

CITY OF CLINTON, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2014

Russell Wall, City Clerk  
Post Office Box 156  
Clinton, Mississippi 39060

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2014

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## INTRODUCTORY SECTION



March 18, 2015

**Phil Fisher, Mayor**

**ALDERMEN**  
David Ellis  
Ward One

Jim Martin  
Ward Two

William O. Barnett  
Ward Three

Greg K. Cronin  
Ward Four

Jan Cossitt  
Ward Five

Mike Cashion  
Ward Six

Jehu Brabham  
Alderman-At-Large

Russell L. Wall  
City Clerk

The Honorable Mayor, Honorable Members of the Board of Aldermen, and Citizens of the City of Clinton

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Clinton for the fiscal year ended September 30, 2014. State law requires that all governments publish within thirty days of completion of an audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

We maintain that this financial report to the best of our knowledge and belief is complete and reliable in all material respects. This report consists of management's representations concerning the finances of the City of Clinton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Clinton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Clinton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Clinton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Tann, Brown & Russ Co., PLLC, a firm of licensed certified public accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014 are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The auditor's report is presented as the first item of the Financial Section of this report.

In addition to the independent audit of the financial statements, a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies is required. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls involving the administration of federal awards. These reports are available in the CAFR.

All funds and account groups of the City are included in the 2014 CAFR.

**YOU  
BELONG  
HERE**

We recommend that you carefully read Management's Discussion and Analysis found on pages 4 through 12 in order to have a better understanding of the Basic Financial Statements.

## **Profile of the City**

The City of Clinton, incorporated in 1830, is located in the east-central section of Hinds County. The City is located 8 miles west of Jackson, the capitol city of the state. The City currently occupies 40 square miles and serves a population of approximately 25,305.

The City operates as a code charter municipality. Policy-making and legislature authority are vested in the governing body consisting of the mayor and seven aldermen. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and appointing and hiring the government's officers and attorney. Municipal government is comprised of the mayor, who is elected at large, and a board of seven aldermen, six of whom are elected by ward and one of whom is elected at large. The mayor and aldermen serve four-year terms.

The City of Clinton provides a comprehensive range of municipal services to its citizens including public safety, street maintenance, water, sewer, and sanitation services, recreational activities, cultural events and general administration. These services are provided in the context of the broad policy initiatives as determined by the elected officials of the City.

The annual budget serves as the foundation for the city's financial planning and control. All funds of the City are required to submit requests for appropriation to the City's Chief Financial Officer (CFO) on or before August 1 each year. These requests are used by the CFO as the beginning point for the development of a preliminary budget. The CFO then presents the preliminary budget to the Mayor for further review and the preparation of a proposed budget for review by the Board of Aldermen prior to September 1. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget on or before September 15. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 74 through 76. For all other governmental funds, this comparison is presented on pages 89 through 102.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in 1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 4,921 students' with more than 80 areas of study, 16 graduate degree programs, a doctor of jurisprudence degree, a doctor of education leadership degree, and a doctor of professional counseling degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,860 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD had an annual budget of \$43.2 million for 2015. Additional quality education is provided by Mt. Salus Christian School and Clinton Christian Academy, both private schools, which offer grades K-12.

## **Factors Affecting Financial Condition**

The City currently enjoys a stable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. For the year ended September 30, 2014, property taxes represented 55 percent of the City's general revenues while sales taxes represented 33 percent. City property owners pay property taxes for city, county and schools totaling \$142.01 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

**Long term financial planning.** At the beginning of each new term the Mayor and Board of Aldermen prepare a strategic plan. This plan includes new infrastructure projects, new buildings, and other miscellaneous capital improvements. During this process financing is discussed and a determination is made whether the projects will be financed through recurring yearly revenues or by the issuance of general obligation bonds. Once the type of financing is decided upon this is integrated in the yearly budget process.

During the budget process in August of each year, every department head is required to prepare a 5 year plan for his/her department. This plan includes new personnel, new buildings and equipment, and any other items the department deems necessary. A recommendation for financing is made and that recommendation is taken into account when preparing the yearly budget.

**Relevant financial policies.** The City is required by Section 21-35-25 of the Mississippi Code to make revisions to the budget no later than the July board meeting if it appears at that time that collections of anticipated annual revenues will be less than expected and a deficit is thereby indicated. During the current year increases to budgeted general fund revenues were made totaling \$615 thousand dollars. As a consequence increases of \$706 thousand were made to budgeted general fund expenditures. It is anticipated that based on the current economy and the uncertainty in the collections of budgeted sales tax and franchise fees a reduction in budgeted general fund revenues may be made during fiscal year 2015.

**Major initiatives.** Improvements to Pinehaven Drive were completed in the summer of 2014 and work began on the completion of Hampstead Boulevard in October 2014 with an anticipated completion date of July 2015. Both of these transportation improvements projects utilized Federal Highway Administration/Mississippi Department of Transportation – Surface Transportation Program monies for funding along with a City match.

Improvements to the Southern Oaks Subdivision sewer system began in late 2014 with an anticipated completion date of sometime in February 2015. These improvements are funded by a Special Assessment of the affected property owners and will tie the existing sewer system into the City's sewer system allowing for the subdivision's current sewer treatment lagoon to be taken out of service.

Scheduled for construction in 2015 are improvements to the City's water system in areas within the most recently annexed areas. Provision of new, large diameter water mains in portions of the more densely developed areas will provide for additional fire protection and allow for the City's Fire Rating, as determined by the Mississippi State Rating Bureau, to remain unchanged.

Also slated to begin construction are two new wells to supplement the City's water supply. One well will be located south of Interstate 20 near Oakhurst Subdivision with the other one being located along Northside Drive at Northside Park. This project will be funded under the State Revolving Fund monies from the Mississippi State Department of Health and will begin in early 2015 and will take most of the year to complete.

Finally, additional sewer improvements will also be made at numerous locations around the City using State Revolving Fund monies from the Department of Environmental Quality. These improvements will replace numerous old pump stations, upgrade capacity in some lines and rehabilitate a number of gravity sewer lines, decreasing the amount of inflow and infiltration currently being realized in the system. As with the well project, this project will begin sometime in early 2015 and be completed in late 2015 or early 2016.

**Awards and Acknowledgements.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the finance and administrative departments. We would like to express our appreciation of these departments, as well as other departmental personnel who participated in the development of information contained herein. In addition, credit must be given to the Mayor and Board of Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the city's financial resources.

Respectfully submitted,

Russell L. Wall, CMCC, CPA  
City Clerk and Chief Financial Officer

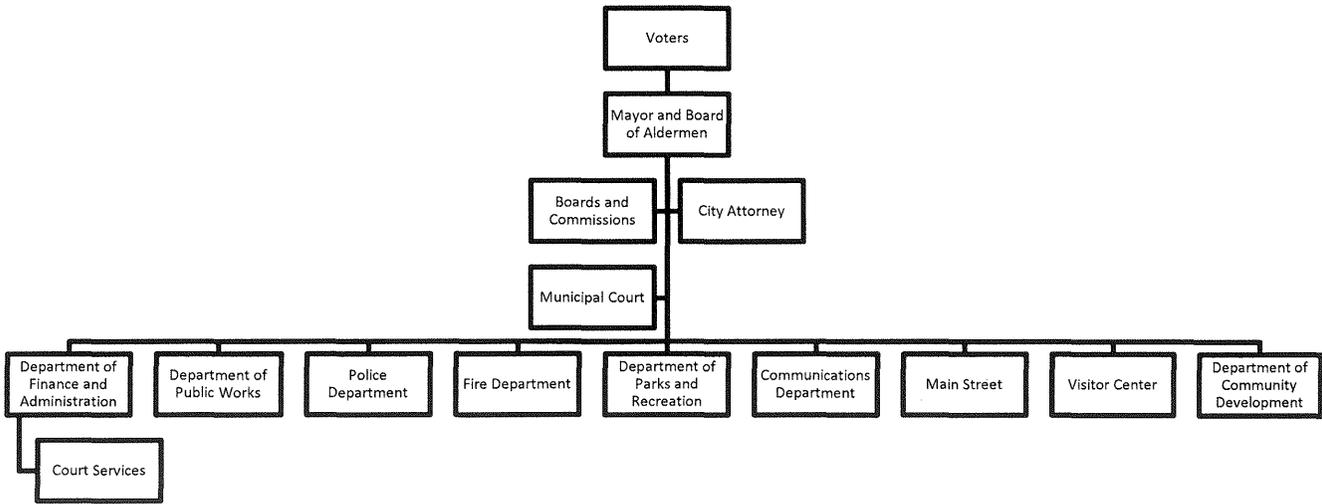
**CITY OF CLINTON**  
**List of Principal Officers**  
**September 30, 2014**

<b><u>Title</u></b>	<b><u>Name</u></b>
Mayor	Philip Fisher
Alderman at Large	Jehu Brabham
Alderman Ward 1	David Ellis
Alderman, Ward 2	Jim Martin
Alderman Ward 3	William O Barnett
Alderman Ward 4	Greg Cronin
Alderwoman Ward 5	Jan Cossitt
Alderman Ward 6	Mike Cashion
City Attorney	Ken Dreher
City Clerk/Chief Financial Officer	Russell Wall
Director of Public Works	Mike Parker
Director of Community Development	Roy Edwards
Police Chief	Michael Warren
Fire Chief	Barry Burnside
Director of Parks and Recreation	Vacant
Director of Communications	Mark Jones
Director of Main Street	Tara Lytal
Director of Clinton Visitor Center	Marsha Barham

CITY OF CLINTON

Organizational Chart

September 30, 2014





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Clinton  
Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

## FINANCIAL SECTION

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule – General Fund on pages 4 through 12 and 74 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's basic financial statements. The introductory section, combining statements, budgetary comparison schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements, budgetary comparison schedules, other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, budgetary comparison schedules, other schedules, 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015 on our consideration of City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clinton's internal control over financial reporting and compliance.

*Tamm, Brown & Ames Co.*

March 18, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CITY OF CLINTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of The City of Clinton's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements that begin on page 13.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. 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.

### **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 6. 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 taxes, 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.

# CITY OF CLINTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Reporting the City's Funds Fund Financial Statements**

Our analysis of the City's funds begins on page 8. 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 two major governmental funds (the General Fund and the Pinehaven Drive Construction Project Fund) and thirteen (13) 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 Collections 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.

**CITY OF CLINTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The basic proprietary fund financial statements can be found on pages 21 through 30 of this report.

**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 only fiduciary fund is the Unemployment Compensation Benefit Fund, which is reported on a full accrual basis. Financial statements can be found on pages 31 and 32 of this report.

**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, 2014 total net position was \$74 million.

<b>City of Clinton Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 12,105,995	\$ 12,492,440	\$ 6,378,579	\$ 5,912,606	\$ 18,484,574	\$ 18,405,046
Capital assets	72,558,440	72,189,551	28,860,411	29,802,503	101,418,851	101,992,054
<b>Total assets</b>	<b>84,664,435</b>	<b>84,681,991</b>	<b>35,238,990</b>	<b>35,715,109</b>	<b>119,903,425</b>	<b>120,397,100</b>
Deferred outflows of resources	481,723	530,584			481,723	530,584
Long-term liabilities	20,696,829	21,806,018	12,703,964	14,016,146	33,400,793	35,822,164
Other liabilities	3,624,981	4,507,048	2,223,478	2,317,809	5,848,459	6,824,857
<b>Total liabilities</b>	<b>24,321,810</b>	<b>26,313,066</b>	<b>14,927,442</b>	<b>16,333,955</b>	<b>39,249,252</b>	<b>42,647,021</b>
Deferred inflows of resources	6,728,140	6,296,956			6,728,140	6,296,956
Net position:						
Net investment in capital assets	52,203,066	51,186,836	14,892,592	14,566,130	67,095,658	65,752,966
Restricted	1,367,020	1,292,356	179,313	419,390	1,546,333	1,711,746
Unrestricted	526,122	123,361	5,239,643	4,395,634	5,765,765	4,518,995
<b>Total net position</b>	<b>\$ 54,096,208</b>	<b>\$ 52,602,553</b>	<b>\$ 20,311,548</b>	<b>\$ 19,381,154</b>	<b>\$ 74,407,756</b>	<b>\$ 71,983,707</b>

The largest portion of the City's net position (90 percent) reflects its investments in capital assets (e.g., land, buildings, 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Clinton Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 883,037	\$ 964,597	\$ 8,519,586	\$ 8,049,035	\$ 9,402,623	\$ 9,013,632
Operating grants and contributions	451,170	173,575	81,417	22,682	532,587	196,257
Capital grants and contributions	3,660,555	4,995,726	155,769		3,816,324	4,995,726
General revenues:						
Property taxes	7,735,254	7,700,034			7,735,254	7,700,034
Sales taxes	4,612,915	4,516,540			4,612,915	4,516,540
Franchise charges	795,429	705,228			795,429	705,228
Shared grants and revenues	643,117	619,914			643,117	619,914
Other	141,467	446,577	10,759	16,009	152,226	462,586
<b>Total revenues</b>	<b>18,922,944</b>	<b>20,122,191</b>	<b>8,767,531</b>	<b>8,087,726</b>	<b>27,690,475</b>	<b>28,209,917</b>
<b>Expenses:</b>						
General government	1,421,971	1,275,018			1,421,971	1,275,018
Public safety	8,159,879	7,878,595			8,159,879	7,878,595
Public works	4,703,635	5,083,963			4,703,635	5,083,963
Culture and recreation	2,217,554	2,432,712			2,217,554	2,432,712
Economic development	254,612	328,725			254,612	328,725
Interest on long-term debt	671,638	1,075,679			671,638	1,075,679
Water and sewer			6,063,357	6,151,841	6,063,357	6,151,841
Garbage			1,773,780	1,658,252	1,773,780	1,658,252
<b>Total expenses</b>	<b>17,429,289</b>	<b>18,074,692</b>	<b>7,837,137</b>	<b>7,810,093</b>	<b>25,266,426</b>	<b>25,884,785</b>
Change in net position before transfers	1,493,655	2,047,499	930,394	277,633	2,424,049	2,325,132
Transfers		1,000,000		(1,000,000)		
<b>Change in net position</b>	<b>1,493,655</b>	<b>3,047,499</b>	<b>930,394</b>	<b>(722,367)</b>	<b>2,424,049</b>	<b>2,325,132</b>
Net position - beginning	52,602,553	49,555,054	19,381,154	20,103,521	71,983,707	69,658,575
<b>Net position - ending</b>	<b>\$ 54,096,208</b>	<b>\$ 52,602,553</b>	<b>\$ 20,311,548</b>	<b>\$ 19,381,154</b>	<b>\$ 74,407,756</b>	<b>\$ 71,983,707</b>

At September 30, 2014 the City has positive balances in all three categories of net position in business-type activities and in all three categories in governmental activities. The positive unrestricted net position for governmental activities increased in 2014 by \$403 thousand. This increase resulted primarily from a reduction in interest on long term debt as a result of an \$8.8 million bond refinancing completed in May 2013. The increase in the unrestricted net position for business-type activities in 2014 is a result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems. The City's total net position increased \$2.4 million during the current fiscal year primarily as a result of decreases in long term liabilities related to the \$8.8 million bond refinancing.

**CITY OF CLINTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Governmental activities.** Governmental activities increased the City's net position by \$1.5 million during the year. The increase in operating grants and contributions was primarily due to grant revenues received by the police department for the bomb squad and the enforcement of DUI laws. The increase in franchise charges was due to increases in collections. The increase in public safety expenditures was primarily due to the salary costs for the hiring of new police officers. The decrease in public works expenditures was due to lower than expected salary costs in the street department. The decrease in culture and recreation expenditures was due to a complete review of the department's programs and activities that resulted in lower costs for salaries, supplies, other services and charges, and capital outlay.

**Business-type activities.** Business-type activities increased the City's net position by \$930 thousand during the year. Total assets decreased in 2014 primarily due to the depreciation expense that is recorded over the estimated useful lives of the capital assets. Total liabilities decreased due to scheduled debt payments made during the year. Water and Sewer expenditures decreased in 2014 primarily due to lower than expected costs for salaries in the water department and reductions in principal and interest on debt service as a result of an \$8.8 million refinancing completed in May 2013. Garbage expenditures increased in 2014 as a result of increases in the collection of residential and commercial garbage.

**THE CITY'S FUNDS**

The following schedules present 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	\$ 1,795,969	\$ 34,462	\$ 1,830,431
Pinehaven Drive construction fund	110,181	450,385	560,566
Special revenue funds	85,505	5,051	90,556
Debt service funds	1,147,961	73,947	1,221,908
Capital project funds	<u>622,335</u>	<u>(472,475)</u>	<u>149,860</u>
Total governmental funds	<u>\$ 3,761,951</u>	<u>\$ 91,370</u>	<u>\$ 3,853,321</u>
	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 18,842,359	\$ 956,476	\$ 19,798,835
Garbage collection fund	604,499	(36,100)	568,399
Self-funded group insurance fund	<u>(430,481)</u>	<u>65,604</u>	<u>(364,877)</u>
Total proprietary funds	<u>\$ 19,016,377</u>	<u>\$ 985,980</u>	<u>\$ 20,002,357</u>

## CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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The increase in the Pinehaven Drive Construction Fund is primarily due to borrowing \$350 thousand on a general obligation note and a transfer of \$338 thousand from the general fund in order to provide the funding necessary to complete the project.

The increase in the debt service funds is primarily due to ad valorem taxes collected in excess of those needed for repayment of debt.

The decrease in the capital projects funds resulted from bond proceeds for the police department expansion project and the fire station construction project received in a prior year and spent in 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 decrease in the garbage collection fund balance is primarily due to operating costs increasing more rapidly than the fees charged to residents. The garbage collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

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 because the cost of claims in prior years was higher than expected, however claims in 2014 were less than expected. 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 greater than original budgeted funds available by \$764 thousand. This increase resulted primarily from a \$149 thousand increase to the beginning fund balance, a \$125 thousand increase for FEMA grants received, a \$118 thousand increase to general sales tax received, a \$99 thousand increase in insurance proceeds for hail damage to City buildings, a \$72 thousand increase for Homeland Security grants received, a \$47 thousand increase for the reimbursement of property cleaning costs, a \$34 thousand increase for court fines collected, and \$27 thousand for reimbursement of training costs of new police officers. Final budgeted expenditures were \$706 thousand greater than those originally budgeted. Key elements of this increase were as follows:

- \$203,000 decrease in personal services as a result of savings from vacant positions
- \$ 83,000 increase in operating supplies as the result of increases in miscellaneous equipment for the Police Department and increased costs for the repair and maintenance of vehicles
- \$289,000 increase in other services and charges due to an increase in utility costs for street lights contract labor and the rental of a building to store bomb squad equipment
- \$142,000 increase in capital outlay due to the purchase of rescue breathing cylinders for the City's firefighters and the purchase of two zero turn mowers for the Parks and Recreation Department
- \$395,000 increase in debt service due to the payment of a note payable that had not be budgeted

## CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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Actual funds available were \$89 thousand less than final budgeted. The majority of this difference consisted of a \$406 thousand decrease in federal grants received offset by a \$75 thousand increase in state grants received, a \$122 thousand increase in sales tax collected, \$70 thousand increase in local grants received, a \$91 thousand increase in charges for services, and a \$67 thousand increase in fines and forfeitures collected.

Actual expenditures were \$491 thousand less than those finally budgeted. The majority of this decrease consisted of \$284 thousand in police, fire and parks and recreation salaries and a \$78 thousand decrease in police and fire supplies, other services and charges and debt service.

For additional information, see Required Supplementary Information beginning on page 74.

### **CAPITAL ASSETS**

**Governmental activities.** The City's investment in net capital assets for its governmental activities amounted to \$72.5 million at September 30, 2014. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$4.6 million. Significant increases were:

- \$ 3.6 million – for work on the Pinehaven Drive widening project
- \$346 thousand – for renovation of the police station
- \$ 60 thousand – for work on the 2013 NRCS drainage project
- \$138 thousand – for purchase of rescue breathing cylinders
- \$119 thousand – for purchase of police vehicles
- \$109 thousand – for streets and drainage improvements in Oak Meadow Subdivision
- \$ 82 thousand – for completion of the new fire station
- \$ 66 thousand – for preliminary work on the Hampstead Boulevard extension project
- \$ 80 thousand – for various other capital assets

Depreciation expense amounted to \$4.3 million for 2014 and \$4.3 million for 2013. Accumulated depreciation at September 30, 2014 and 2013 was \$ 52.9 million and \$48.7 million, respectively.

**Business-type activities.** At September 30, 2014, the City's business-type net capital assets amounted to \$28.8 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$510 thousand were made during 2014 mainly for water and sewer improvements and the purchase of new vehicles. Depreciation expense amounted to \$1.5 million for 2014 and \$1.5 million for 2013. Accumulated depreciation at September 30, 2014 and 2013 was \$25.4 million and \$23.9 million, respectively.

**CITY OF CLINTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Clinton Capital Assets (Net of Depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2014	2013	2014	2013	2014	2013	
Land	\$ 7,850,025	\$ 7,843,808	\$ 177,512	\$ 177,512	\$ 8,027,537	\$ 8,021,320	
Buildings	15,867,827	13,371,962	200,915	215,192	16,068,742	13,587,154	
Other improvements	3,721,796	4,060,278			3,721,796	4,060,278	
Water and sewer systems and improvements			27,129,480	28,215,692	27,129,480	28,215,692	
Certificate of authority			800,000	800,000	800,000	800,000	
Equipment and vehicles	1,625,123	1,845,635	346,486	350,502	1,971,609	2,196,137	
Infrastructure	43,114,833	36,609,020			43,114,833	36,609,020	
Construction in progress	378,836	8,458,848	206,018	43,605	584,854	8,502,453	
<b>Total</b>	<b>\$ 72,558,440</b>	<b>\$ 72,189,551</b>	<b>\$ 28,860,411</b>	<b>\$ 29,802,503</b>	<b>\$ 101,418,851</b>	<b>\$ 101,992,054</b>	

For additional information, see Note 5 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 \$21.2 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable, capital lease obligations, and unamortized bond premium/discount. During the current fiscal year, the City's total governmental activities debt decreased by \$1.0 million. This decrease was due primarily to scheduled debt payments made during the year offset by a \$350 thousand general obligation note and a \$119 thousand capital lease. Payments of principal and interest due within one year total \$2.3 million.

**Business-type activities.** Long-term debt associated with the City's business-type activities totaled \$14.0 million at September 30, 2014. This account classification includes general obligation bonds, revenue bonds, notes payable, capital lease obligations and unamortized bond premium/discount. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2014, debt associated with the City's business-type activities decreased by \$1.3 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 \$1.6 million.

For additional information, see Note 8 to the Basic Financial Statements.

**CITY OF CLINTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Clinton General Obligation and Revenue Bonds and Other Loans							
	Governmental Activities		Business-type Activities		Total		
	2014	2013	2014	2013	2014	2013	
General obligation bonds	\$ 18,404,834	\$ 19,174,536	\$ 905,166	\$ 945,464	\$ 19,310,000	\$ 20,120,000	
Tax increment limited obligation bonds	946,000	1,114,500			946,000	1,114,500	
Notes payable	730,000	740,000	13,062,653	14,290,909	13,792,653	15,030,909	
Capital lease obligations	853,680	954,365			853,680	954,365	
Unamortized bond premium (discount)	258,879	282,414			258,879	282,414	
<b>Total</b>	<b>\$ 21,193,393</b>	<b>\$ 22,265,815</b>	<b>\$ 13,967,819</b>	<b>\$ 15,236,373</b>	<b>\$ 35,161,212</b>	<b>\$ 37,502,188</b>	

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Major revenue sources are expected to remain flat during the next fiscal year. 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 these factors were considered in preparing the City's budgets for 2015.

**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

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,444,726	\$ 4,117,560	\$ 7,562,286
Receivables	8,721,586	1,347,028	10,068,614
Internal balances	(60,317)	61,178	861
Restricted cash and cash equivalents	-	852,813	852,813
Capital assets:			
Capital assets not being depreciated	8,228,861	1,183,530	9,412,391
Other capital assets, net of depreciation	<u>64,329,579</u>	<u>27,676,881</u>	<u>92,006,460</u>
 Total Assets	 <u>84,664,435</u>	 <u>35,238,990</u>	 <u>119,903,425</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on debt refunding	<u>481,723</u>	<u>-</u>	<u>481,723</u>
<u>LIABILITIES</u>			
Accounts payable	1,212,065	142,886	1,354,951
Accrued interest payable	144,767	28,115	172,882
Claims liability	193,067	-	193,067
Unearned revenue	50,069	-	50,069
Customer deposits	-	673,500	673,500
Long-term debt:			
Due within one year	1,675,013	1,308,977	2,983,990
Due in more than one year	19,518,380	12,658,842	32,177,222
Compensated absences payable:			
Due within one year	350,000	70,000	420,000
Due in more than one year	383,878	45,122	429,000
Net pension obligation:			
Due in more than one year	<u>794,571</u>	<u>-</u>	<u>794,571</u>
 Total Liabilities	 <u>24,321,810</u>	 <u>14,927,442</u>	 <u>39,249,252</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes levied for subsequent year	<u>6,728,140</u>	<u>-</u>	<u>6,728,140</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET POSITION - CONTINUED  
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	52,203,066	14,892,592	67,095,658
Restricted for:			
Capital projects	-	179,313	179,313
Debt service	1,203,410	-	1,203,410
Law enforcement (restricted by enabling legislation)	73,054	-	73,054
Economic development and tourism (restricted by enabling legislation)	90,556	-	90,556
Unrestricted net position	<u>526,122</u>	<u>5,239,643</u>	<u>5,765,765</u>
Total Net Position	<u>\$ 54,096,208</u>	<u>\$ 20,311,548</u>	<u>\$ 74,407,756</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2014

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
<b>Governmental Activities:</b>							
General government	\$ 1,421,971	\$ 50,401	\$ -	\$ -	\$ (1,371,570)	\$ -	\$ (1,371,570)
Public safety	8,159,879	712,236	301,005	-	(7,146,638)	-	(7,146,638)
Public works	4,703,635	-	150,165	3,638,000	(915,470)	-	(915,470)
Culture and recreation	2,217,554	120,400	-	22,555	(2,074,599)	-	(2,074,599)
Economic development	254,612	-	-	-	(254,612)	-	(254,612)
Interest and fiscal charges on long-term debt	671,638	-	-	-	(671,638)	-	(671,638)
<b>Total governmental activities</b>	<b>17,429,289</b>	<b>883,037</b>	<b>451,170</b>	<b>3,660,555</b>	<b>(12,434,527)</b>	<b>-</b>	<b>(12,434,527)</b>
<b>Business-Type Activities:</b>							
Water	2,429,947	3,763,171	-	8,100	-	1,341,324	1,341,324
Sewer	3,633,410	3,100,251	-	147,669	-	(385,490)	(385,490)
Garbage collection	1,773,780	1,656,164	81,417	-	-	(36,199)	(36,199)
<b>Total business-type activities</b>	<b>7,837,137</b>	<b>8,519,586</b>	<b>81,417</b>	<b>155,769</b>	<b>-</b>	<b>919,635</b>	<b>919,635</b>
<b>Total</b>	<b>\$ 25,266,426</b>	<b>\$ 9,402,623</b>	<b>\$ 532,587</b>	<b>\$ 3,816,324</b>	<b>(12,434,527)</b>	<b>919,635</b>	<b>(11,514,892)</b>

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED

Year Ended September 30, 2014

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,735,254	-	7,735,254
Local sales tax	167,178	-	167,178
Franchise charges based on gross receipts	795,429	-	795,429
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,980,623	-	4,980,623
County shared revenues	108,231	-	108,231
Interest	6,949	10,759	17,708
Gain on capital asset disposals	104,100	-	104,100
Miscellaneous	30,418	-	30,418
Total General Revenues and Transfers	<u>13,928,182</u>	<u>10,759</u>	<u>13,938,941</u>
Change in Net Position	1,493,655	930,394	2,424,049
Net Position - Beginning	<u>52,602,553</u>	<u>19,381,154</u>	<u>71,983,707</u>
Net Position - Ending	<u>\$ 54,096,208</u>	<u>\$ 20,311,548</u>	<u>\$ 74,407,756</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2014

	General Fund	Pinehaven Drive Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,306,659	\$ 654,247	\$ 1,450,197	\$ 3,411,103
<b>Receivables:</b>				
Property taxes	5,877,668	-	997,950	6,875,618
Sales and tourism tax	723,577	-	23,269	746,846
City utilities tax	6,231	-	-	6,231
Franchise charges	218,092	-	-	218,092
Federal assistance	94,778	364,427	9,335	468,540
Special assessments	-	-	378,524	378,524
State assistance	2,168	-	-	2,168
Due from other funds	163,103	-	34,956	198,059
<b>Total Assets</b>	<b><u>\$ 8,392,276</u></b>	<b><u>\$ 1,018,674</u></b>	<b><u>\$ 2,894,231</u></b>	<b><u>\$ 12,305,181</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 700,733	\$ 458,108	\$ 27,094	\$ 1,185,935
Unearned grant revenue	-	-	50,069	50,069
Due to other funds	83,062	-	-	83,062
Due to other governments	26,130	-	-	26,130
<b>Total Liabilities</b>	<b><u>809,925</u></b>	<b><u>458,108</u></b>	<b><u>77,163</u></b>	<b><u>1,345,196</u></b>
<b>Deferred Inflows of Resources:</b>				
Property taxes levied for subsequent year	5,751,920	-	976,220	6,728,140
Unavailable special assessments	-	-	378,524	378,524
<b>Total Deferred Inflows of Resources</b>	<b><u>5,751,920</u></b>	<b><u>-</u></b>	<b><u>1,354,744</u></b>	<b><u>7,106,664</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Law enforcement	73,054	-	-	73,054
Economic development and tourism	-	-	90,556	90,556
Debt service	-	-	1,203,410	1,203,410
Capital projects	-	222,566	133,698	356,264
<b>Assigned to:</b>				
Debt service	-	-	18,498	18,498
Capital projects	-	338,000	21,000	359,000
Unassigned	1,757,377	-	(4,838)	1,752,539
<b>Total Fund Balances</b>	<b><u>1,830,431</u></b>	<b><u>560,566</u></b>	<b><u>1,462,324</u></b>	<b><u>3,853,321</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 8,392,276</u></b>	<b><u>\$ 1,018,674</u></b>	<b><u>\$ 2,894,231</u></b>	<b><u>\$ 12,305,181</u></b>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED  
September 30, 2014

Reconciliation of Governmental Fund Balances to Net Position  
of Governmental Activities:

Total Governmental Fund Balances	\$ 3,853,321
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	72,558,440
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	378,524
Interest is not recorded as an expenditure in the funds until the payment date.	(144,767)
Long-term liabilities are not due and payable in the current period and therefore the long-term liabilities and the related deferred charge on debt refundings are not reported in the funds.	(22,240,119)
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.	<u>(309,191)</u>
Net Position - Governmental Activities	<u>\$ 54,096,208</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended September 30, 2014

	General Fund	Pinehaven Drive Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 6,589,964	\$ -	\$ 1,145,290	\$ 7,735,254
Licenses and permits	1,025,674	-	-	1,025,674
Intergovernmental	5,549,769	3,403,343	276,719	9,229,831
Charges for services	158,256	-	27,140	185,396
Fines and forfeitures	453,272	-	-	453,272
Special assessments	-	-	27,037	27,037
Interest	2,653	84	4,214	6,951
Contributions	19,564	-	2,991	22,555
Miscellaneous	44,542	-	-	44,542
Total Revenues	<u>13,843,694</u>	<u>3,403,427</u>	<u>1,483,391</u>	<u>18,730,512</u>
Expenditures:				
Current:				
General government	1,366,752	-	12,287	1,379,039
Public safety	7,749,622	-	11,506	7,761,128
Public works	1,720,091	-	-	1,720,091
Culture and recreation	1,273,414	-	111,148	1,384,562
Economic development	187,381	-	66,640	254,021
Debt service	868,551	3,520	1,326,511	2,198,582
Capital outlay	358,090	3,637,522	519,627	4,515,239
Total Expenditures	<u>13,523,901</u>	<u>3,641,042</u>	<u>2,047,719</u>	<u>19,212,662</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>319,793</u>	<u>(237,615)</u>	<u>(564,328)</u>	<u>(482,150)</u>
Other Financing Sources (Uses):				
Capital lease	119,420	-	-	119,420
Note issued	-	350,000	-	350,000
Capital asset disposals	104,100	-	-	104,100
Transfers in	-	338,000	205,507	543,507
Transfers out	(508,851)	-	(34,656)	(543,507)
Total Other Financing Sources (Uses)	<u>(285,331)</u>	<u>688,000</u>	<u>170,851</u>	<u>573,520</u>
Net Change in Fund Balances	34,462	450,385	(393,477)	91,370
Fund Balances - Beginning	<u>1,795,969</u>	<u>110,181</u>	<u>1,855,801</u>	<u>3,761,951</u>
Fund Balances - Ending	<u>\$ 1,830,431</u>	<u>\$ 560,566</u>	<u>\$ 1,462,324</u>	<u>\$ 3,853,321</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED  
Year Ended September 30, 2014

Reconciliation of Governmental Funds Change in Fund Balances To  
Governmental Activities Change in Net Position:

Net Change in Fund Balances - Total Governmental Funds	\$ 91,370
Differences:	
Governmental funds report capital asset purchases as expenditures.	4,515,239
Governmental funds do not report the receipt of contributed capital assets.	115,374
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undepreciated cost is removed upon disposal of the assets.	(4,261,724)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,037)
Governmental funds report debt issuances as other financing sources.	(469,420)
Governmental funds report principal payment on debt as expenditures.	1,518,306
Governmental activities report amortization expenses 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.	(25,326)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(18,713)
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.	<u>55,586</u>
Change in Net Position - Governmental Activities	<u>\$ 1,493,655</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 3,750,456	\$ 367,104	\$ 4,117,560	\$ 33,623
Receivables:				
Accounts	1,224,953	-	1,224,953	-
Grants and assistance	45,773	32,444	78,217	-
Special assessments	4,378	-	4,378	-
Claim refunds and reinsurance	-	-	-	25,567
Due from other funds	152,176	100,302	252,478	-
Restricted cash and cash equivalents:				
Customer deposits account	673,500	-	673,500	-
 Total Current Assets	 <u>5,851,236</u>	 <u>499,850</u>	 <u>6,351,086</u>	 <u>59,190</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Construction account	179,313	-	179,313	-
Receivable:				
Special assessments (net of current portion)	<u>39,480</u>	-	<u>39,480</u>	-
	<u>218,793</u>	-	<u>218,793</u>	-
Capital Assets:				
Water and sewer systems and other improvements	50,040,156	-	50,040,156	-
Land	177,512	-	177,512	-
Buildings	338,927	-	338,927	-
Equipment and vehicles	2,109,306	562,147	2,671,453	-
Construction in progress	206,018	-	206,018	-
Certificate of authority	<u>800,000</u>	-	<u>800,000</u>	-
	53,671,919	562,147	54,234,066	-
Less accumulated depreciation	<u>24,927,400</u>	<u>446,255</u>	<u>25,373,655</u>	-
Capital Assets (net)	<u>28,744,519</u>	<u>115,892</u>	<u>28,860,411</u>	-
Total Noncurrent Assets	<u>28,963,312</u>	<u>115,892</u>	<u>29,079,204</u>	-
Total Assets	<u>34,814,548</u>	<u>615,742</u>	<u>35,430,290</u>	<u>59,190</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	95,543	47,343	142,886	-
Claims liability	-	-	-	193,067
Accrued interest payable	28,115	-	28,115	-
Due to other funds	135,614	-	135,614	231,000
Compensated absences payable - current	70,000	-	70,000	-
Notes payable - current	1,268,045	-	1,268,045	-
General obligation bonds payable - current	40,932	-	40,932	-
Current Liabilities Payable from Restricted Assets:				
Customer deposits payable	<u>673,500</u>	<u>-</u>	<u>673,500</u>	<u>-</u>
Total Current Liabilities	<u>2,311,749</u>	<u>47,343</u>	<u>2,359,092</u>	<u>424,067</u>
Noncurrent Liabilities:				
Compensated absences payable	45,122	-	45,122	-
General obligation bonds payable	864,234	-	864,234	-
Notes payable	<u>11,794,608</u>	<u>-</u>	<u>11,794,608</u>	<u>-</u>
Total Noncurrent Liabilities	<u>12,703,964</u>	<u>-</u>	<u>12,703,964</u>	<u>-</u>
Total Liabilities	<u>15,015,713</u>	<u>47,343</u>	<u>15,063,056</u>	<u>424,067</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>NET POSITION</b>				
Net investment in capital assets	14,776,700	115,892	14,892,592	-
Restricted for:				
Capital projects	179,313	-	179,313	-
Unrestricted	<u>4,842,822</u>	<u>452,507</u>	<u>5,295,329</u>	<u>(364,877)</u>
 Total Net Position	 <u>\$19,798,835</u>	 <u>\$ 568,399</u>	 <u>\$20,367,234</u>	 <u>\$ (364,877)</u>

Reconciliation of Enterprise Funds Net Position to Business-Type Activities Net Position:

Total Enterprise Funds Net Position \$20,367,234

Difference:

The internal service fund's net position is included in business-type activities to the extent attributable to business-type activities. (55,686)

Net Position - Business-Type Activities \$20,311,548

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
Year Ended September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues:				
Charges For services:				
Water sales	\$ 3,419,676	\$ -	\$ 3,419,676	\$ -
Sewer service charges	3,065,673	-	3,065,673	-
Other services and charges	307,404	-	307,404	-
Refuse collection charges	-	1,647,512	1,647,512	-
Federal assistance	-	7,778	7,778	-
State assistance	-	59,640	59,640	-
Rents	70,670	-	70,670	-
Premiums	-	-	-	1,433,873
Miscellaneous	-	22,650	22,650	-
	<u>6,863,423</u>	<u>1,737,580</u>	<u>8,601,003</u>	<u>1,433,873</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,165,507	78,642	1,244,149	-
Employee benefits	484,382	31,121	515,503	-
Insurance	32,842	1,861	34,703	277,163
Claims expense	-	-	-	1,021,979
Office supplies	4,734	-	4,734	-
Operating supplies:				
Gas and oil	102,611	22,393	125,004	-
Other	64,714	-	64,714	-
Outside services	778,731	1,545,780	2,324,511	69,174
Repairs and maintenance	930,282	35,551	965,833	-
Telephone	17,603	-	17,603	-
Postage	43,841	-	43,841	-
Printing	7,280	-	7,280	-
Utilities	520,975	-	520,975	-
Rentals	18,620	-	18,620	-
Depreciation	1,396,782	55,216	1,451,998	-

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	<u>7,050</u>	<u>3,690</u>	<u>10,740</u>	<u>-</u>
Total Operating Expenses	<u>5,719,954</u>	<u>1,774,254</u>	<u>7,494,208</u>	<u>1,368,316</u>
Operating Income (Loss)	<u>1,143,469</u>	<u>(36,674)</u>	<u>1,106,795</u>	<u>65,557</u>
Nonoperating Revenues (Expenses):				
Interest income	10,185	574	10,759	47
Interest and fiscal charges	<u>(352,947)</u>	<u>-</u>	<u>(352,947)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), net	<u>(342,762)</u>	<u>574</u>	<u>(342,188)</u>	<u>47</u>
Income (Loss) Before Capital Contributions	800,707	(36,100)	764,607	65,604
Capital Contributions and Grants	<u>155,769</u>	<u>-</u>	<u>155,769</u>	<u>-</u>
Change in Net Position	956,476	(36,100)	920,376	65,604
Net Position - Beginning	<u>18,842,359</u>	<u>604,499</u>	<u>19,446,858</u>	<u>(430,481)</u>
Net Position - Ending	<u>\$ 19,798,835</u>	<u>\$ 568,399</u>	<u>\$ 20,367,234</u>	<u>\$ (364,877)</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2014

Reconciliation of Enterprise Funds Change in Net Position to Business-Type Activities  
Change in Net Position:

Change in Net Position - Enterprise Funds	\$ 920,376
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Difference:

The internal service fund's change in net position is included in business-type activities to the extent attributed to business-type activities.

<u>10,018</u>
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Change in Net Position - Business-Type Activities	<u>\$ 930,394</u>
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See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 6,722,524	\$ 1,782,205	\$ 8,504,729	\$ 262,506
Receipts from interfund services	-	-	-	1,171,367
Receipts from reinsurance	-	-	-	504,443
Payments to suppliers	(2,702,150)	(1,595,854)	(4,298,004)	(1,935,864)
Payments to employees	(1,472,701)	(101,279)	(1,573,980)	-
Payments for interfund services	(314,394)	(8,484)	(322,878)	-
Net Cash Provided By Operating Activities	<u>2,233,279</u>	<u>76,588</u>	<u>2,309,867</u>	<u>2,452</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	-	48,972	48,972	-
Advances to other funds	(11,829)	-	(11,829)	-
Advances from other funds	-	-	-	15,000
Repayments to other funds for advances	(3,978)	(8,696)	(12,674)	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(15,807)</u>	<u>40,276</u>	<u>24,469</u>	<u>15,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(485,111)	-	(485,111)	-
Capital contributions and grants	85,201	-	85,201	-
Principal paid on general obligation bonds	(40,298)	-	(40,298)	-
Principal paid on notes payable	(1,228,256)	-	(1,228,256)	-
Interest and fiscal charges paid on debt	(354,656)	-	(354,656)	-
Net Cash Used By Capital and Related Financing Activities	<u>(2,023,120)</u>	<u>-</u>	<u>(2,023,120)</u>	<u>-</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>10,185</u>	<u>574</u>	<u>10,759</u>	<u>47</u>
Net Cash Provided By Investing Activities	<u>10,185</u>	<u>574</u>	<u>10,759</u>	<u>47</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	204,537	117,438	321,975	17,499
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,398,732</u>	<u>249,666</u>	<u>4,648,398</u>	<u>16,124</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,603,269</u>	<u>\$ 367,104</u>	<u>\$ 4,970,373</u>	<u>\$ 33,623</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Cash and cash equivalents	\$ 3,750,456	\$ 367,104	\$ 4,117,560	\$ 33,623
Restricted cash and cash equivalents:				
Customer deposits cash	673,500	-	673,500	-
Construction account - noncurrent	<u>179,313</u>	<u>-</u>	<u>179,313</u>	<u>-</u>
	<u>\$ 4,603,269</u>	<u>\$ 367,104</u>	<u>\$ 4,970,373</u>	<u>\$ 33,623</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2014

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,143,469	\$ (36,674)	\$ 1,106,795	\$ 65,557
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,396,782	55,216	1,451,998	-
Operating grants	-	(81,416)	(81,416)	-
(Increase) decrease in receivables:				
Accounts	(35,170)	-	(35,170)	-
Claim refunds and reinsurance	-	-	-	(18,812)
Due from other funds	-	126,041	126,041	-
Special assessments	3,910	-	3,910	-
Increase (decrease) in payables:				
Accounts	(172,867)	13,421	(159,446)	(12,399)
Claims	-	-	-	(31,894)
Due to other funds	(126,041)	-	(126,041)	-
Customer deposits	16,402	-	16,402	-
Compensated absences	6,794	-	6,794	-
 Net Cash Provided By Operating Activities	 <u>\$ 2,233,279</u>	 <u>\$ 76,588</u>	 <u>\$ 2,309,867</u>	 <u>\$ 2,452</u>
 <b>NON-CASH TRANSACTIONS:</b>				
Capital asset contributions received	<u>\$ 24,795</u>	<u>\$ -</u>	<u>\$ 24,795</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2014

	<u>Unemployment Compensation Benefit Fund</u>
ASSETS:	
Cash	\$ 45,886
LIABILITIES	
Due to other funds	<u>861</u>
NET POSITION:	
Held in trust for City employees' unemployment benefits	<u>\$ 45,025</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year Ended September 30, 2014

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Interest	\$          53
DEDUCTIONS:	
Unemployment benefits	<u>          978</u>
CHANGE IN NET POSITION	(925)
NET POSITION - BEGINNING	<u>         45,950</u>
NET POSITION - ENDING	<u><u>         \$  45,025</u></u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2014

**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 City is governed by a mayor and a board of seven aldermen, all of whom are elected to four-year terms by the City's registered voters.

The City complies with accounting principles generally accepted in the United States of America (GAAP), 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.

A. REPORTING ENTITY

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria includes how the budget is adopted, whether debt is secured by general obligations of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon the application of these criteria, the Clinton Public School District is excluded from the City's reporting entity.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal services fund activity is eliminated to avoid reporting the revenues and expenses twice, and other internal activity between funds has also been eliminated.

Program revenues include charges for goods and services provided by a given function and grants and contributions restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City, is considered particularly important to users, or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

B. BASIS OF PRESENTATION – Continued

The funds of the financial reporting entity are described below:

**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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION – Continued**

*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 (Not included in government-wide statements)**

*Trust Fund*

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

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

Fund

Brief Description

**Major 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.

CAPITAL PROJECT FUND:

Pinehaven Drive Construction  
Project Fund

Accounts for the proceeds of a Federal grant being used for the construction of street improvements. This fund was previously called the Northside Corridor Project Fund.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION – Continued**

<u>Fund</u>	<u>Brief Description</u>
<b>PROPRIETARY FUNDS:</b>	
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.
<b>Nonmajor Funds:</b>	
<b>SPECIAL REVENUE FUNDS:</b>	
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.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
<b>DEBT SERVICE FUNDS:</b>	
G.O. Series 2013 Bond and Interest Fund	Temporarily used to hold funds related to a 2013 general obligation refunding bond issue.
Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 bonds.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION – Continued**

<u>Fund</u>	<u>Brief Description</u>
G.O. Refunding Bonds 2013 Bond and Interest Fund (formerly the Hampstead Blvd. 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.
Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$8,000,000 Series 2008 bonds.
Tax Increment Financing Bond and Interest Fund - United Artists	Accumulates funds for payment of a limited obligation bond issue - \$465,000 Land Improvement Series 1996 bonds.
Tax Increment Financing Bond and Interest Fund - Walmart	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.
Tax Increment Financing Bond and Interest Fund - Parkway Center	Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds.
Tax Increment Financing Bond and Interest Fund - Prugon	Accumulates funds for payment of a limited obligation bond issue - \$485,000 Series 2007 (Springridge Crossing Project) bonds.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION – Continued**

<u>Fund</u>	<u>Brief Description</u>
<b>CAPITAL PROJECT FUNDS:</b>	
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.
Arrow Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Infrastructure Construction Fund	Accounts for the proceeds of a bond issue being used for the construction of various infrastructure and building improvements.
<b>PROPRIETARY FUND:</b>	
Self-Funded Group Insurance Fund	This internal service fund accounts for the operations of the City’s self-insured group medical plan. Funding is provided by premiums collected from City employees and other City funds.
<b>FIDUCIARY FUND:</b>	
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, and the fund balance is not available for other uses by the City.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the “economic resources” measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, liabilities, and deferred inflows and outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds and the fiduciary fund utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund and fiduciary fund equity is classified as net position.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. “Measurable” means knowing or being able to reasonably estimate the amount. “Available” means collectible within the current period or within sixty days after year end. Major revenue sources that meet the availability requirement include sales tax, franchise charges, and federal grants. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

Proprietary funds and the fiduciary fund utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY**

**Cash and Investments**

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.

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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY - Continued**

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Long-term interfund loans (noncurrent portion) are reported as “advances from/to other funds.” All other outstanding balances between funds are reported as “due to/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”.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. 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.

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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

**Capital Assets**

The accounting treatment of property, plant, equipment, and intangible assets (capital 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.

*Government-wide 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 began using a capitalization threshold of \$5,000 for the year ended September 30, 2006, and used a capitalization threshold of \$500 for previous years.

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

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

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

*Fund Financial Statements*

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 customer utility deposits and fees charged for replacement of capital assets are classified as restricted assets on the balance sheet because their use is limited. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Bond Discounts and Premiums**

In the government-wide and proprietary fund financial statements, bond discounts and premiums are deferred and amortized as interest over the terms of the bonds. Unamortized discounts and premiums are combined with bonds payable in the financial statements.

**Long-Term Debt**

The accounting treatment of long-term debt 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.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable, capital lease obligations, accrued compensated absences, and the net pension obligation.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**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.

**Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements report a deferred refunding charge for the difference between the balance of the refunded debt and the amount paid to the refunded debt escrow agents, and the deferred charge is amortized over the life of the debt.

In addition to liabilities, the statement of net 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 two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from special assessments, and these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the government-wide statements and governmental funds report property taxes levied for the subsequent year, which are deferred and recognized as an inflow of resources in the period for which they are levied.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

**Equity Classifications**

*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 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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued**

- c) Committed fund balance – Consists of amounts that 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 that 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, to whom the Mayor and Board of Aldermen have delegated the authority. 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. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- 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.

**E. REVENUES, EXPENDITURES AND EXPENSES**

**Property Tax**

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 15<sup>th</sup> 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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

E. REVENUES, EXPENDITURES AND EXPENSES - Continued

**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.

**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.

**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 – By Operating and Nonoperating

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 reallocation 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.

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

F. 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.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. BUDGETS

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 hold 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 15<sup>th</sup>.

Mississippi law requires that municipalities 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 revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered to be in accordance with U.S. generally accepted accounting principles.

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).

(Continued)

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

**B. TAX LEVIES**

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 and the Clinton Public School District. 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 continues to collect motor vehicle ad valorem taxes for the City and School District, retaining 5% of the gross collections as a commission. Taxes collected by the County for the School District are distributed by the County directly to the School District.

**C. DEFICIT FUND EQUITY**

The Self-Funded Group Insurance Fund had a deficit fund equity of \$364,877 as of September 30, 2014. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 3. DEPOSITS**

The collateral for public entities' deposits in financial institutions is 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, 2014, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer.

**NOTE 4. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

Receivables at September 30, 2014, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$ 1,569,953	\$ 1,569,953
Special assessments:			
Due within one year	27,037	4,378	31,415
Due in more than one year	351,487	134,061	485,548
Property taxes	6,875,618	-	6,875,618
Sales and tourism taxes	746,846	-	746,846
Franchise charges	218,092	-	218,092
Federal assistance	468,540	45,773	514,313
State assistance	2,168	23,444	25,612
Other	<u>31,798</u>	<u>9,000</u>	<u>40,798</u>
	8,721,586	1,786,609	10,508,195
Allowance for uncollectible amounts	<u>-</u>	<u>(439,581)</u>	<u>(439,581)</u>
Net receivables	<u>\$8,721,586</u>	<u>\$ 1,347,028</u>	<u>\$10,068,614</u>

In addition, deferred inflows of resources, which are related to the receivables, consisted of the following at September 30, 2014:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes levied for use in the subsequent year	<u>\$6,728,140</u>	<u>\$ -</u>	<u>\$6,728,140</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,681,903	\$ 6,217	\$ -	\$ 6,688,120
Other land	1,161,905	-	-	1,161,905
Construction in progress	8,458,848	4,187,025	(12,267,037)	378,836
Total not being depreciated	<u>16,302,656</u>	<u>4,193,242</u>	<u>(12,267,037)</u>	<u>8,228,861</u>
Other capital assets:				
Buildings	17,684,055	3,013,515	-	20,697,570
Other improvements	10,313,386	1,900	-	10,315,286
Equipment and vehicles	8,533,186	282,001	(50,389)	8,764,798
Infrastructure	68,088,064	9,406,992	-	77,495,056
	<u>104,618,691</u>	<u>12,704,408</u>	<u>(50,389)</u>	<u>117,272,710</u>
Accumulated depreciation:				
Buildings	4,312,093	517,650	-	4,829,743
Other improvements	6,253,108	340,382	-	6,593,490
Equipment and vehicles	6,687,551	502,513	(50,389)	7,139,675
Infrastructure	31,479,044	2,901,179	-	34,380,223
	<u>48,731,796</u>	<u>4,261,724</u>	<u>(50,389)</u>	<u>52,943,131</u>
Net other capital assets	<u>55,886,895</u>	<u>8,442,684</u>	<u>-</u>	<u>64,329,579</u>
Capital assets, net	<u>\$ 72,189,551</u>	<u>\$ 12,635,926</u>	<u>\$ (12,267,037)</u>	<u>\$ 72,558,440</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>BUSINESS-TYPE ACTIVITIES</u>				
Capital assets not being depreciated:				
Land	\$ 177,512	\$ -	\$ -	\$ 177,512
Construction in progress	43,605	355,451	(193,038)	206,018
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	<u>1,021,117</u>	<u>355,451</u>	<u>(193,038)</u>	<u>1,183,530</u>
Other capital assets:				
Water and sewer systems and improvements	49,822,323	217,833	-	50,040,156
Buildings	338,927	-	-	338,927
Equipment and vehicles	<u>2,541,793</u>	<u>129,660</u>	<u>-</u>	<u>2,671,453</u>
	<u>52,703,043</u>	<u>347,493</u>	<u>-</u>	<u>53,050,536</u>
Accumulated depreciation:				
Water and sewer systems and improvements	21,606,631	1,304,045	-	22,910,676
Buildings	123,735	14,277	-	138,012
Equipment and vehicles	<u>2,191,291</u>	<u>133,676</u>	<u>-</u>	<u>2,324,967</u>
	<u>23,921,657</u>	<u>1,451,998</u>	<u>-</u>	<u>25,373,655</u>
Net other capital assets	<u>28,781,386</u>	<u>(1,104,505)</u>	<u>-</u>	<u>27,676,881</u>
Capital assets, net	<u>\$ 29,802,503</u>	<u>\$ (749,054)</u>	<u>\$ (193,038)</u>	<u>\$ 28,860,411</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 44,917
Public safety	393,499
Public works	2,986,985
Culture and recreation	835,537
Economic development	786
	<u>\$4,261,724</u>
Business-type activities:	
Water	\$ 481,949
Sewer	914,833
Garbage collection	55,216
	<u>\$1,451,998</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 6. 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 composition of interfund balances as of September 30, 2014, was as follows:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>General Fund</u>	<u>Water and Sewer Operations Fund</u>	<u>Nonmajor Internal Service Fund</u>	<u>Unemployment Compensation Benefit Fund</u>	
General Fund	\$ -	\$ 542	\$ 161,700	\$ 861	\$ 163,103
Nonmajor Governmental Funds	186	34,770	-	-	34,956
Water and Sewer Operations Fund	82,876	-	69,300	-	152,176
Garbage Collection Fund	-	<u>100,302</u>	-	-	<u>100,302</u>
Total	<u>\$ 83,062</u>	<u>\$ 135,614</u>	<u>\$ 231,000</u>	<u>\$ 861</u>	<u>\$ 450,537</u>

The General Fund transferred \$359,000 to capital project funds in order to provide the estimated funding necessary to complete the projects. The remaining interfund transfers were to fund debt service. Interfund transfers during the year ended September 30, 2014, were as follows:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Pinehaven Drive Construction Project Fund	\$ 338,000	\$ -	\$ 338,000
Nonmajor Governmental Funds	<u>170,851</u>	<u>34,656</u>	<u>205,507</u>
Total	<u>\$ 508,851</u>	<u>\$ 34,656</u>	<u>\$ 543,507</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. ACCOUNTS PAYABLE**

Accounts payable at September 30, 2014, consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 725,335	\$ 142,886	\$ 868,221
Cash bonds and evidence held	299,030	-	299,030
Payroll withholdings and employee benefits	<u>187,700</u>	<u>-</u>	<u>187,700</u>
Total	<u>\$1,212,065</u>	<u>\$ 142,886</u>	<u>\$1,354,951</u>

**NOTE 8. LONG-TERM DEBT**

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.

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

A. GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2014, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$155,163 to \$164,030 through July 1, 2016; interest varies from 4.0% to 4.25%. \$ 319,193

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$335,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 6,310,000

\$4,250,000 Public Improvement – Series 2012 serial bonds dated April 1, 2012; due in annual installments of \$155,000 to \$330,000 through April 1, 2032; interest varies from 2.4% to 3.4%. 4,035,000

\$7,934,045 portion of Refunding Series 2013 serial bonds dated May 16, 2013; due in annual installments of \$188,907 to \$845,579 through November 1, 2025; interest varies from 2% to 2.5%. 7,740,641  
18,404,834

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$40,000 through March 1, 2016; interest varies from 5.6% to 5.7%. 80,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$75,000 to \$105,000 through April 1, 2020; interest varies from 6% to 6.25%. 535,000

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$19,000 to \$20,000 through March 1, 2019; interest at 4.25%. 96,000

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$45,000 to \$50,000 through March 15, 2019; interest at 4.8%. 235,000  
946,000

Notes Payable:

\$7,750,000 loan payable dated November 1, 2004, to the Mississippi Development Bank; final annual principal due November 1, 2014; interest at 3.45% is payable semiannually; secured by the City’s share of sales tax collected by the State. 380,000

\$350,000 negotiable note Series 2014 dated June 3, 2014; due in annual installments of \$70,000 through June, 2019; interest at 1.46% payable annually. 350,000  
730,000

Capital Lease Obligations:

\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014. 15,324

\$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019. 239,693

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$114,955 equipment lease dated September 25, 2012; monthly payments of \$3,271, including interest at 1.57%; final payment due September 15, 2015.	38,921
\$160,836 equipment lease dated June 25, 2012; monthly payments of \$2,814, including interest at 1.93%; final payment due June 25, 2017.	90,376
\$443,110 equipment lease dated April 18, 2012; monthly payments of \$4,207, including interest at 2.65%; final payment due April 18, 2022.	349,946
\$119,420 equipment lease dated September 15, 2014; monthly payments of \$3,385, including interest at 1.32%; final payment due September 15, 2017.	119,420
	<u>853,680</u>
Unamortized bond premium	<u>258,879</u>
Total Governmental Activities Long-Term Debt	<u>\$21,193,393</u>

(Continued)

**NOTE 8. LONG-TERM DEBT – Continued**

**B. BUSINESS-TYPE ACTIVITIES DEBT**

As of September 30, 2014, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$19,837 to \$20,970 through July 1, 2016; interest varies from 4% to 4.25%. \$ 40,807

\$885,955 portion of Refunding Series 2013 serial bonds dated May 16, 2013; due in annual installments of \$21,093 to \$94,421 through November 1, 2025; interest varies from 2% to 2.5%. 864,359  
905,166

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$10,872, including interest at 4.5%; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 74,975

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 4,787,958

\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.5%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 648,043

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

**B. BUSINESS-TYPE ACTIVITIES DEBT**

\$500,000 loan payable to the Mississippi Development Authority; monthly installments of \$2,529, including interest at 2%; secured by the City’s share of sales tax collected by the State; final payment due October 1, 2025.	299,481
\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3%; secured by the City’s share of sales tax collected by the State; final payment due October 1, 2025.	155,721
\$493,655 loan payable to the Mississippi Development Authority; monthly installments of \$2,497, including interest at 2%; secured by the City’s share of sales tax collected by the State; final payment due October 1, 2025.	295,680
\$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.	2,478,840
\$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.	1,593,795
\$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.	1,895,081

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

**B. BUSINESS-TYPE ACTIVITIES DEBT – Continued**

\$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. 773,260

\$1,909,855 maximum loan available from the Mississippi Department of Health with \$59,819 of proceeds utilized; 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, 2035, if the maximum loan amount is utilized. 59,819

13,062,653

Total Business-Type Activities Long-Term Debt \$13,967,819

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

**C. DEBT SERVICE REQUIREMENTS**

The future debt service requirements for all notes and bonds outstanding as of September 30, 2014, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 834,069	\$ 537,897	\$ 450,000	\$ 11,665	\$ 179,000	\$ 52,640	\$ 2,065,271
2016	1,222,254	505,068	70,000	4,088	184,000	42,932	2,028,342
2017	1,262,633	466,322	70,000	3,066	149,000	32,885	1,983,906
2018	1,306,126	431,706	70,000	2,044	159,000	24,732	1,993,608
2019	1,236,170	398,248	70,000	1,022	170,000	16,012	1,891,452
2020-2024	7,073,116	1,434,092	-	-	105,000	6,562	8,618,770
2025-2029	4,520,466	460,417	-	-	-	-	4,980,883
2030-2034	950,000	39,875	-	-	-	-	989,875
	<u>\$ 18,404,834</u>	<u>\$ 4,273,625</u>	<u>\$ 730,000</u>	<u>\$ 21,885</u>	<u>\$ 946,000</u>	<u>\$ 175,763</u>	<u>\$ 24,552,107</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Totals
	Principal	Interest	Principal	Interest	
2015	\$ 40,932	\$ 19,913	\$ 1,268,045	\$ 299,867	\$ 1,628,757
2016	82,745	18,240	1,163,090	268,900	1,532,975
2017	82,368	15,959	1,193,752	238,238	1,530,317
2018	83,875	14,297	1,225,260	206,730	1,530,162
2019	73,830	12,720	1,257,638	174,352	1,518,540
2020-2024	421,882	38,961	4,555,953	430,045	5,446,841
2025-2029	119,534	2,122	1,956,502	120,790	2,198,948
2030-2034	-	-	442,413	7,197	449,610
	<u>\$ 905,166</u>	<u>\$ 122,212</u>	<u>\$ 13,062,653</u>	<u>\$ 1,746,119</u>	<u>\$ 15,836,150</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

**C. DEBT SERVICE REQUIREMENTS - Continued**

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2014, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>
2015	\$ 232,335
2016	177,702
2017	169,259
2018	103,310
2019	103,310
2020-2024	<u>133,854</u>
Total minimum lease payments	919,770
Less amount representing interest	<u>66,090</u>
Present value of future minimum lease payments	<u>\$ 853,680</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2014:

	<u>Governmental Activities</u>
Equipment cost	\$1,675,403
Accumulated depreciation	<u>(749,398)</u>
Carrying Value	<u>\$ 926,005</u>

(Continued)

**NOTE 8. LONG-TERM DEBT – Continued**

**D. CHANGES IN LONG-TERM LIABILITIES**

On May 16, 2013, the City issued general obligation refunding bonds Series 2013 totaling \$8,820,000 to refund all of the Series 1998 general obligation bonds and portions of the 2004 Mississippi Development Bank note and the Series 2006 general obligation bonds for a total refunded debt of \$8,230,000. 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 and notes. As a result, the refunded debt is considered defeased and has been removed from the statement of net position. At September 30, 2014, \$7,660,000 of the defeased debt remained outstanding.

During the year ended September 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
General obligation bonds	\$ 19,174,536	\$ -	\$ (769,702)	\$ 18,404,834	\$ 834,069
Notes payable	740,000	350,000	(360,000)	730,000	450,000
Limited obligation bonds	1,114,500	-	(168,500)	946,000	179,000
Capital lease obligations	954,365	119,420	(220,105)	853,680	211,944
Unamortized bond premium	282,414	-	(23,535)	258,879	-
	<u>22,265,815</u>	<u>469,420</u>	<u>(1,541,842)</u>	<u>21,193,393</u>	<u>1,675,013</u>
Compensated absences	662,616	395,909	(324,647)	733,878	350,000
Net pension obligation	813,158	275,709	(294,296)	794,571	-
	<u>\$ 23,741,589</u>	<u>\$ 1,141,038</u>	<u>\$ (2,160,785)</u>	<u>\$ 22,721,842</u>	<u>\$ 2,025,013</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
General obligation bonds	\$ 945,464	\$ -	\$ (40,298)	\$ 905,166	\$ 40,932
Notes payable	14,290,909	-	(1,228,256)	13,062,653	1,268,045
	<u>15,236,373</u>	<u>-</u>	<u>(1,268,554)</u>	<u>13,967,819</u>	<u>1,308,977</u>
Compensated absences	108,328	76,630	(69,836)	115,122	70,000
	<u>\$ 15,344,701</u>	<u>\$ 76,630</u>	<u>\$ (1,338,390)</u>	<u>\$ 14,082,941</u>	<u>\$ 1,378,977</u>

The compensated absences and net pension obligation liabilities of the governmental activities are typically paid by the General Fund.

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 8. LONG-TERM DEBT – Continued**

**D. CHANGES IN LONG-TERM LIABILITIES - Continued**

Interest and fiscal charges, including debt issuance costs of \$3,520, incurred on long-term debt during the year ended September 30, 2014, were as follows:

Governmental activities	<u>\$ 671,638</u>
Business-type activities:	
Water	135,498
Sewer	<u>217,449</u>
	<u>352,947</u>
	<u>\$1,024,585</u>

**E. REVENUE PLEDGED TO SECURE DEBT**

The City has pledged its share of general sales tax collected by the State to secure its notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,445,737 for the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,941,638, which was approximately 44% of the pledged revenue. As of September 30, 2014, the future principal and interest requirements for the notes payable totaled \$15,195,327, and the maturity dates of the notes payable extend through February, 2032.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues received in the current year totaled \$177,183, and the City also received \$57,062 from Hinds County in the current year for the county's pledged portion of incremental ad valorem tax revenues. The current year principal and interest payments made by the City on the limited obligation bonds totaled \$230,176, which was approximately 98% of the pledged revenues. As of September 30, 2014, the future principal and interest requirements for the bonds totaled \$1,121,763, and the maturity dates extend through April, 2020.

(Continued)

**NOTE 9. LEASE RENTAL REVENUE**

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property’s remaining undepreciated cost as of September 30, 2014, was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(867,300)</u>
Carrying value	<u>\$ 87,700</u>

The City also receives lease payments from cellular telephone companies for use of the excess space on the City’s water towers.

Future minimum rentals from leases with terms greater than one year are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	\$ 10,100	\$ 94,353
2016	10,100	95,239
2017	10,100	59,026
2018	<u>10,100</u>	<u>38,482</u>
	<u>\$ 40,400</u>	<u>\$ 287,100</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 10. OPERATING LEASE OBLIGATIONS**

The City leases certain land and other properties under operating leases. Future minimum lease payments for leases with initial noncancellable terms in excess of one year are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	\$ 60,375	\$ 13,530
2016	53,140	13,530
2017	51,810	13,530
2018	51,544	13,530
2019	51,544	13,530
2020-2024	246,308	61,250
2025-2029	238,700	51,650
2030-2034	<u>71,740</u>	<u>23,920</u>
Total minimum lease payments	<u>\$ 825,161</u>	<u>\$ 204,470</u>

Rent expense during the year ended September 30, 2014, for all operating leases was as follows:

Governmental activities	\$ 88,920
Business-type activities	<u>18,620</u>
	<u>\$ 107,540</u>

**NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**

A. Deferred Compensation Plan

Plan Description: The City, through the Mississippi Public Employees Retirement System, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Mississippi Deferred Compensation Plan, available to all City employees, 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 the Public Employees Retirement System of Mississippi. The plan's assets are held in trust by the Public Employees Retirement System of Mississippi for the exclusive benefit of the participants and beneficiaries of the plan and are not subject to the general creditors of the City.

(Continued)

**NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS – Continued**

A. Deferred Compensation Plan – Continued

Funding Policy. Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed approximately \$67,000 to the plan for the year ended September 30, 2014. The City does not make any contributions to the plan.

B. Public Employees' Retirement System

Plan Description: The City of Clinton contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan for all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Clinton Disability and Relief Fund described later. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information 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.

Funding Policy: PERS members are currently required to contribute 9% of their annual covered salary, and the City of Clinton is required to contribute at an actuarially-determined rate. The current City of Clinton contribution rate is 15.75% of the annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Clinton's contributions (including amounts withheld from members' salaries) to PERS for the years ended September 30, 2014, 2013, and 2012 were \$1,813,359, \$1,704,599, and \$1,550,203, respectively, equal to 100% of the required contributions for each year.

(Continued)

**NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS – Continued**

C. City of Clinton Disability and Relief Fund

Plan Description: The City of Clinton contributes to the City of Clinton Disability and Relief Fund (CDRF), which provides retirement and disability benefits, annual cost-of-living adjustments (subject to certain limitations), and death benefits to plan members and beneficiaries. Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed by July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in PERS, described previously. CDRF is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan administered by PERS. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing or calling PERS at the address or telephone numbers previously provided.

Funding Policy: Under the funding policy adopted in 2011, 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 using a 6.5% annual interest rate for these purposes. During the year ended September 30, 2014, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.48 mill tax levy. The contribution requirements for CDRF are established, and may only be amended, by the State of Mississippi Legislature. 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 tax levy increases are limited to ½ 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, 2020, if needed in addition to the CDRF tax levy to maintain the actuarial soundness of the CDRF.

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS – Continued**

C. City of Clinton Disability and Relief Fund – Continued

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability:

Actuarial Valuation Date	June 30,		September 30,
	2014	2013	2012
Actuarial Value of Plan Assets	\$ 8,088,000	\$ 7,505,000	\$ 7,503,000
Actuarial Accrued Liability	<u>10,226,000</u>	<u>10,089,000</u>	<u>10,000,000</u>
Unfunded Actuarial Liability	<u>\$ 2,138,000</u>	<u>\$ 2,584,000</u>	<u>\$ 2,497,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	79.1%	74.4%	75.0%
Annual Covered Payroll	\$ 282,000	\$ 262,000	\$ 329,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	758.2%	986.3%	759.0%

The changes in the net pension obligation for the current year and the two preceding years were as follows:

Fiscal Year Ended	September 30,		
	2014	2013	2012
Annual required employer contribution	\$ 291,836	\$ 286,327	\$ 239,636
Interest on net pension obligation	65,052	65,445	70,394
Adjustment to annual required contribution	<u>(81,179)</u>	<u>(80,196)</u>	<u>(84,845)</u>
Annual pension cost	275,709	271,576	225,185
Actual employer contribution	<u>(294,296)</u>	<u>(276,472)</u>	<u>(287,061)</u>
Change in net pension obligation	(18,587)	(4,896)	(61,876)
Beginning net pension obligation	<u>813,158</u>	<u>818,054</u>	<u>879,930</u>
Ending net pension obligation	<u>\$ 794,571</u>	<u>\$ 813,158</u>	<u>\$ 818,054</u>
Percentage of annual pension cost contributed	106.74%	101.80%	127.48%

(Continued)

**NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS – Continued**

C. City of Clinton Disability and Relief Fund – Continued

The annual required contribution for the year ended September 30, 2014, was determined as part of the June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. The valuation date was changed to June 30<sup>th</sup> (from September 30<sup>th</sup>) beginning with this valuation. The actuarial assumptions include an 8% (including 3.5% price inflation) investment rate of return, projected salary increases of 4.5% to 6% (including 4.25% wage inflation) per year, and cost of living benefit adjustments of 2.5% per year (not to exceed 10%). The projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions. The actuarial value of CDRF's assets was determined using the 5-year smoothed market method. CDRF's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2013, was 21 years. The post-retirement mortality tables have been changed in accordance with the most recent experience study adopted in June, 2013.

**NOTE 12. COMMITMENTS**

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, 2015, and provides for a monthly charge to the City of \$13.17 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2016, and provides for a monthly charge to the City of \$47,990 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

**NOTE 13. CONTINGENT LIABILITIES**

The City is a defendant in several 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.

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.

(Continued)

**NOTE 14. 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. As discussed in Note 2(c), the City's Self-Funded Group Insurance Fund had a deficit fund equity at September 30, 2014.

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 \$507 per month per employee to the plan, 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 year (which began August 1, 2014) is approximately \$1,436,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,564,000. 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

(Continued)

**NOTE 14. RISK MANAGEMENT – Continued**

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. Nonincremental 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 in the current year and the prior year were as follows:

	<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>
Claims liability, October 1	\$ 224,961	\$ 332,511
Current year claims	1,021,979	1,033,514
Claims paid in current year	<u>(1,053,873)</u>	<u>(1,141,064)</u>
Claims liability, September 30	<u>\$ 193,067</u>	<u>\$ 224,961</u>

**NOTE 15. SUBSEQUENT EVENTS**

The Mississippi Department of Health has approved a \$1.9 million capital project loan to the City that is to be repaid by the Water and Sewer Operations Fund over 20 years at 1.95%. As of September 30, 2014, the City had received proceeds of \$59,819 under this loan.

The Mississippi Department of Environmental Quality has approved a \$3 million capital project loan to the City that is to be repaid by the Water and Sewer Operations Fund over 20 years. As of September 30, 2014, the City had not yet received any proceeds under this loan.

The City has expressed its intent to issue tax increment financing bonds totaling \$600,000 in relation to a commercial development project to be repaid over a period not to exceed 20 years.

**NOTE 16. SUBSEQUENT IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be implemented by the City for the year ending September 30, 2015. Implementation of GASB Statement 68 will require the City to restate its September 30, 2014, net position in order to record its proportionate share of the Public Employees Retirement System of Mississippi (PERS) net pension liability. The amount of the necessary adjustment to the City's net position has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis, See Note A)	Final Budget - Over (Under)
<u>AVAILABLE</u>				
Licenses and permits	\$ 1,043,000	\$ 1,032,385	\$ 1,009,574	\$ (22,811)
State grants	240,000	298,378	372,887	74,509
State shared revenues	4,531,000	4,649,748	4,772,133	122,385
Local grants	-	28,800	99,298	70,498
Federal grants	287,602	593,685	187,042	(406,643)
Charges for services	15,200	18,855	110,641	91,786
Fines and forfeitures	336,000	385,327	453,272	67,945
Interest earned	-	2,653	2,653	-
Miscellaneous	422,300	526,063	479,242	(46,821)
Total receipts, other than taxes	6,875,102	7,535,894	7,486,742	(49,152)
Beginning fund balance	740,634	889,941	889,941	-
Total available, other than taxes	7,615,736	8,425,835	8,376,683	(49,152)
Ad valorem taxes to be provided by levy	6,658,815	6,612,870	6,573,068	(39,802)
Total Available From All Sources	<u>\$ 14,274,551</u>	<u>\$ 15,038,705</u>	<u>\$ 14,949,751</u>	<u>\$ (88,954)</u>
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	\$ 366,998	\$ 318,859	\$ 317,930	\$ (929)
Supplies	3,150	3,676	3,305	(371)
Other services and charges	44,087	79,880	65,017	(14,863)
Total elected officials	<u>414,235</u>	<u>402,415</u>	<u>386,252</u>	<u>(16,163)</u>
Court services:				
Personal services	187,042	205,157	205,150	(7)
Supplies	3,500	3,500	3,160	(340)
Other services and charges	68,618	70,477	69,698	(779)
Total court services	<u>259,160</u>	<u>279,134</u>	<u>278,008</u>	<u>(1,126)</u>
Administration:				
Personal services	371,755	363,179	362,716	(463)
Supplies	7,400	15,553	12,340	(3,213)
Other services and charges	282,235	255,675	227,274	(28,401)
Capital outlay	-	3,415	3,415	-
Total administration	<u>661,390</u>	<u>637,822</u>	<u>605,745</u>	<u>(32,077)</u>
Community development:				
Personal services	199,272	193,701	192,210	(1,491)
Supplies	29,220	29,220	16,762	(12,458)
Other services and charges	33,490	33,429	24,205	(9,224)
Total community development	<u>261,982</u>	<u>256,350</u>	<u>233,177</u>	<u>(23,173)</u>
Total General Government	<u>1,596,767</u>	<u>1,575,721</u>	<u>1,503,182</u>	<u>(72,539)</u>

(Continued)

## CITY OF CLINTON

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CONTINUED  
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public safety:				
Law enforcement:				
Personal services	3,698,877	3,633,781	3,473,922	(159,859)
Supplies	399,800	415,200	413,906	(1,294)
Other services and charges	277,224	339,224	328,518	(10,706)
Capital outlay	133,650	122,070	168,070	46,000
Debt service	77,252	91,356	63,672	(27,684)
Total law enforcement	<u>4,586,803</u>	<u>4,601,631</u>	<u>4,448,088</u>	<u>(153,543)</u>
Fire protection:				
Personal services	3,159,530	3,138,874	3,059,916	(78,958)
Supplies	119,000	146,145	133,026	(13,119)
Other services and charges	233,162	233,868	207,433	(26,435)
Capital outlay	14,000	140,144	140,143	(1)
Debt service	183,304	183,304	175,245	(8,059)
Total fire protection	<u>3,708,996</u>	<u>3,842,335</u>	<u>3,715,763</u>	<u>(126,572)</u>
Inspection:				
Personal services	156,376	144,083	115,545	(28,538)
Supplies	14,145	14,145	9,635	(4,510)
Other services and charges	16,371	17,853	10,062	(7,791)
Total inspection	<u>186,892</u>	<u>176,081</u>	<u>135,242</u>	<u>(40,839)</u>
Total Public Safety	<u>8,482,691</u>	<u>8,620,047</u>	<u>8,299,093</u>	<u>(320,954)</u>
Street:				
Personal services	807,638	809,877	801,045	(8,832)
Supplies	236,650	265,650	257,412	(8,238)
Other services and charges	491,949	673,209	662,425	(10,784)
Capital outlay	85,225	85,225	65,117	(20,108)
Debt service	40,505	101,666	101,298	(368)
Total Street	<u>1,661,967</u>	<u>1,935,627</u>	<u>1,887,297</u>	<u>(48,330)</u>

(Continued)

CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Parks and recreation:				
Personal services	834,353	769,517	752,057	(17,460)
Supplies	190,750	194,184	189,222	(4,962)
Other services and charges	253,795	278,063	276,047	(2,016)
Capital outlay	-	23,748	23,748	-
Debt service	207,924	528,451	528,336	(115)
Total Parks and Recreation	<u>1,486,822</u>	<u>1,793,963</u>	<u>1,769,410</u>	<u>(24,553)</u>
4 C's:				
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
City buildings:				
Supplies	20,000	20,000	8,830	(11,170)
Other services and charges	29,137	33,114	27,932	(5,182)
Total City buildings	<u>49,137</u>	<u>53,114</u>	<u>36,762</u>	<u>(16,352)</u>
Communications:				
Personal services	23,938	23,939	18,985	(4,954)
Supplies	-	-	45	45
Other services and charges	76,206	81,238	78,709	(2,529)
Total Communications	<u>100,144</u>	<u>105,177</u>	<u>97,739</u>	<u>(7,438)</u>
Main Street:				
Personal services	78,457	80,070	79,861	(209)
Supplies	2,250	1,750	890	(860)
Other services and charges	10,157	9,081	8,861	(220)
Total Main Street	<u>90,864</u>	<u>90,901</u>	<u>89,612</u>	<u>(1,289)</u>
Transfers and other charges	<u>508,851</u>	<u>508,851</u>	<u>508,851</u>	<u>-</u>
Total expenditures	13,997,243	14,703,401	14,211,946	(491,455)
Ending fund balance	<u>277,308</u>	<u>335,304</u>	<u>737,805</u>	<u>402,501</u>
Total Expenditures and Ending Fund Balance	<u>\$ 14,274,551</u>	<u>\$ 15,038,705</u>	<u>\$ 14,949,751</u>	<u>\$ (88,954)</u>

CITY OF CLINTON  
GENERAL FUND  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2014

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	\$ 14,949,751
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	151,404
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing sources are included in budgetary basis available	(223,520)
Beginning fund balance is included in budgetary basis available	<u>(889,941)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,843,694</u>
Expenditures - Budgetary Comparison Schedule	\$ 14,211,946
Differences:	
GAAP basis payables are reflected as budgetary basis expenditures in the year paid unless paid within 30 days after the end of the year in which they were budgeted	(35,194)
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing uses are included in budgetary basis expenditures	<u>(508,851)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,523,901</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	223,520
Other financing uses are included in budgetary basis expenditures	<u>(508,851)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (285,331)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS  
September 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 114,550	\$ 1,170,535	\$ 165,112	\$ 1,450,197
<b>Receivables:</b>				
Property taxes	-	997,950	-	997,950
Tourism tax	23,269	-	-	23,269
Federal assistance	-	-	9,335	9,335
Special assessments	-	378,524	-	378,524
Due from other funds	<u>113</u>	<u>34,843</u>	<u>-</u>	<u>34,956</u>
<b>Total Assets</b>	<u>\$ 137,932</u>	<u>\$ 2,581,852</u>	<u>\$ 174,447</u>	<u>\$ 2,894,231</u>
<b>Liabilities:</b>				
Accounts payable	\$ 4,278	\$ 5,200	\$ 17,616	\$ 27,094
Unearned grant revenue	<u>43,098</u>	<u>-</u>	<u>6,971</u>	<u>50,069</u>
<b>Total Liabilities</b>	<u>47,376</u>	<u>5,200</u>	<u>24,587</u>	<u>77,163</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes levied for subsequent year	-	976,220	-	976,220
Unavailable special assessments	<u>-</u>	<u>378,524</u>	<u>-</u>	<u>378,524</u>
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>1,354,744</u>	<u>-</u>	<u>1,354,744</u>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Economic development and tourism	90,556	-	-	90,556
Debt service	-	1,203,410	-	1,203,410
Capital projects	-	-	133,698	133,698
<b>Assigned to:</b>				
Debt service	-	18,498	-	18,498
Capital projects	-	-	21,000	21,000
Unassigned	<u>-</u>	<u>-</u>	<u>(4,838)</u>	<u>(4,838)</u>
<b>Total Fund Balance</b>	<u>90,556</u>	<u>1,221,908</u>	<u>149,860</u>	<u>1,462,324</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 137,932</u>	<u>\$ 2,581,852</u>	<u>\$ 174,447</u>	<u>\$ 2,894,231</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
Year Ended September 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 1,145,290	\$ -	\$ 1,145,290
Intergovernmental	170,710	82,101	23,908	276,719
Charges for services	27,140	-	-	27,140
Special assessments	-	27,037	-	27,037
Interest	174	3,696	344	4,214
Contributions	2,991	-	-	2,991
<b>Total Revenues</b>	<b>201,015</b>	<b>1,258,124</b>	<b>24,252</b>	<b>1,483,391</b>
Expenditures:				
Current:				
General government	-	12,287	-	12,287
Public Safety	11,506	-	-	11,506
Culture and Recreation	111,148	-	-	111,148
Economic Development	66,640	-	-	66,640
Debt Service	4,770	1,321,741	-	1,326,511
Capital Outlay	1,900	-	517,727	519,627
<b>Total Expenditures</b>	<b>195,964</b>	<b>1,334,028</b>	<b>517,727</b>	<b>2,047,719</b>
Excess (Deficiency) of Revenues Over Expenditures	5,051	(75,904)	(493,475)	(564,328)

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED  
 Year Ended September 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other Financing Sources (Uses):				
Transfers in	-	184,507	21,000	205,507
Transfers out	<u>-</u>	<u>(34,656)</u>	<u>-</u>	<u>(34,656)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>149,851</u>	<u>21,000</u>	<u>170,851</u>
Net Change in Fund Balances	5,051	73,947	(472,475)	(393,477)
Fund Balances - Beginning	<u>85,505</u>	<u>1,147,961</u>	<u>622,335</u>	<u>1,855,801</u>
Fund Balances - Ending	<u>\$ 90,556</u>	<u>\$1,221,908</u>	<u>\$ 149,860</u>	<u>\$ 1,462,324</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2014

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 67,322	\$ 47,228	\$ 114,550
Tourism tax receivable	23,269	-	23,269
Due from other funds	<u>113</u>	<u>-</u>	<u>113</u>
 Total Assets	 <u>\$ 90,704</u>	 <u>\$ 47,228</u>	 <u>\$ 137,932</u>
 Liabilities:			
Accounts payable	\$ 148	\$ 4,130	\$ 4,278
Unearned grant revenue	<u>-</u>	<u>43,098</u>	<u>43,098</u>
 Total Liabilities	 <u>148</u>	 <u>47,228</u>	 <u>47,376</u>
 Fund Balances:			
Restricted for:			
Economic development and tourism	<u>90,556</u>	<u>-</u>	<u>90,556</u>
 Total Fund Balances	 <u>90,556</u>	 <u>-</u>	 <u>90,556</u>
 Total Liabilities and Fund Balances	 <u>\$ 90,704</u>	 <u>\$ 47,228</u>	 <u>\$ 137,932</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended September 30, 2014

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 167,178	\$ -	\$ 167,178
Federal grants	-	3,532	3,532
	<u>167,178</u>	<u>3,532</u>	<u>170,710</u>
Charges for services	27,140	-	27,140
Interest	96	78	174
Contributions	2,991	-	2,991
Total Revenues	<u>197,405</u>	<u>3,610</u>	<u>201,015</u>
Expenditures:			
Public Safety:			
Other services and charges	-	11,506	11,506
Culture and Recreation:			
Personal services	56,241	-	56,241
Supplies	28,076	-	28,076
Other services and charges	26,831	-	26,831
	<u>111,148</u>	<u>-</u>	<u>111,148</u>
Economic Development:			
Other services and charges	66,640	-	66,640
Debt service	-	4,770	4,770
Capital outlay	1,900	-	1,900
Total Expenditures	<u>179,688</u>	<u>16,276</u>	<u>195,964</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 Year Ended September 30, 2014

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues over Expenditures	17,717	(12,666)	5,051
Fund Balances - Beginning	<u>72,839</u>	<u>12,666</u>	<u>85,505</u>
Fund Balances - Ending	<u>\$ 90,556</u>	<u>\$ -</u>	<u>\$ 90,556</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2014

	G.O. Series 2013 Bond and Interest Fund	Infrastructure Bond and Interest Fund	G.O. Refunding Bonds 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
<b>Assets:</b>									
Cash and cash equivalents	\$ -	\$ 490,053	\$ 171,943	\$ 488,991	\$ 224	\$ 9,758	\$ 2,338	\$ 7,228	\$ 1,170,535
Property taxes receivable	-	262,160	245,884	489,906	-	-	-	-	997,950
Special assessments receivable	-	-	378,524	-	-	-	-	-	378,524
Due from other funds	-	-	34,843	-	-	-	-	-	34,843
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 752,213</b>	<b>\$ 831,194</b>	<b>\$ 978,897</b>	<b>\$ 224</b>	<b>\$ 9,758</b>	<b>\$ 2,338</b>	<b>\$ 7,228</b>	<b>\$ 2,581,852</b>
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ -	\$ 1,850	\$ 2,300	\$ -	\$ -	\$ -	\$ 1,050	\$ 5,200
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,850</b>	<b>2,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,050</b>	<b>5,200</b>
<b>Deferred Inflows of Resources:</b>									
Property taxes levied for subsequent year	-	256,217	243,244	476,759	-	-	-	-	976,220
Unavailable special assessments	-	-	378,524	-	-	-	-	-	378,524
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>256,217</b>	<b>621,768</b>	<b>476,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,354,744</b>
<b>Fund Balances:</b>									
Restricted for debt service	-	495,996	207,576	499,838	-	-	-	-	1,203,410
Assigned to debt service	-	-	-	-	224	9,758	2,338	6,178	18,498
<b>Total Fund Balances</b>	<b>-</b>	<b>495,996</b>	<b>207,576</b>	<b>499,838</b>	<b>224</b>	<b>9,758</b>	<b>2,338</b>	<b>6,178</b>	<b>1,221,908</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 752,213</b>	<b>\$ 831,194</b>	<b>\$ 978,897</b>	<b>\$ 224</b>	<b>\$ 9,758</b>	<b>\$ 2,338</b>	<b>\$ 7,228</b>	<b>\$ 2,581,852</b>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2014

	G.O. Series 2013 Bond and Interest Fund	Infrastructure Bond and Interest Fund	G.O. Refunding Bonds 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Revenues:									
Property taxes	\$ -	\$ 313,525	\$ 142,759	\$ 689,006	\$ -	\$ -	\$ -	\$ -	\$ 1,145,290
Intergovernmental:									
State grants	-	7,072	5,078	12,889	-	-	-	-	25,039
County shared revenues	-	-	-	-	22,062	35,000	-	-	57,062
	-	7,072	5,078	12,889	22,062	35,000	-	-	82,101
Special assessments	-	-	27,037	-	-	-	-	-	27,037
Interest	4	638	2,176	848	-	14	7	9	3,696
Total Revenues	4	321,235	177,050	702,743	22,062	35,014	7	9	1,258,124
Expenditures:									
General government:									
Other services and charges	-	3,399	1,850	7,038	-	-	-	-	12,287
Debt service	-	229,203	274,415	584,884	47,183	107,390	23,366	55,300	1,321,741
Total Expenditures	-	232,602	276,265	591,922	47,183	107,390	23,366	55,300	1,334,028
Excess (Deficiency) of Revenues Over Expenditures	4	88,633	(99,215)	110,821	(25,121)	(72,376)	(23,359)	(55,291)	(75,904)

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
 September 30, 2014

	G.O. Series 2013 Bond and Interest Fund	Infrastructure Bond and Interest Fund	G.O. Refunding Bonds 2013 Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):									
Transfers in	-	-	7,324	-	26,125	73,391	23,367	54,300	184,507
Transfers out	<u>(7,324)</u>	<u>(7,473)</u>	<u>(3,310)</u>	<u>(16,549)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,656)</u>
Total Other Financing Sources (Uses)	<u>(7,324)</u>	<u>(7,473)</u>	<u>4,014</u>	<u>(16,549)</u>	<u>26,125</u>	<u>73,391</u>	<u>23,367</u>	<u>54,300</u>	<u>149,851</u>
Net Change in Fund Balances	(7,320)	81,160	(95,201)	94,272	1,004	1,015	8	(991)	73,947
Fund Balances (Deficit) - Beginning	<u>7,320</u>	<u>414,836</u>	<u>302,777</u>	<u>405,566</u>	<u>(780)</u>	<u>8,743</u>	<u>2,330</u>	<u>7,169</u>	<u>1,147,961</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 495,996</u>	<u>\$ 207,576</u>	<u>\$ 499,838</u>	<u>\$ 224</u>	<u>\$ 9,758</u>	<u>\$ 2,338</u>	<u>\$ 6,178</u>	<u>\$ 1,221,908</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS

September 30, 2014

	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Infrastructure Construction Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,047	\$ 64,361	\$ 99,704	\$ 165,112
Federal assistance receivable	<u>-</u>	<u>9,335</u>	<u>-</u>	<u>9,335</u>
<b>Total Assets</b>	<u>\$ 1,047</u>	<u>\$ 73,696</u>	<u>\$ 99,704</u>	<u>\$ 174,447</u>
<b>Liabilities:</b>				
Accounts payable	\$ 5,885	\$ 11,731	\$ -	\$ 17,616
Unearned grant revenue	<u>-</u>	<u>6,971</u>	<u>-</u>	<u>6,971</u>
<b>Total Liabilities</b>	<u>5,885</u>	<u>18,702</u>	<u>-</u>	<u>24,587</u>
<b>Fund Balances (Deficit):</b>				
Restricted for capital projects	-	54,994	78,704	133,698
Assigned to capital projects	-	-	21,000	21,000
Unassigned	<u>(4,838)</u>	<u>-</u>	<u>-</u>	<u>(4,838)</u>
<b>Total Fund Balances (Deficit)</b>	<u>(4,838)</u>	<u>54,994</u>	<u>99,704</u>	<u>149,860</u>
<b>Total Liabilities and Fund Balances (Deficit)</b>	<u>\$ 1,047</u>	<u>\$ 73,696</u>	<u>\$ 99,704</u>	<u>\$ 174,447</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
Year Ended September 30, 2014

	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Infrastructure Construction Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental:				
Federal grants	\$ -	\$ 2,167	\$ -	\$ 2,167
Local grants	-	21,741	-	21,741
	-	23,908	-	23,908
Interest	50	72	222	344
Total Revenues	50	23,980	222	24,252
Expenditures:				
Capital Outlay	66,130	23,908	427,689	517,727
Total Expenditures	66,130	23,908	427,689	517,727
Excess (Deficiency) of Revenues Over Expenditures	(66,080)	72	(427,467)	(493,475)
Other Financing Sources (Uses):				
Transfers in	-	-	21,000	21,000
Total Other Financing Sources (Uses)	-	-	21,000	21,000
Net Change in Fund Balances	(66,080)	72	(406,467)	(472,475)
Fund Balances - Beginning	61,242	54,922	506,171	622,335
Fund Balances (Deficit) - Ending	\$ (4,838)	\$ 54,994	\$ 99,704	\$ 149,860

CITY OF CLINTON

TOURISM TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 125,000	\$ 182,695	\$ 182,694	\$ (1)
Interest earned	-	-	96	96
Rental income	100	100	1,029	929
Donations - private sources	-	-	2,991	2,991
Sales	27,000	23,845	26,111	2,266
Total Receipts	152,100	206,640	212,921	6,281
Beginning fund balance	48,004	34,792	34,792	-
Total Available From All Sources	<u>\$ 200,104</u>	<u>\$ 241,432</u>	<u>\$ 247,713</u>	<u>\$ 6,281</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 56,433	\$ 56,445	\$ 56,242	\$ (203)
Supplies:				
Cost of sales	16,000	19,155	18,051	(1,104)
Other	8,500	11,750	10,024	(1,726)
Other services and charges	30,673	26,215	27,569	1,354
Capital outlay	-	1,900	1,900	-
Total visitor center	111,606	115,465	113,786	(1,679)
Tourism promotion:				
Other services and charges	72,500	72,500	66,640	(5,860)
Total Expenditures	184,106	187,965	180,426	(7,539)
Ending fund balance	15,998	53,467	67,287	13,820
Total Expenditures and Ending Fund Balance	<u>\$ 200,104</u>	<u>\$ 241,432</u>	<u>\$ 247,713</u>	<u>\$ 6,281</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Asset forfeitures:				
U.S. Justice Department	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Local	5,000	5,000	-	(5,000)
Interest earned	-	-	78	78
Total Receipts	10,000	10,000	78	(9,922)
Beginning fund balance	36,676	59,296	59,296	-
Total Available From All Sources	<u>\$ 46,676</u>	<u>\$ 69,296</u>	<u>\$ 59,374</u>	<u>\$ (9,922)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 12,000	\$ 494	\$ -	\$ (494)
Other services and charges	1,000	12,506	11,506	(1,000)
Debt service	4,769	4,769	4,770	1
Total Expenditures	17,769	17,769	16,276	(1,493)
Ending fund balance	28,907	51,527	43,098	(8,429)
Total Expenditures and Ending Fund Balance	<u>\$ 46,676</u>	<u>\$ 69,296</u>	<u>\$ 59,374</u>	<u>\$ (9,922)</u>

CITY OF CLINTON

G.O. SERIES 2013 BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 4	\$ 4	\$ -
Total Receipts	-	4	4	-
Beginning fund balance	<u>7,300</u>	<u>7,320</u>	<u>7,320</u>	<u>-</u>
Total Available From All Sources	<u>\$ 7,300</u>	<u>\$ 7,324</u>	<u>\$ 7,324</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 7,324	\$ 7,324	\$ -
Total Expenditures	-	7,324	7,324	-
Ending fund balance	<u>7,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 7,300</u>	<u>\$ 7,324</u>	<u>\$ 7,324</u>	<u>\$ -</u>

CITY OF CLINTON

INFRASTRUCTURE BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 7,072	\$ 7,072	\$ -
Interest earned	-	638	638	-
Total receipts other than taxes	-	7,710	7,710	-
Beginning fund balance	456,340	409,092	409,092	-
Total available, other than taxes	456,340	416,802	416,802	-
Ad valorem taxes to be provided by levy	313,523	315,348	313,326	(2,022)
Total Available From All Sources	\$ 769,863	\$ 732,150	\$ 730,128	\$ (2,022)
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,651	\$ 3,651	\$ 3,399	\$ (252)
Debt service	230,573	231,073	229,203	(1,870)
Transfers to other funds	7,473	7,473	7,473	-
Total Expenditures	241,697	242,197	240,075	(2,122)
Ending fund balance	528,166	489,953	490,053	100
Total Expenditures and Ending Fund Balance	\$ 769,863	\$ 732,150	\$ 730,128	\$ (2,022)

CITY OF CLINTON

G.O. REFUNDING BONDS 2013 BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 7,324	\$ 7,324	\$ -
Homestead exemption reimbursement	-	5,078	5,078	-
Interest earned	-	284	2,176	1,892
Special assessments	<u>28,930</u>	<u>28,930</u>	<u>27,037</u>	<u>(1,893)</u>
Total receipts, other than taxes	28,930	41,616	41,615	(1)
Beginning fund balance	<u>206,855</u>	<u>297,307</u>	<u>297,307</u>	<u>-</u>
Total available, other than taxes	235,785	338,923	338,922	(1)
Ad valorem taxes to be provided by levy	<u>138,903</u>	<u>140,295</u>	<u>145,589</u>	<u>5,294</u>
Total Available From All Sources	<u>\$ 374,688</u>	<u>\$ 479,218</u>	<u>\$ 484,511</u>	<u>\$ 5,293</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,618	\$ 1,851	\$ 1,850	\$ (1)
Debt service	117,871	307,409	272,565	(34,844)
Transfers to other funds	<u>3,310</u>	<u>3,310</u>	<u>3,310</u>	<u>-</u>
Total Expenditures	122,799	312,570	277,725	(34,845)
Ending fund balance	<u>251,889</u>	<u>166,648</u>	<u>206,786</u>	<u>40,138</u>
Total Expenditures and Ending Fund Balance	<u>\$ 374,688</u>	<u>\$ 479,218</u>	<u>\$ 484,511</u>	<u>\$ 5,293</u>

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 12,889	\$ 12,889	\$ -
Interest earned	-	849	848	(1)
Total receipts, other than taxes	-	13,738	13,737	(1)
Beginning fund balance	375,076	397,019	397,019	-
Total available, other than taxes	375,076	410,757	410,756	(1)
Ad valorem taxes to be provided by levy	694,512	697,722	684,406	(13,316)
Total Available From All Sources	<u>\$ 1,069,588</u>	<u>\$ 1,108,479</u>	<u>\$ 1,095,162</u>	<u>\$ (13,317)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 8,087	\$ 8,087	\$ 7,038	\$ (1,049)
Debt service	584,084	584,084	582,584	(1,500)
Transfers to other funds	16,549	16,549	16,549	-
Total Expenditures	608,720	608,720	606,171	(2,549)
Ending fund balance	460,868	499,759	488,991	(10,768)
Total Expenditures and Ending Fund Balance	<u>\$ 1,069,588</u>	<u>\$ 1,108,479</u>	<u>\$ 1,095,162</u>	<u>\$ (13,317)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 26,125	\$ 26,125	\$ 26,125	\$ -
Receipt from Hinds County	22,090	22,090	22,062	(28)
Interest earned	<u>10</u>	<u>10</u>	<u>-</u>	<u>(10)</u>
Total Receipts	48,225	48,225	48,187	(38)
Beginning fund balance	<u>(950)</u>	<u>(780)</u>	<u>(780)</u>	<u>-</u>
Total Available From All Sources	<u>\$ 47,275</u>	<u>\$ 47,445</u>	<u>\$ 47,407</u>	<u>\$ (38)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 47,215	\$ 47,215	\$ 47,183	\$ (32)
Total Expenditures	47,215	47,215	47,183	(32)
Ending fund balance	<u>60</u>	<u>230</u>	<u>224</u>	<u>(6)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 47,275</u>	<u>\$ 47,445</u>	<u>\$ 47,407</u>	<u>\$ (38)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 73,390	\$ 73,390	\$ 73,391	\$ 1
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	14	14
Total Receipts	<u>108,390</u>	<u>108,390</u>	<u>108,405</u>	<u>15</u>
Beginning fund balance	<u>7,725</u>	<u>8,743</u>	<u>8,743</u>	<u>-</u>
Total Available From All Sources	<u>\$ 116,115</u>	<u>\$ 117,133</u>	<u>\$ 117,148</u>	<u>\$ 15</u>
<u>EXPENDITURES</u>				
Debt service	\$ 108,390	\$ 108,390	\$ 107,390	\$ (1,000)
Total Expenditures	<u>108,390</u>	<u>108,390</u>	<u>107,390</u>	<u>(1,000)</u>
Ending fund balance	<u>7,725</u>	<u>8,743</u>	<u>9,758</u>	<u>1,015</u>
Total Expenditures and Ending Fund Balance	<u>\$ 116,115</u>	<u>\$ 117,133</u>	<u>\$ 117,148</u>	<u>\$ 15</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 23,367	\$ 23,367	\$ 23,367	\$ -
Interest earned	-	-	7	7
Total Receipts	23,367	23,367	23,374	7
Beginning fund balance	2,323	2,330	2,330	-
Total Available From All Sources	<u>\$ 25,690</u>	<u>\$ 25,697</u>	<u>\$ 25,704</u>	<u>\$ 7</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 23,366</u>	<u>\$ 23,366</u>	<u>\$ 23,366</u>	<u>\$ -</u>
Total Expenditures	23,366	23,366	23,366	-
Ending fund balance	2,324	2,331	2,338	7
Total Expenditures and Ending Fund Balance	<u>\$ 25,690</u>	<u>\$ 25,697</u>	<u>\$ 25,704</u>	<u>\$ 7</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 54,300	\$ 54,300	\$ 54,300	\$ -
Interest earned	-	-	9	9
Total receipts	54,300	54,300	54,309	9
Beginning fund balance	7,105	7,169	7,169	-
Total Available From All Sources	<u>\$ 61,405</u>	<u>\$ 61,469</u>	<u>\$ 61,478</u>	<u>\$ 9</u>
<u>EXPENDITURES</u>				
Debt service	\$ 54,300	\$ 54,300	\$ 54,250	\$ (50)
Total Expenditures	54,300	54,300	54,250	(50)
Ending fund balance	7,105	7,169	7,228	59
Total Expenditures and Ending Fund Balance	<u>\$ 61,405</u>	<u>\$ 61,469</u>	<u>\$ 61,478</u>	<u>\$ 9</u>

CITY OF CLINTON  
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 3,418,550	\$ -	\$ -	\$ -
Transfers from other funds	857,570	-	-	-
Interest earned	-	50	50	-
Total Receipts	<u>4,276,120</u>	<u>50</u>	<u>50</u>	<u>-</u>
Beginning fund balance	<u>11,860</u>	<u>61,242</u>	<u>61,242</u>	<u>-</u>
Total Available From All Sources	<u>\$ 4,287,980</u>	<u>\$ 61,292</u>	<u>\$ 61,292</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,276,120	\$ 63,100	\$ -	\$ (63,100)
Capital outlay	-	-	63,100	63,100
Total Expenditures	<u>4,276,120</u>	<u>63,100</u>	<u>63,100</u>	<u>-</u>
Ending fund balance	<u>11,860</u>	<u>(1,808)</u>	<u>(1,808)</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 4,287,980</u>	<u>\$ 61,292</u>	<u>\$ 61,292</u>	<u>\$ -</u>

CITY OF CLINTON

ARROW DRIVE CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 177,937	\$ 177,937	\$ -
Interest earned	-	72	70	(2)
Other reimbursements	<u>152,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	152,000	178,009	178,007	(2)
Beginning fund balance	<u>89,786</u>	<u>66,951</u>	<u>66,951</u>	<u>-</u>
Total Available From All Sources	<u>\$ 241,786</u>	<u>\$ 244,960</u>	<u>\$ 244,958</u>	<u>\$ (2)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 152,000	\$ 182,758	\$ -	\$ (182,758)
Capital outlay	<u>-</u>	<u>-</u>	<u>180,597</u>	<u>180,597</u>
Total Expenditures	152,000	182,758	180,597	(2,161)
Ending fund balance	<u>89,786</u>	<u>62,202</u>	<u>64,361</u>	<u>2,159</u>
Total Expenditures and Ending Fund Balance	<u>\$ 241,786</u>	<u>\$ 244,960</u>	<u>\$ 244,958</u>	<u>\$ (2)</u>

CITY OF CLINTON

PINEHAVEN DRIVE CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 3,112,199	\$ 4,271,297	\$ 4,271,296	\$ (1)
Transfer from other funds	338,000	338,000	338,000	-
Sale of note	-	350,000	350,000	-
Interest earned	-	84	84	-
Total Receipts	<u>3,450,199</u>	<u>4,959,381</u>	<u>4,959,380</u>	<u>(1)</u>
Beginning fund balance	<u>169,316</u>	<u>(503,747)</u>	<u>(503,747)</u>	<u>-</u>
Total Available From All Sources	<u>\$ 3,619,515</u>	<u>\$ 4,455,634</u>	<u>\$ 4,455,633</u>	<u>\$ (1)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,460,090	\$ 4,232,139	\$ -	\$ (4,232,139)
Capital outlay	-	-	4,232,139	4,232,139
Cost of note issuance	-	3,520	3,520	-
Total Expenditures	<u>3,460,090</u>	<u>4,235,659</u>	<u>4,235,659</u>	<u>-</u>
Ending fund balance	<u>159,425</u>	<u>219,975</u>	<u>219,974</u>	<u>(1)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 3,619,515</u>	<u>\$ 4,455,634</u>	<u>\$ 4,455,633</u>	<u>\$ (1)</u>

CITY OF CLINTON

INFRASTRUCTURE CONSTRUCTION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfer from other funds	\$ -	\$ 21,000	\$ 21,000	\$ -
Interest earned	-	222	222	-
Total Receipts	-	21,222	21,222	-
Beginning fund balance	7,542	546,707	546,707	-
Total Available From All Sources	<u>\$ 7,542</u>	<u>\$ 567,929</u>	<u>\$ 567,929</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ 468,225	\$ 468,225	\$ -
Total Expenditures	-	468,225	468,225	-
Ending fund balance	7,542	99,704	99,704	-
Total Expenditures and Ending Fund Balance	<u>\$ 7,542</u>	<u>\$ 567,929</u>	<u>\$ 567,929</u>	<u>\$ -</u>

## CITY OF CLINTON

## SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2014

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Philip Fisher	Mayor	Travelers Casualty and Surety	\$ 25,000
Jehu Brabham	Alderman-at-Large	Travelers Casualty and Surety	\$ 100,000
David Ellis	Alderman, Ward 1	Travelers Casualty and Surety	\$ 100,000
James Martin	Alderman, Ward 2	Travelers Casualty and Surety	\$ 100,000
William Barnett	Alderman, Ward 3	Travelers Casualty and Surety	\$ 100,000
Greg Cronin	Alderman, Ward 4	Travelers Casualty and Surety	\$ 100,000
Jan Cossitt	Alderman, Ward 5	Travelers Casualty and Surety	\$ 100,000
Michael P. Cashion	Alderman, Ward 6	Travelers Casualty and Surety	\$ 100,000
Russell Wall	City Clerk	Travelers Casualty and Surety	\$ 50,000
James Baldree, Jr.	Deputy City Clerk	Travelers Casualty and Surety	\$ 50,000
Russell Wall	Tax Assessor	Western Surety Company	\$ 50,000
Mike Warren	Police Chief	Travelers Casualty and Surety	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 50,000

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receivable (Unearned) at October 1, 2013	Receipts	Receivable (Unearned) at September 30, 2014	Expenditures
U.S. DEPARTMENT OF AGRICULTURE							
Direct:							
Emergency Watershed Protection Program	10.923	68-4423-14-2403	\$ 174,632	\$ -	\$ 113,601	\$ 61,031	\$ 174,632
U.S. DEPARTMENT OF JUSTICE							
Direct:							
Bulletproof Vest Partnership Program	16.607	N/A	-	-	4,004	-	4,004
Passed Through Mississippi Department of Public Safety:							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012LB2061	3,686	-	-	3,686	3,686
		2012LB2061	11,250	-	-	7,556	7,556
Direct:							
Federal Equitable Sharing Program	16.922	MS0250300	-	(46,630)	-	(43,098)	3,532
Total U.S. Department of Justice				(46,630)	4,004	(31,856)	18,778
U.S. DEPARTMENT OF TRANSPORTATION							
Passed Through Mississippi Department of Transportation:							
Highway Planning and Construction	20.205	STPD-7306-00(004)					
		104102-801000	6,634,160	1,232,380	4,271,296	364,427	3,403,343
Highway Planning and Construction	20.205	STP-7312-00(04)					
		106213-701000	222,000	6,405	8,122	-	1,717
Highway Planning and Construction	20.205	STP-7357-00(001)					
		106212-701000	1,270,356	185,104	177,936	9,335	2,167
				1,423,889	4,457,354	373,762	3,407,227
Passed Through Mississippi Department of Public Safety:							
State and Community Highway Safety	20.600	14-PT-206-1	51,812	-	21,287	19,416	40,703
Total U.S. Department of Transportation				1,423,889	4,478,641	393,178	3,447,930

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
Year Ended September 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Unearned) at October 1, 2013</u>	<u>Receipts</u>	<u>Receivable (Unearned) at September 30, 2014</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1972-DR-MS	369,436	-	7,778	-	7,778
Direct: Assistance to Firefighters Grant Program	97.044	EMW-2012-FO-06907	125,230	-	125,230	-	125,230
Passed Through Mississippi Department of Public Safety: Homeland Security Grant Program	97.067	13LE147	60,000	-	-	48,862	48,862
Total U.S. Department of Homeland Security				-	133,008	48,862	181,870
Grand Total - All Programs				<u>\$ 1,377,259</u>	<u>\$ 4,729,254</u>	<u>\$ 471,215</u>	<u>\$ 3,823,210</u>

Basis of accounting: The schedule of expenditures of federal awards is presented on the accrual basis of accounting using the economic resources measurement focus.

STATISTICAL SECTION

## STATISTICAL SECTION

This part of the City of Clinton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	<b>107-111</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.	<b>112-115</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	<b>116-120</b>
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	<b>121-122</b>
<b>Operating Information</b>	
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	<b>123-125</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual reports for the relevant year.

Schedule 1  
City of Clinton  
Net Position by Component  
Last Ten Years  
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	\$52,203,066	\$51,186,836	\$48,965,691	\$51,322,208	\$53,347,815	\$52,779,694	\$53,845,605	\$54,470,872	\$30,967,159	\$27,169,774
Restricted for:										
Capital projects	-	-	26,029	16,933	-	-	-	-	-	-
Debt service	1,203,410	1,130,499	1,357,907	1,159,747	1,135,099	1,063,256	924,770	27,463	104,783	117,890
Law enforcement	73,054	89,018	-	-	-	-	-	-	-	-
Economic development	90,556	72,839	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635
Unrestricted	526,122	123,361	(901,591)	(1,197,481)	(838,537)	(1,068,211)	(1,236,329)	(1,078,133)	99,488	(94,888)
Total governmental activities net position	54,096,208	52,602,553	49,555,054	51,392,644	53,760,501	52,906,938	53,694,966	53,562,699	31,277,911	27,290,411
Business-type activities										
Net investment in capital assets	\$14,892,592	\$14,566,130	\$14,346,038	\$14,386,115	\$14,230,770	\$12,044,591	\$12,087,642	\$11,696,661	\$11,414,089	\$12,223,511
Restricted for:										
Capital projects	179,313	419,390	550,786	586,224	711,851	705,560	724,163	707,078	709,116	737,121
Debt service	-	-	249,630	259,852	262,504	251,896	148,252	153,187	153,507	158,313
Unrestricted	5,239,643	4,395,634	4,957,067	4,394,256	3,682,411	2,567,679	1,913,850	1,674,515	1,204,940	1,393,853
Total business-type activities net position	\$ 20,311,548	\$ 19,381,154	\$ 20,103,521	\$ 19,626,447	\$ 18,887,536	\$ 15,569,726	\$ 14,873,907	\$ 14,231,441	\$ 13,481,652	\$ 14,512,798
Primary government										
Net investment in capital assets	\$ 67,095,658	\$ 65,752,966	\$ 63,311,729	\$ 65,708,323	\$ 67,578,585	\$ 64,824,285	\$ 65,933,247	\$ 66,167,533	\$ 42,381,248	\$ 39,393,285
Restricted for:										
Capital projects	179,313	419,390	576,815	603,157	711,851	705,560	724,163	707,078	709,116	737,121
Debt service	1,203,410	1,130,499	1,607,537	1,419,599	1,397,603	1,315,152	1,073,022	180,650	258,290	276,203
Law enforcement	73,054	89,018	-	-	-	-	-	-	-	-
Economic development	90,556	72,839	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635
Unrestricted	5,765,765	4,518,995	4,055,476	3,196,775	2,843,874	1,499,468	677,521	596,382	1,304,428	1,298,965
Total primary government net position	\$ 74,407,756	\$ 71,983,707	\$ 69,658,575	\$ 71,019,091	\$ 72,648,037	\$ 68,476,664	\$ 68,568,873	\$ 67,794,140	\$ 44,759,563	\$ 41,803,209

Note: Prior year amounts have been retroactively restated for the effects of GASB Statements No. 63 and 65, which were implemented in 2012.

Schedule 2  
City of Clinton  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,421,971	\$ 1,275,018	\$ 1,247,190	\$ 1,264,976	\$ 1,167,093	\$ 1,197,985	\$ 1,274,230	\$ 1,267,379	\$ 1,205,826	\$ 1,368,043
Public safety	8,159,879	7,878,595	7,599,403	7,535,290	7,315,429	7,073,641	7,134,969	7,431,687	7,080,151	6,847,513
Public works	4,703,635	5,083,963	4,838,090	5,026,298	4,888,047	4,833,401	4,685,385	3,836,761	3,452,165	3,255,356
Culture and recreation	2,217,554	2,432,712	2,371,690	2,317,690	1,762,446	1,879,882	1,926,502	1,787,511	1,676,823	1,414,397
Economic development	254,612	328,725	290,713	317,747	316,451	344,131	234,758	837,315	135,868	148,948
Interest and fiscal charges on long term debt	671,638	1,075,679	920,626	845,542	887,988	928,450	685,012	686,384	611,831	596,185
<b>Total governmental activities expenses</b>	<b>17,429,289</b>	<b>18,074,692</b>	<b>17,267,712</b>	<b>17,307,543</b>	<b>16,337,454</b>	<b>16,257,490</b>	<b>15,940,856</b>	<b>15,847,037</b>	<b>14,162,664</b>	<b>13,630,442</b>
Business-type activities:										
Water	2,429,947	2,639,622	2,608,991	2,558,240	2,287,261	2,335,446	2,492,671	2,530,182	2,471,655	
Sewer	3,633,410	3,512,219	3,390,959	3,189,289	2,945,647	3,009,499	3,098,919	2,964,712	2,974,735	
Total Water and sewer	6,063,357	6,151,841	5,999,950	5,747,529	5,232,908	5,344,945	5,591,590	5,494,894	5,446,390	5,229,323
Garbage collection	1,773,780	1,658,252	1,663,306	1,843,939	1,463,908	1,459,153	1,372,285	1,203,390	1,157,350	1,078,549
<b>Total business-type activities expenses</b>	<b>7,837,137</b>	<b>7,810,093</b>	<b>7,663,256</b>	<b>7,591,468</b>	<b>6,696,816</b>	<b>6,804,098</b>	<b>6,963,875</b>	<b>6,698,284</b>	<b>6,603,740</b>	<b>6,307,872</b>
<b>Total primary government expenses</b>	<b>\$ 25,266,426</b>	<b>\$ 25,884,785</b>	<b>\$ 24,930,968</b>	<b>\$ 24,899,011</b>	<b>\$ 23,034,270</b>	<b>\$ 23,061,588</b>	<b>\$ 22,904,731</b>	<b>\$ 22,545,321</b>	<b>\$ 20,766,404</b>	<b>\$ 19,938,314</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
General government	\$ 50,401	\$ 52,397	\$ 40,940	\$ 41,758	\$ 42,062	\$ 43,106	\$ 41,853	\$ 53,398	\$ 66,944	\$ -
Public safety	712,236	768,265	569,110	689,661	611,768	606,184	728,753	615,543	644,333	474,684
Public works	-	-	-	-	-	-	-	2,701	-	4,180
Culture and recreation	120,400	143,935	123,022	118,597	71,602	70,769	92,264	74,893	73,856	50,624
Operating grants and contributions	451,170	173,575	233,216	344,057	227,641	415,524	186,256	371,603	232,944	596,968
Capital grants and contributions	3,660,555	4,995,726	1,141,986	890,250	3,040,032	957,001	2,808,410	25,759,946	4,272,198	1,110,098
<b>Total governmental activities program revenues</b>	<b>4,994,762</b>	<b>6,133,898</b>	<b>2,108,274</b>	<b>2,084,323</b>	<b>3,993,105</b>	<b>2,092,584</b>	<b>3,857,536</b>	<b>26,878,084</b>	<b>5,290,275</b>	<b>2,236,554</b>
Business-type activities:										
Charges for services:										
Water	3,763,171	3,589,193	3,633,293	3,586,497	3,453,702	3,241,835	3,127,139	2,974,619	2,595,539	
Sewer	3,100,251	2,942,144	2,841,097	2,812,509	2,835,891	2,672,842	2,564,094	2,327,178	2,014,796	
Total Water and sewer	6,863,422	6,531,337	6,474,390	6,399,006	6,289,593	5,914,677	5,691,233	5,301,797	4,610,335	4,368,760
Garbage collection	1,656,164	1,517,698	1,506,468	1,473,657	1,501,881	1,490,615	1,466,542	1,398,013	1,326,743	1,135,144
Operating grants and contributions	81,417	22,682	61,892	303,942	-	-	-	111,419	83,090	-
Capital grants and contributions	155,769	-	64,815	131,557	2,087,111	-	267,973	312,490	376,928	61,917
<b>Total business-type activities program revenues</b>	<b>8,756,772</b>	<b>8,071,717</b>	<b>8,107,565</b>	<b>8,308,162</b>	<b>9,878,585</b>	<b>7,405,292</b>	<b>7,425,748</b>	<b>7,123,719</b>	<b>6,397,096</b>	<b>5,565,821</b>
<b>Total primary government program revenues</b>	<b>\$ 13,751,534</b>	<b>\$ 14,205,615</b>	<b>\$ 10,215,839</b>	<b>\$ 10,392,485</b>	<b>\$ 13,871,690</b>	<b>\$ 9,497,876</b>	<b>\$ 11,283,284</b>	<b>\$ 34,001,803</b>	<b>\$ 11,687,371</b>	<b>\$ 7,802,375</b>

Schedule 2 (continued)  
City of Clinton  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$(12,434,527)	\$(11,940,794)	\$(15,159,438)	\$(15,223,220)	\$(12,344,349)	\$(14,164,906)	\$(12,083,320)	\$ 11,031,047	\$ (8,872,389)	\$(11,393,888)
Business-type activities	919,635	261,624	444,309	716,694	3,181,769	601,194	461,873	425,435	(206,644)	(742,051)
<b>Total primary government net expense</b>	<b>\$(11,514,892)</b>	<b>\$(11,679,170)</b>	<b>\$(14,715,129)</b>	<b>\$(14,506,526)</b>	<b>\$ (9,162,580)</b>	<b>\$(13,563,712)</b>	<b>\$(11,621,447)</b>	<b>\$ 11,456,482</b>	<b>\$ (9,079,033)</b>	<b>\$(12,135,939)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,735,254	\$ 7,700,034	\$ 7,350,759	\$ 7,320,042	\$ 7,429,214	\$ 7,406,761	\$ 6,180,192	\$ 5,592,005	\$ 6,140,450	\$ 6,333,652
Local sales tax	167,178	158,961	128,001	113,260	112,078	125,381	118,467	103,974	109,364	90,723
Franchise charges based on gross receipts	795,429	705,228	656,554	689,366	725,911	731,354	791,583	716,451	856,104	727,125
Grants and contributions										
State grants and shared revenues	4,980,623	4,881,052	5,010,872	4,576,288	4,599,824	4,685,473	4,896,394	4,767,196	4,694,966	3,997,194
County shared revenues	108,231	96,441	97,758	90,628	89,995	96,706	89,871	70,215	69,465	65,213
Interest	6,949	11,828	31,831	19,115	109,541	237,136	125,437	181,607	104,738	140,371
Gain on capital asset disposals	104,100	412,136	-	-	-	-	-	-	-	-
Miscellaneous	30,418	22,613	46,073	46,664	131,349	94,067	13,673	12,644	6,642	85,258
Transfers	-	1,000,000	-	-	-	-	-	(190,381)	878,160	961,515
<b>Total governmental activities</b>	<b>13,928,182</b>	<b>14,988,293</b>	<b>13,321,848</b>	<b>12,855,363</b>	<b>13,197,912</b>	<b>13,376,878</b>	<b>12,215,617</b>	<b>11,253,711</b>	<b>12,859,889</b>	<b>12,401,051</b>
Business-type activities:										
Interest	10,759	16,009	32,765	22,217	117,071	94,625	151,627	123,259	53,658	70,102
Miscellaneous	-	-	-	-	18,970	-	28,966	10,714	-	-
Transfers	-	(1,000,000)	-	-	-	-	-	190,381	(878,160)	(961,515)
<b>Total business-type activities</b>	<b>10,759</b>	<b>(983,991)</b>	<b>32,765</b>	<b>22,217</b>	<b>136,041</b>	<b>94,625</b>	<b>180,593</b>	<b>324,354</b>	<b>(824,502)</b>	<b>(891,413)</b>
<b>Total primary government</b>	<b>\$ 13,938,941</b>	<b>\$ 14,004,302</b>	<b>\$ 13,354,613</b>	<b>\$ 12,877,580</b>	<b>\$ 13,333,953</b>	<b>\$ 13,471,503</b>	<b>\$ 12,396,210</b>	<b>\$ 11,578,065</b>	<b>\$ 12,035,387</b>	<b>\$ 11,509,638</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,493,655	\$ 3,047,499	\$(1,837,590)	\$(2,367,857)	\$ 853,563	\$(788,028)	\$ 132,297	\$ 22,284,758	\$ 3,987,500	\$ 1,007,163
Business-type activities	930,394	(722,367)	477,074	738,911	3,317,810	695,819	642,466	749,789	(1,031,146)	(1,633,464)
<b>Total primary government</b>	<b>\$ 2,424,049</b>	<b>\$ 2,325,132</b>	<b>\$(1,360,516)</b>	<b>\$(1,628,946)</b>	<b>\$ 4,171,373</b>	<b>\$(92,209)</b>	<b>\$ 774,763</b>	<b>\$ 23,034,547</b>	<b>\$ 2,956,354</b>	<b>\$ (626,301)</b>

Note: Prior year amounts have been retroactively restated for the effects of GASB Statements No. 63 and 65, which were implemented in 2012.

The City began to segregate water and sewer activities in the fiscal year 2006.

Schedule 3  
City of Clinton  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted for:										
Law enforcement	\$ 73,054	\$ 76,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	162,348	-	-	-	-	-	-	-
Unassigned	1,757,377	1,719,617	1,138,000	1,269,967	1,361,631	913,471	1,032,351	1,178,097	2,163,452	1,659,269
Total general fund	\$ 1,830,431	\$ 1,795,969	\$ 1,300,348	\$ 1,269,967	\$ 1,361,631	\$ 913,471	\$ 1,032,351	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269
All Other Governmental Funds										
Restricted for:										
Law enforcement	\$ -	\$ 12,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	90,556	72,839	107,018	91,237	116,124	132,199	160,920	142,467	106,481	97,635
Debt service	1,203,410	1,130,499	1,044,012	756,744	708,931	629,709	546,891	42,144	122,054	233,944
Capital projects	356,264	732,516	3,227,712	643,441	805,077	2,637,480	8,217,203	876,115	2,454,395	3,446,963
Assigned to debt service	18,498	18,242	16,695	12,090	12,011	9,477	4,536	3,402	3,049	2,525
Assigned to capital projects	359,000	-	-	-	-	-	-	-	-	-
Unassigned	(4,838)	(780)	-	(445)	(1,068)	(15,133)	(81,507)	(140,658)	(133,001)	(49,934)
Total all other governmental funds	\$ 2,022,890	\$ 1,965,982	\$ 4,395,437	\$ 1,503,067	\$ 1,641,075	\$ 3,393,732	\$ 8,848,043	\$ 923,470	\$ 2,552,978	\$ 3,731,133

Schedule 4  
City of Clinton  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Property taxes	\$ 7,735,254	\$ 7,700,034	\$ 7,350,759	\$ 7,320,042	\$ 7,429,215	\$ 7,406,762	\$ 6,180,193	\$ 5,592,004	\$ 6,140,451	\$ 6,333,652
Licenses and permits	1,025,674	1,095,100	843,774	888,612	845,985	833,155	926,357	858,179	1,038,820	888,356
Intergovernmental	9,229,831	10,148,731	5,884,873	5,997,122	9,154,734	6,253,242	6,168,178	5,820,982	7,949,043	4,989,247
Charges for services	185,396	184,178	148,943	133,960	93,350	87,574	122,907	117,205	87,287	66,869
Fines and forfeitures	453,272	385,796	396,278	510,870	508,806	521,252	597,229	469,583	481,673	301,558
Special assessments	27,037	27,039	27,037	27,037	27,037	27,037	-	-	-	-
Interest	6,951	11,833	31,833	19,111	109,542	237,135	125,436	181,606	104,738	140,371
Contributions	22,555	157,022	46,382	110,262	37,175	26,844	170,301	74,521	10,363	36,163
Miscellaneous	44,542	27,365	29,158	45,377	63,023	264,221	179,466	184,570	235,656	183,002
<b>Total revenues</b>	<b>18,730,512</b>	<b>19,737,098</b>	<b>14,759,037</b>	<b>15,052,393</b>	<b>18,268,867</b>	<b>15,657,222</b>	<b>14,470,067</b>	<b>13,298,650</b>	<b>16,048,031</b>	<b>12,939,218</b>
<b>Expenditures</b>										
General government	1,379,039	1,245,519	1,231,290	1,206,610	1,121,351	1,329,550	1,278,437	1,324,171	1,259,455	1,248,345
Public safety	7,761,128	7,507,170	7,323,952	7,041,411	6,763,551	6,943,292	6,708,614	6,949,936	6,678,961	6,327,787
Public works	1,720,091	2,031,400	1,813,161	1,898,236	1,826,058	1,843,458	1,821,997	1,793,781	1,766,389	1,670,787
Culture and recreation	1,384,562	1,601,118	1,524,666	1,407,879	1,219,791	1,279,317	1,271,219	1,255,120	1,116,715	999,511
Economic development	254,021	326,897	291,672	315,093	314,068	345,591	231,360	381,262	147,232	148,190
Debt service: Principal	1,518,307	1,379,098	1,205,024	1,485,827	1,463,656	1,357,111	941,078	1,213,184	1,058,352	1,448,231
Interest and fiscal charges	680,275	1,142,841	875,459	849,642	897,861	947,420	767,730	284,171	792,319	561,584
Capital outlay	4,515,239	8,169,868	2,593,939	1,231,390	8,213,953	7,371,931	1,837,775	3,056,758	8,987,111	7,100,155
<b>Total expenditures</b>	<b>19,212,662</b>	<b>23,403,911</b>	<b>16,859,163</b>	<b>15,436,088</b>	<b>21,820,289</b>	<b>21,417,670</b>	<b>14,858,210</b>	<b>16,258,383</b>	<b>21,806,534</b>	<b>19,504,590</b>
Excess of revenues over (under) expenditures	(482,150)	(3,666,813)	(2,100,126)	(383,695)	(3,551,422)	(5,760,448)	(388,143)	(2,959,733)	(5,758,503)	(6,565,372)
<b>Other Financing Sources (Uses)</b>										
Refunding bonds issued	-	7,934,045	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	305,949	-	-	-	-	-	-	-	-
Payments to refunded debt escrow agents	-	(7,970,796)	-	-	-	-	-	-	-	-
Capital lease proceeds	119,420	-	718,901	122,681	437,082	187,257	166,970	-	-	1,058,461
Loan proceeds	-	-	-	-	1,735,152	-	-	-	-	7,750,000
Note issued	350,000	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	104,100	463,781	53,976	31,442	74,591	-	-	-	-	-
Bond issue proceeds	-	-	4,250,000	-	-	-	8,000,000	485,000	3,870,000	-
Operating transfers in	543,507	1,185,651	642,286	176,794	176,709	179,256	840,068	830,291	1,335,930	1,065,140
Operating transfers out	(543,507)	(185,651)	(642,286)	(176,794)	(176,709)	(179,256)	(840,068)	(970,427)	(457,770)	(103,625)
<b>Total other financing sources (uses)</b>	<b>573,520</b>	<b>1,732,979</b>	<b>5,022,877</b>	<b>154,123</b>	<b>2,246,825</b>	<b>187,257</b>	<b>8,166,970</b>	<b>344,864</b>	<b>4,748,160</b>	<b>9,769,976</b>
<b>Net change in fund balance</b>	<b>\$ 91,370</b>	<b>\$ (1,933,834)</b>	<b>\$ 2,922,751</b>	<b>\$ (229,572)</b>	<b>\$ (1,304,597)</b>	<b>\$ (5,573,191)</b>	<b>\$ 7,778,827</b>	<b>\$ (2,614,869)</b>	<b>\$ (1,010,343)</b>	<b>\$ 3,204,604</b>
Debit service as a percentage of noncapital expenditures	15.0%	16.6%	14.6%	16.4%	17.4%	16.4%	13.1%	11.3%	14.4%	16.2%

Schedule 5  
City of Clinton  
Assessed Value and Estimated Actual Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Personal Property	Public Utilities And Automobiles	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value of Taxable Property
2014	\$ 85,892,317	\$ 63,421,945	\$ 14,596,615	\$ 50,925,174	\$ 15,518,074	199,317,977	38.74	1,393,616,743
2013	85,306,289	63,252,176	13,143,256	51,450,781	14,927,134	198,225,368	38.74	1,384,597,033
2012	82,805,345	61,457,059	12,529,737	46,677,494	14,436,798	189,032,837	38.74	1,332,522,423
2011	82,648,634	60,507,535	15,536,407	45,363,420	14,319,257	189,736,739	38.74	1,341,464,783
2010	81,423,405	60,739,184	16,169,896	45,579,140	13,995,973	189,915,652	38.74	1,338,931,987
2009	80,434,868	58,550,795	17,684,799	45,440,463	12,879,933	189,230,992	38.74	1,335,254,853
2008	59,165,987	44,886,013	19,591,360	46,949,701	11,912,549	158,680,512	38.74	1,058,882,537
2007	57,797,679	44,014,707	17,810,025	50,433,045	11,577,107	158,478,349	35.74	1,042,480,750
2006	63,525,005	46,639,628	16,710,810	47,487,431	11,782,303	162,580,571	35.74	1,098,054,710
2005	61,364,882	47,867,460	15,884,613	45,539,653	12,869,729	157,786,879	35.74	1,061,764,193

- (1) Source: Hinds County Tax Assessor.
- (2) Tax Rate per \$1,000 of assessed value.
- (3) Property values in the annexed area were not included in the 2007 taxable assessed value because of a lawsuit objecting to the annexation.
- (4) Residential and Commercial property was reassessed for the 2013 fiscal year.

Notes: Property in Hinds County is reassessed once every four years on average. The county assesses property at approximately 10 percent of actual value for residential property, 15 percent for commercial and personal property, and 30 percent for public utilities and automobiles. Tax rates are per \$1,000 of assessed value.

**Schedule 6  
City of Clinton  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)**

Fiscal Year	City of Clinton				Overlapping Rates (a)		
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Total	Clinton Public School District	Hinds County (1)	Total
2014	31.48	5.78	1.48	38.74	64.94	38.33	142.01
2013	31.57	5.78	1.39	38.74	61.94	38.33	139.01
2012	31.47	5.78	1.49	38.74	58.64	38.33	135.71
2011	31.47	6.28	0.99	38.74	54.57	37.33	130.64
2010	31.95	6.28	0.51	38.74	54.57	37.33	130.64
2009	31.33	6.70	0.71	38.74	54.57	37.33	130.64
2008	32.82	5.05	0.87	38.74	54.57	39.12	132.43
2007	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2006	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2005	33.54	1.90	0.30	35.74	54.57	39.12	129.43

(1) Source: Hinds County Chancery Clerk.

Notes: The city may not levy ad valorem taxes in any fiscal year which would render in total receipts from all levies an amount more than the receipts from that source during any one of the immediately preceding three fiscal years, as determined by the levying governing authority, plus, at the option of the taxing authority, an increase not to exceed ten percent of such receipts. Property added as new growth is exempted from the ten percent increase limitation. Levies for debt service are set based on each year's requirements.

(a) Overlapping rates are those of school districts and county governments that apply to property owners within the City of Clinton. All property owners within the City of Clinton pay the overlapping rates.

Schedule 7  
City of Clinton  
Principal Property Tax Payers  
Current Year and Ten Years Ago

<u>Name of Taxpayer</u>	2013 Assessed Property		Percentage	2003 Assessed Property		Percentage
	<u>Valuation</u>	<u>Rank</u>	of Total Assessed <u>Valuation</u>	<u>Valuation</u>	<u>Rank</u>	of Total Assessed <u>Valuation</u>
Entergy	10,641,609	1	6.53%	7,133,081	1	5.98%
SC Clinton MS LLC	2,485,084	2	1.53%	0	0	0.00%
Reserve at Woodchase	2,167,791	3	1.33%	1,777,817	7	1.49%
Wal-Mart Stores	1,733,101	4	1.06%	3,553,878	4	2.98%
BellSouth	1,605,731	5	0.99%	1,846,289	6	1.55%
Clinton Assisted Living	1,212,527	6	0.74%	1,058,122	9	0.89%
Delphi Automotive Systems	1,185,119	7	0.73%	5,203,792	3	4.36%
Home Depot, USA	977,394	8	0.60%	0		0.00%
CA New Plan Venture	861,047	9	0.53%	0		0.00%
Windsor Village Apartments of Clinton	601,721	10	0.43%	0		0.00%
MCI, Inc.	0		0.00%	5,685,616	2	4.77%
EDS Information Systems	0		0.00%	2,542,673	5	2.13%
Gulf States Cannery	529,568		0.33%	1,615,347	8	1.35%
Leon V Ghetti	<u>0</u>		<u>0.00%</u>	<u>887,652</u>	10	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers	24,000,692		14.73%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	<u>138,937,712</u>		<u>85.27%</u>	<u>87,991,093</u>		<u>73.76%</u>
Total taxable assessed value of all taxpayers	<u><u>162,938,404</u></u>		<u><u>100.00%</u></u>	<u><u>119,295,360</u></u>		<u><u>100.00%</u></u>

Source: Hinds County Tax Collector and Hinds County Tax Assessor.

Note: Total taxable assessed value excludes automobiles.

Schedule 8  
City of Clinton  
Property Tax Levies and Collections (1)  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (2)	Collected Within Year for Which Levied	Percent of Levy	Collected in Subsequent Years	Total Collections To Date	Total Collections To Date as a % of Levy
2014	\$ 7,721,191	\$ 7,667,563	99.3%	\$ 0	\$ 7,667,563	99.3%
2013	7,679,251	7,603,630	99.0%	34,199	7,637,829	99.5%
2012	7,323,132	7,309,084	99.8%	14,048	7,323,132	100.0%
2011	7,350,400	7,245,846	98.6%	44,752	7,290,598	99.2%
2010	7,357,332	7,353,261	99.9%	4,071	7,357,332	100.0%
2009	7,305,271	7,303,422	99.9%	1,849	7,305,271	100.0%
2008	6,147,283	6,058,013	98.5%	55,930	6,113,943	99.5%
2007	5,631,744	5,507,544	97.8%	59,657	5,567,201	98.9%
2006	5,794,159	5,559,586	96.0%	40,931	5,600,517	96.7%
2005	5,776,372	5,675,721	98.3%	42,935	5,718,656	99.0%

(1) All taxes are collected by the Hinds County Tax Collector. Taxes collected on behalf of the Clinton Public School District are remitted directly to the District.

(2) Taxes levied on all real and personal property.

Schedule 9  
City of Clinton  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Increment Limited Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases			
2014	\$ 18,663,713	\$ 946,000	\$ 730,000	\$ 853,680	\$ 905,166	\$ -	\$ 13,062,653	\$ -	\$ 35,161,212	3.70%	\$ 1,389
2013	19,456,950	1,114,500	740,000	954,365	945,464	-	14,290,909	-	37,502,188	3.88%	1,456
2012	13,888,704	1,276,500	6,428,359	1,226,240	1,011,295	250,846	15,425,633	37,638	39,545,215	4.52%	1,568
2011	10,061,134	1,428,500	6,859,391	706,902	1,118,865	361,696	16,503,505	81,519	37,121,512	4.10%	1,472
2010	10,759,698	1,569,500	7,266,217	823,658	1,220,302	467,546	15,771,033	118,775	37,996,729	3.91%	1,507
2009	11,423,829	1,705,500	7,633,026	683,292	1,421,171	563,395	13,691,741	165,345	37,287,299	3.68%	1,417
2008	12,054,092	1,841,000	7,973,665	746,743	1,610,908	654,246	14,371,561	229,294	39,481,509	3.97%	1,496
2007	4,414,923	1,960,000	8,191,085	823,600	1,790,077	740,096	15,216,424	260,044	33,396,249	3.36%	1,265
2006	5,195,000	1,554,000	8,357,834	1,010,958	1,515,000	820,946	15,811,793	304,235	34,569,766	3.48%	1,309
2005	1,550,000	1,632,000	8,439,154	1,214,990	1,655,000	896,796	13,859,057	275,194	29,522,191	2.97%	1,181

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Notes: In fiscal year 2006 the city issued \$3.8 million in general obligation bonds in governmental activities, and borrowed on a note \$2.5 million in business-type activities.

In fiscal year 2008 the city issued \$8.0 million in general obligation bonds in governmental activities for the construction of a public library.

In fiscal year 2012 the city issued \$4.2 million in general obligation bonds in governmental activities for infrastructure improvements.

In fiscal year 2013 the city issued \$8.8 million in general obligation refunding bonds. \$7.9 million was refunded in government activities and \$886 thousand was refunded in business-type activities.

See Schedule 14 for personal income and population data.

Schedule 10  
City of Clinton  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Popula- tion (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonds (3, 4)	Restricted for Principal Repayment (6)	Net General Obligation Bonds	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita (5)
2014	25,305	\$ 1,393,616,743	\$ 19,568,879	818,319	18,750,560	1.35%	\$ 741
2013	25,752	1,384,597,033	20,402,414	768,740	19,633,674	1.42%	762
2012	25,216	1,332,522,423	14,899,999	709,929	14,190,070	1.06%	563
2011	25,216	1,341,464,783	11,179,999	514,586	10,665,413	0.80%	423
2010	25,216	1,338,931,987	11,980,000	489,515	11,490,485	0.86%	456
2009	26,313	1,335,254,853	12,845,000	424,357	12,420,643	0.93%	472
2008	** 26,400	1,058,882,537	13,665,000	319,546	13,345,454	1.26%	506
2007	** 26,400	1,042,480,750	6,205,000	30,972	6,174,028	0.59%	234
2006	** 26,400	1,098,054,710	6,710,000	85,701	6,624,299	0.60%	251
2005	* 25,000	1,061,764,193	3,205,000	160,799	3,044,201	0.29%	122

\* Includes 1,653 additional individuals in area annexed June 16, 2004.

\*\* Estimated by the Central Mississippi Planning and Development District

(1) Source: United States Census Bureau.

(2) See Schedule 5

(3) Amounts do not include special assessment bonds and revenue bonds.

(4) Amounts include general obligation bonds that are being repaid from the Water and Sewer Operations Fund.

(5) See Schedule 14

(6) Principal repayment amount is estimated.

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Schedule 11  
 City of Clinton  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2014

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton (1)</u>	<u>Amount Applicable to City of Clinton</u>
Overlapping:			
Clinton Separate School District	\$ 44,680,213	86.6% (1)	38,672,255
Hinds County	\$ 39,111,000	11.6% (1)	<u>4,531,677</u>
			43,203,932
Direct:			
City of Clinton	\$ 21,193,393 *	100.0%	<u>\$ 21,193,393</u>
Total Direct and Overlapping Debt			<u><u>\$ 64,397,325</u></u>

Sources: City Clerk Office, Clinton Public School District, & Hinds County Chancery Clerk.

Note: \* Excludes general obligation bonds to be repaid by the Water and Sewer Operations Fund.

(1) Based on the portion of the estimated actual value of taxable property located within the city.

Schedule 12  
City of Clinton  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(dollars in thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>AUTHORIZED DEBT LIMIT 15% RULE</b>										
Assessed value of taxable property	\$ 214,836	\$ 213,153	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657
Debt limitation - 15% of net assessed value	32,225	31,973	30,521	30,608	30,587	30,317	25,589	25,508	26,154	25,599
Less subject indebtedness:										
General obligation bond	18,405	19,175	13,889	10,061	10,760	11,424	12,054	4,415	5,195	1,550
Tax increment limited obligation bonds	946	1,114	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632
Legal debt margin under 15 percent rule	\$ 12,874	\$ 11,684	\$ 15,356	\$ 19,119	\$ 18,258	\$ 17,188	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417
<b>AUTHORIZED DEBT LIMIT 20% RULE</b>										
Assessed value of taxable property	\$ 214,836	\$ 213,153	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657
Debt limitation - 20% of net assessed value	\$ 42,967	\$ 42,631	\$ 40,694	\$ 40,811	\$ 40,782	\$ 40,422	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131
Less subject indebtedness:										
General obligation bond	19,310	20,120	13,889	10,061	10,760	11,424	12,054	4,415	5,195	1,550
Tax increment limited obligation bonds	946	1,114	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632
Other	1,204	954	1,264	788	942	849	976	1,084	1,315	1,490
Legal debt margin under 20 percent rule	\$ 21,507	\$ 20,443	\$ 24,265	\$ 28,534	\$ 27,511	\$ 26,444	\$ 19,248	\$ 26,552	\$ 26,809	\$ 29,459
Total net debt applicable to the limit as a percentage of debt limit 15% rule	60.05%	63.46%	49.69%	37.54%	40.31%	43.31%	54.30%	24.99%	25.80%	12.43%
Total net debt applicable to the limit as a percentage of debt limit 20% rule	49.95%	52.05%	40.37%	30.08%	32.54%	34.58%	43.59%	21.93%	23.12%	13.69%

As set forth by the Mississippi Code, section 21-33-303, no municipality shall issue bonds for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed 15% of the assessed value of the taxable property within such municipality. In computing such indebtedness there may be deducted all bonds or other evidences of indebtedness for school, water, sewerage systems, and for the construction of special improvements primarily chargeable to the property benefited.

In addition, in no case shall any municipality contract any indebtedness which, when added to all the outstanding indebtedness, both bonded and floating, shall exceed 20% of the assessed value of all taxable property within such municipality.

In 2008 a General Obligation Bond for \$8,000,000 was issued for the construction of a public library.

In 2012 a General Obligation Bond for \$4,250,000 was issued for infrastructure improvements.

In 2013 a General Obligation Refunding Bond for \$8,820,000 was issued.

Residential and Commercial property was reassessed for the 2013 fiscal year.

Schedule 13  
City of Clinton  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(dollars in thousands)

Fiscal Year	Water and Sewer Revenue Bonds						Tax Increment Financing Bonds				Notes Payable to State of Mississippi			
	Revenues	Less: Expenses (1)	Net Available Revenue	Debt Service			Incremental Property Taxes Collected (2)	Debt Service			Sales Tax (3)	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
2014	\$ 6,873	\$ 4,676	\$ 2,197	\$ -	\$ -	0.00	\$ 234	\$ 168	\$ 62	1.02	\$ 4,446	\$ 1,588	\$ 353	2.29
2013	6,547	4,762	1,785	260	7	6.69	234	162	70	1.01	4,358	1,593	613	1.98
2012	6,506	4,582	1,924	120	18	13.94	237	152	78	1.03	4,497	1,578	656	2.01
2011	6,375	4,395	1,980	115	25	14.14	230	141	86	1.01	4,065	1,382	644	2.01
2010	6,310	3,844	2,466	105	31	18.13	233	136	92	1.02	4,078	1,263	663	2.12
2009	5,985	4,077	1,908	100	37	13.93	235	136	101	0.99	4,205	1,211	704	2.20
2008	5,769	4,217	1,552	95	42	11.33	230	120	106	1.02	4,305	1,062	741	2.39
2007	5,341	4,127	1,214	90	47	8.86	165	79	86	1.00	4,152	897	730	2.55
2006	4,638	4,111	527	85	51	3.88	169	78	91	1.00	4,017	726	881	2.50
2005	4,435	3,888	547	85	55	3.91	154	73	90	0.94	3,337	653	410	3.14

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) Expenses do not include revenue bond interest, depreciation, or amortization expenses.
- (2) Incremental property taxes include the portions received from the county as well as the transfers from the city's other funds.
- (3) Represents the City's 18.5% share of the 7% state sales tax, which is remitted to the City by the State of Mississippi.

Schedule 14  
City of Clinton  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (4) **	Total Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (4)
2014	25,305	37,578	950,911,290	35.2	14.1	4,860	6.6%
2013	25,752	37,561	967,270,872	35.2	14.1	4,688	6.6%
2012	25,216	34,721	875,524,736	35.2	14.1	4,637	8.5%
2011	25,216	35,865	904,371,840	35.2	14.1	4,535	8.8%
2010	25,216	38,502	970,866,432	35.2	14.1	4,509	8.8%
2009	26,313	38,502	1,013,103,126	35.2	14.1	4,635	7.9%
2008	26,400	37,679	994,725,600	33.1	14.1	4,718	4.1%
2007	26,400	36,292	958,108,800	33.1	14.1	4,752	5.3%
2006	26,400	33,579	886,485,600	33.1	14.1	4,859	5.0%
2005 *	25,000	33,579	839,475,000	33.1	14.1	4,956	7.2%

(1) Source: United States Census Bureau.

(3) Source: Clinton Public School District.

(4) Source: Mississippi Employment Security Commission.

Notes:

\* Includes 1,653 additional individuals in area annexed June 16, 2004.

\*\* Applicable to Hinds County.

**Schedule 15  
City of Clinton  
Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
MCI/Skytel	-	0.00%	1,148	8.21%
Delphi Corporation	-	0.00%	1,135	8.12%
Clinton Public School District	700	5.16%	600	4.29%
Wal-Mart SuperCenter	526	3.88%	500	3.58%
Mississippi College	720	5.31%	450	3.22%
City of Clinton	192	1.42%	201	1.44%
Kroger	223	1.64%	130	0.93%
Winn-Dixie Stores, Inc.	-	0.00%	110	0.79%
Verizon	500	3.69%	-	0.00%
AKZO Noble Coatings, Inc.	129	0.95%	-	0.00%
Reznick Insurance	123	0.91%	-	0.00%
Home Depot	109	0.80%	-	0.00%
University Physicians	282	2.08%	-	0.00%
Lockheed Martin	106	0.78%	-	0.00%
MS Department of Revenue	500	3.69%	-	0.00%
University of MS Medical Center	250	1.84%	-	0.00%
Taylor Power Systems	125	0.92%	-	0.00%
<b>Total</b>	<b>4,485</b>	<b>33.08%</b>	<b>4,274</b>	<b>30.57%</b>

Source: City of Clinton Economic Development Department

Notes: Employer information could only be found on companies with 100 or more employees.

Information for this schedule was not available prior to 2005.

Schedule 16  
City of Clinton  
Full-time-Equivalent City Government Employees by Function/Program  
Last Ten Years

Function/Program	Full-time-Equivalent Employees as of September 30th									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Mayor and Alderman	9	9	9	9	9	9	9	9	9	9
Administration	5	6	5	5	4	5	6	7	7	7
Court	5	5	5	5	4	3	3	3	3	2
Planning/Zoning and Inspections	4	5	5	5	5	5	4	4	4	3
Police										
Officers	45	44	47	45	48	48	48	50	52	49
Civilians	17	15	17	17	14	14	14	14	15	14
Fire										
Fire fighters and Officers	46	42	43	47	47	45	47	45	45	44
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Street	14	24	24	25	25	26	24	25	23	22
Water	14	19	19	18	18	18	19	18	20	16
Wastewater	15	11	11	11	11	11	11	11	14	15
Parks and Recreation	15	19	18	15	19	19	17	15	16	18
Mainstreet	1	1	1	1	1	1	1	1	0	0
Economic Development	0	0	1	1	1	1	0	0	0	0
Communications	1	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>192</b>	<b>201</b>	<b>206</b>	<b>205</b>	<b>207</b>	<b>206</b>	<b>204</b>	<b>203</b>	<b>209</b>	<b>200</b>

Source: City Clerk Office

Notes:

Schedule 17  
City of Clinton  
Operating Indicators by Function/Program  
Last Ten Years

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Building permits issued	609	564	827	840	70	73	97	112	162	176
Police										
Physical arrests	1,599	1,231	1,155	1,522	1,564	1,203	1,240	1,647	1,451	1,042
Parking violations	42	237	216	602	196	259	683	2,898	3,706	3,529
Traffic violations	5,138	3,844	4,221	5,697	7,200	5,152	5,260	613	317	113
Fire										
Emergency responses	2,328	2,291	2,144	1,604	2,030	2,082	2,065	1,884	1,918	2,086
Fires extinguished	65	76	69	99	75	70	87	103	*	*
Inspections	229	241	252	280	255	250	438	300	40	147
Water										
New connections	146	131	121	98	60	80	154	168	162	176
Total connections	9,539	9,057	8,926	8,805	8,819	8,731	8,644	8,867	8,908	8,200
Average daily consumption (millions of gallons)	2.9	3.0	3.7	3.5	3.4	3.3	3.3	3.3	3.5	3.5
Peak daily consumption (millions of gallons)	3.6	3.7	3.9	3.8	3.6	3.6	4.1	4.1	4.7	4.7
Wastewater										
Total connections	8,469	8,432	7,859	7,859	7,859	7,840	7,763	8,851	8,088	7,458
Average daily consumption (millions of gallons)	3.0	3.1	3.5	3.3	3.1	3.1	2.6	2.6	3.2	3.2
Peak daily consumption (millions of gallons)	6.3	6.9	8.9	8.9	8.8	8.8	10.1	10.1	10.3	10.3

\* Information not available.

Sources: Various city departments

Notes:

(1) Building permits increased in 2011 primarily due to the rebuilding as a result of a tornado.

**Schedule 18**  
**City of Clinton**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**

Function/Program	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	47	44	37	37	37	34	30	33	33	32
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Streets										
Miles of Streets	174	174	174	174	174	174	174	174	160	159
Streetlights	2,462	2,447	2,437	2,415	2,396	2,382	2,382	2,362	2,346	2,310
Traffic signals	28	27	26	26	26	26	26	23	22	21
Water										
Miles of water mains	159	158	157	157	157	156	156	156	101	156
Number of fire hydrants	1,474	1,461	1,451	1,442	1,443	1,443	1,439	1,425	1,364	1,361
Wastewater										
Miles of sanitary sewers	108	107	106	106	106	106	106	105	83	104
Miles of storm sewers	87	86	85	85	85	85	85	84	74	84
Number of treatment plants	4	4	4	4	4	4	4	4	4	4
Parks and recreation										
Parks	5	5	5	5	5	5	5	5	4	3
Acreage	210	210	210	210	210	210	210	210	189	160
Playgrounds	5	5	5	5	5	5	5	5	4	3
Baseball/Softball diamonds	13	14	14	14	14	14	14	14	14	14
Soccer fields	11	11	11	11	11	11	11	10	9	9
Tennis courts	12	10	10	10	10	10	10	9	9	3
Basketball courts	3	3	3	3	3	3	3	3	3	3
Volleyball courts	2	2	2	2	2	2	2	2	-	-
Community Centers	2	1	1	1	1	1	1	1	1	1
Walking Trails	5	6	6	6	6	6	6	5	4	3

Sources: Various city departments

INDEPENDENT AUDITORS' REPORTS ON  
INTERNAL CONTROL AND COMPLIANCE

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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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 attention by those charged with governance.

(Continued)

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tamm, Brown & Myers Co.*

March 18, 2015

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

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

We have audited the City of Clinton, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2014. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

## Opinion on Each Major Federal Program

In our opinion, the City of Clinton, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

## Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Tamm, Brown & Rouse Co.*

March 18, 2015

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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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2015.

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 material instances of noncompliance with state laws and regulations. However, we noted certain matters that we reported to management of the City in a separate letter dated March 18, 2015.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the City, 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.

*Tann, Brown & Russ Co.*

March 18, 2015

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2014

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF CLINTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2014

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2013.