\$ 53,095	\$ 3,097,446
Due to other governments	73,235	-	-	-	73,235
Internal balances	428,654	-	-	666,659	1,095,313
Total liabilities	3,546,240	-	-	719,754	4,265,994
Deferred inflows of resources					
Property taxes levied for subsequent year	6,200,756	-	-	1,177,200	7,377,956
Unavailable revenue	30,808	6,008,456	-	33,200	6,072,464
Related to leases	68,198	-	-	-	68,198
Unavailable special assessments	-	-	-	162,224	162,224
Total deferred inflows of resources	6,299,762	6,008,456	-	1,372,624	13,680,842
Fund Balances					
Restricted for					
Law enforcement	237,056	-	-	-	237,056
Economic development and tourism	39,508	-	-	338,370	377,878
Debt service	-	-	-	671,740	671,740
Capital projects	-	3,804	8,000,811	1,080,836	9,085,451
Unassigned	1,905,566	-	-	-	1,905,566
Total fund balances	2,182,130	3,804	8,000,811	2,090,946	12,277,691
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,028,132	\$ 6,012,260	\$ 8,000,811	\$ 4,183,324	\$ 30,224,527

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

City of Clinton, Mississippi
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position

September 30, 2022

Total fund balances - governmental funds		\$ 12,277,691
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and lease assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		60,414,293
Long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds.		397,565
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on refundings	94,570	
Contributions after the measurement date	470,758	
Related to pensions	<u>2,763,205</u>	3,328,533
Interest is not recorded as an expenditure in the funds until the payment date and is not reported in the governmental funds balance sheet.		(103,135)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Accounts payable and accrued interest	(131,173)	
Compensated absences	(1,570,597)	
Net pension liability	(26,601,439)	
Lease liabilities	(638,836)	
Long-term debt	<u>(11,893,894)</u>	(40,835,939)
Deferred inflows of resources are not reported in the governmental funds:		
Related to leases		(68,198)
The internal service fund's net position is included in the governmental activities to the extent attributable to governmental activities, but the internal service fund is not classified as a governmental fund.		(265,250)
Net position of governmental activities		<u>\$ 35,145,560</u>

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

City of Clinton, Mississippi
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds

For the year ended September 30, 2022

	General Fund	American Rescue Plan Proceeds Fund	House Bill 1353 Bond Proceeds Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 7,902,427	\$ -	\$ -	\$ 1,513,725	\$ 9,416,152
Sales tax	5,878,954	-	-	474,671	6,353,625
Franchise fees	656,520	-	-	-	656,520
Capital and operating grants	468,426	-	-	-	468,426
State assistance	1,699,904	-	8,000,000	1,039,701	10,739,605
Federal assistance	150,690	-	-	584,726	735,416
County shared revenues	41,026	-	-	-	41,026
Charges for services	468,268	-	-	20,011	488,279
Fines and forfeitures	711,418	-	-	-	711,418
Special assessments	-	-	-	27,037	27,037
Interest	6,544	3,804	811	4,419	15,578
Contributions	-	-	-	2,850	2,850
Miscellaneous	65,041	-	-	-	65,041
Total revenues	18,049,218	3,804	8,000,811	3,667,140	29,720,973
Expenditures					
Current					
General government	1,505,467	-	-	16,391	1,521,858
Public safety	10,797,305	-	-	-	10,797,305
Public works	1,382,120	-	-	-	1,382,120
Culture and recreation	1,888,103	-	-	159,656	2,047,759
Economic development	456,768	-	-	177,365	634,133
Debt service	868,104	-	-	1,359,730	2,227,834
Capital outlay	1,570,220	-	-	1,410,206	2,980,426
Total expenditures	18,468,087	-	-	3,123,348	21,591,435
Excess (deficiency) of revenues over (under) expenditures	(418,869)	3,804	8,000,811	543,792	8,129,538
Other Financing Sources (Uses)					
Capital asset disposals	106,176	-	-	-	106,176
Transfers in	491,397	-	-	395,361	886,758
Transfers out	(2,544)	-	-	(657,763)	(660,307)
Total other financing sources (uses)	595,029	-	-	(262,402)	332,627
Net change in fund balances	176,160	3,804	8,000,811	281,390	8,462,165
Fund balances, beginning of year	2,005,970	-	-	1,809,556	3,815,526
Fund balances, end of year	\$ 2,182,130	\$ 3,804	\$ 8,000,811	\$ 2,090,946	\$ 12,277,691

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

City of Clinton, Mississippi

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2022

Net change in fund balances - total governmental funds	\$ 8,462,165
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(2,488,710)
Principal payments on leases	(39,865)
Amortization of lease assets	(113,750)
Revenue earned but not available for use in current operations is not reported as revenue recognized and is deferred in the fund financial statements.	(190,234)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,036)
Governmental funds report principal payments on debt as expenditures.	1,897,325
Governmental activities report amortization expense over the life of the debt to allocate the debt premium received and the difference between the refunded debt and the payments to the refunded debt escrow agents.	(12,741)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(1,059,201)
The internal service fund is not classified as a governmental fund but is included in governmental activities to the extent that it is attributable to governmental activities.	(148,222)
Change in net position of governmental activities	\$ 6,279,731

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

City of Clinton, Mississippi
Statement of Net Position - Proprietary Funds

September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 8,822,941	\$ 170,213	\$ 8,993,154	\$ 139,104
Receivables, net:				
Accounts	1,919,135	-	1,919,135	-
Grants and assistance	666,664	-	666,664	-
Special assessments	90,334	-	90,334	-
Lease receivable	260,709	-	260,709	-
Internal balances	931,415	309,284	1,240,699	300
Restricted cash and cash equivalents:				
Customer deposit accounts	446,421	-	446,421	-
Total current assets	13,137,619	479,497	13,617,116	139,404
Noncurrent assets				
Restricted noncurrent assets				
Construction cash account	257,370	-	257,370	-
Special assessments	346,062	-	346,062	-
Total restricted assets	603,432	-	603,432	-
Capital assets				
Non-depreciable	1,376,961	-	1,376,961	-
Depreciable, net	27,957,204	92,401	28,049,605	-
Right-to-use leased assets, net	129,530	-	129,530	-
Total capital assets, net	29,463,695	92,401	29,556,096	-
Total noncurrent assets	30,067,127	92,401	30,159,528	-
Total assets	43,204,746	571,898	43,776,644	139,404
Deferred Outflows of Resources				
Related to pensions	\$ 648,544	\$ -	\$ 648,544	\$ -

(Continued)

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

City of Clinton, Mississippi
Statement of Net Position - Proprietary Funds (Continued)

September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 192,273	\$ 331	\$ 192,604	\$ -
Claims liability	-	-	-	232,650
Accrued interest payable	14,408	-	14,408	-
Internal balances	473,977	278,725	752,702	233,000
Compensated absences	108,386	-	108,386	-
Current portion of long term debt	933,643	-	933,643	-
Current liabilities payable from restricted assets				
Customer deposit payable	446,421	-	446,421	-
Total current liabilities	2,169,108	279,056	2,448,164	465,650
Noncurrent liabilities				
Compensated absences payable	211,439	-	211,439	-
Long term debt due after one year	6,251,053	-	6,251,053	-
Net pension liability	5,565,001	-	5,565,001	-
Total noncurrent liabilities	12,027,493	-	12,027,493	-
Total liabilities	14,196,601	279,056	14,475,657	465,650
Deferred inflows of Resources				
Related to leases	260,709	-	260,709	
Net Position				
Net investment in capital assets	22,278,999	92,401	22,371,400	-
Restricted for:				
Capital projects	257,370	-	257,370	-
Unrestricted net position (deficit)	6,859,611	200,441	7,060,052	(326,246)
Total net position	\$ 29,395,980	\$ 292,842	\$ 29,688,822	\$ (326,246)
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities			\$ (60,996)	
Net position of business-type activities			\$ 29,627,826	

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

City of Clinton, Mississippi
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds

For the year ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services:				
Water sales	\$ 4,883,239	\$ -	\$ 4,883,239	\$ -
Sewer service charges	4,425,500	-	4,425,500	-
Other services and charges	555,283	108,049	663,332	-
Refuse collection charges	-	2,535,590	2,535,590	-
Federal assistance	666,664	-	666,664	-
State assistance	27,275	-	27,275	-
Rents	50,607	-	50,607	-
Special assessments	681,396	-	681,396	-
Premiums	-	-	-	1,539,789
Reinsurance	-	-	-	1,728,194
Miscellaneous	-	5,527	5,527	-
Total operating revenues	11,289,964	2,649,166	13,939,130	3,267,983
Operating Expenses				
Salaries	1,821,401	90,102	1,911,503	-
Employee benefits	922,687	34,882	957,569	-
Insurance	80,734	4,168	84,902	326,355
Claims expense	-	-	-	2,979,789
Office supplies	12,598	-	12,598	-
Gas and oil	138,734	20,928	159,662	-
Other operating supplies	175,804	-	175,804	-
Outside services	1,225,764	2,168,624	3,394,388	75,849
Repairs and maintenance	1,741,673	73,043	1,814,716	-
Telephone	63,970	-	63,970	-
Postage	39,532	-	39,532	-
Printing	15,249	-	15,249	-
Utilities	617,809	-	617,809	-
Rentals	31,940	-	31,940	-
Depreciation and amortization	1,839,437	45,639	1,885,076	-
Pro rata overhead to General Fund	500,000	-	500,000	-
Other	136,455	292	136,747	-
Total operating expenses	9,363,787	2,437,678	11,801,465	3,381,993
Operating income (loss)	1,926,177	211,488	2,137,665	(114,010)
Nonoperating Revenues (Expenses)				
Interest income	23,955	85	24,040	-
Gain on sale of capital assets	-	3,120	3,120	-
Miscellaneous income	274,415	-	274,415	-
Interest and fiscal charges	(152,782)	-	(152,782)	-
Total nonoperating revenues (expenses)	145,588	3,205	148,793	-
Income (Loss) Before Contributions and Transfers	2,071,765	214,693	2,286,458	(114,010)
Transfers out	(226,451)	-	(226,451)	-
Change in net position	1,845,314	214,693	2,060,007	(114,010)
Net position, beginning of year	27,550,666	78,149	27,628,815	(212,236)
Net position, end of year	\$ 29,395,980	\$ 292,842	\$ 29,688,822	\$ (326,246)

(Continued)

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

City of Clinton, Mississippi
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds (Continued)

For the year ended September 30, 2022

Reconciliation to government-wide statement of activities:

Change in net position of enterprise funds \$ 2,060,007

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds for the year (33,511)

Change in net position of business-type activities \$ 2,026,496

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

City of Clinton, Mississippi
Statement of Cash Flows - Proprietary Funds

For the year ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,193,070	\$ 2,649,166	\$ 12,842,236	\$ 200,144
Receipts from other funds for services	-	-	-	1,339,645
Receipts from reinsurance	-	-	-	1,728,194
Payments to suppliers	(4,270,624)	(2,408,513)	(6,679,137)	(3,449,716)
Payments to employees	(2,288,866)	(118,620)	(2,407,486)	-
Payments for interfund services	(1,016,329)	(159,391)	(1,175,720)	128,798
Net cash provided by (used in) operating activities	2,617,251	(37,358)	2,579,893	(52,935)
Cash Flows From Noncapital Financing Activities				
Advances to other funds	(226,451)	-	(226,451)	-
Net cash used in noncapital financing activities	(226,451)	-	(226,451)	-
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(1,579,541)	-	(1,579,541)	-
Principal paid on lease liability	(77,958)	-	(77,958)	-
Principal paid on general obligation bonds	(85,381)	-	(85,381)	-
Principal paid on notes payable	(928,591)	-	(928,591)	-
Interest and fiscal charges paid on debt	(154,230)	-	(154,230)	-
Net cash used in capital and related financing activities	(2,825,701)	-	(2,825,701)	-
Cash Flows From Investing Activities				
Interest received	23,955	85	24,040	-
Net cash provided by investing activities	23,955	85	24,040	-
Net increase (decrease) in cash and cash equivalents	(410,946)	(37,273)	(448,219)	(52,935)
Cash and cash equivalents, beginning of year	9,937,678	207,486	10,145,164	192,039
Cash and cash equivalents, end of year	\$ 9,526,732	\$ 170,213	\$ 9,696,945	\$ 139,104

(Continued)

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

City of Clinton, Mississippi
Statement of Cash Flows - Proprietary Funds (Continued)

For the year ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Internal Service Fund
Cash and cash equivalents at end of year:				
Cash and cash equivalents	\$ 8,822,941	\$ 170,213	\$ 8,993,154	\$ 139,104
Restricted cash and cash equivalents:				
Customer deposits cash	446,421	-	446,421	-
Construction account - noncurrent	257,370	-	257,370	-
	\$ 9,526,732	\$ 170,213	\$ 9,696,945	\$ 139,104
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,926,177	\$ 211,488	\$ 2,137,665	\$ (114,010)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,839,437	45,639	1,885,076	-
Gain on sale of capital assets	-	(3,120)	(3,120)	-
(Increase) decrease in:				
Accounts receivable	(920,854)	-	(920,854)	-
Due from other funds	(284,497)	(152,130)	(436,627)	128,798
Special assessments	(433,425)	-	(433,425)	-
Pension related deferred outflows	(194,066)	-	(194,066)	-
Accounts payable and accrued	23,344	(138,766)	(115,422)	-
Claims liability	-	-	-	(67,723)
Due to other funds	11,539	(469)	11,070	-
Customer deposits	(17,030)	-	(17,030)	-
Compensated absences	27,186	-	27,186	-
Net pension liability	1,612,981	-	1,612,981	-
Pension related deferred inflows	(973,541)	-	(973,541)	-
Net cash provided by (used in) operating activities	\$ 2,617,251	\$ (37,358)	\$ 2,579,893	\$ (52,935)

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

City of Clinton, Mississippi
Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2022

	Custodial Funds
Assets	
Cash	\$ 32,277
Net Position	
Restricted for:	
Unemployment benefits	\$ 32,277
Total Net Position	\$ 32,277

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

City of Clinton, Mississippi
Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2022

	Custodial Funds
Additions	
Interest	\$ 34
Deductions	
Unemployment benefit payments	5,595
Increase in fiduciary net position	(5,561)
Net position, beginning of year	37,838
Net position, end of year	\$ 32,277

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

City of Clinton, Mississippi

Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clinton, Mississippi (the “City”) is incorporated under the laws of the State of Mississippi and operates as a code charter municipality. The current City Code, as adopted, authorizes the following services: public safety, public utilities, public works, planning and zoning, parks and recreation, and general administrative services.

Reporting Entity

The City is governed by a mayor and a board of seven aldermen (the “Board”), all of whom are elected to four-year terms by the City's registered voters. The City's basic financial statements include all of the City's operations. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government-wide financial statements are reported 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, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee capacity for others that cannot be used to support the government's own programs.

The City reports the following funds:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is used to account for all activities except those which are legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for certain purposes.

Debt Service Funds

Debt service funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition of specific capital projects other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public.

These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Fund

The internal service fund is used to account for services provided to other funds of the City on a cost reimbursement basis.

Fiduciary Fund

Custodial Fund

The trust fund accounts for assets held by the City in a trustee capacity.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The funds are further classified as follows:

Major Funds

Governmental Funds

General Fund	Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
American Rescue Plan Proceeds Fund	Accounts for the proceeds of federal grants to be used for future sewer improvement projects.
House Bill 1353 Bond Proceeds Fund	Accounts for the bond proceeds from the State of Mississippi to be used for the repair and maintenance of streets.

Proprietary Funds

Water and Sewer Operations Fund	Accounts for the provision of water and sewer services.
Garbage Collection Fund	Accounts for the provision of refuse collection services.

Nonmajor Funds

Special Revenue Funds

2% Restaurant Tax Fund	Accounts for revenues from a 2% tax imposed on restaurants within the city limits. These funds must be used to promote tourism and economic development.
2% Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
1% Tourism Tax Fund	Accounts for revenues from a 1% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.

Debt Service Funds

2012 Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 bonds.
2016 Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$1,800,000 Series 2016 bonds.
G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Accumulates funds for payment of a \$7,934,045 portion of a general obligation refunding bond issue - \$8,820,000 Series 2013 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund, and the unrefunded portion of the Public Improvement Series 2006 bonds.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Funds (continued)

Debt Service Funds

Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$8,000,000 Series 2008 bonds.
2017 Certificates of Participation Bond and Interest Fund	Accumulates funds for payment of certificates of participation capital lease obligation - \$2,310,000.

Capital Project Funds

Multi-Use Trails Project Fund	Accounts for the proceeds of a grant from the State of Mississippi being used for the construction of multi-use walking trails.
Senate Bill 2971 Bond Proceeds Project Fund	Accounts for the bond proceeds from the State of Mississippi being used for street resurfacing and road improvements.
Senate Bill 2969 Bond Proceeds Project Fund	Accounts for the bond proceeds from the State of Mississippi being used for street resurfacing and road improvements.
Cynthia Road Bridge Project Fund	Accounts for the proceeds of a grant from the State of Mississippi to be used for bridge repairs.
Kickapoo Road Bridge Project Fund	Accounts for the proceeds of a grant from the State of Mississippi to be used for bridge repairs.
Magnolia Road Project Fund	Accounts for the proceeds of federal and State of Mississippi grants to be used for street resurfacing and road improvements.
Midway Road Bridge Project Fund	Accounts for the proceeds of a grant from the State of Mississippi to be used for bridge repairs.

Proprietary Fund

Self-Funded Group Insurance Fund	This internal service fund accounts for the operations of the City's self-insured group medical and dental plans. Funding is provided by premiums collected from City employees and other City funds.
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Fiduciary Fund

Unemployment Compensation Benefit Fund	This employee benefit trust fund accounts for funds required to be held to reimburse the Mississippi Department of Employment Security for payments of City employees' unemployment benefits. State law requires the City to maintain the fund balance at 2% of the first \$6,000 of compensation paid to each employee during the previous calendar year. The fund balance is not available for other uses by the City.
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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

The City prepares a budget for each of its funds, and the budgets provide details by department and purpose. In September, the proposed budgets are presented to the Mayor and Board of Aldermen for review. The Board of Aldermen holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budgets. Any changes in the budgets must be within the revenues and reserves estimated as available by the accounting department. The budgets must be adopted on or before September 15th.

Mississippi law requires that municipalities prepare their budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and are paid within 30 days after the end of the year are recorded in the year for which they were budgeted. Prior year claims that are paid more than 30 days after the end of the year are reflected as expenditures of the year in which they were paid. All budgeted revenue is accounted for under the cash basis. The budgetary basis used is therefore not considered to be in accordance with GAAP.

Expenditures other than capital outlay, election, and emergency expenditures may not legally exceed budgeted appropriations at the purpose level (e.g., personal services, supplies, other services and charges, and debt service).

The City levies taxes based on 15% of fair value for real and personal property except for single-family owner-occupied dwellings which are taxed based on 10% of fair value and motor vehicles and public utilities which are taxed based on 30% of fair value.

Annual tax increases for all purposes except payment of general obligation bonds and interest and funding of the Disability and Relief Fund are limited by state law to 10% of certain preceding years' receipts plus taxes on newly constructed and other properties added to the tax rolls.

Limitations are imposed on the amount of bonded and floating debt that may be issued based upon assessed valuation of properties.

Real property, personal property (excluding vehicle taxes, which have tax due dates based on the original date of vehicle registration), and public utility taxes are due on or before February 1. The City has an agreement with Hinds County whereby the County collects these ad valorem taxes for both the City. The agreement allows the County to retain 3% of the gross collections as a commission up to a maximum of \$25,000 annually. The agreement is renewed automatically on an annual basis, unless terminated by either party. The County also collects motor vehicle ad valorem taxes for the City, retaining 5% of the gross collections as a commission.

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit with financial institutions, cash held by trustees, petty cash, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Cash equivalents and investments are stated at cost which approximates fair market value.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Cash and Cash Equivalents (continued)

The City may invest in interest-bearing time certificates of deposit or any bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality, or school district of Mississippi, provided certain provisions have been met.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales taxes, franchise taxes, and grants. Business-type activities report utility and garbage collection earnings as their major receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility and garbage collection accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Lease receivables are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. These variable payments are recorded as an inflow of resources in the period the payment is received.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified and reported as "due to other funds" or "due from other funds". Long-term borrowings between funds are classified and reported as "advances to other funds" and "advances from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets

The accounting treatment of property, plant, equipment, leased assets, right-to-use assets, and intangible assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City uses a capitalization threshold of \$5,000. Donated capital assets are reported at acquisition value.

Land and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 years
Improvements	5 - 50 years
Machinery and equipment	3 - 15 years
Utility system	10 - 50 years
Infrastructure	10 - 40 years

Prior to October 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer and developer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Bond and capital lease debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

Law enforcement fines and confiscated property account – Funds generated from fines and confiscated property applied towards further education and enhancement of the police department pursuant to state statutes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset (lease asset) with a related lease liability. The lease liability is recorded at the present value of future lease payments expected to be made during the remaining lease term including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability and is adjusted for prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced by the principal portion of lease payments made.

Effective October 1, 2021, the City implemented GASB No. 87, *Leases*, which required the recognition of certain lease assets and liabilities that were previously classified as capital assets and related debt or as operating leases and were recognized as inflows of resources or outflows of resources based on the payment provisions of the underlying contract. The adoption of GASB No. 87 had no historical impact on the City's net position and no restatement of net position was made.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

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

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave, subject to certain limitations. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability that has matured, for example, as a result of employee resignations and retirements, while the proprietary funds report the liability as it is incurred.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Deferred Outflows and Deferred Inflows

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 City has two items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pensions* and the *deferred outflows related to deferred charges on refunding*, both reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to leases*, the *deferred inflows related to pensions*, *deferred inflows of property taxes levied for the subsequent year*, and *unavailable revenue*. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classifications of Net Position and Fund Balance

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, other borrowings, and related deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position amounts with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund and fiduciary fund equity is classified the same as in the government-wide statements.

The governmental fund financial statements present fund balances based on the extent of the constraints on their use as follows:

- a. Nonspendable fund balance – Consists of amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Consists of amounts for which constraints have been placed on their use: (1) by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments, or (2) by law through constitutional provisions or enabling legislation.
- c. Committed fund balance – Consists of amounts which can be used only for specific purposes pursuant to constraints imposed by the adoption of an ordinance by the City's Mayor and Board of Aldermen. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
- d. Assigned fund balance – Consists of amounts which are constrained by the City's intent to use them for a specific purpose but that are neither restricted nor committed. Intent can be expressed by the City Clerk. The Mayor and Board of Aldermen have authorized the City Clerk to assign fund balances based on intent. The Mayor and Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Additional action does not normally have to be taken for the removal of an assignment.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classifications of Net Position and Fund Balance (continued)

Fund Financial Statements (continued)

- e. Unassigned fund balance – Consists of the residual fund balance for the General Fund, which is the only fund that can have a positive unassigned fund balance. However, other governmental funds may have a negative unassigned fund balance if restricted and committed amounts exceed the total fund balance.

The City utilizes restricted fund balances first, followed by committed fund balances and then assigned fund balances when they are available to use for the same purpose.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

Grant Revenues

Revenues from federal, state, and other grants, the purpose of which is to fund specific City expenditures, are recognized at the time of the specific expenditure.

Property Taxes

Property taxes attach as an enforceable lien on property as of the date levied by the City. Taxes are levied annually on or before September 15th for the subsequent fiscal year. Property taxes are recorded as a receivable in the period levied, but the revenue is deferred until the subsequent year in which it is available for use by the City.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – as Operating or Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. However, interfund charges for services are not eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts and pension liability.

Subsequent Events

Management of the City has evaluated subsequent events through the date that the financial statements were available to be issued, May 9, 2023, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Implemented and Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Implemented and Issued Accounting Pronouncements (continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Implemented and Issued Accounting Pronouncements (continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits

Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Deposits with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. To address this risk, the collateral deposits in financial institutions of public entities are now 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. At September 30, 2022, all of the City's bank deposits, including restricted amounts, were covered under the collateral pool administered by the State Treasurer.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

Receivables consisted of the following:

<i>September 30, 2022</i>	Governmental Activities	Business-Type Activities	Total
Water, sewer and garbage collection charges	\$ -	\$ 2,684,135	\$ 2,684,135
Special assessments:			
Due within one year	27,037	90,334	117,371
Due in more than one year	135,187	474,039	609,226
Property taxes	7,639,636	-	7,639,636
Sales and tourism taxes	1,103,735	-	1,103,735
Franchise charges	94,170	-	94,170
Federal assistance	97,315	666,664	763,979
Other	13,543	-	13,543
	9,110,623	3,915,172	13,025,795
Allowance for uncollectible amounts	-	(892,977)	(892,977)
Net receivables	\$ 9,110,623	\$ 3,022,195	\$ 12,132,818

In addition, deferred inflows of resources related to receivables consisted of the following:

<i>September 30, 2022</i>	Governmental Activities	Business-Type Activities	Total
Unearned revenue	\$ 6,008,456	\$ -	\$ 6,008,456
Property taxes levied for the subsequent year	7,377,956	-	7,377,956
Total deferred inflows of resources related to receivables	\$ 13,386,412	\$ -	\$ 13,386,412

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset changes for governmental activities was as follows:

<i>For the year ended September 30, 2022</i>	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land:				
Right-of-way	\$ 6,751,550	\$ -	\$ -	\$ 6,751,550
Other land	1,335,636	-	-	1,335,636
Construction in progress	2,274,409	1,357,310	(3,600,413)	31,306
Total capital assets not being depreciated	10,361,595	1,357,310	(3,600,413)	8,118,492
Capital assets being depreciated				
Buildings	23,881,491	-	-	23,881,491
Other improvements	10,404,931	-	-	10,404,931
Equipment and vehicles	11,417,254	403,404	(70,269)	11,750,389
Infrastructure	94,751,293	4,672,174	-	99,423,467
Total capital assets being depreciated	140,454,969	5,075,578	(70,269)	145,460,278
Less accumulated depreciation				
Buildings	10,664,753	830,433	-	11,495,186
Other improvements	8,869,855	309,914	-	9,179,769
Equipment and vehicles	10,103,138	500,760	(70,269)	10,533,629
Infrastructure	58,761,036	3,833,029	-	62,594,065
Total accumulated depreciation	88,398,782	5,474,136	(70,269)	93,802,649
Total capital assets being depreciated, net	52,056,187	(398,558)	-	51,657,629

(Continued)

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Lease asset changes for governmental activities was as follows:

<i>For the year ended September 30, 2022</i>	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use lease assets, being amortized				
Land	\$ 366,993	\$ -	\$ -	\$ 366,993
Buildings	185,805	-	-	185,805
Equipment	199,124	-	-	199,124
Right-to-use lease assets, being amortized	751,922	-	-	751,922
Less accumulated amortization for				
Land	-	33,518	-	33,518
Buildings	-	14,794	-	14,794
Equipment	-	65,438	-	65,438
Total accumulated amortization	-	113,750	-	113,750
Right-to-use lease assets, net	751,922	(113,750)	-	638,172
Governmental activities capital assets, net	\$ 63,169,704	\$ 845,002	\$ (3,600,413)	\$ 60,414,293

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Capital asset changes for business-type activities was as follows:

<i>For the year ended September 30, 2022</i>	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 181,742	\$ 245,000	\$ -	\$ 426,742
Construction in progress	221,124	961,994	(1,032,899)	150,219
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	1,202,866	1,206,994	(1,032,899)	1,376,961
Capital assets being depreciated				
Water and sewer systems and improvements	60,699,734	1,196,521	-	61,896,255
Buildings	263,987	-	-	263,987
Equipment and vehicles	4,752,794	205,044	-	4,957,838
Total capital assets being depreciated	65,716,515	1,401,565	-	67,118,080
Less accumulated depreciation:				
Water and sewer systems and improvements	33,241,717	1,639,387	-	34,881,104
Buildings	171,950	9,640	-	181,590
Equipment and vehicles	3,773,609	232,172	-	4,005,781
Total accumulated depreciation	37,187,276	1,881,199	-	39,068,475
Total capital assets being depreciated, net	28,529,239	(479,634)	-	28,049,605

(Continued)

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Lease asset changes for business-type activities was as follows:

<i>For the year ended September 30, 2022</i>	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use lease assets, being amortized				
Land	\$ 133,407	\$ -	\$ -	\$ 133,407
Right-to-use lease assets, being amortized	133,407	-	-	133,407
Less accumulated amortization for				
Land	-	3,877	-	3,877
Total accumulated amortization	-	3,877	-	3,877
Right-to-use lease assets, net	133,407	(3,877)	-	129,530
Business-type activities capital assets, net	\$ 29,865,512	\$ 723,483	\$ (1,032,899)	\$ 29,556,096

Depreciation and amortization expense was allocated to functions in the statement of activities as follows for the year ended September 30, 2022:

Governmental activities:

General government	\$ 61,000
Public safety	659,137
Public works	3,842,994
Culture and recreation	970,558
Economic development	54,197
Total depreciation and amortization expense	\$ 5,587,886

Business-type activities:

Water	\$ 845,476
Sewer	993,961
Garbage collection	45,639
Total depreciation and amortization expense	\$ 1,885,076

Interfund Transactions and Balances

The majority of interfund balances result from garbage collection customer billings by the water and sewer operations fund and from temporary advances for debt service, capital projects, and self-insurance claims. These advances are typically repaid upon collection of related receivables. The schedule below does not include balances due to or from the fiduciary fund as presented in the accompanying statement of fiduciary net position.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Transactions and Balances (continued)

The composition of interfund balances as of September 30, 2022, was as follows:

Due to	Due From					Total
	General Fund	Water and Sewer Operations Fund	Garbage Collection Fund	Nonmajor Governmental Funds	Nonmajor Internal Service Fund	
General Fund	\$ -	164,693	\$ 278,725	\$ 177,108	\$ 163,700	\$ 784,226
Water and Sewer Operations Fund	410,987	-	-	451,128	69,300	931,415
Garbage Collection Fund	-	309,284	-	-	-	309,284
Nonmajor Governmental Funds	17,667	-	-	38,123	-	55,790
Nonmajor Internal Service Fund	-	-	-	300	-	300
Total	\$ 428,654	\$ 473,977	\$ 278,725	\$ 666,659	\$ 233,000	\$ 2,081,015

Transfers made during the year were to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2022, were as follows:

Transfer To	Transfer From			Total
	General Fund	Water and Sewer Operations Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 226,451	\$ 264,946	\$ 491,397
Nonmajor Governmental Funds	2,544	-	392,817	395,361
Total	\$ 2,544	\$ 226,451	\$ 657,763	\$ 886,758

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Payable

Accounts payable consisted of the following:

<i>September 30, 2022</i>	Governmental Activities	Business- Type Activities	Total
Accounts payable to vendors	\$ 2,405,923	\$ 192,604	\$ 2,598,527
Cash bonds and evidence held	630,730	-	630,730
Payroll withholdings and employee benefits	88,831	-	88,831
Total	\$ 3,125,484	\$ 192,604	\$ 3,318,088

Long-term Debt and Liabilities

The City issues general obligation bonds, revenue bonds or tax increment limited obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue Bonds pledge income derived from the acquired or constructed assets to pay debt service. In the case of tax increment limited obligation bonds, the City and County pledge property taxes on certain property improvements to pay debt service. General obligation bonds have been issued for both governmental and business-type activities. If general obligation bonds are expected to be repaid from revenues of business-type activities, the bonds are reported in the business-type activities. There are a number of limitations and restrictions contained in the various bond indentures. Certain restrictions relating to insurance and reporting, which are considered cost prohibitive or impractical, were not met; however, all significant limitations and restrictions have been met. In order for a governmental entity's bonds to be tax-exempt, the interest earnings on bond proceeds in excess of the interest paid on the bonds must be remitted to the federal government as arbitrage rebate. However, the City owes no arbitrage rebate on its bonds.

The City has entered into agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The long-term debt principal payable from governmental activities consisted of the following:

September 30, 2022

General obligation bonds

\$5,265,000 Refunding Series 2016 serial bonds due in annual installments of \$30,000 to \$575,000 through September 1, 2028; interest varies from 2.00% to 3.00%.	\$ 3,275,000
\$4,250,000 Public Improvement — Series 2012 serial bonds due in annual installments of \$155,000 to \$330,000 through April 1, 2032; interest varies from 2.40% to 3.40%.	2,610,000
\$1,800,000 Public Improvement — Series 2016 serial bonds due in annual installments of \$65,000 to \$120,000 through April 1, 2036; interest varies from 2.25% to 3.00%.	1,375,000
\$7,934,045 portion of Refunding Series 2013 serial bonds due in annual installments of \$188,907 to \$845,579 through November 1, 2025; interest varies from 2.00% to 2.50%.	2,658,172
	<u>9,918,172</u>

Notes payable

\$120,481 loan payable to the Mississippi Development Authority; monthly installments of \$6,679, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due August 1, 2030.	96,380
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$2,300, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2031.	205,872
	<u>302,252</u>

Certificates of participation payable

\$2,310,000 certificates of participation; due in annual payments ranging from \$133,216 to \$325,096 including interest at 3.15%; final payment due September 30, 2032.	1,165,000
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(Continued)

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

September 30, 2022

Financed purchases payable

\$21,236 equipment purchase; monthly payments of \$603, including interest at 1.41%; final payment due September 18, 2023	\$ 7,178
\$29,427 equipment purchase; monthly payments of \$835, including interest at 1.41%; final payment due September 18, 2023	9,947
\$128,172 equipment purchase; monthly payments of \$3,638, including interest at 1.41%; final payment due September 18, 2023	43,327
\$58,463 equipment purchase; monthly payments of \$1,603, including interest at 1.41%; final payment due September 18, 2023	19,086
\$558,822 equipment purchase; monthly payments of \$5,301, including interest at 2.63%; final payment due September 15, 2027	279,080
	358,618
Unamortized bond premium	149,852
Total governmental activities long-term debt	\$ 11,893,894

The long-term debt principal payable from business-type activities consisted of the following:

September 30, 2022

General obligation bonds

\$885,955 portion of Refunding Series 2013 serial bonds due in annual installments of \$21,093 to \$94,421 through November 1, 2025; interest varies from 2.00% to 2.50%.	\$ 296,827
	296,827

Notes payable

\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.50%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024.	106,008
\$993,655 loan payable to the Mississippi Development Authority; monthly installments of \$5,026, including interest at 2.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	175,483

(Continued)

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

September 30, 2022

Notes payable (continued)

\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3.00%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.	\$ 47,680
\$3,719,450 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$19,142, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026.	917,565
\$1,857,928 loan payable to the Mississippi Department of Health; monthly installments of \$9,585, including interest at 1.95%, secured by the City's share of sales tax collected by the State; final payment due November 1, 2030.	867,697
\$2,217,778 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$11,075, including interest at 1.75%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2031.	1,039,352
\$866,717 loan payable to the Mississippi Development Authority; monthly installments of \$4,385, including interest at 2.0%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2032.	451,256
\$1,536,922 loan payable to the Mississippi Department of Health; monthly installments of \$9,716, including interest at 1.95%, beginning June, 2015; secured by the City's share of sales tax collected by the State; final payment will be due in February 1, 2035.	1,148,805
\$3,000,771 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$14,984, including interest at 1.75%, beginning July, 2016; secured by the City's share of sales taxes collected by the State; final payment due April 1, 2036.	1,941,170
	<u>6,695,016</u>

Financed purchases payable

\$103,900 equipment purchase; monthly payments of \$1,803, interest at 1.59%; final payment due September 18, 2025	63,328
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Total business type activities long-term debt	\$ 7,055,171
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City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The future debt service requirements for bonds and notes outstanding as of September 30, 2022, are as follows:

Governmental activities - fiscal years	General obligation bonds		Notes payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,582,608	\$ 217,448	\$ 35,183	\$ 5,724	\$ 1,840,963
2024	1,630,099	200,523	35,897	5,011	1,871,530
2025	1,700,578	146,718	36,618	4,289	1,888,203
2026	1,099,887	114,609	37,357	3,550	1,255,403
2027	905,000	92,606	38,111	2,796	1,038,513
2028-2032	2,540,000	210,898	119,086	3,719	2,873,703
2033-2037	460,000	25,575	-	-	485,575
	<u>\$ 9,918,172</u>	<u>\$ 1,008,377</u>	<u>\$ 302,252</u>	<u>\$ 25,089</u>	<u>\$ 11,253,890</u>

Business-type activities - fiscal years	General obligation bonds		Notes payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 87,390	\$ 6,106	\$ 822,062	\$ 119,703	\$ 1,035,261
2024	89,901	4,056	784,446	102,992	981,395
2025	94,420	1,808	772,205	88,070	956,503
2026	25,116	314	709,504	73,812	808,746
2027	-	-	530,229	61,668	591,897
2028-2032	-	-	2,142,860	173,232	2,316,092
2033-2037	-	-	933,710	33,583	967,293
	<u>\$ 296,827</u>	<u>\$ 12,284</u>	<u>\$ 6,695,016</u>	<u>\$ 653,060</u>	<u>\$ 7,657,187</u>

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Leases – lessee

The City has entered into lease agreements to obtain the right-to-use certain land, buildings, and equipment. The total annual rental the City paid for the year ended September 30, 2022 was approximately \$164,000. The leases have initial terms ranging from 3 – 25 years and contain renewal terms which are expected to be renewed. The weighted average term of the remaining leases is 24.7 years as of September 30, 2022. Total monthly payments approximate \$5,320 for land, \$13,764 for equipment and \$17,298 for the buildings.

Future minimum lease payments from lease agreements at September 30, 2022, are as follows:

Fiscal Years	Principal Payments	Interest Payments	Total
2023	\$ 91,227	\$ 43,154	\$ 134,381
2024	83,164	38,221	121,385
2025	89,327	33,121	122,448
2026	95,155	27,647	122,802
2027	91,956	21,931	113,887
2028-2032	317,532	223,313	540,845
Total	\$ 768,361	\$ 387,387	\$ 1,155,748

Leases – lessor

The City's operations also consist of various non-cancelable lease agreements for the use of land and cellular tower space which expire during fiscal years ending 2027 and 2032. The City recognized \$41,182 in lease revenue principal and \$18,918 of lease interest for the year ended September 30, 2022.

Future minimum lease revenues from non-cancelable lease agreements at September 30, 2022, are as follows:

Fiscal Years	Principal Payments	Interest Payments	Total
2023	\$ 42,111	\$ 18,589	\$ 60,700
2024	44,708	15,992	60,700
2025	49,716	13,200	62,916
2026	54,439	10,061	64,500
2027	57,796	6,704	64,500
2028-2032	80,137	5,206	85,343
Total	\$ 328,907	\$ 69,752	\$ 398,659

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Changes in Long-Term Liabilities

On March 1, 2016, the City issued general obligation refunding bonds Series 2016 totaling \$5,265,000 to refund a portion of the Series 2008 general obligation bonds for a total refunded debt of \$5,270,000. The remaining balance of the original debt issue which was not defeased through the refunding totaled \$710,000. This amount has been satisfied according to the terms of the original issue. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide funds for all of the future debt service on the refunded bonds. As a result, the refunded debt is considered defeased and has been removed from the Statement of Net Position. At September 30, 2022, \$3,275,000 of the defeased debt remained outstanding.

During the year ended September 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,457,791	\$ -	\$ (1,539,619)	\$ 9,918,172	\$ 1,582,608
Notes payable	336,739	-	(34,487)	302,252	35,183
Certificates of participation payable	1,260,000	-	(95,000)	1,165,000	100,000
Financed purchases payable	586,837	-	(228,219)	358,618	136,494
Unamortized bond premium	186,595	-	(36,743)	149,852	-
	13,827,962	-	(1,934,068)	11,893,894	1,854,285
Lease liability	751,922	-	(113,086)	638,836	87,811
Compensated absences	1,436,261	1,315,903	(1,181,567)	1,570,597	1,042,276
Net pension liability	17,908,985	8,692,454	-	26,601,439	-
	\$ 33,925,130	\$ 10,008,357	\$ (3,228,721)	\$ 40,704,766	\$ 2,984,372
Business-type activities:					
General obligation bonds	\$ 382,208	\$ -	\$ (85,381)	\$ 296,827	\$ 87,390
Notes payable	7,623,607	-	(928,591)	6,695,016	822,062
Financed purchases payable	141,286	-	(77,958)	63,328	20,775
	8,147,101	-	(1,091,930)	7,055,171	930,227
Lease liability	133,407	-	(3,882)	129,525	3,416
Compensated absences	292,639	263,829	(236,643)	319,825	108,386
Net pension liability	3,952,020	1,612,981	-	5,565,001	-
	\$ 12,525,167	\$ 1,876,810	\$ (1,332,455)	\$ 13,069,522	\$ 1,042,029

The compensated absences and net pension liability obligations are typically paid by the General Fund.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Changes in Long-Term Liabilities (continued)

Interest and fiscal charges for the year ended September 30, 2022, were as follows:

Governmental activities	\$ 369,538
Business-type activities:	
Water	87,601
Sewer	65,181
	152,782
Total interest and fiscal charges	\$ 522,320

Revenue Pledged to Secure Debt

The City has pledged its share of general sales tax collected by the State to secure certain government and business-type activities notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$6,353,625 for the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,065,649 which was approximately 16.8% of the pledged revenue. As of September 30, 2022, the future principal and interest requirements for the notes payable totaled \$7,348,076 and the maturity dates of the notes payable extend through August 2036.

Note 3: RETIREMENT PLANS

Pension Plans and Other Post-employment Benefits

Deferred Compensation Plan

Plan Description

The City, through the Mississippi Public Employees Retirement System (PERS), offers all City employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Mississippi Deferred Compensation Plan, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The compensation deferred is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred compensation plan is a defined contribution plan and is administered by the board of trustees of PERS. The plan's assets are held in trust by PERS for the exclusive benefit of the participants and beneficiaries of the plan and are not subject to the general creditors of the City.

Funding Policy

Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed \$89,995 to the plan for the year ended September 30, 2022. The City does not make any contributions to the plan.

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans

Pension Plan Descriptions

The City of Clinton contributes to the PERS cost-sharing multiple-employer defined benefit pension plan (the Cost-Sharing Plan), which covers all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Clinton Disability and Relief Fund (CDRF Plan), also administered by PERS. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CDRF Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed on or before July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in the Cost-Sharing Plan. The CDRF Plan is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan, and as of June 30, 2020, included two active members and 31 retirees and beneficiaries currently receiving benefits. Benefit provisions for both plans are established by State law and may be amended only by the State of Mississippi Legislature. The Plans' provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq. (1972, as amended), and may be amended only by the Mississippi Legislature.

PERS is administered by a 10-member Board of Trustees that includes: the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is responsible for the general administration and proper operation of PERS. The executive director is designated by the Board to lead and conduct all business for PERS. PERS operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines.

The financial statements of PERS are prepared using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to legal requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, PERS is considered a component unit of the State of Mississippi for financial reporting purposes and, as such, the financial statements issued by PERS are included in the State of Mississippi's Comprehensive Annual Financial Report. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Supporting actuarial information for the Cost-Sharing Plan is also provided in the GASB Statement No. 68 Report for the PERS prepared as of June 30, 2020. The auditor's opinion on that report, which includes in an accompanying schedule of collective pension amounts as of June 30, 2019 and for the year then ended is also available. PERS also issues a publicly available financial report for the MRS, which includes separate information for the CDRF Plan. All such information is available at www.pers.ms.gov or may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Cost-Sharing Plan Benefits Provided

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 the Cost-Sharing Plan before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of the Cost-Sharing Plan before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of the Cost-Sharing Plan before July 1, 2007). The Cost-Sharing Plan also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries equal to 3.0% 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 the Cost-Sharing Plan before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

CDRF Plan Benefits Provided

Participating members who retire at or after age 65 or those who retire regardless of age with at least 20 years of creditable service are entitled, upon application, to an annual retirement allowance payable for life in an amount equal to 50% of their average compensation, plus 1.7% for each additional year of creditable service over 20 years, subject to a cap of 87% regardless of creditable service. Average compensation is the average compensation of a member during the six month period prior to receipt of an allowance. The CDRF Plan also provides certain death and disability benefits.

A cost-of-living adjustment is made annually to eligible retirees and beneficiaries for service retirements only on the basis of the annual percentage change in each fiscal year of the Consumer Price Index, not to exceed 2.5% per year and subject to an adjustment cap of 10%.

Cost-Sharing Plan Contributions

Employer and member contributions are based on actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due and are determined through the most recent June 30 annual valuation. Employer

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Cost-Sharing Plan Contributions (continued)

contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0% cost-of-living increase calculated according to the terms of the plan. The PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate, resulting in an employer contribution rate of 17.4% beginning July 1, 2019.

CDRF Funding Policy

The employer contribution rate, expressed as a millage rate tax applied to assessed property values, was established beginning in the 2011-2012 fiscal year at the rate necessary to maintain an asset reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year's projected benefit payments. Employer contributions are set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level. During the year ended September 30, 2018, CDRF Plan members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.24 mill tax levy. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF Plan tax levy increases are limited to 1/2 mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a 0.35 mill general fund tax levy through September 30, 2022, if needed in addition to the CDRF Plan tax levy to maintain the actuarial soundness of the CDRF Plan. The annual required contribution for the year ended September 30, 2022, was determined as part of the June 30, 2021 actuarial valuation using the Ultimate Asset Reserve actuarial cost method. Actual employer contributions totaled \$214,296 during 2022. Effective for the fiscal year ended September 30, 2020, there were no longer any active participants of the CDRF Plan and members consisted of inactive retirees or their beneficiaries receiving benefits. The City will continue to make its proportionate share of required actuarially determined contributions.

Pension Asset, Liabilities, and Pension Expense (Income)

The City reported a net pension liability of approximately \$32,166,000 for its proportionate share of the collective net pension liability of the Cost-Sharing Plan and the net pension liability allocated to the CDRF Plan at September 30, 2022. The net pension liability (NPL) for both plans was measured as of June 30, 2022, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation.

The NPL recorded as of September 30, 2022, and pension expense (income) recognized by the City for the year ended September 30, 2022, was as follows:

	Cost-Sharing Plan	CDRF	Total
Net pension liability	\$ 30,830,174	\$ 1,336,266	\$ 32,166,440
Net pension (income) expense	\$ 5,021,084	\$ (82,839)	\$ 4,938,245

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Pension Asset, Liabilities, and Pension Expense (Income) (continued)

The NPL is the difference between the TPL and the pension plans' fiduciary net position (FNP). The TPL is the present value of the pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments. The FNP is determined on the same basis as that used by the pension plans. The City's proportion of the collective Cost-Sharing Plan NPL was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating PERS employers. At June 30, 2022, the City's proportion 0.1498% as compared to its proportion measured at June 30, 2021 of 0.1479%, or an increase of .0019%.

Changes in the CDRF Plan are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
<i>For the year ended September 30, 2022</i>			
Interest	\$ 738,450	\$ -	\$ 738,450
Difference between expected and actual experience	(103,036)	-	(103,036)
Change of assumptions	-	-	-
Employer contributions	-	22,483	(22,483)
Net investment income	-	(840,848)	840,848
Benefit payments, including refunds	(912,900)	(912,900)	-
Administrative expense and other changes	-	(450)	450
Net change	(277,486)	(1,731,715)	1,454,229
Net pension liability (asset), beginning of year	10,237,242	10,355,205	(117,963)
Net pension liability, end of year	\$ 9,959,756	\$ 8,623,490	\$ 1,336,266

The following table presents the City's net pension liabilities calculated using the discount rate of 7.55%, as well as what the CDRF's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Cost-Sharing Plan net pension liability	\$ 40,236,526	\$ 30,830,174	\$ 23,075,116
CDRF Plan net pension liability	\$ 2,246,213	\$ 1,336,266	\$ 557,208

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Cost-Sharing Plan</u> Deferred Outflows of Resources	<u>CDRF</u> Deferred Outflows of Resources
<i>September 30, 2022</i>		
Differences between expected and actual experience	\$ 436,534	\$ -
Changes of assumptions	1,066,297	-
Net difference between projected and actual earnings on investments	1,619,351	289,567
Employer contributions subsequent to the measurement date	470,758	-
Total	\$ 3,592,940	\$ 289,567

Deferred outflows of resources related to the Cost-Sharing Plan resulting from City contributions subsequent to June 30, 2022 (the measurement date) were \$470,758 and will be recognized as a reduction of the net pension liability during the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an addition to (reduction of) pension expense as follows:

	<u>Cost-Sharing Plan</u> Deferred Outflows of Resources	<u>CDRF</u> Deferred Outflows of Resources
2023	\$ 977,548	\$ 35,332
2024	720,181	8,686
2025	(248,477)	(72,259)
2026	1,672,930	317,808
Total	\$ 3,122,182	\$ 289,567

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Actuarial Assumptions

For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20% of a year's excess or shortfall of expected return recognized each year for five years.

The TPL was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Cost-Sharing Plan	CDRF Plan
Inflation	2.40%	2.75%
Investment rate of return (net of plan investment expenses)	7.55%	6.25%
Projected salary increases, including inflation	2.65% - 17.90%	3.00% - 4.50%

The actuarial assumptions used in the Cost-Sharing Plan actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report was dated April 20, 2021.

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return used in the Cost-Sharing 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.

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Pension Plans and Other Post-employment Benefits (continued)

Public Employees Retirement Plans (continued)

Actuarial Assumptions (continued)

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class in the Cost-Sharing Plan are as follows:

Investment Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	25.00%	4.60%
International equity	20.00%	4.50%
Global equity	12.00%	4.85%
Fixed income	18.00%	1.40%
Real estate	10.00%	3.65%
Private equity	10.00%	6.00%
Private infrastructure	2.00%	4.00%
Private credit	2.00%	4.00%
Cash	1.00%	-0.01%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.55% for both pension plans. The projection of cash flows used to determine the discount rate for the Cost-Sharing Plan assumed that plan member contributions will be made at the current contribution rate (9.00%) and that the employer contributions will be made at the current employer contribution rate (17.40%). The assumed investment rate of return for the CDRF plan, net of pension plan investment expense, and including inflation, was 6.25%. Based on those assumptions, the pension plans' fiduciary net position were 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 TPL.

Note 4: COMMITMENTS AND CONTINGENT LIABILITIES

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through December 2022, and provides for a monthly charge of \$14.81 per residential unit and \$12.58 per light commercial entity. The wastewater treatment facilities contract is effective through September, 2022, and provides for a monthly charge to the City of \$57,021 plus repair costs incurred by the contractor. Each of these rates are subject to annual adjustment based on the Consumer Price Index.

The City is a defendant in lawsuits arising in the normal course of operations. In the opinion of the City's counsel, these lawsuits should not materially impact the financial condition of the City, since each claim is within the policy limits of the City's liability policy and each lawsuit is being vigorously defended. However, the outcome or an estimated range of loss for these lawsuits is not presently determinable.

City of Clinton, Mississippi

Notes to Basic Financial Statements

Note 4: COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected would constitute a liability of the applicable funds. The City expects no such disallowances.

Note 5: TAX ABATEMENTS

The City enters into ad valorem tax abatement agreements with local manufactures and other enterprises under Section 27-31-101 through Section 27-31-117 of the Mississippi Code of 1972, as annotated. The City is empowered, at their discretion, to grant exemptions from ad valorem taxation, except state ad valorem taxation and school district ad valorem taxation for a period of up to ten years on tangible property used in, or necessary to, the operation of the manufacturers and other new enterprises business. The City may grant two five-year exemptions that equal ten years. The products of the manufacturers or new enterprises and the automobiles and trucks operating over the highways of the State of Mississippi are not subject to the tax abatements. Based on Section 27-31-111 of the Mississippi Code of 1972, if at any time during the period of ad valorem tax exemption a manufacturer and/or a new enterprise has a cessation of operations for a continuous period of twelve months or more, all unexpired tax exemptions shall become void. If operations begin again at a later date, a new application must be filed. During the fiscal year ended September 30, 2022, no manufacturer or new enterprise has had a cessation of operations.

The City provided tax abatement agreements that exceeded 10.00% of the total amount abated to certain manufacturers of plastic products of 50.47% or \$94,548, and manufacturers of beverage products of 49.53% or \$92,780, totaling \$187,328 in abated ad valorem taxes during the year ended September 30, 2022.

Note 6: RISK MANAGEMENT

The City is exposed to various risks of loss for which the City carries commercial insurance. There were no significant reductions in insurance coverage from the prior year, and settlements in excess of coverage for the three previous years were not material.

The City participates in the Mississippi Municipal Workers' Compensation Group (the Group), a self-insurance group. As such, the City may be assessed to pay claims or could possibly receive refunds or credits, depending on the Group surpluses available and as determined by the board of trustees of the Group (and allowed by the Mississippi Workers' Compensation Commission). The City is jointly and severally liable for claims made against the Group for the period during which the City is a participant in the Group.

Employees of the City are covered by the City's medical and dental self-insurance plan (the "plan"). The City contributed approximately \$530 per month per employee to the plan for medical and dental, and employees had the option of authorizing payroll withholdings to fund contributions for spouses and dependents. Claims are paid by a third party administrator acting on behalf of the City.

The City's medical self-insurance plan is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage is in effect for individual claims exceeding \$60,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current policy

City of Clinton, Mississippi
Notes to Basic Financial Statements

Note 6: RISK MANAGEMENT (Continued)

year (which began August 1, 2022) is approximately \$1,664,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,743,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

The costs associated with the medical self-insurance plan are reported as interfund transactions and are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Enterprise Funds. The liabilities reported are based on the requirements that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on complex factors, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Non-incremental claims adjustment expenses have not been included as part of the liability for claims because the amount would be immaterial.

Changes in the claims liability amounts were as follows:

For the year ended September 30, 2022

Claims liability, beginning of year	\$ 300,373
Current year claims	2,979,789
Claims paid in current year	(3,047,512)
Claims liability, end of year	<u>\$ 232,650</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability – Cost-Sharing Plan

<i>For the years ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Last Ten Fiscal Years: *								
City's proportion of the net pension liability	\$ 30,830,174	\$ 21,861,005	\$ 27,819,618	\$ 24,830,412	\$ 22,317,123	\$ 19,956,382	\$ 21,059,885	\$ 18,311,889
City's proportionate share of the net pension liability	0.1498%	0.1479%	0.1437%	0.1412%	0.1342%	0.1201%	0.1179%	0.1185%
City's covered payroll	\$ 10,694,701	\$ 9,920,968	\$ 9,650,153	\$ 9,493,149	\$ 8,770,838	\$ 8,228,406	\$ 7,596,635	\$ 7,434,679
City's proportionate share of the net pension liability as a percentage of its covered payroll	288.28%	220.35%	288.28%	261.56%	254.45%	242.53%	277.23%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	54.47%	61.70%

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

This schedule is presented to illustrate the requirement to disclose information for the last ten year period. However, GASB No. 68 was implemented in fiscal 2015, and until a full ten year trend is compiled, the City has only presented information for the years in which the information is available.

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Contributions – Cost-Sharing Plan
Last Ten Years Ended September 30, 2022

<i>For the years ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,860,878	\$ 1,726,248	\$1,679,127	\$1,495,171	\$1,381,407	\$1,295,974	\$1,196,470	\$1,170,962	\$1,154,387	\$1,056,164
Contributions in relation to the contractually required contribution	\$ 1,860,878	\$ 1,726,248	1,679,127	1,495,171	1,381,407	1,295,974	1,196,470	1,170,962	1,154,287	1,056,164
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100	\$ -
City's covered payroll	\$ 10,694,701	\$ 9,920,968	\$9,650,153	\$9,493,149	\$8,770,838	\$8,228,406	\$7,596,635	\$7,434,679	\$7,329,441	\$7,406,479
Contributions as a percentage of the covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	14.26%

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

Note 1: SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – COST SHARING PLAN

The City's proportionate share of the net pension liability was determined based on the City's allocated percentage of its actual contributions to PERS to total actual contributions as of and for the year ended June 30, 2022. The total pension liabilities used in the development of the ratio of the plan fiduciary net position to total pension liabilities presented in the schedule was provided by the PERS actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position held for PERS as of and for the year ended June 30, 2022.

Note 2: SCHEDULE OF THE CITY'S CONTRIBUTIONS FOR PENSIONS – COST-SHARING PLAN

The employer contribution rate for the City was 9.75% in fiscal year 2005 with an increase in fiscal year 2006 to 10.75%. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75% in .55% increments until the target rate was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purpose of the phased-in approach was to moderate the impact to the State of Mississippi of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85% to 12.00%. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.00% to a projected 13.56% for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.00% for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate from 13.56% to 12.93%, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26% and in fiscal year 2014, and the PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75%. The employer contribution rate remained at 15.75% through the fiscal year ending June 30, 2019. The PERS Board of Trustees approved an increase in the employer contribution rate from 15.75% to 17.40% for the fiscal year ending June 30, 2020. Further, the PERS Board of Trustees also adopted a new funding policy, which sets the funding goals, objectives, and metrics for possible changes in the contribution rate for future valuations.

Note 3: CHANGE OF ASSUMPTIONS AND BENEFIT PROVISIONS – COST-SHARING PLAN

In 2022, there were no changes in assumptions and methods since the last valuation.

In 2021, changes in actuarial assumptions included the following:

- i. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments. For males 95% of males up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% of female rates up to age 72, 100% for ages above 76. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

Note 3: CHANGE OF ASSUMPTIONS AND BENEFIT PROVISIONS – COST-SHARING PLAN (Continued)

- ii. The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments. For males, 134% of male rates at all ages. For females, 121% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- iii. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments. For males, 97% of male rates at all ages. For females, 121% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- iv. The price inflation assumption was reduced from 2.75% to 2.40%.
- v. The wage inflation assumption was reduced from 3.00% to 2.65%.
- vi. The investment rate of return was reduced from 7.75% to 7.55%.
- vii. The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- viii. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to reflect actual experience more closely.
- ix. The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.
- x. The percentage of active member deaths assumed to be in the line of duty was decreased from 6.00% to 4.00%.

In 2020, there were no changes in assumptions and methods since the last valuation.

In 2019, changes in actuarial assumptions included the following:

- i. 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.
- ii. The expectation of disabled mortality was changed to the PubT.H-2010(B) Disabled Retiree Table for the disabled retirees with the following adjustments. For males 137% of male rates for all ages. For females 115% of the female rates for all ages. Projected scale MP-2018 will be used to project future improvements in life expectancy generationally.
- iii. The price inflation assumption was reduced from 3.00% to 2.75%.
- iv. The wage inflation assumption was reduced from 3.25% to 3.00%.
- v. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- vi. The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

In 2018, there were no changes in assumptions and methods since the last valuation.

In 2017, changes in actuarial assumptions included (i) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information – Cost-Sharing Plan

Note 3: CHANGE OF ASSUMPTIONS AND BENEFIT PROVISIONS – COST-SHARING PLAN (Continued)

2022 and with small adjustments made to the Mortality Table for disabled lives; (ii) the wage inflation assumption was reduced from 3.75% to 3.25%; (iii) adjustments to withdrawal rates, preretirement mortality rates, disability rates and service retirement rates to more closely reflect actual experience; and (iv) the percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally for benefit provisions, effective July 1, 2016, the interest rate on employee contributions was 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. The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

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

Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

Note 4: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS – COST SHARING PLAN

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, 2020 valuation for the June 30, 2022 plan's 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	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00 - 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of Changes in the Net Pension Liability - CDRF Plan

<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service cost	\$ -	\$ -	\$ 8,201	\$ 8,487	\$ 8,358	\$ 10,668	\$ 37,219
Interest	738,450	755,226	756,084	762,189	764,238	769,339	780,243
Difference between expected and actual experience	(103,036)	201,661	135,138	(19,121)	32,536	(48,446)	(164,102)
Changes of assumptions	-	(882)	-	33,305	-	31,606	-
Benefit payments, including refunds of employee contributions	(912,900)	(927,231)	(893,764)	(833,491)	(829,666)	(828,305)	(759,810)
Net change in total pension liability	(277,486)	28,774	5,659	(48,631)	(24,534)	(65,138)	(106,450)
Total pension liability, beginning of year	10,237,242	10,208,468	10,202,809	10,251,440	10,275,974	10,341,112	10,447,562
Total pension liability, end of year (a)	\$ 9,959,756	\$ 10,237,242	\$ 10,208,468	\$ 10,202,809	\$ 10,251,440	\$ 10,275,974	\$ 10,341,112
Plan fiduciary net position							
Contributions - employer	\$ 22,483	\$ 62,873	\$ 343,065	\$ 222,032	\$ 28,109	\$ 182,528	\$ 190,177
Contributions - member	-	-	3,229	8,374	8,142	8,142	16,900
Net investment income	(840,848)	2,586,002	265,389	540,052	775,629	1,172,297	8,619
Benefit payments	(912,900)	(927,231)	(893,764)	(833,491)	(829,666)	(828,305)	(759,810)
Administrative expense	(450)	(1,479)	(6,640)	(4,441)	(1,392)	(1,809)	20,942
Net change in plan fiduciary net position	(1,731,715)	1,720,165	(288,721)	(67,474)	(19,178)	532,853	(523,172)
Plan net position, beginning of year	10,355,205	8,635,040	8,923,761	8,991,235	9,010,413	8,477,560	9,000,732
Plan net position, end of year (b)	\$ 8,623,490	\$ 10,355,205	\$ 8,635,040	\$ 8,923,761	\$ 8,991,235	\$ 9,010,413	\$ 8,477,560
Net pension liability (asset) - ending (a) - (b)	\$ 1,336,266	\$ (117,963)	\$ 1,573,428	\$ 1,279,048	\$ 1,260,205	\$ 1,265,561	\$ 1,863,552
Plan fiduciary net position as a percentage of the total pension liability	86.58%	101.15%	84.59%	87.46%	87.71%	87.68%	81.98%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Payroll-related information not provided because the plan is closed to new entrants and there are no remaining active members.

City of Clinton, Mississippi
Schedule of Required Supplementary Information
Schedule of the City's Contributions - CDRF Plan

<i>For the years ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 197,310	\$ 62,873	\$ 343,065	\$ 222,032	\$ 28,109	\$ 182,528	\$ 190,177
Contributions in relation to the actuarially determined contribution	197,310	62,873	343,065	222,032	28,109	182,528	190,177
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Payroll-related information not provided because the plan is closed to new entrants and there are no remaining active members.

City of Clinton, Mississippi
Notes to Schedule of Required Supplementary
Information - CDRF Plan

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2022 were based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	3.00 - 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

City of Clinton, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis, (See Note A)	Final Budget-Over (Under)
AVAILABLE				
Licenses and permits	\$ 2,104,355	\$ 2,441,855	\$ 2,421,168	\$ (20,687)
State grants	296,000	239,000	237,922	(1,078)
State shared revenues	5,907,440	5,866,440	5,845,749	(20,691)
Local grants	130,000	130,000	123,741	(6,259)
Charges for services	92,581	134,996	140,623	5,627
Fines and forfeitures	812,643	691,643	705,083	13,440
Interest earned	17,500	2,500	2,841	341
Management fee	500,000	500,000	500,000	-
Transfers from other funds	973,260	492,260	491,397	(863)
Miscellaneous	575,390	826,392	826,718	326
Total receipts, other than taxes	11,409,169	11,325,086	11,295,242	(29,844)
Beginning fund balance	1,286,085	634,891	634,891	-
Total available, other than taxes	12,695,254	11,959,977	11,930,133	(29,844)
Ad valorem taxes to be provided by levy	7,874,219	7,944,094	7,926,718	(17,376)
Total Available From All Sources	\$ 20,569,473	\$ 19,904,071	\$ 19,856,851	\$ (47,220)
EXPENDITURES				
General government:				
Elected Officials:				
Personal services	\$ 366,350	\$ 322,350	\$ 316,715	\$ (5,635)
Supplies	3,100	3,600	3,591	(9)
Other services and charges	103,002	121,002	120,473	(529)
Total Elected Officials	472,452	446,952	440,779	(6,173)
Court Services:				
Personal services	429,537	360,537	359,092	(1,445)
Supplies	7,550	3,550	2,865	(685)
Other services and charges	55,169	38,169	37,482	(687)
Total Court Services	492,256	402,256	399,439	(2,817)
Administration:				
Personal services	450,025	455,025	452,950	(2,075)
Supplies	13,350	5,250	2,812	(2,438)
Other services and charges	296,039	334,528	322,058	(12,470)
Total Administration	759,414	794,803	777,820	(16,983)
Legal:				
Personal services	98,710	145,210	144,697	(513)
Supplies	4,750	1,750	300	(1,450)
Other services and charges	18,156	22,656	20,708	(1,948)
Total Legal	121,616	169,616	165,705	(3,911)

(Continued)

City of Clinton, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis, (See Note A)	Final Budget-Over (Under)
EXPENDITURES (Continued)				
Community Development:				
Personal services	\$ 217,170	\$ 226,170	\$ 225,039	\$ (1,131)
Supplies	24,775	20,775	20,168	(607)
Other services and charges	36,368	23,368	22,945	(423)
Capital outlay	20,000	-	-	-
Debt service	28,373	28,373	24,829	(3,544)
Total Community Development	326,686	298,686	292,981	(5,705)
Total General Government	2,172,424	2,112,313	2,076,724	(35,589)
Public Safety:				
Law Enforcement:				
Personal services	4,869,243	4,904,243	4,900,389	(3,854)
Supplies	350,000	407,000	407,141	141
Other services and charges	475,070	688,570	688,416	(154)
Capital outlay	167,500	176,500	175,849	(651)
Debt service	116,708	83,708	83,092	(616)
Total Law Enforcement	5,978,521	6,260,021	6,254,887	(5,134)
Fire Protection:				
Personal services	4,242,008	4,056,990	4,056,955	(35)
Supplies	244,645	340,145	328,274	(11,871)
Other services and charges	321,396	262,146	260,709	(1,437)
Capital outlay	74,500	65,250	65,023	(227)
Debt service	132,773	125,023	124,802	(221)
Total Fire Protection	5,015,322	4,849,554	4,835,763	(13,791)
Inspection:				
Personal services	187,154	172,154	168,932	(3,222)
Supplies	7,375	2,625	1,793	(832)
Other services and charges	13,998	13,998	13,058	(940)
Total Inspection	208,527	188,777	183,783	(4,994)
Total Public Safety	11,202,370	11,298,352	11,274,433	(23,919)
Street:				
Personal services	253,791	343,991	343,898	(93)
Supplies	391,500	351,000	348,080	(2,920)
Other services and charges	688,139	691,139	690,142	(997)
Capital outlay	2,235,000	1,064,500	1,064,262	(238)
Debt service	95,705	95,705	94,805	(900)
Total Street	3,664,135	2,546,335	2,541,187	(5,148)

(Continued)

City of Clinton, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis, (See Note A)	Final Budget- Over (Under)
EXPENDITURES (Continued)				
Parks and Recreation:				
Personal services	\$ 810,167	\$ 698,649	\$ 691,717	\$ (6,932)
Supplies	237,500	223,500	219,699	(3,801)
Other services and charges	565,906	685,906	683,934	(1,972)
Capital outlay	59,212	118,712	117,135	(1,577)
Debt service	542,873	534,873	534,473	(400)
Total Parks and Recreation	2,215,658	2,261,640	2,246,958	(14,682)
4 C's:				
Other services and charges	20,000	20,000	20,000	-
Total 4 C's	20,000	20,000	20,000	-
City Buildings:				
Supplies	58,000	45,000	42,898	(2,102)
Other services and charges	58,837	58,837	60,368	1,531
Total City Buildings	116,837	103,837	103,266	(571)
Therapeutic Recreation:				
Personal services	185,905	178,892	177,366	(1,526)
Supplies	20,020	20,020	18,539	(1,481)
Other services and charges	41,713	53,713	46,743	(6,970)
Debt service	6,103	6,103	6,103	-
Total Therapeutic Recreation	253,741	258,728	248,751	(9,977)
Total Culture and Recreation	2,606,236	2,644,205	2,618,975	(25,230)
Communications:				
Personal services	88,719	44,140	42,173	(1,967)
Supplies	3,125	1,125	999	(126)
Other services and charges	105,110	62,110	60,695	(1,415)
Capital outlay	5,000	-	-	-
Total Communications	201,954	107,375	103,867	(3,508)
Main Street:				
Personal services	158,564	148,769	147,024	(1,745)
Supplies	28,150	20,150	17,004	(3,146)
Other services and charges	61,067	64,067	63,186	(881)
Total Main Street	247,781	232,986	227,214	(5,772)
Economic Development:				
Personal services	62,924	40,899	38,543	(2,356)
Supplies	1,500	1,500	219	(1,281)
Other services and charges	96,710	61,710	58,156	(3,554)
Total Economic Development	161,134	104,109	96,918	(7,191)

(Continued)

City of Clinton, Mississippi
Budgetary Comparison Schedule - General Fund (Continued)

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis, (See Note A)	Final Budget- Over (Under)
EXPENDITURES (Continued)				
Olde Towne Depot:				
Personal services	\$ 99,511	\$ 12,511	\$ 11,171	\$ (1,340)
Supplies	31,750	7,750	6,700	(1,050)
Other services and charges	30,241	14,691	10,898	(3,793)
Total Olde Towne Depot	161,502	34,952	28,769	(6,183)
Total Economic Development	772,371	479,422	456,768	(22,654)
Transfers and other charges	99,603	2,603	2,544	(59)
Total expenditures	20,517,139	19,083,230	18,970,631	(112,599)
Ending fund balance	52,334	820,841	886,220	65,379
Total Expenditures and Ending Fund Balance	\$ 20,569,473	\$ 19,904,071	\$ 19,856,851	\$ (47,220)

City of Clinton, Mississippi
Notes to Budgetary Comparison Schedule - General Fund

Note A: BUDGETARY BASIS RECONCILIATION

An explanation of the differences between budgetary basis amounts and the amounts determined in accordance with U.S. generally accepted accounting principles (GAAP) follows:

Available - Budgetary Comparison Schedule	\$ 19,856,851
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	(1,164,139)
Overhead reimbursements from other funds are included in budgetary basis available	(500,000)
Other financing sources are included in budgetary basis available	491,397
Beginning fund balance is included in budgetary basis available	(634,891)
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 18,049,218
Expenditures - Budgetary Comparison Schedule	\$ 18,970,631
Differences:	
Overhead reimbursements from other funds are included in budgetary basis available	(500,000)
Other financing uses are included in budgetary basis expenditures	(2,544)
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 18,468,087
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ 491,397
Differences:	
Other financing sources are included in budgetary basis available	106,176
Other financing uses are included in budgetary basis expenditures	(2,544)
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 595,029

OTHER SUPPLEMENTARY INFORMATION

City of Clinton, Mississippi
Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2022

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 177,381	\$ 629,483	\$ 1,724,218	\$ 2,531,082
Receivables:				
Property taxes	-	1,218,581	-	1,218,581
Sales and tourism tax	164,040	-	-	164,040
Special assessments	-	162,224	-	162,224
Federal assistance	-	-	33,200	33,200
Prepaid expenses	-	18,407	-	18,407
Internal balances	-	-	55,790	55,790
Total assets	\$ 341,421	\$ 2,028,695	\$ 1,813,208	\$ 4,183,324
Liabilities				
Accounts payable	\$ 1,063	\$ 17,531	\$ 34,501	\$ 53,095
Internal balances	1,988	-	664,671	666,659
Total liabilities	3,051	17,531	699,172	719,754
Deferred Inflows of Resources				
Property taxes levied for subsequent year	-	1,177,200	-	1,177,200
Unearned revenue	-	-	33,200	33,200
Unavailable special assessments	-	162,224	-	162,224
Total deferred inflows of resources	-	1,339,424	33,200	1,372,624
Fund Balances				
Restricted for:				
Economic development and tourism	338,370	-	-	338,370
Debt service	-	671,740	-	671,740
Capital projects	-	-	1,080,836	1,080,836
Total fund balances	338,370	671,740	1,080,836	2,090,946
Total liabilities, deferred inflows of resources, and fund balances	\$ 341,421	\$ 2,028,695	\$ 1,813,208	\$ 4,183,324

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended September 30, 2022

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 1,513,725	\$ -	\$ 1,513,725
Sales tax	474,671	-	-	474,671
State assistance	-	39,701	1,000,000	1,039,701
Federal assistance	-	-	584,726	584,726
Charges for services	20,011	-	-	20,011
Special assessments	-	27,037	-	27,037
Interest	194	2,569	1,656	4,419
Contributions	2,850	-	-	2,850
Total revenues	497,726	1,583,032	1,586,382	3,667,140
Expenditures				
Current:				
General government	-	16,391	-	16,391
Culture and recreation	159,656	-	-	159,656
Economic development	172,365	-	-	172,365
Debt service	-	1,359,730	-	1,359,730
Capital outlay	92,428	-	1,322,778	1,415,206
Total expenditures	424,449	1,376,121	1,322,778	3,123,348
Excess (deficiency) of revenues over expenditures	73,277	206,911	263,604	543,792
Other Financing Sources (Uses)				
Transfers in	-	142,817	252,544	395,361
Transfers out	-	(164,626)	(493,137)	(657,763)
Net other financing sources (uses)	-	(21,809)	(240,593)	(262,402)
Net change in fund balances	73,277	185,102	23,011	281,390
Fund balances, beginning of year	265,093	486,638	1,057,825	1,809,556
Fund balances, end of year	\$ 338,370	\$ 671,740	\$ 1,080,836	\$ 2,090,946

City of Clinton, Mississippi
Combining Balance Sheet - Nonmajor Special Revenue Funds

September 30, 2022

	2% Restaurant Tax Fund	2% Tourism Tax Fund	1% Tourism Tax Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ -	\$ 71,147	\$ 106,234	\$ 177,381
Sales and tourism tax receivable	103,979	40,073	19,988	164,040
Total assets	\$ 103,979	\$ 111,220	\$ 126,222	\$ 341,421
Liabilities				
Accounts payable	\$ -	\$ 1,063	\$ -	\$ 1,063
Due to other funds	-	1,988	-	1,988
Total liabilities	-	3,051	-	3,051
Fund Balances				
Restricted for:				
Economic development and tourism	103,979	108,169	126,222	338,370
Total fund balances	103,979	108,169	126,222	338,370
Total liabilities and fund balances	\$ 103,979	\$ 111,220	\$ 126,222	\$ 341,421

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds

For the year ended September 30, 2022

	2% Restaurant Tax Fund	2% Tourism Tax Fund	1% Tourism Tax Fund	Total Nonmajor Special Revenue Funds
Revenues				
Sales tax	\$ 103,979	\$ 250,452	\$ 120,240	\$ 474,671
	103,979	250,452	120,240	474,671
Charges for services	-	20,011	-	20,011
Interest	-	55	139	194
Contributions	-	2,850	-	2,850
Total revenues	103,979	273,368	120,379	497,726
Expenditures				
Culture and Recreation:				
Personal services	-	95,485	-	95,485
Supplies	-	24,468	-	24,468
Other services and charges	-	39,703	-	39,703
Capital outlay	-	5,000	87,428	92,428
	-	164,656	87,428	252,084
Economic Development:				
Other services and charges	-	94,098	78,267	172,365
Total expenditures	-	258,754	165,695	424,449
Excess (deficiency) of revenues over expenditures	103,979	14,614	(45,316)	73,277
Net change in fund balances	103,979	14,614	(45,316)	73,277
Fund balances, beginning of year	-	93,555	171,538	265,093
Fund balances, end of year	\$ 103,979	\$ 108,169	\$ 126,222	\$ 338,370

City of Clinton, Mississippi
Combining Balance Sheet - Nonmajor Debt Service Funds

	2012	2016	G.O. Refunding Bonds Series 2013	Quisenberry Library Bond and Interest Fund	2017 Certificates of Participation Bond and Interest Fund	Total Nonmajor Debt Service Funds
<i>September 30, 2022</i>	Infrastructure Bond and Interest Fund	Infrastructure Bond and Interest Fund	Bond and Interest Fund	Bond and Interest Fund	Bond and Interest Fund	
Assets						
Cash and cash equivalents	\$ 125,979	\$ 93,556	\$ 260,826	\$ 149,122	\$ -	\$ 629,483
Property taxes receivable	276,114	128,851	276,114	537,502	-	1,218,581
Special assessments receivable	-	-	162,224	-	-	162,224
Prepaid expenses	-	-	-	-	18,407	18,407
Total assets	\$ 402,093	\$ 222,407	\$ 699,164	\$ 686,624	\$ 18,407	\$ 2,028,695
Deferred Inflows of Resources						
Property taxes levied for subsequent year	\$ 266,737	\$ 124,477	\$ 266,737	\$ 519,249	\$ -	\$ 1,177,200
Unavailable special assessments	-	-	162,224	-	-	162,224
Total deferred inflows of resources	266,737	124,477	428,961	519,249	-	1,339,424
Fund Balances						
Restricted for debt service	135,356	80,399	270,203	167,375	18,407	671,740
Total fund balances	135,356	80,399	270,203	167,375	18,407	671,740
Total liabilities, deferred inflows of resources, and fund balances	\$ 402,093	\$ 222,407	\$ 699,164	\$ 686,624	\$ 18,407	\$ 2,028,695

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Debt Service Funds

	2012 Infrastructure Bond and Interest Fund	2016 Infrastructure Bond and Interest Fund	G.O. Refunding Bonds Series 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	2017 Certificates of Participation Bond and Interest Fund	Total Nonmajor Debt Service Funds
<i>For the year ended September 30, 2022</i>						
Revenues						
Property taxes	\$ 342,989	\$ 160,062	\$ 342,989	\$ 667,685	\$ -	\$ 1,513,725
Intergovernmental:						
State assistance	8,996	4,198	8,996	17,511	-	39,701
	8,996	4,198	8,996	17,511	-	39,701
Special assessments	-	-	27,037	-	-	27,037
Interest	95	56	2,079	339	-	2,569
Total revenues	352,080	164,316	381,101	685,535	-	1,583,032
Expenditures						
General government:						
Other services and charges	3,714	1,733	3,714	7,230	-	16,391
Debt service	277,368	111,687	250,221	584,138	136,316	1,359,730
Total expenditures	281,082	113,420	253,935	591,368	136,316	1,376,121
Excess (deficiency) of revenues over expenditures	70,998	50,896	127,166	94,167	(136,316)	206,911
Other Financing Sources (Uses)						
Transfers in	-	-	-	4,001	138,816	142,817
Transfers out	-	-	(60,625)	(100,000)	(4,001)	(164,626)
Net other financing sources (uses)	-	-	(60,625)	(95,999)	134,815	(21,809)
Net change in fund balances	70,998	50,896	66,541	(1,832)	(1,501)	185,102
Fund balances, beginning of year	64,358	29,503	203,662	169,207	19,908	486,638
Fund balances, end of year	\$ 135,356	\$ 80,399	\$ 270,203	\$ 167,375	\$ 18,407	\$ 671,740

(Continued)

City of Clinton, Mississippi
Combining Balance Sheet -
Nonmajor Capital Projects Funds

	Multi-Use Trails Project Fund	Senate Bill 2971 Bond Proceeds Project Fund	Senate Bill 2969 Bond Proceeds Project Fund	Cynthia Road Bridge Project Fund	Kickapoo Road Bridge Project Fund	Magnolia Road Project Fund	Midway Road Bridge Project Fund	Total Nonmajor Capital Projects Funds
<i>September 30, 2022</i>								
Assets								
Cash and cash equivalents	\$ 336,869	\$ 948,404	\$ -	\$ -	\$ -	\$ 3,641	\$ 435,304	\$ 1,724,218
Federal assistance	24,842	-	-	-	-	-	8,358	33,200
Internal balances	3,641	-	-	-	-	-	52,149	55,790
Total assets	\$ 365,352	\$ 948,404	\$ -	\$ -	\$ -	\$ 3,641	\$ 495,811	\$ 1,813,208
Liabilities								
Accounts payable	\$ 25,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,466	\$ 34,501
Internal balances	210,042	-	-	-	-	3,641	450,988	664,671
Total liabilities	235,077	-	-	-	-	3,641	460,454	699,172
Deferred Inflows of Resources								
Unearned revenue	24,842	-	-	-	-	-	8,358	33,200
Fund Balances								
Restricted for capital projects	105,433	948,404	-	-	-	-	26,999	1,080,836
Total fund balances	105,433	948,404	-	-	-	-	26,999	1,080,836
Total liabilities, deferred inflows of resources, and fund balances	\$ 365,352	\$ 948,404	\$ -	\$ -	\$ -	\$ 3,641	\$ 495,811	\$ 1,813,208

City of Clinton, Mississippi
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Capital Projects Funds

	Multi-Use Trails Project Fund	Senate Bill 2971 Bond Proceeds Project Fund	Senate Bill 2969 Bond Proceeds Project Fund	Cynthia Road Bridge Project Fund	Kickapoo Road Bridge Project Fund	Magnolia Road Project Fund	Midway Road Bridge Project Fund	Total Nonmajor Capital Projects Funds
<i>For the year ended September 30, 2022</i>								
Revenues								
Intergovernmental:								
State assistance	\$ -	1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Federal assistance	286,434	-	-	-	-	-	298,292	584,726
	286,434	1,000,000	-	-	-	-	298,292	1,584,726
Interest	346	774	46	2	31	208	249	1,656
Total revenues	286,780	1,000,774	46	2	31	208	298,541	1,586,382
Expenditures								
Public Safety:								
Capital outlay	350,472	53,415	549,457	43,873	20,038	-	305,523	1,322,778
Total expenditures	350,472	53,415	549,457	43,873	20,038	-	305,523	1,322,778
Excess (deficiency) of revenues over expenditures	(63,692)	947,359	(549,411)	(43,871)	(20,007)	208	(6,982)	263,604
Other Financing Sources (Uses)								
Transfers in	-	1,045	201,045	50,000	454	-	-	252,544
Transfers out	-	-	(1,179)	(10,798)	(217,910)	(263,250)	-	(493,137)
Net other financing sources (uses)	-	1,045	199,866	39,202	(217,456)	(263,250)	-	(240,593)
Net change in fund balances	(63,692)	948,404	(349,545)	(4,669)	(237,463)	(263,042)	(6,982)	23,011
Fund balances, beginning of year	169,125	-	349,545	4,669	237,463	263,042	33,981	1,057,825
Fund balances, end of year	\$ 105,433	\$ 948,404	\$ -	\$ -	\$ -	\$ -	\$ 26,999	\$ 1,080,836

City of Clinton, Mississippi
Budgetary Comparison Schedule
2% Restaurant Tax Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Sales tax	\$ -	\$ -	\$ 103,979	\$ 103,979
Total receipts, other than taxes	-	-	103,979	103,979
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ -	\$ 103,979	\$ 103,979
<u>EXPENDITURES</u>				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	103,979	103,979
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 103,979	\$ 103,979

City of Clinton, Mississippi
Budgetary Comparison Schedule
2% Tourism Tax Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Tourism taxes	\$ 205,946	\$ 257,946	\$ 257,540	\$ (406)
Rental income	100	100	524	424
Bankcard fees collected	630	630	3,108	2,478
Other revenue	-	-	2,905	2,905
Sales revenue	21,000	21,000	16,379	(4,621)
Total receipts, other than taxes	327,279	279,676	280,456	780
Beginning fund balance	525,449	446,690	471,122	24,432
Total Available From All Sources	\$ 852,728	\$ 726,366	\$ 751,578	\$ 25,212
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 107,864	\$ 96,864	\$ 95,485	\$ (1,379)
Supplies:				
Costs of sales	12,630	12,630	13,833	1,203
Other	19,600	19,600	9,993	(9,607)
Other services and charges	43,741	43,741	39,703	(4,038)
Total visitor center	183,835	172,835	159,014	(13,821)
Tourism promotion:				
Other services and charges	84,700	99,500	99,098	(402)
Total expenditures	268,535	272,335	258,112	(14,223)
Ending fund balance	584,193	454,031	493,466	39,435
Total Expenditures and Ending Fund Balance	\$ 852,728	\$ 726,366	\$ 751,578	\$ 25,212

City of Clinton, Mississippi
Budgetary Comparison Schedule
1% Tourism Tax Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
AVAILABLE				
Tourism taxes	\$ 100,000	\$ 124,000	\$ 123,775	\$ (225)
Other revenue	-	-	139	139
Total receipts, other than taxes	100,000	124,000	123,914	(86)
Beginning fund balance	(63,978)	(148,014)	(148,014)	-
Total Available From All Sources	\$ 36,022	\$ (24,014)	\$ (24,100)	\$ (86)
EXPENDITURES				
Tourism promotion:				
Other services and charges	\$ 100,000	\$ 166,000	\$ 78,267	\$ (87,733)
Total expenditures	100,000	166,000	78,267	(87,733)
Ending fund balance	(63,978)	(190,014)	(102,367)	87,647
Total Expenditures and Ending Fund Balance	\$ 36,022	\$ (24,014)	\$ (24,100)	\$ (86)

City of Clinton, Mississippi
Budgetary Comparison Schedule
2012 Infrastructure Bond and Interest Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 9,000	\$ 8,996	\$ (4)
Interest earned	-	100	95	(5)
Total receipts other than taxes	-	9,100	9,091	(9)
Beginning fund balance	24,718	55,687	55,687	-
Total available, other than taxes	24,718	64,787	64,778	(9)
Ad valorem taxes to be provided by levy	314,874	327,874	342,282	14,408
Total Available From All Sources	\$ 339,592	\$ 392,661	\$ 407,060	\$ 14,399
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,884	\$ 3,716	\$ 3,714	\$ (2)
Debt service	280,353	277,353	277,368	15
Total expenditures	284,237	281,069	281,082	13
Ending fund balance	55,355	111,592	125,978	14,386
Total Expenditures and Ending Fund Balance	\$ 339,592	\$ 392,661	\$ 407,060	\$ 14,399

City of Clinton, Mississippi
Budgetary Comparison Schedule
2016 Infrastructure Bond and Interest Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 4,198	\$ 4,198
Interest earned	-	-	56	56
Total receipts other than taxes	-	-	4,254	4,254
Beginning fund balance	11,740	25,460	25,460	-
Total available, other than taxes	11,740	25,460	29,714	4,254
Ad valorem taxes to be provided by levy	146,941	153,941	159,732	5,791
Total Available From All Sources	\$ 158,681	\$ 179,401	\$ 189,446	\$ 10,045
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,813	\$ 1,734	\$ 1,733	\$ (1)
Debt service	112,313	111,313	111,687	374
Total expenditures	114,126	113,047	113,420	373
Ending fund balance	44,555	66,354	76,026	9,672
Total Expenditures and Ending Fund Balance	\$ 158,681	\$ 179,401	\$ 189,446	\$ 10,045

City of Clinton, Mississippi
Budgetary Comparison Schedule
G.O. Refunding Bonds 2013 Bond and Interest Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 8,996	\$ 8,996	\$ -
Special assessments	-	28,930	28,930	-
Interest earned	-	187	186	(1)
Total receipts other than taxes	-	38,113	38,112	(1)
Beginning fund balance	87,491	173,183	173,183	-
Total available, other than taxes	87,491	211,296	211,295	(1)
Ad valorem taxes to be provided by levy	314,874	327,783	342,282	14,499
Total Available From All Sources	\$ 402,365	\$ 539,079	\$ 553,577	\$ 14,498
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,884	\$ 3,714	\$ 3,714	\$ -
Debt service	279,673	250,221	250,221	-
Total expenditures	283,557	253,935	253,935	-
Ending fund balance	118,808	285,144	299,642	14,498
Total Expenditures and Ending Fund Balance	\$ 402,365	\$ 539,079	\$ 553,577	\$ 14,498

City of Clinton, Mississippi
Budgetary Comparison Schedule
Quisenberry Library Bond and Interest Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 18,000	\$ 17,511	\$ (489)
Transfers from other funds	-	4,001	4,001	-
Interest earned	-	338	339	1
Total receipts other than taxes	-	22,339	21,851	(488)
Beginning fund balance	82,907	152,331	152,331	-
Total available, other than taxes	82,907	174,670	174,182	(488)
Ad valorem taxes to be provided by levy	612,957	637,957	666,309	28,352
Total Available From All Sources	\$ 695,864	\$ 812,627	\$ 840,491	\$ 27,864
<u>EXPENDITURES</u>				
Other services and charges	\$ 7,561	\$ 7,230	\$ 7,230	\$ -
Debt service	585,888	584,138	584,138	-
Transfers to other funds	100,000	100,000	100,000	-
Total expenditures	693,449	691,368	691,368	-
Ending fund balance	2,415	121,259	149,123	27,864
Total Expenditures and Ending Fund Balance	\$ 695,864	\$ 812,627	\$ 840,491	\$ 27,864

City of Clinton, Mississippi
Budgetary Comparison Schedule
2017 Certificates of Participation Bond and Interest Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Transfers from other funds	\$ 107,956	\$ 138,816	\$ 138,816	\$ -
Total receipts	107,956	138,816	138,816	-
Beginning fund balance	30,860	19,908	19,908	-
Total Available From All Sources	\$ 138,816	\$ 158,724	\$ 158,724	\$ -
<u>EXPENDITURES</u>				
Debt service	\$ 138,816	\$ 136,316	\$ 136,316	\$ -
Total expenditures	138,816	136,316	136,316	-
Ending fund balance	-	22,408	22,408	-
Total Expenditures and Ending Fund Balance	\$ 138,816	\$ 158,724	\$ 158,724	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
American Rescue Plan Proceeds Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ -	\$ 3,004,228	\$ 3,004,228	\$ -
Interest earned	-	3,549	3,549	-
Total receipts	-	3,007,777	3,007,777	-
Beginning fund balance	3,004,228	3,004,483	3,004,483	-
Total Available From All Sources	\$ 3,004,228	\$ 6,012,260	\$ 6,012,260	\$ -
<u>EXPENDITURES</u>				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	3,004,228	6,012,260	6,012,260	-
Total Expenditures and Ending Fund Balance	\$ 3,004,228	\$ 6,012,260	\$ 6,012,260	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
House Bill 1353 Bond Proceeds Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
Interest earned	-	811	811	-
Total receipts	-	8,000,811	8,000,811	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 8,000,811	\$ 8,000,811	\$ -
<u>EXPENDITURES</u>				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	8,000,811	8,000,811	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 8,000,811	\$ 8,000,811	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Multi-Use Trails Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ 472,900	\$ 396,000	\$ 395,493	\$ (507)
Interest earned	-	-	346	346
Total receipts	472,900	396,000	395,839	(161)
Beginning fund balance	292,446	147,848	147,848	-
Total Available From All Sources	\$ 765,346	\$ 543,848	\$ 543,687	\$ (161)
<u>EXPENDITURES</u>				
Capital outlay	\$ 734,715	\$ 349,000	\$ 348,350	\$ (650)
Total expenditures	734,715	349,000	348,350	(650)
Ending fund balance	30,631	194,848	195,337	489
Total Expenditures and Ending Fund Balance	\$ 765,346	\$ 543,848	\$ 543,687	\$ (161)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Senate Bill 2971 Bond Proceeds Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Transfer from other funds	-	1,045	1,045	-
Interest earned	-	774	774	-
Total receipts	-	1,001,819	1,001,819	-
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 1,001,819	\$ 1,001,819	\$ -
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ 53,415	53,415	\$ -
Total expenditures	-	53,415	53,415	-
Ending fund balance	-	948,404	948,404	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 1,001,819	\$ 1,001,819	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Senate Bill 2969 Bond Proceeds Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Interest	\$ -	\$ 47	\$ 46	\$ (1)
Total receipts	-	47	46	(1)
Beginning fund balance	-	1,000,568	1,000,568	-
Total Available From All Sources	\$ -	\$ 1,000,615	\$ 1,000,614	\$ (1)
<u>EXPENDITURES</u>				
Capital outlay	\$ 950,000	\$ 549,457	\$ 549,457	\$ -
Total expenditures	950,000	549,457	549,457	-
Ending fund balance	(950,000)	451,158	451,157	(1)
Total Expenditures and Ending Fund Balance	\$ -	\$ 1,000,615	\$ 1,000,614	\$ (1)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Cynthia Road Bridge Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 50,000	\$ 50,000	\$ -
Interest earned	-	3	2	(1)
Total receipts	-	50,003	50,002	(1)
Beginning fund balance	-	4,669	4,669	-
Total Available From All Sources	\$ -	\$ 54,672	\$ 54,671	\$ (1)
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ 43,873	\$ 43,873	\$ -
Total expenditures	-	43,873	43,873	-
Ending fund balance	-	10,799	10,798	(1)
Total Expenditures and Ending Fund Balance	\$ -	\$ 54,672	\$ 54,671	\$ (1)

City of Clinton, Mississippi
Budgetary Comparison Schedule
Kickapoo Road Bridge Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 454	\$ 454	\$ -
Interest earned	-	31	31	-
Total receipts	-	485	485	-
Beginning fund balance	-	237,462	237,462	-
Total Available From All Sources	\$ -	\$ 237,947	\$ 237,947	\$ -
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ 20,038	\$ 20,038	\$ -
Transfer to other funds	-	217,909	217,910	1
Total expenditures	-	237,947	237,948	1
Ending fund balance	-	-	(1)	(1)
Total Expenditures and Ending Fund Balance	\$ -	\$ 237,947	\$ 237,947	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Magnolia Road Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ -	\$ 33,304	\$ 33,306	\$ 2
Interest earned	-	210	208	(2)
Total receipts	-	33,514	33,514	-
Beginning fund balance	-	229,736	229,736	-
Total Available From All Sources	\$ -	\$ 263,250	\$ 263,250	\$ -
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 263,250	\$ 263,250	\$ -
Total expenditures	-	263,250	263,250	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 263,250	\$ 263,250	\$ -

City of Clinton, Mississippi
Budgetary Comparison Schedule
Midway Road Bridge Project Fund

For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget-Over (Under)
<u>AVAILABLE</u>				
Grant income	\$ 292,717	\$ 217,000	\$ 216,741	\$ (259)
Interest earned	-	250	249	(1)
Total receipts	292,717	217,250	216,990	(260)
Beginning fund balance	-	218,314	218,314	-
Total Available From All Sources	\$ 292,717	\$ 435,564	\$ 435,304	\$ (260)
<u>EXPENDITURES</u>				
Capital outlay	\$ 400,905	\$ 297,000	\$ 296,057	\$ (943)
Total expenditures	400,905	297,000	296,057	(943)
Ending fund balance	(108,188)	138,564	139,247	683
Total Expenditures and Ending Fund Balance	\$ 292,717	\$ 435,564	\$ 435,304	\$ (260)

City of Clinton, Mississippi

Schedule of Surety Bonds for Municipal Officials and Other Employees

For the year ended September 30, 2022

Name	Position	Surety	Bond Amount
Phillip Fisher	Mayor	RLI Surety	\$ 25,000
Ricki Garrett	Alderwoman-at-Large	RLI Surety	\$ 100,000
Karen Godfrey	Alderwoman, Ward 1	RLI Surety	\$ 100,000
James Martin	Alderman, Ward 2	RLI Surety	\$ 100,000
William O. Barnett	Alderman, Ward 3	RLI Surety	\$ 100,000
Chip Wilbanks	Alderman, Ward 4	RLI Surety	\$ 100,000
Beverly Oliver	Alderwoman, Ward 5	RLI Surety	\$ 100,000
James Lott, III	Alderman, Ward 6	Western Surety Company	\$ 100,000
Russell Wall	City Clerk	RLI Surety	\$ 50,000
James Baldree, Jr.	Deputy City Clerk	RLI Surety	\$ 50,000
Russell Wall	Tax Assessor	Western Surety Company	\$ 50,000
Ford Hayman	Police Chief	RLI Surety	\$ 50,000
Steven D. Boone	City Judge	RLI Surety	\$ 50,000
Amanda M. Clark	Senior Court Clerk	RLI Surety	\$ 50,000
Rebecca Ann Bunch	Court Clerk	RLI Surety	\$ 50,000
Brianna A. Brooks	Court Clerk	RLI Surety	\$ 50,000
Brandy M. Williams	Court Clerk	RLI Surety	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 50,000

**REPORTS ON INTERNAL CONTROL
AND COMPLIANCE MATTERS**

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

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

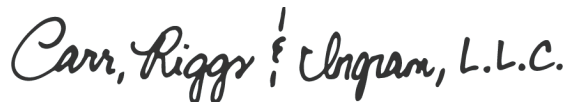
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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



CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
May 9, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2023.

As required by the state legal compliance audit program prescribed by the Mississippi Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention regarding the City's compliance with state laws and regulations.

The results of our procedures disclosed no instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the City of Clinton, its management, and the Mississippi Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
May 9, 2023



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

The Honorable Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Clinton, Mississippi's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 September 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Ridgeland, Mississippi
May 9, 2023

City of Clinton, Mississippi
Schedule of Findings and Questioned Costs

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|---------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs/projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |

Federal Program

Assistance Listing Number

Highway Planning and Construction Cluster	20.205
---	--------

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B federal programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee for federal purposes? | No |

SECTION II – FINANCIAL STATEMENT FINDINGS	None
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SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS	None
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City of Clinton, Mississippi

Schedule of Findings and Questioned Costs

SECTION IV – PRIOR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding #: 2021-001: Financial Close Adjustments

Finding Type: Material Weakness

Criteria: An effective internal control system should ensure that all transactions and adjustments are properly initiated, authorized, recorded, processed, and reported in the financial statements. Accounting procedures and controls should be sufficient to ensure that transactions and account balances are complete and accurately recorded and reported in the proper period and that any errors are prevented or detected and corrected in a timely manner.

Condition: The City maintains its financial statements on a modified-cash basis of accounting. As part of the financial close process, adjustments are required to record certain accruals in order for certain expenditures to be recorded in the proper period.

Cause: The internal controls over the City's financial close process did not provide for an independent review of certain accruals required during the year end financial close process.

Effect: The City did not prepare and record accrual adjustments for four invoices required as part of the financial close process.

Recommendation: We recommend that a separate, independent review of all year end accruals be performed to ensure the inclusion of all necessary adjustments are prepared, reviewed and reported in the modified-cash basis financial statements.

Views of responsible officials: An independent review of a year end accruals will be performed to ensure all necessary adjustments are prepared, reviewed and reported in the modified-cash basis financial statements.

Current Status: Corrected

Finding #: 2021-002: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Finding Type: Material Weakness

Criteria: The City is required by the Code of Federal Regulations (CFR) 2 CFR 200.508(b) to prepare appropriate financial statements including the SEFA in accordance with 2 CFR 200.510. The City is required to prepare and present a complete and accurate SEFA each year if total federal expenditures for the year exceed \$750,000. Determination of federal expenditures must be made in accordance with relevant cost principles, terms of awards, and sources of expended funds. In addition, the City must identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. This enables the City to reconcile amounts presented in the financial statements to the amounts reported in the SEFA.

Condition: The City did not identify all federal expenditures for accrual as part of the financial close process for the year ended September 30, 2021.

Cause: The internal controls over the City's financial close process did not provide for an independent review of certain accruals required during the year end financial close process.

Effect: The SEFA did not contain all expenditures of federal awards required to be reported.

City of Clinton, Mississippi
Schedule of Findings and Questioned Costs

SECTION IV – PRIOR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding #: 2021-002: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
(continued)

Recommendation: We recommend that a separate, independent review of all year end accruals be performed to ensure the inclusion of all necessary adjustments are prepared and reported in the modified-cash basis financial statements. The independent review should also allow for review of the accruals to determine if any should be included in the preparation of the SEFA.

View of responsible officials: An independent review of a year end accruals will be performed to ensure all necessary adjustments are prepared, reviewed and reported as federal expenditures in the SEFA, if applicable.

Current Status: Corrected

City of Clinton, Mississippi
Schedule of Expenditures of Federal Awards

For the year ended September 30, 2022

Federal Agency Pass-through Grantor Program Title	Assistance Listing Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Department of Transportation				
Passed Through Mississippi Department of Transportation:				
Highway Planning and Construction Cluster	20.205	STP-7266-00(001) LPA/108124-701000	\$ 236,832	\$ -
Highway Planning and Construction Cluster	20.205	STP-7340-00(001) LPA/107846-701000	248,578	-
Total Department of Transportation			485,410	-
Department of Defense				
Passed Through the U. S. Army Corps of Engineers:				
Flood Plain Management Services	12.104	*	508,023	-
Total Department of Defense			508,023	-
Department of Homeland Security				
Passed Through Mississippi Emergency Management Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	049-14420-00	4,546	-
Passed Through Mississippi Department of Public Safety:				
Homeland Security Grant Program	97.067	20LE147	19,103	-
Homeland Security Grant Program	97.067	20LE147B	6,203	-
Homeland Security Grant Program	97.067	21LE147	17,000	-
Homeland Security Grant Program	97.067	21LE147B	63,347	-
Total Homeland Security Grant Program			105,653	-
Total Department of Homeland Security			110,199	-
Total Expenditures of Federal Awards			\$ 1,103,632	\$ -

* Information not provided by grantor

See accompanying notes to schedule of expenditures of federal awards.

City of Clinton, Mississippi
Notes to the Schedule of Expenditures of Federal Awards

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Clinton, Mississippi (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2022, the City did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The City did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2022.

Note 4: SUB-RECIPIENTS

During the year ended September 30, 2022, the City had no sub-recipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2022.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

Note 7: FEDERAL PASS-THROUGH FUNDS

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.