

CITY OF CLINTON, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2005

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

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2005

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## INTRODUCTORY SECTION

**ALDERMEN**

**Tony Hisaw**  
Ward One

**Tony M. Greer**  
Ward Two

**Mike Bishop**  
Ward Three

**Phil Fisher**  
Ward Four

# **City of Clinton**

## **Mississippi**

**Rosemary Aultman, Mayor**

**ALDERMEN**  
**Mike Morgan**  
Ward Five

**William Barnett**  
Ward Six

**Jehu Brabham**  
Alderman-At-Large

**Russell L. Wall**  
City Clerk

March 17, 2005

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, 2005. 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 the data included in this report is accurate in all material respects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the City. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the financial affairs of the City, is entrusted with the local government. We further assert that adequate internal controls are in place to provide reliable financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements, as well as other matters.

Tann, Brown & Russ Co, LTD, 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, 2005 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, 2005 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 and legal requirements 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 2005 CAFR. The CAFR provides information in three major sections:

- **Introductory Section** – The Introductory Section is composed of the Letter of Transmittal, a list of principal elected and appointed officials, the Organizational Chart of the Executive Branch of the City, and the Certificate of Achievement for Excellence in Financial Reporting.
- **Financial Section** – The Financial Section consists of the Independent Auditors’ Report, Management’s Discussion and Analysis, the Basic Financial Statements, and various individual fund and account group financial statements and schedules.
- **Statistical Section** – The Statistical Section provides supplementary financial and economic data, which is unaudited.

We recommend that you carefully read Management’s Discussion and Analysis found on pages 3 through 10 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 in excess of 25,000.

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 public 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 69 through 72. For all other governmental funds, this comparison is presented on pages 84 through 98.

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 3,800 students eight undergraduate degrees and fourteen graduate degrees and the Juris Doctor degree in law. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,900 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD has an annual budget of \$32.5 million for 2005. Additional quality education is provided by Mt. Salus Christian School, a private school, which offers grades K-12.

**Factors Affecting Financial Condition**

The City currently enjoys a favorable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2005 property taxes represented 48 percent of the City's general revenues while sales taxes represented 32 percent. City property owners pay property taxes for city, county and schools totaling \$129.43 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.

**Bonded debt.** The City enjoys a low bonded debt per capita. The ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita provide useful information regarding the City's debt position. The following are data at September 30, 2005:

Population	25,000
Bonded debt per capita	\$ 58
Real and personal property assessed value	\$ 157,786,879
Net bonded debt (General Obligation)	\$ 1,443,820
Ratio of debt to assessed value	.92%

**Risk management.** The City maintains an Unemployment Compensation Revolving Fund (Expendable Trust Fund), which funds payments made to employees who are laid off due to lack of work or a reduction in force. In addition to funding all valid claims, the City is required to maintain the balance of the fund not less than 2 percent of the first \$7,000 paid each employee during the preceding year. Claims totaled \$210 for 2005. The City maintains a workforce in excess of 200 employees and employee turnover is minimal.

Various risk control techniques, including employee accident prevention training, are employed to prevent and minimize accident-related losses. Third-party workers' compensation insurance is maintained for employee-related injuries.

In addition, the City maintains the Self-Funded Group Insurance Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Clinton and employees, to be used to fund future liabilities and current payment of employee medical and dental claims and related administrative expenditures of the city's group benefit plan.

In compliance with the Tort Claims Act, Section 11-46-17(3) of the Mississippi Code, requires all municipalities from and after October 1, 1993 to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and

reserves necessary to cover all risks of claims and suits for which the City may be liable under the Tort Claims Act. Municipalities may comply with the requirements of the torts Claims Act by one of the following methods; (1) purchase of liability insurance; (2) pooling of two or more municipalities or other political subdivisions to purchase liability insurance; or (3) self-insure with the establishment of a self-insurance fund.

The City is in compliance by using method number one as indicated above.

**Pension plans and other post-employment benefits.** The City participates in two retirement plans administered by the Public Employees' retirement system of Mississippi (PERS). Both plans are defined benefit and include (1) a cost-sharing multiple-employer pension plan and, (2) an agent multiple-employer pension plan. The majority of the City's full-time employees participate in the cost-sharing multiple-employer pension plan. Approximately eleven uniformed policemen and firemen participate in the agent multiple-employer pension plan.

For additional information regarding these items, see Note 10 to the Basic Financial Statements.

**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, 2004. This was the first 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

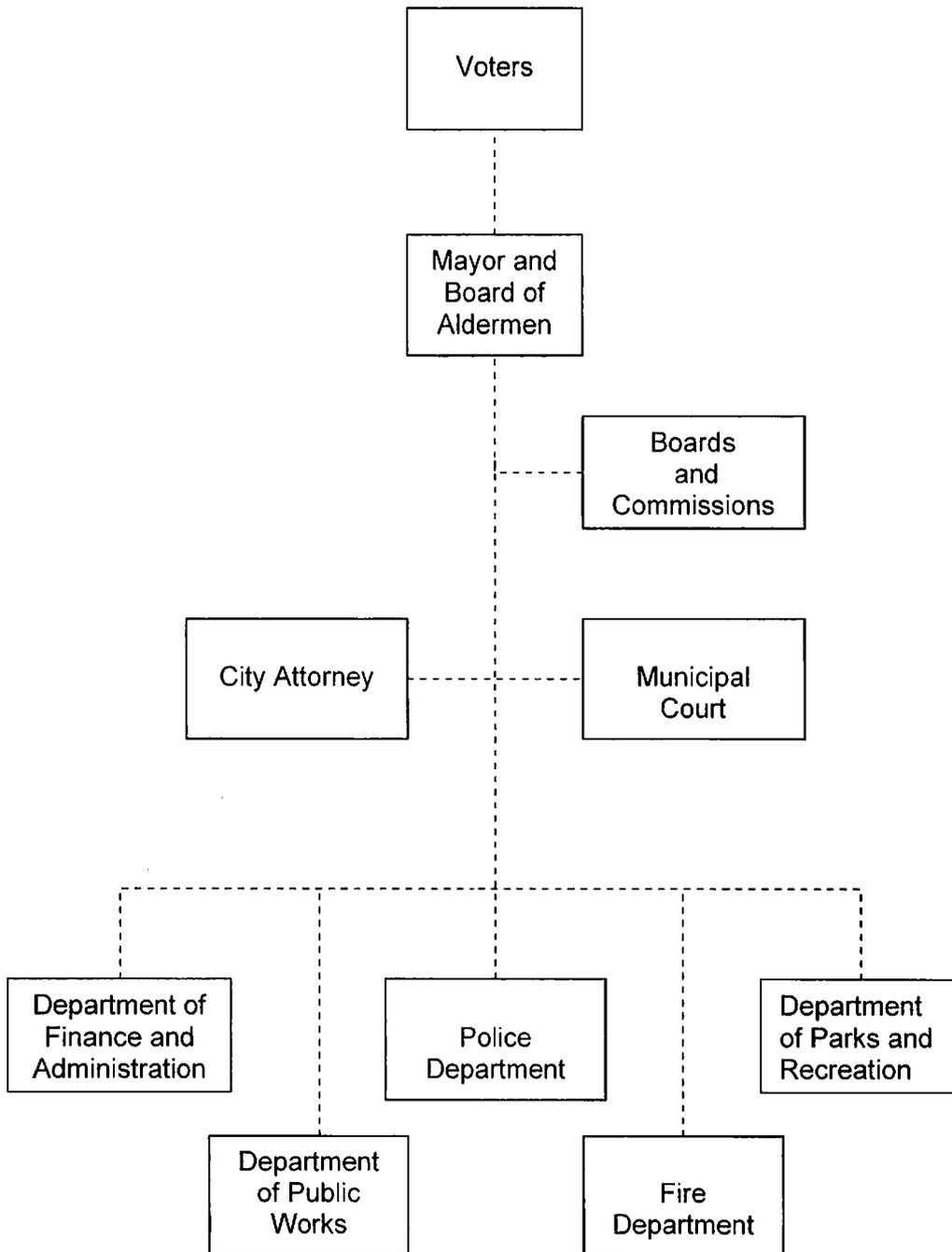


Angela Richburg  
City Accountant

CITY OF CLINTON  
List of Principal Officials  
September 30 2005

<u>Title</u>	<u>Name</u>
Mayor	Rosemary Aultman
Alderman at Large	Jehu Brabham
Alderman, Ward 1	Tony Hisaw
Alderman, Ward 2	Tony Greer
Alderman, Ward 3	Mike Bishop
Alderman, Ward 4	Phil Fisher
Alderman, Ward 5	Mike Morgan
Alderman, Ward 6	William Barnett
City Attorney	Ken Dreher
City Engineer	Richard Broome
Director of Finance/City Clerk	Wayne Derrick
Director of Public Works	Tim Rogers
Director of Community Development	Gary Ward
Police Chief	Don Byington
Fire Chief	Barry Burnside
Director of Parks and Recreation	Ray Holloway
Director of Economic Development	Jim Powell

CITY OF CLINTON  
Organizational Chart  
September 30, 2005



# 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, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emor*

Executive Director

FINANCIAL SECTION

**TANN, BROWN & RUSS CO., LTD.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
415 E. CAPITOL  
JACKSON, MISSISSIPPI 39201  
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

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 September 30, 2005, and for the year then ended, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2005 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and the budgetary comparison schedule – General Fund on pages 69 through 72 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 (including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements, budgetary comparison schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Tamm, Brown & Quas Co.

December 16, 2005

## 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, 2005. Please read it in conjunction with the City's financial statements that begin on page 11.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 through 14) 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 15 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 Assets and the Statement of Activities**

Our analysis of the total City begins on page 5. 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 Assets 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 and liabilities 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 assets and, in addition, the changes which have occurred in them. Think of the City's net assets as the difference between assets (what citizens own) and liabilities (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 assets are 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 Assets 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 7. The fund financial statements begin on page 15 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 New Assets and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

The City maintains two major governmental funds (the General Fund and the Parks and Recreation Project Fund) and fourteen (14) 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 for Governmental Funds. 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 15 through 19 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 20 through 29 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 Trust Fund, which is reported on a full accrual basis. Financial statements can be found on pages 30 and 31 of this report.

### THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$41.9 million at September 30, 2005.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 12,888,077	\$ 8,189,723	\$ 4,051,539	\$ 4,676,084	\$ 16,939,616	\$ 12,865,807
Capital assets	<u>36,271,828</u>	<u>31,299,205</u>	<u>27,880,617</u>	<u>27,357,978</u>	<u>64,152,445</u>	<u>58,657,183</u>
<b>Total assets</b>	<u>49,159,905</u>	<u>39,488,928</u>	<u>31,932,156</u>	<u>32,034,062</u>	<u>81,092,061</u>	<u>71,522,990</u>
Long-term liabilities	13,385,407	6,323,152	15,787,310	14,450,568	29,172,717	20,773,720
Other liabilities	<u>8,182,092</u>	<u>6,787,566</u>	<u>1,871,455</u>	<u>1,645,680</u>	<u>10,053,547</u>	<u>8,433,246</u>
<b>Total liabilities</b>	<u>21,567,499</u>	<u>13,110,718</u>	<u>17,658,765</u>	<u>16,096,248</u>	<u>39,226,264</u>	<u>29,206,966</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	27,169,774	26,861,069	11,403,511	12,338,192	38,573,285	39,199,261
Restricted	215,525	352,440	895,434	1,214,910	1,110,959	1,567,350
Unrestricted	<u>207,107</u>	<u>(835,299)</u>	<u>1,974,446</u>	<u>2,384,712</u>	<u>2,181,553</u>	<u>1,549,413</u>
<b>Total net assets</b>	<u>\$ 27,592,406</u>	<u>\$ 26,378,210</u>	<u>\$ 14,273,391</u>	<u>\$ 15,937,814</u>	<u>\$ 41,865,797</u>	<u>\$ 42,316,024</u>

The largest portion of the City's net assets (92 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**

At September 30, 2005 the City has positive balances in all three categories of net assets in business-type activities and in all three categories in governmental activities. The negative unrestricted net assets for governmental activities at September 30, 2004 resulted primarily from certain capital projects that were started prior to year-end while the related debt proceeds were received after the fiscal year end. The City's total net assets decreased \$450 thousand during the current fiscal year.

City of Clinton Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 529,488	\$ 373,085	\$ 5,503,904	\$ 5,207,501	\$ 6,033,392	\$ 5,580,586
Operating grants and contributions	596,968	391,053			596,968	391,053
Capital grants and contributions	1,110,098	3,050,960	61,917	176,750	1,172,015	3,227,710
General revenues:						
Property taxes	6,333,652	5,794,411			6,333,652	5,794,411
Sales taxes	3,729,668	3,662,642			3,729,668	3,662,642
Franchise charges	696,984	648,365			696,984	648,365
Shared grants and revenues	423,462	355,449			423,462	355,449
Other	255,770	188,244	70,102	97,114	325,872	285,358
Transfers	961,515		(961,515)		0	
<b>Total revenues</b>	<b>14,637,605</b>	<b>14,464,209</b>	<b>4,674,408</b>	<b>5,481,365</b>	<b>19,312,013</b>	<b>19,945,574</b>
<b>Expenses:</b>						
General government	1,161,010	1,086,798			1,161,010	1,086,798
Public safety	6,847,513	6,443,036			6,847,513	6,443,036
Public works	3,255,356	3,060,639			3,255,356	3,060,639
Culture and recreation	1,414,397	1,219,893			1,414,397	1,219,893
Economic development	148,948	145,971			148,948	145,971
Interest on long-term debt	596,185	351,396			596,185	351,396
Water and sewer			5,260,282	5,080,824	5,260,282	5,080,824
Garbage			1,078,549	979,993	1,078,549	979,993
<b>Total expenses</b>	<b>13,423,409</b>	<b>12,307,733</b>	<b>6,338,831</b>	<b>6,060,817</b>	<b>19,762,240</b>	<b>18,368,550</b>
<b>Increase in net assets</b>	<b>1,214,196</b>	<b>2,156,476</b>	<b>(1,664,423)</b>	<b>(579,452)</b>	<b>(450,227)</b>	<b>1,577,024</b>
<b>Net assets - beginning</b>	<b>26,378,210</b>	<b>24,221,734</b>	<b>15,937,814</b>	<b>16,517,266</b>	<b>42,316,024</b>	<b>40,739,000</b>
<b>Net assets - ending</b>	<b>\$ 27,592,406</b>	<b>\$ 26,378,210</b>	<b>\$ 14,273,391</b>	<b>\$ 15,937,814</b>	<b>\$ 41,865,797</b>	<b>\$ 42,316,024</b>

**Governmental activities.** Governmental activities increased the City's net assets by \$1.2 million during the year. Capital asset additions totaled \$10.0 million in 2005, offset by depreciation expense totaling \$2.6 million. Capital grants and contributions in 2005 were significantly lower than 2004 because in 2004 \$1 million in grant revenue for the Natchez trace Visitors Center project, \$1.2 million of infrastructure assets, which were dedicated to the City by

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

developers, and \$500 thousand of land donated to the City for a new library and a public works facility was accepted by the City. In 2005 the City accepted Capital grants and Contributions of \$1.1 million compared to 2004 of \$3.0 million.

**Business-type activities.** Business type activities decreased the City's net assets by \$1.7 million. Long-term liability additions in 2005 totaled \$2.2 million because of loans of \$1.3 million for the construction of an elevated water storage tank and a loan of \$900 thousand for a sewer rehabilitation project. Approximately \$1.0 million was transferred to a capital project fund in 2005 for construction of a public works facility.

**THE CITY'S FUNDS**

The following schedules present a summary of the changes in fund balances and net assets 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	\$ 1,859,017	\$ (199,748)	\$ 1,659,269
Special revenue funds	136,018	(38,383)	97,635
Debt service funds	216,422	20,047	236,469
Parks and recreation project fund	(364,230)	3,263,276	2,899,046
Non-major capital project funds	338,402	159,581	497,983
<b>Total governmental funds</b>	<b>\$ 2,185,629</b>	<b>\$ 3,204,773</b>	<b>\$ 5,390,402</b>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 15,778,057	\$ (1,734,811)	\$ 14,043,246
Garbage collection fund	178,408	59,960	238,368
Self-funded group insurance fund	(112,855)	65,718	(47,137)
<b>Total proprietary funds</b>	<b>\$ 15,843,610</b>	<b>\$ (1,609,133)</b>	<b>\$ 14,234,477</b>

The capital projects funds had a combined increase in fund balance as a result of borrowed proceeds received in 2005 for new capital projects.

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 negative net assets because the cost of claims incurred in 2004 was higher than expected. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

## CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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### GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available exceeded original budgeted funds available by \$640 thousand. This increase resulted principally from the receipt of proceeds from lease purchase agreements of \$466 thousand. Final budgeted expenditures were \$823 thousand more than those originally budgeted. Key elements of this increase were as follows:

- \$ 130,000 increase in personal services
- \$ 77,000 increase in operating supplies
- \$ 153,000 increase in other services and charges
- \$ 18,000 increase in capital outlay
- \$ 431,000 increase in debt service
- \$ 14,000 increase in transfers and other charges

Actual funds available were \$209 thousand less than final budgeted. The majority of this difference consisted of a \$298 thousand shortfall in the beginning fund balance.

Actual expenditures were \$11 thousand more than those finally budgeted.

For additional information, see Required Supplementary Information beginning on page 69.

### CAPITAL ASSETS

**Governmental activities.** The City's investment in net capital assets for its governmental activities amounted to \$36.2 million at September 30, 2005. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$10.0 million. Significant increases were:

- \$3.1 million – construction of Brighton Park and renovation of Traceway Park
- \$1.7 million - construction of the Clinton Natchez Trace Visitors Center
- \$1.6 million – street and drainage infrastructure
- \$1.6 million - construction of the Public Works facility
- \$1.0 million – equipment and vehicles
- \$278 thousand – preliminary engineering costs associated with the construction of the Northside Corridor
- \$306 thousand – construction of infrastructure related to Wal-Mart TIF bond
- \$38 thousand – design and construction of proposed Quisenberry Library
- \$378 thousand - various other

Depreciation expense amounted to \$2.6 million for 2005 and \$2.3 million for 2004. Accumulated depreciation at September 30, 2005 and 2004 was \$ 21.6 million and \$19.8 million, respectively.

**Business-type activities.** At September 30, 2005, the City's business-type net capital assets amounted to \$27.9 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Asset additions, which totaled

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

\$3.1 million during the year, were made to (1) water and sewer systems improvements in the amount of \$1.6 million; (2) vehicles and equipment totaling \$227 thousand; and (3) construction in progress related to the construction of a raised water tank in the amount of \$1.3 million. Depreciation expense amounted to \$1.3 million for 2005 and \$1.3 million for 2004. Accumulated depreciation at September 30, 2005 and 2004 was \$ 13.6 million and \$12.7 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 4,767,686	\$ 4,562,351	\$ 177,512	\$ 163,512	\$ 4,945,198	\$ 4,725,863
Buildings	4,440,041	2,657,666	222,030	200,209	4,662,071	2,857,875
Other improvements	1,282,132	1,679,811			1,282,132	1,679,811
Water and sewer systems and improvements			26,946,996	26,400,619	26,946,996	26,400,619
Equipment and vehicles	2,200,554	1,827,291	534,079	545,692	2,734,633	2,372,983
Infrastructure	17,666,428	17,574,475			17,666,428	17,574,475
Construction in progress	5,914,987	2,997,611		47,946	5,914,987	3,045,557
<b>Total</b>	<b>\$ 36,271,828</b>	<b>\$ 31,299,205</b>	<b>\$ 27,880,617</b>	<b>\$ 27,357,978</b>	<b>\$ 64,152,445</b>	<b>\$ 58,657,183</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 \$13.3 million. This account classification includes general obligation bonds, tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt increased by \$7.4 million. This increase was due primarily to debt of \$7.7 million, which was associated with the construction of the Public Works building, Brighton Park, and renovations to Traceway Park. Payments of principal and interest due within one year total \$1.8 million.

**Business-type activities.** Long-term debt associated with the City's business-type activities totaled \$16.7 million at September 30, 2005. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major portion of this debt, \$9.5 million, is associated with the City's wastewater treatment facility. During the year ended September 30, 2005, debt associated with the City's business-type activities increased by \$1.4 million. This increase was due primarily to debt of \$1.3 million which was associated with the construction of an elevated water tank. Payments of principal and interest due within one year total \$1.5 million.

For additional information, see Note 7 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 2,020,000	\$ 2,670,000	\$ 1,655,000	\$ 1,795,000	\$ 3,675,000	\$ 4,465,000
Revenue bonds			896,796	972,645	896,796	972,645
Tax increment limited obligation bonds	1,632,000	1,705,000			1,632,000	1,705,000
Notes payable	8,439,154	767,394	13,859,057	12,207,162	22,298,211	12,974,556
Capital lease obligations	1,214,990	803,520	275,194	264,880	1,490,184	1,068,400
<b>Total</b>	<b>\$ 13,306,144</b>	<b>\$ 5,945,914</b>	<b>\$ 16,686,047</b>	<b>\$ 15,239,687</b>	<b>\$ 29,992,191</b>	<b>\$ 21,185,601</b>

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

Major revenue sources are expected to increase moderately during the next fiscal year. Expenditures are expected to follow suit, with increased costs resulting in providing services to the citizens residing in the newly annexed area of the City. 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 2006.

**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 ASSETS

September 30, 2005

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,970,918	\$ 935,604	\$ 6,906,522
Receivables	6,630,245	949,753	7,579,998
Prepaid expenses	15,604	-	15,604
Internal balances	(30,685)	30,685	-
Restricted assets:			
Cash and cash equivalents	-	1,574,904	1,574,904
Capital assets:			
Land and construction in progress	10,682,673	177,512	10,860,185
Other capital assets, net of depreciation	25,589,155	27,703,105	53,292,260
Intangible assets, net of amortization	<u>301,995</u>	<u>560,593</u>	<u>862,588</u>
 Total Assets	 <u>49,159,905</u>	 <u>31,932,156</u>	 <u>81,092,061</u>
<u>LIABILITIES</u>			
Accounts payable	1,617,510	255,223	1,872,733
Accrued interest payable	365,943	75,943	441,886
Claims liability	80,292	-	80,292
Due to other governments	24,231	-	24,231
Deferred revenue	4,801,113	-	4,801,113
Customer deposits	-	567,825	567,825
Long-term debt:			
Due within one year	1,058,003	933,464	1,991,467
Due in more than one year	12,248,141	15,752,583	28,000,724
Compensated absences payable:			
Due within one year	235,000	39,000	274,000
Due in more than one year	387,651	34,727	422,378
Net pension obligation	<u>749,615</u>	<u>-</u>	<u>749,615</u>
 Total Liabilities	 <u>21,567,499</u>	 <u>17,658,765</u>	 <u>39,226,264</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED  
September 30, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	27,169,774	11,403,511	38,573,285
Restricted for:			
Capital projects	-	737,121	737,121
Debt service	117,890	158,313	276,203
Economic development (restricted by enabling legislation)	97,635	-	97,635
Unrestricted	<u>207,107</u>	<u>1,974,446</u>	<u>2,181,553</u>
 Total Net Assets	 <u>\$ 27,592,406</u>	 <u>\$ 14,273,391</u>	 <u>\$ 41,865,797</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for		Governmental Activities	Business-Type Activities	Total
		Services	Operating			
<b>Governmental Activities:</b>						
General government	\$ 1,161,010	\$ -	\$ -	\$ (1,161,010)	\$ -	\$ (1,161,010)
Public safety	6,847,513	474,684	247,740	(5,888,300)	-	(5,888,300)
Public works	3,255,356	4,180	349,228	(2,053,848)	-	(2,053,848)
Culture and recreation	1,414,397	50,624	-	(1,338,564)	-	(1,338,564)
Economic development	148,948	-	-	(148,948)	-	(148,948)
Interest and fiscal charges on long-term debt	596,185	-	-	(596,185)	-	(596,185)
<b>Total governmental activities</b>	<b>13,423,409</b>	<b>529,488</b>	<b>596,968</b>	<b>(11,186,855)</b>	<b>-</b>	<b>(11,186,855)</b>
<b>Business-Type Activities:</b>						
Water and sewer	5,260,282	4,368,760	-	-	(829,605)	(829,605)
Garbage collection	1,078,549	1,135,144	-	-	56,595	56,595
<b>Total business-type activities</b>	<b>6,338,831</b>	<b>5,503,904</b>	<b>-</b>	<b>-</b>	<b>(773,010)</b>	<b>(773,010)</b>
<b>Total</b>	<b>\$19,762,240</b>	<b>\$6,033,392</b>	<b>\$ 596,968</b>	<b>\$ (11,186,855)</b>	<b>\$ (773,010)</b>	<b>\$ (11,959,865)</b>

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED  
Year Ended September 30, 2005

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	\$ 6,333,652	\$ -	\$ 6,333,652
Local sales tax	90,723	-	90,723
Franchise charges	696,984	-	696,984
Privilege licenses	30,141	-	30,141
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	3,997,194	-	3,997,194
County shared revenues	65,213	-	65,213
Interest	140,371	70,102	210,473
Miscellaneous	85,258	-	85,258
Transfers	961,515	(961,515)	-
Total General Revenues and Transfers	12,401,051	(891,413)	11,509,638
Change in Net Assets	1,214,196	(1,664,423)	(450,227)
Net Assets - Beginning	26,378,210	15,937,814	42,316,024
Net Assets - Ending	\$ 27,592,406	\$ 14,273,391	\$ 41,865,797

See accompanying notes to the basic financial statements.

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2005

	General Fund	Parks and Recreation Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Assets:				
Cash and cash equivalents	\$1,465,253	\$3,729,266	\$ 775,885	\$ 5,970,404
Receivables:				
Property taxes	119,790	-	17,702	137,492
Sales and tourism tax	295,736	-	9,868	305,604
City utilities tax	6,425	-	-	6,425
Franchise charges	204,060	-	-	204,060
Federal grants	173,944	-	282,240	456,184
Other grants	3,000	-	-	3,000
Prepaid expenses	-	-	15,604	15,604
Due from other funds	<u>94,795</u>	<u>-</u>	<u>38,433</u>	<u>133,228</u>
 Total Assets	 <u>\$2,363,003</u>	 <u>\$3,729,266</u>	 <u>\$ 1,139,732</u>	 <u>\$ 7,232,001</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 663,640	\$ 830,220	\$ 123,650	\$ 1,617,510
Deferred grant revenue	-	-	27,722	27,722
Due to other funds	15,863	-	156,273	172,136
Due to other governments	<u>24,231</u>	<u>-</u>	<u>-</u>	<u>24,231</u>
 Total Liabilities	 <u>703,734</u>	 <u>830,220</u>	 <u>307,645</u>	 <u>1,841,599</u>
Fund balances:				
Unreserved, reported in:				
General fund	1,659,269	-	-	1,659,269
Special revenue funds	-	-	97,635	97,635
Debt service funds	-	-	236,469	236,469
Capital projects funds	<u>-</u>	<u>2,899,046</u>	<u>497,983</u>	<u>3,397,029</u>
 Total Fund Balances	 <u>1,659,269</u>	 <u>2,899,046</u>	 <u>832,087</u>	 <u>5,390,402</u>
 Total Liabilities and Fund Balances	 <u>\$2,363,003</u>	 <u>\$3,729,266</u>	 <u>\$ 1,139,732</u>	 <u>\$ 7,232,001</u>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED  
September 30, 2005

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

Total Governmental Fund Balances \$ 5,390,402

Differences:

The portion of sales taxes receivable and certain other  
receivables that are not measurable and available at  
fiscal year-end are not reported in the funds. 711,449

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 36,271,828

Bond issue costs are reflected as expenditures in the fund  
statements when paid but are amortized over the term of  
the bonds by the governmental activities. 301,995

Interest is not recorded in the funds until the payment date. (365,944)

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds. (14,678,410)

The internal service fund's net assets (deficit) 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. (38,914)

Net Assets - Governmental Activities \$ 27,592,406

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, 2005

	General Fund	Parks and Recreation Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$5,488,310	\$ -	\$ 845,342	\$ 6,333,652
Licenses and permits	888,356	-	-	888,356
Intergovernmental	4,534,349	-	454,898	4,989,247
Charges for services	55,476	-	11,393	66,869
Fines	301,558	-	-	301,558
Interest	39,778	70,570	30,023	140,371
Contributions	32,613	-	3,550	36,163
Miscellaneous	183,002	-	-	183,002
<b>Total Revenues</b>	<u>11,523,442</u>	<u>70,570</u>	<u>1,345,206</u>	<u>12,939,218</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,235,408	-	12,937	1,248,345
Public safety	6,318,411	-	9,376	6,327,787
Public works	1,670,618	-	-	1,670,618
Culture and recreation	944,160	-	55,351	999,511
Economic development	93,739	-	54,451	148,190
Debt service	812,771	189,862	1,007,182	2,009,815
Capital outlay	1,609,383	3,117,432	2,373,340	7,100,155
<b>Total Expenditures</b>	<u>12,684,490</u>	<u>3,307,294</u>	<u>3,512,637</u>	<u>19,504,421</u>
<b>Excess of Expenditures Over Revenues</b>	<u>(1,161,048)</u>	<u>(3,236,724)</u>	<u>(2,167,431)</u>	<u>(6,565,203)</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease proceeds	1,058,461	-	-	1,058,461
Loan proceeds	-	6,500,000	1,250,000	7,750,000
Transfers in	-	-	1,065,140	1,065,140
Transfers out	(97,161)	-	(6,464)	(103,625)
<b>Total Other Financing Sources (Uses)</b>	<u>961,300</u>	<u>6,500,000</u>	<u>2,308,676</u>	<u>9,769,976</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED

Year Ended September 30, 2005

	<u>General Fund</u>	<u>Parks and Recreation Project Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Net Change in Fund Balances	(199,748)	3,263,276	141,245	3,204,773
Fund Balances - Beginning	<u>1,859,017</u>	<u>(364,230)</u>	<u>690,842</u>	<u>2,185,629</u>
Fund Balances - Ending	<u>\$1,659,269</u>	<u>\$2,899,046</u>	<u>\$ 832,087</u>	<u>\$ 5,390,402</u>

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

Net Change in Fund Balances - Total Governmental Funds \$ 3,204,773

Differences:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period. 4,520,044

Governmental funds do not reflect the value of capital asset contributions received because they do not provide current financial resources. 452,579

Governmental funds report debt proceeds and issue costs as other financing sources (uses) and report principal payments on the debt as expenditures, while governmental activities report debt proceeds and payments as increases (decreases) in liabilities and amortize debt issue costs over the term of the debt. (7,153,196)

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED

Year Ended September 30, 2005

Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(293,590)
Government funds report revenues when measurable and available while governmental funds report revenues when earned.	428,295
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>55,291</u>
Change in Net Assets - Governmental Activities	<u>\$ 1,214,196</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
September 30, 2005

	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	\$ 795,362	\$ 140,242	\$ 935,604	\$ 514
Receivables:				
Accounts	825,258	-	825,258	-
Special assessments	37,041	-	37,041	-
Reinsurance claims	-	-	-	32,554
Claim refunds	-	-	-	87
Due from other funds	38,908	590	39,498	-
Restricted Cash and Cash Equivalents:				
Customer deposits account	567,825	-	567,825	-
Revenue bond and interest account	269,958	-	269,958	-
Total Current Assets	2,534,352	140,832	2,675,184	33,155

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2005

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Capital Assets:				
Water and sewer systems and other improvements	39,084,839	-	39,084,839	-
Land	177,512	-	177,512	-
Buildings	255,389	-	255,389	-
Equipment and vehicles	<u>1,582,035</u>	<u>338,066</u>	<u>1,920,101</u>	-
	41,099,775	338,066	41,437,841	-
Less accumulated depreciation	<u>(13,410,710)</u>	<u>(146,514)</u>	<u>(13,557,224)</u>	-
Capital Assets (net)	<u>27,689,065</u>	<u>191,552</u>	<u>27,880,617</u>	-
Other Assets:				
Restricted cash and cash equivalents:				
Construction account	737,121	-	737,121	-
Receivable:				
Special assessments (net of current portion)	87,454	-	87,454	-
Intangible Assets:				
Certificate of authority	436,651	-	436,651	-
Loan and bond issue costs	<u>123,942</u>	-	<u>123,942</u>	-
Total Other Assets	<u>1,385,168</u>	-	<u>1,385,168</u>	-
Total Assets	<u>31,608,585</u>	<u>332,384</u>	<u>31,940,969</u>	<u>33,155</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2005

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities:</b>				
Accounts payable	161,207	94,016	255,223	-
Claims liability	-	-	-	80,292
Accrued interest payable	49,298	-	49,298	-
Due to other funds	590	-	590	-
Compensated absences payable - current	39,000	-	39,000	-
Notes payable - current	640,258	-	640,258	-
Capital leases payable - current	68,206	-	68,206	-
General obligation bonds payable - current	140,000	-	140,000	-
<b>Current Liabilities Payable from Restricted Assets:</b>				
Accrued interest payable - revenue bonds	26,645	-	26,645	-
Revenue bonds payable - current	85,000	-	85,000	-
Customer deposits payable	567,825	-	567,825	-
<b>Total Current Liabilities</b>	<b><u>1,778,029</u></b>	<b><u>94,016</u></b>	<b><u>1,872,045</u></b>	<b><u>80,292</u></b>
<b>Noncurrent Liabilities:</b>				
Compensated absences payable	34,727	-	34,727	-
Capital leases payable	206,988	-	206,988	-
Revenue bonds payable	811,796	-	811,796	-
General obligation bonds payable	1,515,000	-	1,515,000	-
Notes payable	13,218,799	-	13,218,799	-
<b>Total Noncurrent Liabilities</b>	<b><u>15,787,310</u></b>	<b><u>-</u></b>	<b><u>15,787,310</u></b>	<b><u>-</u></b>
<b>Total Liabilities</b>	<b><u>17,565,339</u></b>	<b><u>94,016</u></b>	<b><u>17,659,355</u></b>	<b><u>80,292</u></b>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2005

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,211,959	191,552	11,403,511	-
Restricted for:				
Capital projects	737,121	-	737,121	-
Debt service	158,313	-	158,313	-
Unrestricted (deficit)	<u>1,935,853</u>	<u>46,816</u>	<u>1,982,669</u>	<u>(47,137)</u>
 Total Net Assets (Deficit)	 <u>\$ 14,043,246</u>	 <u>\$ 238,368</u>	 <u>\$ 14,281,614</u>	 <u>\$ (47,137)</u>

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

Total Enterprise Funds Net Assets	\$ 14,281,614
Difference:	
The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities.	<u>(8,223)</u>
Net Assets - Business-Type Activities	<u>\$ 14,273,391</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS  
Year Ended September 30, 2005

	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	\$ 2,164,453	\$ -	\$ 2,164,453	\$ -
Sewer service charges	1,830,686	-	1,830,686	-
Other services	324,171	-	324,171	-
Refuse collection charges	-	1,135,144	1,135,144	-
Rents	49,450	-	49,450	-
Premiums	-	-	-	1,135,452
	<u>4,368,760</u>	<u>1,135,144</u>	<u>5,503,904</u>	<u>1,135,452</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,136,382	-	1,136,382	-
Employee benefits	362,505	-	362,505	-
Insurance	23,712	822	24,534	225,156
Claims expense	-	-	-	789,930
Office supplies	10,734	-	10,734	-
Operating supplies:				
Gas and oil	58,928	-	58,928	-
Other	36,236	-	36,236	-
Outside services	611,970	1,028,757	1,640,727	55,334
Repairs and maintenance	419,738	19,734	439,472	-
Telephone	27,570	-	27,570	-
Postage	21,182	-	21,182	-
Printing	5,359	-	5,359	-
Utilities	498,992	-	498,992	-
Rentals	21,580	-	21,580	-
Depreciation	1,296,005	29,236	1,325,241	-

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2005

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Amortization	30,959	-	30,959	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	14,669	-	14,669	-
Total Operating Expenses	<u>4,720,521</u>	<u>1,078,549</u>	<u>5,799,070</u>	<u>1,070,420</u>
Operating Income (Loss)	<u>(351,761)</u>	<u>56,595</u>	<u>(295,166)</u>	<u>65,032</u>
Nonoperating Revenues (Expenses):				
Interest income	66,737	3,365	70,102	686
Interest and fiscal charges	<u>(550,189)</u>	<u>-</u>	<u>(550,189)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), net	<u>(483,452)</u>	<u>3,365</u>	<u>(480,087)</u>	<u>686</u>
Income (Loss) Before Contributions and Transfers	(835,213)	59,960	(775,253)	65,718
Capital Contributions and Grants	61,917	-	61,917	-
Transfers out	<u>(961,515)</u>	<u>-</u>	<u>(961,515)</u>	<u>-</u>
Change in Net Assets	(1,734,811)	59,960	(1,674,851)	65,718
Net Assets (Deficit) - Beginning	<u>15,778,057</u>	<u>178,408</u>	<u>15,956,465</u>	<u>(112,855)</u>
Net Assets (Deficit) - Ending	<u>\$ 14,043,246</u>	<u>\$ 238,368</u>	<u>\$ 14,281,614</u>	<u>\$ (47,137)</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2005

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

Change in Net Assets - Enterprise Funds	\$ (1,674,851)
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Difference:

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

<u>10,428</u>
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Change in Net Assets - Business-Type Activities	<u>\$ (1,664,423)</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, 2005

	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	\$ 4,326,485	\$ 1,161,378	\$ 5,487,863	\$ 276,862
Receipts from interfund services	-	-	-	858,590
Receipts from reinsurance	-	-	-	16,829
Payments to suppliers	(1,927,004)	(958,104)	(2,885,108)	(1,152,453)
Payments to employees	(1,490,202)	-	(1,490,202)	-
 Net Cash Provided (Used) By Operating Activities	 <u>909,279</u>	 <u>203,274</u>	 <u>1,112,553</u>	 <u>(172)</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(1,668,020)	(112,660)	(1,780,680)	-
Transfers to capital project funds	(961,515)	-	(961,515)	-
Proceeds from notes payable	2,230,849	-	2,230,849	-
Principal paid on revenue bonds	(85,000)	-	(85,000)	-
Principal paid on general obligation bonds	(140,000)	-	(140,000)	-
Principal paid on capital leases	(56,886)	-	(56,886)	-
Principal paid on notes payable	(578,953)	-	(578,953)	-
Interest and fiscal charges paid on debt	(533,975)	-	(533,975)	-
Capital contributions and grants	61,917	-	61,917	-
 Net Cash Used For Capital and Related Financing Activities	 <u>(1,731,583)</u>	 <u>(112,660)</u>	 <u>(1,844,243)</u>	 <u>-</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2005

	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	66,737	3,365	70,102	686
Purchase of investments with original maturities in excess of three months	(226,639)	-	(226,639)	-
Sales of investments with original maturities in excess of three months	<u>226,639</u>	<u>-</u>	<u>226,639</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>66,737</u>	<u>3,365</u>	<u>70,102</u>	<u>686</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(755,567)	93,979	(661,588)	514
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,125,833</u>	<u>46,263</u>	<u>3,172,096</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,370,266</u>	<u>\$ 140,242</u>	<u>\$ 2,510,508</u>	<u>\$ 514</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2005

	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)	\$ (351,761)	\$ 56,595	\$ (295,166)	\$ 65,032
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,296,005	29,236	1,325,241	-
Amortization	30,959	-	30,959	-
(Increase) decrease in receivables:				
Accounts	(84,840)	-	(84,840)	-
Reinsurance claims	-	-	-	(25,432)
Claim refunds	-	-	-	1,577
Special assessments	4,832	-	4,832	-
Due from other funds	31,352	26,234	57,586	-
Increase (decrease) in payables:				
Book overdraft in bank account	-	-	-	(17,062)
Accounts	(28,533)	91,209	62,676	-
Claims	-	-	-	(24,287)
Due to other funds	(35,153)	-	(35,153)	-
Customer deposits	37,733	-	37,733	-
Compensated absences	8,685	-	8,685	-
<b>Net Cash Provided (Used) By Operating Activities</b>	<b><u>\$ 909,279</u></b>	<b><u>\$ 203,274</u></b>	<b><u>\$ 1,112,553</u></b>	<b><u>\$ (172)</u></b>
<b>NON-CASH CAPITAL FINANCING ACTIVITIES:</b>				
Non-cash financing of capital assets through capital leases	<u>\$ 67,200</u>	<u>\$ -</u>	<u>\$ 67,200</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF FIDUCIARY NET ASSETS  
September 30, 2005

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ 34,059</u>
 <u>NET ASSETS</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 34,059</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
Year Ended September 30, 2005

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Contributions from other funds	\$ 2,048
Interest	<u>563</u>
Total Additions	2,611
DEDUCTIONS:	
Unemployment claims	<u>210</u>
CHANGE IN NET ASSETS	2,401
NET ASSETS - BEGINNING	<u>31,658</u>
NET ASSETS - ENDING	<u>\$ 34,059</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2005

**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 generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those 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 Assets 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 that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. 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 or meets the following criteria:

- a. Total assets, liabilities, 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, liabilities, revenues or expenditures/expenses of the individual governmental fund 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 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:

Parks and Recreation  
Project Fund

Accounts for the costs incurred for parks and recreation improvements funded by a loan from the Mississippi Development Bank.

PROPRIETARY FUNDS:

Water and Sewer Operations  
Fund

Accounts for the provision of water and sewer services.

Garbage Collection Fund

Accounts for the provision of refuse collection services.

(Continued)

Notes to Basic Financial Statements – Continued

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
<b>Nonmajor Funds:</b>	
SPECIAL REVENUE FUNDS:	
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.
DEBT SERVICE FUNDS:	
Clinton Parkway Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 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.

(Continued)

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
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.
Clinton Public School District Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$5,000,000 School Improvement Series 1986 bonds.

**CAPITAL PROJECTS FUNDS:**

Tax Increment Financing Construction Project Fund – Walmart	Accounts for the proceeds of a tax increment financing (TIF) bond issue being used for the construction of street, water and sewer improvements related to a retail development.
Public Works Facility Project Fund	Accounts for the costs incurred for construction of a public works facility to be funded by a subsequent debt issue.
Northside Corridor Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.

(Continued)

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
Community Development Block Grant Fund – Mega Plastics	Accounts for the proceeds of a Federal grant being used for the construction of street, water and sewer improvements related to an industrial development.
Tax Increment Financing Construction Project Fund – Parkway Center	Accounts for the proceeds of a tax increment financing (TIF) bond issue being used for the construction of street, water and sewer improvements related to a retail development.
Natchez Trace Visitors Center Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of a visitors center.
Library Construction Project Fund:	Accounts for the costs incurred for construction of a library facility to be funded by a subsequent debt issue.
<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.

(Continued)

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
FIDUCIARY FUND:	
Unemployment Compensation Benefit Fund	This benefit trust fund accounts for funds required to be held to pay City employees' unemployment claims. State law requires the City to maintain the fund balance at 2% of the first \$7,000 of compensation paid to each employee during the previous calendar year, and the fund balance is not available for other uses by the City.

**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 Assets 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 and liabilities 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.

(Continued)

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

- 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 and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund and fiduciary fund equity is classified as net assets.

**Basis of Accounting**

In the government-wide Statement of Net Assets 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, and liabilities 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.

(Continued)

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

D. ASSETS, LIABILITIES 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. Investments consist of U.S. treasury bills. 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.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**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.

(Continued)

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

**D. ASSETS, LIABILITIES AND EQUITY - Continued**

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.

**Prepaid Expenses**

In the governmental fund financial statements, the City's prepayment of its estimated matching share to the state for capital grant projects is reflected as prepaid expense until the related construction costs are incurred, because the state returns the prepaid matching share to the City when the related construction costs are incurred.

**Capital Assets**

The accounting treatment of property, plant, and equipment (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 uses a capitalization threshold of \$500.

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

(Continued)

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

**D. ASSETS, LIABILITIES AND EQUITY - Continued**

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 Assets. 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

*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 proceeds of enterprise fund revenue bonds, customer utility deposits, and certain resources set aside for revenue bond repayment and replacement of capital assets, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. 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.

**Intangible Assets, Bond Discounts and Refunding Costs**

Certificates for Public Convenience and Necessity, purchased in connection with the lease of a water and sewer system, and loan and bond issuance costs are reflected in the government-wide and proprietary fund financial statements as intangible assets and amortized on a straight-line basis. The Certificates are being amortized over forty years, and the loan and bond issuance costs are being amortized over the terms of the loans and bonds.

(Continued)

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

**D. ASSETS, LIABILITIES AND EQUITY - Continued**

In the government-wide and proprietary fund financial statements, bond discounts and costs related to refunding of bonds payable are deferred and amortized as interest over the terms of the bonds. Unamortized discounts and refunding costs are netted against 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.

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.

(Continued)

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

**D. ASSETS, LIABILITIES AND EQUITY - Continued**

**Equity Classifications**

*Government-wide Statements*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund and fiduciary fund equity is classified the same as in the government-wide statements.

**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 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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's budget is prepared by fund, department and purpose. In September, the proposed budget is 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 budget. Any changes in the budget must be within the revenues and reserves estimated as available by the accounting department. The budget 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 that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. 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.

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.

(Continued)

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

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 properties, taxes on other properties added to the tax rolls, and an allowance for certain shortfalls in budgeted revenues.

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 directly to the School District, with the exception of certain Debt Service avails which are distributed to the City, as the City administers these funds.

**C. DEFICIT FUND EQUITY**

As of September 30, 2005, the Library Construction Project Fund had a deficit fund balance of \$38,300. The City intends to issue debt subsequent to September 30, 2005 to fund this project, and the deficit fund balance occurred because some project costs were incurred prior to the issuance of the debt.

The Self-Funded Group Insurance Fund had a deficit fund equity of \$47,137 as of September 30, 2005. The City intends to adjust the premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

**NOTE 3. DEPOSITS AND INVESTMENTS**

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, 2005, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer, with the exception of amounts held in bond trust accounts at an out-of-state bank. These bond trust accounts were insured under the Federal Deposit Insurance Corporation deposit insurance coverage applicable to accounts required by bond indentures.

**NOTE 4. RECEIVABLES AND DEFERRED REVENUE**

Receivables at September 30, 2005 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,040,258	\$1,040,258
Special assessments:			
Due within one year	-	37,041	37,041
Due in more than one year	-	186,265	186,265
Property taxes	4,910,883	-	4,910,883
Sales taxes	635,644	-	635,644
Franchise charges	204,060	-	204,060
Federal grants	798,223	-	798,223
Other	<u>81,435</u>	<u>-</u>	<u>81,435</u>
	6,630,245	1,263,564	7,893,809
Allowance for uncollectible amounts	<u>-</u>	<u>(313,811)</u>	<u>(313,811)</u>
Net receivables	<u>\$6,630,245</u>	<u>\$ 949,753</u>	<u>\$7,579,998</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 4. RECEIVABLES AND DEFERRED REVENUE - Continued**

In addition, deferred revenue, the majority of which is related to the above receivables, consisted of the following at September 30, 2005:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred property taxes, levied for use in the subsequent year	\$4,773,391	\$ -	\$4,773,391
Deferred federal grant revenue	<u>27,722</u>	<u>-</u>	<u>27,722</u>
	<u><u>\$4,801,113</u></u>	<u><u>\$ -</u></u>	<u><u>\$4,801,113</u></u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 3,536,516	\$ 25,946	\$ -	\$ 3,562,462
Other land	1,025,835	179,389	-	1,205,224
Construction in progress	<u>2,997,611</u>	<u>5,337,036</u>	<u>(2,419,660)</u>	<u>5,914,987</u>
Total not being depreciated	<u>7,559,962</u>	<u>5,542,371</u>	<u>(2,419,660)</u>	<u>10,682,673</u>
Other capital assets:				
Buildings	4,473,782	1,767,659	-	6,241,441
Other improvements	4,202,794	30,856	-	4,233,650
Equipment and vehicles	6,111,174	1,066,446	(771,120)	6,406,500
Infrastructure	<u>28,702,315</u>	<u>1,565,060</u>	<u>-</u>	<u>30,267,375</u>
	<u>43,490,065</u>	<u>4,430,021</u>	<u>(771,120)</u>	<u>47,148,966</u>
Accumulated depreciation:				
Buildings	1,660,913	140,487	-	1,801,400
Other improvements	2,678,186	273,332	-	2,951,518
Equipment and vehicles	4,283,883	693,183	(771,120)	4,205,946
Infrastructure	<u>11,127,840</u>	<u>1,473,107</u>	<u>-</u>	<u>12,600,947</u>
	<u>19,750,822</u>	<u>2,580,109</u>	<u>(771,120)</u>	<u>21,559,811</u>
Net other capital assets	<u>23,739,243</u>	<u>1,849,912</u>	<u>-</u>	<u>25,589,155</u>
Capital assets, net	<u><u>\$ 31,299,205</u></u>	<u><u>\$ 7,392,283</u></u>	<u><u>\$ (2,419,660)</u></u>	<u><u>\$ 36,271,828</u></u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS – Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
Capital assets not being depreciated:				
Land	\$ 163,512	\$ 14,000	\$ -	\$ 177,512
Construction in progress	47,946	1,239,744	(1,287,690)	-
Total not being depreciated	<u>211,458</u>	<u>1,253,744</u>	<u>(1,287,690)</u>	<u>177,512</u>
Other capital assets:				
Water and sewer systems and improvements	37,809,493	1,624,001	(348,655)	39,084,839
Buildings	224,317	31,072	-	255,389
Equipment and vehicles	1,796,585	226,753	(103,237)	1,920,101
	<u>39,830,395</u>	<u>1,881,826</u>	<u>(451,892)</u>	<u>41,260,329</u>
Accumulated depreciation:				
Water and sewer systems and improvements	11,408,874	1,077,624	(348,655)	12,137,843
Buildings	24,108	9,251	-	33,359
Equipment and vehicles	1,250,893	238,366	(103,237)	1,386,022
	<u>12,683,875</u>	<u>1,325,241</u>	<u>(451,892)</u>	<u>13,557,224</u>
Net other capital assets	<u>27,146,520</u>	<u>556,585</u>	<u>-</u>	<u>27,703,105</u>
Capital assets, net	<u>\$ 27,357,978</u>	<u>\$ 1,810,329</u>	<u>\$ (1,287,690)</u>	<u>\$ 27,880,617</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 43,695
Public safety	532,366
Public works	1,591,394
Culture and recreation	411,896
Economic development	758
	<u>\$2,580,109</u>
Business-type activities:	
Water and sewer	\$1,296,005
Garbage collection	29,236
	<u>\$1,325,241</u>

(Continued)

**NOTE 6. INTERFUND TRANSACTIONS AND BALANCES**

The majority of interfund balances result from capital project costs incurred prior to the issuance of the related debt to fund the projects.

The composition of interfund balances as of September 30, 2005 was as follows:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	
General Fund	\$ -	\$ 94,795	\$ -	\$ 94,795
Water and Sewer Operations Fund	13,230	25,678	-	38,908
Garbage Collection Fund	-	-	590	590
Nonmajor Governmental Funds	<u>2,633</u>	<u>35,800</u>	<u>-</u>	<u>38,433</u>
Total	<u>\$ 15,863</u>	<u>\$ 156,273</u>	<u>\$ 590</u>	<u>\$ 172,726</u>

The majority of interfund transfers are to fund debt service and capital projects.

Interfund transfers during the year ended September 30, 2005 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	
Nonmajor Governmental Funds	<u>\$ 97,161</u>	<u>\$ 6,464</u>	<u>\$ 961,515</u>	<u>\$1,065,140</u>

(Continued)

**NOTE 7. 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.

**A. GOVERNMENTAL ACTIVITIES DEBT**

As of September 30, 2005, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:	
\$5,000,000 School Improvement – Series 1986 serial bonds dated July 1, 1986; due July 1, 2006; interest at 7.25%.	\$ 470,000
\$3,100,000 Road Improvement – Series 1996 serial bonds dated July 1, 1996; due in annual installments of \$225,000 to \$295,000 through July 1, 2011; interest varies from 5.0% to 5.25%.	<u>1,550,000</u> <u>2,020,000</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

A. GOVERNMENTAL ACTIVITIES DEBT - Continued

Tax Increment Limited Obligation Bonds:	
\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$20,000 to \$40,000 through March 1, 2016; interest varies from 4.75% to 5.70%.	345,000
\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$45,000 to \$105,000 through April 1, 2020; interest varies from 5.375% to 6.25%.	1,050,000
\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$13,000 to \$20,000 through March 1, 2019; interest at 4.25%.	<u>237,000</u>
	<u>1,632,000</u>
Notes Payable:	
\$1,000,000 loan payable to the Mississippi Development Authority; interest at 3.75%; monthly installments of \$7,272, including interest, with the final payment due March 1, 2013; secured by the City's share of sales tax collected by the state.	563,951
\$212,747 loan payable to the Mississippi Development Authority; interest at 3%; monthly installments of \$1,469, including interest, with the final payment due October 1, 2013; secured by the City's share of sales tax collected by the state.	125,203
\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$85,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.500% and is payable semiannually; secured by the City's share of sales tax collected by the state.	<u>7,750,000</u>
	<u>8,439,154</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Capital Lease Obligations:

\$471,969 equipment lease dated December 21, 2004; monthly payments of \$6,525, including interest at 3.05%; final payment due August 15, 2011.	423,387
\$193,048 equipment lease dated January 15, 2003; monthly payments of \$5,673, including interest at 3.69%; final payment due November 15, 2005.	22,518
\$51,545 equipment lease dated April 15, 2003; monthly payments of \$548, including interest at 3.37%, with a balloon payment of \$25,800 at the May, 2008 maturity date.	39,824
\$241,740 equipment lease dated May 3, 2004; monthly payments of \$3,705, including interest at 3.34%; final payment due April 20, 2010.	188,711
\$119,223 equipment lease dated November 30, 2004; monthly payments of \$2,158, including interest at 3.3%; final payment due December 15, 2009.	102,568
\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014.	373,794
\$67,269 equipment lease dated June 20, 2005; monthly payments of \$1,228, including interest at 3.64%; final payment due June 15, 2010.	64,188
	<u>1,214,990</u>
<b>Total Governmental Activities Long-Term Debt</b>	<b><u>\$13,306,144</u></b>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

**B. BUSINESS-TYPE ACTIVITIES DEBT**

As of September 30, 2005, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,000,000 Water Improvement – Series 1995 serial bonds dated March 1, 1995; due in annual installments of \$75,000 to \$100,000 through March 1, 2010; interest at 5.5%. \$ 440,000

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$65,000 to \$120,000 through March 1, 2018; interest varies from 4.4% to 4.8%. 1,215,000  
1,655,000

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$85,000 to \$135,000 through October 1, 2013; interest varies from 5.05% to 5.75%; secured by Water and Sewer Operations Fund revenues. 970,000

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; interest at 4.50%; monthly installments of \$10,872, including interest; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 1,014,074

\$10,936,501 loan payable to the Mississippi Department of Environmental Quality; interest at 3%; monthly installments of \$61,942, including interest; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 9,512,629

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

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

<p>\$1,157,361 loan payable to the Mississippi Department of Health; interest at 3.5%; monthly installments of \$6,791, including interest; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024.</p>	<p>1,101,505</p>
<p>\$500,000 loan payable to the Mississippi Development Authority; interest at 2%; monthly installments of \$2,529, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.</p>	<p>500,000</p>
<p>\$250,000 loan payable to the Mississippi Development Authority; interest at 3%; monthly installments of \$1,386, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.</p>	<p>250,000</p>
<p>\$493,655 loan payable to the Mississippi Development Authority; interest at 2%; monthly installments of \$2,497, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025.</p>	<p>493,655</p>
<p>Loan payable to the Mississippi Department of Environmental Quality; maximum of \$4,000,000 available; interest at 2%; based on the outstanding loan balance, monthly installments of \$5,045, including interest, are due beginning August 2007 with final payment due April 2027; secured by the City's share of sales tax collected by the State.</p>	<p><u>987,194</u></p>
	<p><u>13,859,057</u></p>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

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

Capital Lease Obligations:

\$54,444 equipment lease dated November 20, 2001; monthly payments of \$577, including interest at 4.69%, with a balloon payment of \$30,000 at the December, 2006 maturity date.	36,138
\$76,026 equipment lease dated September 4, 2003; monthly payments of \$1,686, including interest at 3.09%, final payment due September 4, 2007.	37,600
\$59,177 equipment lease dated April 15, 2003; monthly payments of \$634, including interest at 3.37%, with a balloon payment of \$29,300 at the May, 2008 maturity date.	45,576
\$53,271 equipment lease dated April 15, 2004; monthly payments of \$955, including interest at 2.89%; final payment due April 15, 2009.	38,950
\$72,268 equipment lease dated April 15, 2004; monthly payments of \$1,295, including interest at 2.89%; final payment due April 15, 2009.	52,840
\$67,200 equipment lease dated February 15, 2005; monthly payments of \$1,214, including interest at 3.21%; final payment due June 15, 2010.	<u>64,090</u> <u>275,194</u>
Unamortized bond refunding cost and bond discount	<u>(73,204)</u>
<b>Total Business-Type Activities Long-Term Debt</b>	<b><u>\$16,686,047</u></b>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2005, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2006	\$ 695,000	\$ 114,410	\$ 80,972	\$ 494,093	\$ 78,000	\$ 90,148	\$ 1,552,623
2007	235,000	69,085	169,315	332,115	79,000	85,889	970,404
2008	250,000	57,100	217,419	324,173	89,000	81,915	1,019,607
2009	265,000	44,100	340,639	312,403	100,500	77,395	1,140,037
2010	280,000	30,188	363,978	297,365	101,000	72,266	1,144,797
2011-2015	295,000	15,488	1,976,831	1,238,050	607,500	273,448	4,406,317
2016-2020	-	-	2,205,000	863,718	577,000	99,845	3,745,563
2021-2025	-	-	3,085,000	341,063	-	-	3,426,063
	<u>\$ 2,020,000</u>	<u>\$ 330,371</u>	<u>\$ 8,439,154</u>	<u>\$ 4,202,980</u>	<u>\$ 1,632,000</u>	<u>\$ 780,906</u>	<u>\$ 17,405,411</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2006	\$ 140,000	\$ 77,545	\$ 640,258	\$ 385,551	\$ 85,000	\$ 51,144	\$ 1,379,498
2007	150,000	70,313	671,939	370,374	90,000	46,658	1,399,284
2008	165,000	62,410	727,892	364,875	95,000	41,800	1,456,977
2009	175,000	53,835	750,887	341,881	100,000	36,583	1,458,186
2010	185,000	44,718	774,639	318,130	105,000	30,995	1,458,482
2011-2015	485,000	146,181	4,203,124	1,206,354	495,000	58,371	6,594,030
2016-2020	355,000	25,800	4,237,823	570,480	-	-	5,189,103
2021-2025	-	-	1,751,820	64,176	-	-	1,815,996
2026-2030	-	-	100,675	1,591	-	-	102,266
	<u>\$ 1,655,000</u>	<u>\$ 480,802</u>	<u>\$ 13,859,057</u>	<u>\$ 3,623,412</u>	<u>\$ 970,000</u>	<u>\$ 265,551</u>	<u>\$ 20,853,822</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. 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, 2005, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2006	\$ 238,881	\$ 76,317
2007	216,189	98,863
2008	239,250	75,298
2009	209,616	30,313
2010	167,984	10,924
2011-2015	<u>268,224</u>	<u>-</u>
Total minimum lease payments	1,340,144	291,715
Less amount representing interest	<u>(125,154)</u>	<u>(16,521)</u>
Present value of future minimum lease payments	<u>\$1,214,990</u>	<u>\$ 275,194</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2005:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,722,760	\$ 382,386
Accumulated depreciation	<u>(548,538)</u>	<u>(170,120)</u>
Carrying Value	<u>\$1,174,222</u>	<u>\$ 212,266</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. LONG-TERM DEBT - Continued**

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

During the year ended September 30, 2005, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
General obligation bonds	\$ 2,670,000	\$ -	\$ (650,000)	\$ 2,020,000	\$ 695,000
Notes payable	767,394	7,750,000	(78,240)	8,439,154	80,972
Limited obligation bonds	1,705,000	-	(73,000)	1,632,000	78,000
Capital lease obligations	803,520	1,058,461	(646,991)	1,214,990	204,031
	5,945,914	8,808,461	(1,448,231)	13,306,144	1,058,003
Compensated absences	648,591	235,358	(261,298)	622,651	235,000
Net pension obligation	690,879	58,736	-	749,615	-
	<u>\$ 7,285,384</u>	<u>\$9,102,555</u>	<u>\$(1,709,529)</u>	<u>\$14,678,410</u>	<u>\$1,293,003</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
General obligation bonds	\$ 1,795,000	\$ -	\$ (140,000)	\$ 1,655,000	\$ 140,000
Notes payable	12,207,162	2,230,849	(578,954)	13,859,057	640,258
Revenue bonds	1,055,000	-	(85,000)	970,000	85,000
Capital lease obligations	264,880	67,200	(56,886)	275,194	68,206
Unamortized bond refunding cost and bond discount	(82,355)	-	9,151	(73,204)	-
	15,239,687	2,298,049	(851,689)	16,686,047	933,464
Compensated absences	65,042	50,533	(41,848)	73,727	39,000
	<u>\$15,304,729</u>	<u>\$2,348,582</u>	<u>\$(893,537)</u>	<u>\$16,759,774</u>	<u>\$ 972,464</u>

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

(Continued)

**NOTE 8. 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, 2005 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(735,050)</u>
Carrying value	<u>\$ 219,950</u>

The City receives annual payments of \$24,313 from the Clinton Public School District for its usage of certain City park facilities, which are also available for use by the public. The agreement term ends December 31, 2012, but the Clinton Public School District can terminate the agreement after January 1, 2006.

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>
2006	\$ 10,100	\$ 61,800
2007	10,100	45,900
2008	10,100	15,975
2009	-	12,000
2010	-	12,000
	<u>\$ 30,300</u>	<u>\$ 147,675</u>

(Continued)

**NOTE 9. 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>
2006	\$ 32,801	\$ 14,130
2007	32,801	14,130
2008	24,684	10,930
2009	23,114	10,330
2010	22,800	10,330
2011-2015	114,000	51,650
2016-2020	114,000	51,650
2021-2025	99,000	51,650
2026-2030	79,200	47,300
2031-2035	<u>11,960</u>	<u>-</u>
Total minimum lease payments	<u>\$ 554,360</u>	<u>\$ 262,100</u>

Rent expense during the year ended September 30, 2005 for all operating leases was as follows:

Governmental activities	\$ 74,111
Business-type activities	<u>21,580</u>
	<u>\$ 95,691</u>

**NOTE 10. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**

A. Deferred Compensation Plan

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 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 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 10. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS - Continued**

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 required to contribute 7.25% 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 10.75% of the annual covered payroll and was increased from the previous 9.75% rate as of July 1, 2005. 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, 2005, 2004, and 2003 were \$1,036,030, \$947,062, and \$857,628, respectively, equal to the required contributions for each year.

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

(Continued)

**NOTE 10. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS - Continued**

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: During the year ended September 30, 2005, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.3% 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 .35 mill general fund tax levy for the years ending September 30, 2005 through 2020, if needed to maintain the actuarial soundness of the CDRF.

Following is an analysis of the funding for the three most recent valuation dates:

Actuarial Valuation Date	September 30,		
	2004	2003	2002
Actuarial Value of Plan Assets	\$ 8,484,000	\$8,589,000	\$ 8,427,000
Actuarial Accrued Liability	<u>9,190,000</u>	<u>8,806,000</u>	<u>8,508,000</u>
Unfunded Actuarial Liability	<u>\$ 706,000</u>	<u>\$ 217,000</u>	<u>\$ 81,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	92.3%	97.5%	99.0%
Annual Covered Payroll	\$ 673,000	\$ 761,000	\$ 737,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	104.9%	28.5%	11.0%

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 10. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS - Continued**

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

Fiscal Year Ended	September 30,		
	2005	2004	2003
Annual required employer contribution	\$ 112,568	\$ 76,815	\$ 63,517
Interest on net pension obligation	55,271	51,911	48,505
Adjustment to annual required contribution	(61,369)	(57,172)	(53,022)
Annual pension cost	106,470	71,554	59,000
Actual employer contribution	(47,734)	(29,559)	(16,426)
Change in net pension obligation	58,736	41,995	42,574
Beginning net pension obligation	690,879	648,884	606,310
Ending net pension obligation	\$ 749,615	\$ 690,879	\$ 648,884

The annual required contribution for the year ended September 30, 2005 was determined as part of the September 30, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include an 8% (including 3.75% price inflation) investment rate of return and projected salary increases of 6% (including 4% wage inflation) per year. 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 of payroll on a closed basis. The remaining amortization period at September 30, 2005 was thirty years.

**NOTE 11. 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 November, 2008, and provides for a monthly charge to the City of \$11.98 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, 2006, and provides for a monthly charge to the City of \$34,897 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

(Continued)

**NOTE 12. 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.

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

**NOTE 13. 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.

Employees of the City are covered by the City's medical self-insurance plan (the "plan"). The City contributed approximately \$294 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 was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage was in effect for individual claims exceeding \$35,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current year was approximately \$900,000. 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 of Governmental Accounting Standards Board No. 10, which requires 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 13. 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>2005</u>	<u>2004</u>
Claims liability, October 1	\$ 104,579	\$ 84,186
Current year claims and changes in estimates	789,930	810,628
Claims paid in current year	<u>(814,217)</u>	<u>(790,235)</u>
Claims liability, September 30	<u>\$ 80,292</u>	<u>\$ 104,579</u>

**NOTE 14. SUBSEQUENT EVENTS**

The City issued lease purchase debt of \$112,660 subsequent to September 30, 2005 to finance the purchase of garbage collection equipment. The debt will be repaid by the Garbage Collection Fund over a six-year term at 4.25% interest.

The City has expressed its intent to issue limited obligation tax increment financing bonds totaling \$1 million for a commercial development project. The City has entered into an agreement with the developer whereby the City will reimburse the developer for project infrastructure costs from the City's bond proceeds.

The City's annexation of certain areas during the fiscal year ended September 30, 2004 has been appealed by some property owners within the annexed areas. Therefore, the infrastructure assets (streets, right of way, etc.) associated with the annexed areas have not been reflected in the City's financial statements, pending the outcome of the appeals.

REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF CLINTON

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Licenses and permits	\$ 753,000	\$ 858,000	\$ 881,554	\$ 23,554
Intergovernmental revenues	4,397,404	4,491,504	4,389,092	(102,412)
Charges for services	8,000	14,000	55,476	41,476
Fines and forfeitures	314,000	269,000	301,558	32,558
Interest earned	25,000	35,000	39,778	4,778
Proceeds from lease-purchase agreements	592,000	1,058,461	1,058,461	-
Miscellaneous	634,851	255,673	215,615	(40,058)
Total receipts, other than taxes	6,724,255	6,981,638	6,941,534	(40,104)
Beginning fund balance	1,126,412	1,508,998	1,211,082	(297,916)
Total available, other than taxes	7,850,667	8,490,636	8,152,616	(338,020)
Ad valorem taxes to be provided by levy	5,355,389	5,355,389	5,484,470	129,081
Total Available From All Sources	<u>13,206,056</u>	<u>13,846,025</u>	<u>13,637,086</u>	<u>(208,939)</u>
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	-	242,717	242,128	(589)
Supplies	-	8,800	8,105	(695)
Other services and charges	-	17,850	12,176	(5,674)
Capital outlay	-	1,200	995	(205)
Total elected officials	-	<u>270,567</u>	<u>263,404</u>	<u>(7,163)</u>
Court services:				
Personal services	-	86,225	71,486	(14,739)
Supplies	-	8,000	8,912	912
Other services and charges	-	74,600	77,212	2,612
Capital outlay	-	1,800	895	(905)
Total court services	-	<u>170,625</u>	<u>158,505</u>	<u>(12,120)</u>
Administration:				
Personal services	654,511	324,654	330,200	5,546
Supplies	37,500	26,500	27,571	1,071
Other services and charges	254,200	267,000	327,228	60,228
Capital outlay	20,000	116,800	21,862	(94,938)
Total administration	<u>966,211</u>	<u>734,954</u>	<u>706,861</u>	<u>(28,093)</u>
Planning and zoning:				
Personal services	54,160	58,310	58,831	521
Supplies	5,900	4,500	4,206	(294)
Other services and charges	30,300	19,140	16,076	(3,064)
Total planning and zoning	<u>90,360</u>	<u>81,950</u>	<u>79,113</u>	<u>(2,837)</u>
Total General Government	<u>1,056,571</u>	<u>1,258,096</u>	<u>1,207,883</u>	<u>(50,213)</u>

(Continued)

## CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public safety:				
Police:				
Personal services	2,656,460	2,829,245	2,859,766	30,521
Supplies	215,700	256,700	273,198	16,498
Other services and charges	234,050	266,050	257,165	(8,885)
Capital outlay	49,008	49,008	172,100	123,092
Debt service	68,076	68,076	68,076	-
Total police	<u>3,223,294</u>	<u>3,469,079</u>	<u>3,630,305</u>	<u>161,226</u>
Fire:				
Personal services	2,389,929	2,435,654	2,444,028	8,374
Supplies	125,900	158,900	139,736	(19,164)
Other services and charges	207,500	226,500	218,386	(8,114)
Capital outlay	567,500	567,500	591,488	23,988
Debt service	291,760	734,143	734,439	296
Total fire	<u>3,582,589</u>	<u>4,122,697</u>	<u>4,128,077</u>	<u>5,380</u>
Inspection:				
Personal services	97,223	77,973	77,879	(94)
Supplies	13,700	13,700	10,556	(3,144)
Other services and charges	10,400	9,285	6,483	(2,802)
Total inspection	<u>121,323</u>	<u>100,958</u>	<u>94,918</u>	<u>(6,040)</u>
Total Public Safety	<u>6,927,206</u>	<u>7,692,734</u>	<u>7,853,300</u>	<u>160,566</u>
Street:				
Personal services	831,942	819,892	822,663	2,771
Supplies	369,300	369,300	386,135	16,835
Other services and charges	387,500	410,500	440,122	29,622
Capital outlay	876,500	794,500	620,495	(174,005)
Debt service	22,484	11,484	10,256	(1,228)
Total Street	<u>2,487,726</u>	<u>2,405,676</u>	<u>2,279,671</u>	<u>(126,005)</u>

(Continued)

CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2005

	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	669,465	608,440	619,931	11,491
Supplies	176,200	175,200	185,011	9,811
Other services and charges	145,400	131,200	132,527	1,327
Capital outlay	96,970	96,970	108,518	11,548
Total Parks and Recreation	<u>1,088,035</u>	<u>1,011,810</u>	<u>1,045,987</u>	<u>34,177</u>
Economic development:				
Supplies	2,800	2,800	2,484	(316)
Other services and charges	101,000	101,000	90,932	(10,068)
Capital outlay	1,000	1,000	-	(1,000)
Total Economic Development	<u>104,800</u>	<u>104,800</u>	<u>93,416</u>	<u>(11,384)</u>
Transfers and other charges	<u>133,057</u>	<u>147,197</u>	<u>151,191</u>	<u>3,994</u>
Total expenditures	11,797,395	12,620,313	12,631,448	11,135
Ending fund balance	<u>1,408,661</u>	<u>1,225,712</u>	<u>1,005,638</u>	<u>(220,074)</u>
Total Expenditures and Ending Fund Balance	<u>\$13,206,056</u>	<u>\$13,846,025</u>	<u>\$ 13,637,086</u>	<u>\$ (208,939)</u>

CITY OF CLINTON  
GENERAL FUND  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2005

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	\$ 13,637,086
Differences:	
GAAP basis receivables are reflected as budgetary basis available when received	155,899
Other financing sources are included in budgetary basis available	(1,058,461)
Beginning fund balance is included in budgetary basis available	<u>(1,211,082)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 11,523,442</u>
Expenditures - Budgetary Comparison Schedule	\$ 12,631,448
Differences:	
GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid	96,628
GAAP basis prepaid expenses are reflected as budgetary basis expenditures in the year paid	53,575
Other financing uses are included in budgetary basis expenditures	<u>(97,161)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,684,490</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	1,058,461
Other financing uses are included in budgetary basis expenditures	<u>(97,161)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 961,300</u>

## OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS

September 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 87,512	\$ 216,134	\$ 472,239	\$ 775,885
Receivables:				
Property taxes	-	17,702	-	17,702
Tourism tax	9,868	-	-	9,868
Federal grants	-	-	282,240	282,240
Prepaid expenses	-	-	15,604	15,604
Due from other funds	<u>35,800</u>	<u>2,633</u>	<u>-</u>	<u>38,433</u>
 Total Assets	 <u>\$ 133,180</u>	 <u>\$ 236,469</u>	 <u>\$ 770,083</u>	 <u>\$ 1,139,732</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 7,802	\$ -	\$ 115,848	\$ 123,650
Deferred grant revenue	27,722	-	-	27,722
Due to other funds	<u>21</u>	<u>-</u>	<u>156,252</u>	<u>156,273</u>
 Total Liabilities	 <u>35,545</u>	 <u>-</u>	 <u>272,100</u>	 <u>307,645</u>
Fund Balances:				
Unreserved reported in:				
Special revenue funds	97,635	-	-	97,635
Debt service funds	-	236,469	-	236,469
Capital projects funds	<u>-</u>	<u>-</u>	<u>497,983</u>	<u>497,983</u>
 Total Fund Balance	 <u>97,635</u>	 <u>236,469</u>	 <u>497,983</u>	 <u>832,087</u>
 Total Liabilities and Fund Balances	 <u>\$ 133,180</u>	 <u>\$ 236,469</u>	 <u>\$ 770,083</u>	 <u>\$ 1,139,732</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
Year Ended September 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 845,342	\$ -	\$ 845,342
Intergovernmental	167,265	56,120	231,513	454,898
Charges for services	11,393	-	-	11,393
Interest	3,042	8,589	18,392	30,023
Contributions	3,550	-	-	3,550
	<u>185,250</u>	<u>910,051</u>	<u>249,905</u>	<u>1,345,206</u>
Total Revenues				
Expenditures:				
General government	-	12,937	-	12,937
Public Safety	9,376	-	-	9,376
Culture and Recreation	55,351	-	-	55,351
Economic Development	54,451	-	-	54,451
Debt Service	-	970,851	36,331	1,007,182
Capital Outlay	104,455	-	2,268,885	2,373,340
	<u>223,633</u>	<u>983,788</u>	<u>2,305,216</u>	<u>3,512,637</u>
Total Expenditures				
Excess of Expenditures Over Revenues	<u>(38,383)</u>	<u>(73,737)</u>	<u>(2,055,311)</u>	<u>(2,167,431)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED  
 Year Ended September 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Loan proceeds	-	-	1,250,000	1,250,000
Transfers in	-	100,248	964,892	1,065,140
Transfers out	-	(6,464)	-	(6,464)
Total Other Financing Sources (Uses)	<u>-</u>	<u>93,784</u>	<u>2,214,892</u>	<u>2,308,676</u>
Net Change in Fund Balances	(38,383)	20,047	159,581	141,245
Fund Balances - Beginning	<u>136,018</u>	<u>216,422</u>	<u>338,402</u>	<u>690,842</u>
Fund Balances - Ending	<u>\$ 97,635</u>	<u>\$ 236,469</u>	<u>\$ 497,983</u>	<u>\$ 832,087</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2005

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 57,590	\$ 29,922	\$ 87,512
Tourism tax receivable	9,868	-	9,868
Due from other funds	<u>35,800</u>	<u>-</u>	<u>35,800</u>
 Total Assets	 <u>\$ 103,258</u>	 <u>\$ 29,922</u>	 <u>\$ 133,180</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,602	\$ 2,200	\$ 7,802
Deferred grant revenue	-	27,722	27,722
Due to other funds	<u>21</u>	<u>-</u>	<u>21</u>
 Total Liabilities	 5,623	 29,922	 35,545
Fund Balances:			
Unreserved	<u>97,635</u>	<u>-</u>	<u>97,635</u>
 Total Liabilities and Fund Balances	 <u>\$ 103,258</u>	 <u>\$ 29,922</u>	 <u>\$ 133,180</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended September 30, 2005

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 84,922	\$ -	\$ 84,922
Federal grants	-	82,343	82,343
	<u>84,922</u>	<u>82,343</u>	<u>167,265</u>
Charges for services:			
Visitors Center sales	11,393	-	11,393
Interest	1,803	1,239	3,042
Contributions	3,550	-	3,550
Total Revenues	<u>101,668</u>	<u>83,582</u>	<u>185,250</u>
Expenditures:			
Public Safety:			
Supplies	-	3,186	3,186
Other services and charges	-	6,190	6,190
	<u>-</u>	<u>9,376</u>	<u>9,376</u>
Culture and Recreation:			
Supplies	24,275	-	24,275
Other services and charges	31,076	-	31,076
	<u>55,351</u>	<u>-</u>	<u>55,351</u>
Economic Development:			
Other services and charges	54,451	-	54,451
Capital Outlay	<u>23,227</u>	<u>81,228</u>	<u>104,455</u>
Total Expenditures	<u>133,029</u>	<u>90,604</u>	<u>223,633</u>
Net Change in Fund Balances	(31,361)	(7,022)	(38,383)
Fund Balances - Beginning	<u>128,996</u>	<u>7,022</u>	<u>136,018</u>
Fund Balances - Ending	<u>\$ 97,635</u>	<u>\$ -</u>	<u>\$ 97,635</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2005

	Clinton Parkway 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	Clinton Public School District Bond and Interest Fund	Total Nonmajor Debt Service Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 106,180	\$ 805	\$ 1,598	\$ 122	\$ 107,429	\$ 216,134
Property taxes receivable	6,552	-	-	-	11,150	17,702
Due from other funds	2,633	-	-	-	-	2,633
Total Assets	<u>\$ 115,365</u>	<u>\$ 805</u>	<u>\$ 1,598</u>	<u>\$ 122</u>	<u>\$ 118,579</u>	<u>\$ 236,469</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:						
Unreserved	<u>115,365</u>	<u>805</u>	<u>1,598</u>	<u>122</u>	<u>118,579</u>	<u>236,469</u>
Total Liabilities and Fund Balances	<u>\$ 115,365</u>	<u>\$ 805</u>	<u>\$ 1,598</u>	<u>\$ 122</u>	<u>\$ 118,579</u>	<u>\$ 236,469</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2005

	Clinton Parkway 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	Clinton Public School District Bond and Interest Fund	Total Nonmajor Debt Service Funds
Revenues:						
Property taxes	\$ 305,957	\$ -	\$ -	\$ -	\$ 539,385	\$ 845,342
Intergovernmental:						
State shared revenues	1,939	-	-	-	-	1,939
County shared revenues	-	19,181	35,000	-	-	54,181
	<u>1,939</u>	<u>19,181</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>56,120</u>
Interest	<u>3,459</u>	<u>66</u>	<u>508</u>	<u>122</u>	<u>4,434</u>	<u>8,589</u>
Total Revenues	<u>311,355</u>	<u>19,247</u>	<u>35,508</u>	<u>122</u>	<u>543,819</u>	<u>910,051</u>
Expenditures:						
General government:						
Other services and charges	4,734	61	161	-	7,981	12,937
Debt service	<u>301,986</u>	<u>39,632</u>	<u>104,385</u>	<u>18,873</u>	<u>505,975</u>	<u>970,851</u>
Total Expenditures	<u>306,720</u>	<u>39,693</u>	<u>104,546</u>	<u>18,873</u>	<u>513,956</u>	<u>983,788</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,635</u>	<u>(20,446)</u>	<u>(69,038)</u>	<u>(18,751)</u>	<u>29,863</u>	<u>(73,737)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
 September 30, 2005

	Tax			Tax			Tax			Total Nonmajor Debt Service Funds
	Clinton Parkway Bond and Interest Fund	Increment Financing Bond and Interest Fund - United Artists	Increment Financing Bond and Interest Fund - Walmart	Increment Financing Bond and Interest Fund - Parkway Center	Clinton Public School District Bond and Interest Fund	Clinton Public School District Bond and Interest Fund				
Other Financing Sources (Uses):										
Transfers in	-	20,990	60,385	18,873	-	-	-	-	100,248	
Transfers out	(6,464)	-	-	-	-	-	-	-	(6,464)	
Total Other Financing Sources (Uses)	(6,464)	20,990	60,385	18,873	-	-	-	-	93,784	
Net Change in Fund Balances	(1,829)	544	(8,653)	122	29,863				20,047	
Fund Balances - Beginning	117,194	261	10,251	-	88,716				216,422	
Fund Balances - Ending	\$ 115,365	\$ 805	\$ 1,598	\$ 122	\$ 118,579				\$ 236,469	

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
September 30, 2005

	Tax Increment Financing Construction Project Fund - Walmart	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Library Construction Project Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 198,914	\$ 262,030	\$ 7,916	\$ 2	\$ -	\$ 3,377	\$ -	\$ 472,239
Federal grants receivable	-	193,464	11,059	-	72,517	5,200	-	282,240
Prepaid expenses	-	-	-	-	15,604	-	-	15,604
<b>Total Assets</b>	<b>\$ 198,914</b>	<b>\$ 455,494</b>	<b>\$ 18,975</b>	<b>\$ 2</b>	<b>\$ 88,121</b>	<b>\$ 8,577</b>	<b>\$ -</b>	<b>\$ 770,083</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 17,271	\$ 78,409	\$ 11,059	\$ -	\$ -	\$ 9,109	\$ -	\$ 115,848
Due to other funds	-	25,679	10,487	2	73,253	8,531	38,300	156,252
<b>Total Liabilities</b>	<b>17,271</b>	<b>104,088</b>	<b>21,546</b>	<b>2</b>	<b>73,253</b>	<b>17,640</b>	<b>38,300</b>	<b>272,100</b>
Fund Balances:								
Unreserved	181,643	351,406	(2,571)	-	14,868	(9,063)	(38,300)	497,983
<b>Total Liabilities and Fund Balances</b>	<b>\$ 198,914</b>	<b>\$ 455,494</b>	<b>\$ 18,975</b>	<b>\$ 2</b>	<b>\$ 88,121</b>	<b>\$ 8,577</b>	<b>\$ -</b>	<b>\$ 770,083</b>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
NONMAJOR CAPITAL PROJECTS FUNDS  
Year Ended September 30, 2005

	Tax Increment Financing Construction Project Fund - Walmart	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Library Construction Project Fund	Total Nonmajor Capital Projects Funds
Revenues:								
Intergovernmental:								
Federal grants	\$ -	\$ -	\$ 19,506	\$ -	\$ 20,096	\$ 191,911	\$ -	\$ 231,513
Interest	5,962	12,250	41	48	-	91	-	18,392
Total Revenues	5,962	12,250	19,547	48	20,096	192,002	-	249,905
Expenditures:								
Debt Service:								
Debt issuance costs	-	36,331	-	-	-	-	-	36,331
Capital Outlay	306,338	1,655,195	20,743	24,222	23,022	201,065	38,300	2,268,885
Total Expenditures	306,338	1,691,526	20,743	24,222	23,022	201,065	38,300	2,305,216
Excess of Expenditures Over Revenues	(300,376)	(1,679,276)	(1,196)	(24,174)	(2,926)	(9,063)	(38,300)	(2,055,311)
Other Financing Sources (Uses):								
Loan proceeds	-	1,250,000	-	-	-	-	-	1,250,000
Transfers In	-	961,515	-	3,377	-	-	-	964,892
Total Other Financing Sources (Uses)	-	2,211,515	-	3,377	-	-	-	2,214,892

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 NONMAJOR CAPITAL PROJECTS FUNDS - CONTINUED  
 Year Ended September 30, 2005

	Tax Increment Financing Construction Project Fund - Walmart	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Library Construction Project Fund	Total Nonmajor Capital Projects Funds
Net Change in Fund Balances	(300,376)	532,239	(1,196)	(20,797)	(2,926)	(9,063)	(38,300)	159,581
Fund Balances - Beginning	482,019	(180,833)	(1,375)	20,797	17,794	-	-	338,402
Fund Balances - Ending	\$ 181,643	\$ 351,406	\$ (2,571)	\$ -	\$ 14,868	\$ (9,063)	\$ (38,300)	\$ 497,983

CITY OF CLINTON  
 TOURISM TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 60,000	\$ 70,000	\$ 82,323	\$ 12,323
Interest earned	1,600	1,600	1,803	203
Donations - private sources	-	2,950	3,550	600
Sales	-	9,000	11,393	2,393
Other	82,000	-	-	-
Total Receipts	143,600	83,550	99,069	15,519
Beginning fund balance	107,074	138,409	121,727	(16,682)
Total Available From All Sources	<u>\$ 250,674</u>	<u>\$ 221,959</u>	<u>\$ 220,796</u>	<u>\$ (1,163)</u>
<u>EXPENDITURES</u>				
Visitor center:				
Supplies:				
Cost of sales	\$ -	\$ 6,900	\$ 8,695	\$ 1,795
Other	-	17,000	14,775	(2,225)
Other services and charges	-	28,700	31,064	2,364
Capital outlay	-	17,999	23,227	5,228
Total visitor center	-	70,599	77,761	7,162
Tourism promotion:				
Other services and charges	160,500	80,500	54,451	(26,049)
Transfers to other funds	-	35,800	-	(35,800)
Total Expenditures	160,500	186,899	132,212	(54,687)
Ending fund balance	90,174	35,060	88,584	53,524
Total Expenditures and Ending Fund Balance	<u>\$ 250,674</u>	<u>\$ 221,959</u>	<u>\$ 220,796</u>	<u>\$ (1,163)</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Participation receipts from U.S. Justice Department	\$ 10,000	\$ 10,000	\$ 19,559	\$ 9,559
Other receipts	500	500	1,239	739
Total Receipts	10,500	10,500	20,798	10,298
Beginning fund balance	120,032	97,528	97,528	-
Total Available From All Sources	<u>\$ 130,532</u>	<u>\$ 108,028</u>	<u>\$ 118,326</u>	<u>\$ 10,298</u>
<u>EXPENDITURES</u>				
Supplies	\$ 112,000	\$ 17,428	\$ 3,186	(14,242)
Other services and charges	-	-	6,190	6,190
Capital outlay	-	90,600	81,228	(9,372)
Total Expenditures	112,000	108,028	90,604	(17,424)
Ending fund balance	18,532	-	27,722	27,722
Total Expenditures and Ending Fund Balance	<u>\$ 130,532</u>	<u>\$ 108,028</u>	<u>\$ 118,326</u>	<u>\$ 10,298</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ 5,200	\$ 5,200	\$ 1,939	\$ (3,261)
Interest earned	1,500	1,500	3,459	1,959
Total receipts, other than taxes	6,700	6,700	5,398	(1,302)
Beginning fund balance	110,753	106,983	109,616	2,633
Total available, other than taxes	117,453	113,683	115,014	1,331
Ad valorem taxes to be provided by levy	298,924	298,924	306,983	8,059
Total Available From All Sources	\$ 416,377	\$ 412,607	\$ 421,997	\$ 9,390
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 4,734	\$ 4,734
Debt service	302,425	302,425	301,986	(439)
Transfers to other funds	5,818	7,129	6,464	(665)
Total Expenditures	308,243	309,554	313,184	3,630
Ending fund balance	108,134	103,053	108,813	5,760
Total Expenditures and Ending Fund Balance	\$ 416,377	\$ 412,607	\$ 421,997	\$ 9,390

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 20,990	\$ 20,990	\$ 20,990	\$ -
Receipt from Hinds County	18,610	18,610	19,181	571
Interest earned	-	-	66	66
Total Receipts	<u>39,600</u>	<u>39,600</u>	<u>40,237</u>	<u>637</u>
Beginning fund balance	<u>105</u>	<u>105</u>	<u>261</u>	<u>156</u>
Total Available From All Sources	<u>\$ 39,705</u>	<u>\$ 39,705</u>	<u>\$ 40,498</u>	<u>\$ 793</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 61	\$ 61
Debt service	<u>39,630</u>	<u>39,630</u>	<u>39,632</u>	<u>2</u>
Total Expenditures	<u>39,630</u>	<u>39,630</u>	<u>39,693</u>	<u>63</u>
Ending fund balance	<u>75</u>	<u>75</u>	<u>805</u>	<u>730</u>
Total Expenditures and Ending Fund Balance	<u>\$ 39,705</u>	<u>\$ 39,705</u>	<u>\$ 40,498</u>	<u>\$ 793</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 70,885	\$ 70,885	\$ 60,385	\$ (10,500)
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	508	508
Total Receipts	<u>105,885</u>	<u>105,885</u>	<u>95,893</u>	<u>(9,992)</u>
Beginning fund balance	<u>6,670</u>	<u>6,670</u>	<u>10,251</u>	<u>3,581</u>
Total Available From All Sources	<u>\$ 112,555</u>	<u>\$ 112,555</u>	<u>\$ 106,144</u>	<u>\$ (6,411)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 161	\$ 161
Debt service	<u>105,885</u>	<u>105,885</u>	<u>104,385</u>	<u>(1,500)</u>
Total Expenditures	<u>105,885</u>	<u>105,885</u>	<u>104,546</u>	<u>(1,339)</u>
Ending fund balance	<u>6,670</u>	<u>6,670</u>	<u>1,598</u>	<u>(5,072)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 112,555</u>	<u>\$ 112,555</u>	<u>\$ 106,144</u>	<u>\$ (6,411)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 12,959	\$ 12,959	\$ 24,451	\$ 11,492
Receipt from Hinds County	11,492	11,492	-	(11,492)
Interest earned	-	-	122	122
Total Receipts	<u>24,451</u>	<u>24,451</u>	<u>24,573</u>	<u>122</u>
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Available From All Sources	<u>\$ 24,451</u>	<u>\$ 24,451</u>	<u>\$ 24,573</u>	<u>\$ 122</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 24,451</u>	<u>\$ 24,451</u>	<u>\$ 24,451</u>	<u>\$ -</u>
Total Expenditures	24,451	24,451	24,451	-
Ending fund balance	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>
Total Expenditures and Ending Fund Balance	<u>\$ 24,451</u>	<u>\$ 24,451</u>	<u>\$ 24,573</u>	<u>\$ 122</u>

CITY OF CLINTON

CLINTON PUBLIC SCHOOL DISTRICT BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Total receipts, other than taxes	\$ 3,000	\$ 3,000	\$ 4,434	\$ 1,434
Beginning fund balance	<u>75,960</u>	<u>75,960</u>	<u>77,746</u>	<u>1,786</u>
Total available, other than taxes	78,960	78,960	82,180	3,220
Ad valorem taxes to be provided by levy	<u>536,536</u>	<u>536,536</u>	<u>539,205</u>	<u>2,669</u>
Total Available From All Sources	<u>\$ 615,496</u>	<u>\$ 615,496</u>	<u>\$ 621,385</u>	<u>\$ 5,889</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 7,981	\$ 7,981
Debt service	<u>508,975</u>	<u>508,975</u>	<u>505,975</u>	<u>(3,000)</u>
Total Expenditures	508,975	508,975	513,956	4,981
Ending fund balance	<u>106,521</u>	<u>106,521</u>	<u>107,429</u>	<u>908</u>
Total Expenditures and Ending Fund Balance	<u>\$ 615,496</u>	<u>\$ 615,496</u>	<u>\$ 621,385</u>	<u>\$ 5,889</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND - WALMART  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ 2,000	\$ 2,000	\$ 5,962	\$ 3,962
Total Receipts	2,000	2,000	5,962	3,962
Beginning fund balance	429,221	429,221	482,019	52,798
Total Available From All Sources	\$ 431,221	\$ 431,221	\$ 487,981	\$ 56,760
<u>EXPENDITURES</u>				
Other services and charges	\$ 380,000	\$ 380,000	\$ -	\$ (380,000)
Capital outlay	-	-	302,836	302,836
Total Expenditures	380,000	380,000	302,836	(77,164)
Ending fund balance	51,221	51,221	185,145	133,924
Total Expenditures and Ending Fund Balance	\$ 431,221	\$ 431,221	\$ 487,981	\$ 56,760

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Proceeds from borrowings	\$ 6,332,300	\$ 6,332,300	\$ 6,500,000	\$ 167,700
Interest earned	<u>64,000</u>	<u>64,000</u>	<u>70,570</u>	<u>6,570</u>
Total Receipts	6,396,300	6,396,300	6,570,570	174,270
Beginning fund balance	<u>-</u>	<u>-</u>	<u>(364,230)</u>	<u>(364,230)</u>
Total Available From All Sources	<u>\$ 6,396,300</u>	<u>\$ 6,396,300</u>	<u>\$ 6,206,340</u>	<u>\$ (189,960)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,654,000	\$ 4,654,000	\$ 189,862	\$ (4,464,138)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,923,161</u>	<u>2,923,161</u>
Total Expenditures	4,654,000	4,654,000	3,113,023	(1,540,977)
Ending fund balance	<u>1,742,300</u>	<u>1,742,300</u>	<u>3,093,317</u>	<u>1,351,017</u>
Total Expenditures and Ending Fund Balance	<u>\$ 6,396,300</u>	<u>\$ 6,396,300</u>	<u>\$ 6,206,340</u>	<u>\$ (189,960)</u>

CITY OF CLINTON

PUBLIC WORKS FACILITY PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Proceeds from borrowings	\$ 2,932,750	\$ 2,932,750	\$ 1,250,000	\$ (1,682,750)
Transfer from other funds	-	-	653,231	653,231
Interest earned	<u>30,000</u>	<u>30,000</u>	<u>12,250</u>	<u>(17,750)</u>
Total Receipts	2,962,750	2,962,750	1,915,481	(1,047,269)
Beginning fund balance	<u>-</u>	<u>(129,730)</u>	<u>(129,730)</u>	<u>-</u>
Total Available From All Sources	<u>\$ 2,962,750</u>	<u>\$ 2,833,020</u>	<u>\$ 1,785,751</u>	<u>\$ (1,047,269)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 2,961,750	\$ 2,833,020	\$ 36,331	\$ (2,796,689)
Capital outlay	<u>-</u>	<u>-</u>	<u>1,625,497</u>	<u>1,625,497</u>
Total Expenditures	2,961,750	2,833,020	1,661,828	(1,171,192)
Ending fund balance	<u>1,000</u>	<u>-</u>	<u>123,923</u>	<u>123,923</u>
Total Expenditures and Ending Fund Balance	<u>\$ 2,962,750</u>	<u>\$ 2,833,020</u>	<u>\$ 1,785,751</u>	<u>\$ (1,047,269)</u>

CITY OF CLINTON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - MEGA PLASTICS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 221,413	\$ 221,413	\$ 8,447	\$ (212,966)
Interest earned	-	-	41	41
Total Receipts	221,413	221,413	8,488	(212,925)
Beginning fund balance	2,796	2,796	(1,375)	(4,171)
Total Available From All Sources	<u>\$ 224,209</u>	<u>\$ 224,209</u>	<u>\$ 7,113</u>	<u>\$ (217,096)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 224,209	\$ 224,209	\$ -	\$ (224,209)
Capital outlay	-	-	15,213	15,213
Total Expenditures	224,209	224,209	15,213	(208,996)
Ending fund balance	-	-	(8,100)	(8,100)
Total Expenditures and Ending Fund Balance	<u>\$ 224,209</u>	<u>\$ 224,209</u>	<u>\$ 7,113</u>	<u>\$ (217,096)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND -  
 PARKWAY CENTER  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Sale of bonds	\$ -	\$ (13,000)	\$ -	\$ 13,000
Interest earned	-	-	48	48
Total Receipts	-	(13,000)	48	13,048
Beginning fund balance	-	39,895	39,046	(849)
Total Available From All Sources	\$ -	\$ 26,895	\$ 39,094	\$ 12,199
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 24,300	\$ 12,671	\$ (11,629)
Capital outlay	-	-	24,221	24,221
Transfers to other funds	-	-	2,202	2,202
Total Expenditures	-	24,300	39,094	14,794
Ending fund balance	-	2,595	-	(2,595)
Total Expenditures and Ending Fund Balance	\$ -	\$ 26,895	\$ 39,094	\$ 12,199

CITY OF CLINTON

NATCHEZ TRACE VISITORS CENTER PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ 20,978	\$ 20,978
Total Receipts	-	-	20,978	20,978
Beginning fund balance	-	-	7,309	7,309
Total Available From All Sources	\$ -	\$ -	\$ 28,287	\$ 28,287
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 101,540	\$ 101,540
Total Expenditures	-	-	101,540	101,540
Ending fund balance	-	-	(73,253)	(73,253)
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 28,287	\$ 28,287

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 245,000	\$ 247,708	\$ 2,708
Interest earned	-	-	91	91
Total Receipts	-	245,000	247,799	2,799
Beginning fund balance	-	-	(60,997)	(60,997)
Total Available From All Sources	\$ -	\$ 245,000	\$ 186,802	\$ (58,198)
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 245,000	\$ -	\$ (245,000)
Capital outlay	-	-	201,065	201,065
Total Expenditures	-	245,000	201,065	(43,935)
Ending fund balance	-	-	(14,263)	(14,263)
Total Expenditures and Ending Fund Balance	\$ -	\$ 245,000	\$ 186,802	\$ (58,198)

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 35,800	\$ -	\$ (35,800)
Total Receipts	-	35,800	-	(35,800)
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 35,800</u>	<u>\$ -</u>	<u>\$ (35,800)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 35,800	\$ -	\$ (35,800)
Capital outlay	-	-	38,300	38,300
Total Expenditures	-	35,800	38,300	2,500
Ending fund balance	-	-	(38,300)	(38,300)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 35,800</u>	<u>\$ -</u>	<u>\$ (35,800)</u>

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2005

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Rosemary Aultman	Mayor	Travelers Casualty and Surety Company of America	\$ 100,000
Jehu Brabham	Alderman-at-Large	Travelers Casualty and Surety Company of America	\$ 100,000
William Hisaw	Alderman, Ward 1	Travelers Casualty and Surety Company of America	\$ 100,000
Tony Greer	Alderman, Ward 2	Travelers Casualty and Surety Company of America	\$ 100,000
J. Michael Bishop	Alderman, Ward 3	Travelers Casualty and Surety Company of America	\$ 100,000
Phillip Fisher	Alderman, Ward 4	Travelers Casualty and Surety Company of America	\$ 100,000
J. Michael Morgan	Alderman, Ward 5	Travelers Casualty and Surety Company of America	\$ 100,000
William Barnett	Alderman, Ward 6	Travelers Casualty and Surety Company of America	\$ 100,000
Wayne Derrick	City Clerk & Tax Assessor & Collector	Western Surety Company	\$ 50,000
Don Byington	Police Chief	Western Surety Company	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 25,000

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2004	Receipts	Receivable (Deferred) at September 30, 2005	Expenditures
U.S. DEPARTMENT OF AGRICULTURE/ Direct: Watershed Protection and Flood Prevention	10.904	N/A	\$ 107,455	\$ -	\$ -	\$ 107,455	\$ 107,455
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/ Passed Through Mississippi Development Authority: Community Development Block Grants/Entitlement Grants	14.218	1120-03-147-ED-01	387,264	-	8,447	11,059	19,506
U.S. DEPARTMENT OF JUSTICE/ Direct: Drug Enforcement Administration State and Local Task Force Program Federal Equitable Sharing Program Bulletproof Vest Partnership Program	16.Unknown 16.MS0250300 16.607	N/A N/A N/A	- - -	- (90,506) -	14,130 19,559 2,845	- (27,722) -	14,130 82,343 2,845
Total U.S. Department of Justice				(90,506)	36,534	(27,722)	99,318
U.S. DEPARTMENT OF TRANSPORTATION/ Passed Through Mississippi Department of Transportation: Transportation and Community and System Preservation Pilot Program	20.Unknown	TCSP-7306-0(02)/ 10410210-1000	500,000	60,997	247,708	5,200	191,911
Highway Planning and Construction	20.205	STP-0049-00(013)A	1,488,072	73,399	20,978	72,517	20,096
Highway Planning and Construction	20.205	STP-7312-00(002)10	8,243,469	-	58,648	-	58,648
				73,399	79,626	72,517	78,744
Passed Through Mississippi Department of Wildlife, Fisheries & Parks: Recreational Trails Program	20.219	28-RT0044	40,000	40,000	40,000	-	-
Total U.S. Department of Transportation				174,396	367,334	77,717	270,655

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
Year Ended September 30, 2005

Federal CFDA Number	Pass-Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2004	Receipts	Receivable (Deferred) at September 30, 2005	Expenditures
<b>Federal Grantor/Pass Through Grantor/Program Title</b>						
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY/</b>						
Passed Through Mississippi Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds						
66-458	SRF-C280805-03-0	1,702,890	-	678,910	308,284	987,194
<b>U.S. DEPARTMENT OF HOMELAND SECURITY/</b>						
Passed Through Mississippi Emergency Management Agency: State Domestic Preparedness Equipment Support Program						
97-004	3SSG-3080	39,747	21,068	39,747	-	18,679
<b>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b>						
97-036	N/A	-	-	-	342,039	342,039
<b>Passed Through Mississippi Department of Public Safety:</b>						
97-073	04HS147	18,800	-	-	18,800	18,800
97-073	04HS147B	199,987	-	61,274	5,059	66,363
				61,274	23,889	85,163
<b>Law Enforcement Terrorism Prevention Program</b>						
97-074	04LE147	42,600	-	-	42,600	42,600
<b>Total U.S. Department of Homeland Security</b>			<b>21,068</b>	<b>101,021</b>	<b>408,528</b>	<b>488,481</b>
<b>Grant Total - All Programs</b>			<b>\$ 104,958</b>	<b>\$ 1,192,246</b>	<b>\$ 885,321</b>	<b>\$ 1,972,609</b>

Reconciliation of federal awards schedule to financial statements:

Expenditures of federal awards per schedule \$ 1,972,609  
Loan proceeds reflected as a liability in financial statements (987,194)

Federal grant revenue per financial statements \$ 985,415

Note: The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

INDEPENDENT AUDITORS' REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL

**TANN, BROWN & RUSS CO., LTD.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
415 E. CAPITOL  
JACKSON, MISSISSIPPI 39201  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

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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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated December 16, 2005.

(Continued)

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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated December 16, 2005.

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

*Tamm, Brown & Ross Co.*

December 16, 2005

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**CERTIFIED PUBLIC ACCOUNTANTS**  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Clinton (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 non-compliance 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

(Continued)

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

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

*Tamm, Brown & Ruess Co.*

December 16, 2005

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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 the financial statements of the City of Clinton, Mississippi (the City), as of and for the year ended September 30, 2005, and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the 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.

The results of those procedures and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated December 16, 2005.

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.*

December 16, 2005

## SCHEDULES OF FINDINGS AND QUESTIONED COSTS

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2005

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs?	Unqualified
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(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
Year Ended September 30, 2005

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CLINTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2005

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2004.

STATISTICAL SECTION

Table I  
 CITY OF CLINTON  
 General Governmental Expenditures by Function (1)  
 Last Ten Fiscal Years (2)

Fiscal Year	General Government	Public Safety	Streets	Culture and Recreation			Economic Development	Other	Debt Service (3)	Total
				Recreation						
2005	\$ 1,264,116	\$ 7,265,633	\$ 4,147,373	\$ 4,263,761	\$ 545,742	\$ 0	\$ 1,503,840	\$ 18,990,465		
2004	2,341,698	6,335,784	2,894,634	1,332,690	146,216	0	731,591	13,782,613		
2003	1,764,295	5,701,432	2,204,164	927,085	136,146	0	718,215	11,451,337		
2002	1,066,226	5,595,099	2,059,786	870,808	194,596	65,651	779,791	10,631,957		
2001	846,255	5,584,546	7,042,278	701,182	188,170	52,238	776,808	15,191,477		
2000	857,687	4,946,640	8,169,372	819,573	112,744	36,852	681,117	15,623,985		
1999	797,805	4,418,495	2,018,161	575,133	99,257	27,605	640,089	8,576,545		
1998	730,484	4,951,989	2,400,266	653,055	103,538	19,393	634,586	9,493,311		
1997	655,050	4,545,048	1,992,043	512,852	106,111	19,330	559,058	8,389,492		
1996	594,957	3,544,978	2,435,407	514,371	96,697	17,229	219,540	7,423,179		

- (1) Includes general, special revenue, debt service and capital project funds. (Governmental fund types only).
- (2) Expenditures for prior years have been reclassified in order to compare with current-year classifications.
- (3) Debt service expenditures do not include Clinton Public School District debt issued prior to March 3, 1987.

Table II  
 CITY OF CLINTON  
 General Governmental Revenues by Source (1)  
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	Licenses & Permits	Inter-Governmental Revenue	Charges for Services	Fines & Forfeitures	Interest Earned on Investments	Other Revenue		Total
							Revenue	Total	
2005	\$ 5,794,267	\$ 888,356	\$ 4,989,247	\$ 66,869	\$ 301,558	\$ 135,937	\$ 219,165	\$ 12,395,399	
2004	5,248,415	774,470	5,637,951	41,667	236,263	75,063	387,399	12,401,228	
2003	4,976,827	742,239	4,879,358	16,580	292,447	98,177	197,067	11,202,695	
2002	4,575,637	691,101	4,029,531	20,860	348,818	57,901	207,742	9,931,590	
2001	4,300,690	742,144	7,719,466	10,542	259,239	150,044	180,526	13,362,651	
2000	4,206,144	622,042	9,303,123	7,638	289,691	133,695	433,025	14,995,358	
1999	4,060,913	609,619	3,544,116	8,048	311,968	170,932	194,144	8,899,740	
1998	3,818,323	580,680	3,292,628	9,597	374,939	187,204	185,582	8,448,953	
1997	3,557,712	604,841	3,065,463	6,497	243,951	200,215	217,527	7,896,206	
1996	3,042,478	573,981	2,735,364	4,867	226,454	84,935	184,297	6,852,376	

(1) Includes general, special revenue, debt service and capital project funds. (Governmental fund types only).

Revenues do not include property taxes and interest earned relative to Clinton Public School District debt issued prior to March 3, 1987.

Table III  
 CITY OF CLINTON  
 Property Tax Levies and Collections (1)  
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (2)	Current Tax Collections (3)	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a % of Current Levy
2005	\$ 5,776,372	\$ 5,675,721	98.3%	\$ 39,568	\$ 5,715,289	98.9%
2004	5,167,135	5,139,047	99.5%	34,502	5,173,549	100.1%
2003	5,001,308	4,944,411	98.9%	32,415	4,976,826	99.5%
2002	4,602,709	4,547,684	98.8%	37,854	4,585,538	99.6%
2001	4,302,807	4,260,669	99.0%	40,313	4,300,982	100.0%
2000	4,237,610	4,202,672	99.2%	12,241	4,214,913	99.5%
1999	4,068,090	4,060,287	99.8%	48,616	4,108,903	101.0%
1998	3,836,711	3,818,323	99.5%	40,390	3,858,713	100.6%
1997	3,569,540	3,557,712	99.7%	44,989	3,602,701	100.9%
1996	3,050,436	3,042,478	99.7%	45,575	3,088,053	101.2%

(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.

(3) Includes taxes, penalties and interest and net of commissions withheld by Hinds County Tax Collector.

Table IV  
 CITY OF CLINTON  
 Assessed and Estimated Actual Value of Property (1)  
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property (2)		Total		Ratio of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2005	\$ 96,362,613	\$ 804,067,930	\$ 61,424,266	\$ 257,696,263	\$ 157,786,879	\$ 1,061,764,193	10%, 15% and 30%
2004	94,356,810	805,481,717	60,887,792	253,448,243	155,244,602	1,058,929,960	10%, 15% and 30%
2003	90,302,155	773,085,010	60,054,794	246,901,230	150,356,949	1,019,986,240	10%, 15% and 30%
2002	77,003,254	658,187,837	60,172,528	258,464,033	137,175,782	916,651,870	10%, 15% and 30%
2001	73,459,329	630,838,617	55,078,244	229,950,403	128,537,573	860,789,020	10%, 15% and 30%
2000	71,807,463	615,414,083	53,045,601	217,946,957	124,853,064	833,361,040	10%, 15% and 30%
1999	70,116,502	601,439,473	49,775,522	200,777,307	119,892,024	802,216,780	10%, 15% and 30%
1998	65,970,669	571,101,997	47,129,012	191,137,993	113,099,681	762,239,990	10%, 15% and 30%
1997	62,511,116	541,349,893	42,807,094	169,247,160	105,318,210	710,597,053	10%, 15% and 30%
1996	57,400,931	495,549,683	42,380,428	171,670,417	99,781,359	667,220,100	10%, 15% and 30%

(1) Source: Hinds County Tax Assessor.

(2) Includes automobiles and and public utilities.

Table V  
 CITY OF CLINTON  
 Property Tax Rates - All Overlapping Governments  
 (Per \$1,000 of Assessed Value)  
 Last Ten Fiscal Years

Fiscal Year	City of Clinton			Total	Clinton Public School District	Hinds County (1)	Total
	General Fund	Debt Service Fund	Fire & Police Pension Fund				
2005	33.54	1.90	0.30	35.74	54.57	39.12	129.43
2004	33.28	2.25	0.21	35.74	54.57	39.12	129.43
2003	33.28	2.35	0.11	35.74	51.82	37.41	124.97
2002	32.90	2.35	0.49	35.74	52.22	37.41	125.37
2001	31.55	3.70	0.49	35.74	52.82	35.41	123.97
2000	31.55	3.70	0.97	36.22	53.32	35.41	124.95
1999	31.24	3.70	1.28	36.22	53.32	35.41	124.95
1998	30.12	4.34	1.76	36.22	52.60	34.81	123.63
1997	30.12	4.84	1.26	36.22	54.60	34.81	125.63
1996	30.12	1.24	1.26	32.62	56.94	33.09	122.65

(1) Source: Hinds County Chancery Clerk.

Table VI  
 CITY OF CLINTON  
 Principal Taxpayers  
 September 30, 2005

<u>Name of Taxpayer</u>	<u>Type Business</u>	<u>2004 Assessed Property Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Entergy	Public utility	9,222,302	8.69%
MCI, Inc.	Telecommunications	3,427,383	3.23%
Delphi Automotive Systems	Manufacturer	2,745,251	2.59%
BellSouth	Telephone services	2,005,847	1.89%
Reserve at Woodchase	Apartments	1,777,817	1.67%
Wal-Mart Stores	Retail	1,667,357	1.57%
Clinton Assisted Living	Health care	1,058,122	1.00%
Leon V Ghetti	Apartments	760,482	0.72%
United Artists Theatre Circuit	Entertainment	485,843	0.46%
Gulf States Cannery	Manufacturer	469,321	0.44%
Total taxable assessed value of ten largest taxpayers		23,619,725	22.25%
Total taxable assessed value of remaining taxpayers		82,534,632	77.75%
Total taxable assessed value of all taxpayers		<u>\$ 106,154,357</u>	<u>100.00%</u>

(1) Taxes on assessed real property and public utility values shown above were collected in Fiscal Year 2005.

Table VII  
 CITY OF CLINTON  
 Schedule of Special Assessment Billings and Collections (3)  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Assessments Collected (1)</u>	<u>Ratio of Collections To Amount Due (1)</u>	<u>Total Outstanding Assessments (2)</u>
2005	\$ 6,140	\$ 14,541	236.8%	\$ 196,383
2004	9,941	17,120	172.2%	201,215
2003	13,832	43,181	576.8%	218,335
2002	7,486	42,361	565.9%	261,516
2001	7,486	7,486	100.0%	303,877
2000	7,105	12,003	168.9%	51,447
1999	8,702	11,667	134.1%	63,450
1998	10,338	14,640	141.6%	75,117
1997	10,599	13,039	123.0%	89,757
1996	9,769	10,779	110.3%	102,796

- (1) Some assessments are collected in advance.
- (2) \$259,916 in new assessments added in 2001.
- (3) Excludes assessments to developers.

Table VIII  
 CITY OF CLINTON  
 Computation of Legal Debt Margin (1)  
 September 30, 2005

AUTHORIZED DEBT LIMIT UNDER 15 PERCENT RULE:

Assessed value of taxable property		\$	<u>170,656,685</u>
Debt limitation - 15% of net assessed value		\$	25,598,503
Less subject indebtedness:			
General obligation bond	\$	1,550,000	
Tax increment limited obligation bonds		<u>1,632,000</u>	<u>(3,182,000)</u>
Legal debt margin under 15 percent rule		\$	<u>22,416,503</u>

AUTHORIZED DEBT LIMIT UNDER 20 PERCENT RULE:

Assessed value of taxable property		\$	<u>170,656,685</u>
Debt limitation - 20% of assessed value		\$	34,131,337
Less subject indebtedness:			
General obligation bonds	\$	3,205,000	
Tax incentive obligation bonds		1,632,000	
Other		<u>23,788,395</u>	<u>(28,625,395)</u>
Legal debt margin under 20 percent rule		\$	<u>5,505,942</u>

(1) Computed in accordance with Section 21-33-303 of the Mississippi Code of 1972, Annotated.

Table IX  
 CITY OF CLINTON  
 Ratio of Net General Bonded Debt To Assessed Value  
 and Net General Obligation Bonded Debt Per Capita  
 Last Ten Fiscal Years

Fiscal Year	Popula- tion (1)	Assessed Value (2)	Gross Bonded Debt (3, 5)	Less Debt Service Fund (4)	Less Water and Sewer Operations Fund Debt (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt per Capita
							Value	%	
2005 *	25,000	\$ 157,786,879	\$ 3,205,000	\$ 106,180	\$ 1,655,000	\$ 1,443,820	0.92%	\$ 58	
2004 *	25,000	155,244,602	3,555,000	109,616	1,795,000	1,650,384	1.06%	\$ 66	
2003	23,347	150,356,949	3,890,000	163,564	1,930,000	1,796,436	1.19%	77	
2002	23,347	137,175,782	4,200,000	136,890	2,050,000	2,013,110	1.47%	86	
2001	23,347	128,537,573	4,545,000	138,006	2,165,000	2,241,994	1.74%	96	
2000	23,347	124,853,064	5,180,000	110,704	2,470,000	2,599,296	2.08%	111	
1999	21,847	119,892,024	5,795,000	99,639	2,775,000	2,920,361	2.44%	134	
1998	21,847	113,099,681	6,390,000	108,591	3,070,000	3,211,409	2.84%	147	
1997	21,847	105,318,210	5,305,000	189,773	1,705,000	3,410,227	3.24%	156	
1996	21,847	99,781,359	5,795,000	40,652	1,930,000	3,824,348	3.83%	175	

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

(1) Source: United States Census Bureau.

(2) From Table IV.

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

(4) Amounts available for repayment of general obligation bonds.

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

Table X  
 CITY OF CLINTON  
 Ratio of Annual Debt Service Expenditures  
 For General Bonded Debt to Total  
 General Governmental Expenditures  
 Last Ten Fiscal Years

Fiscal Year	Payments (2)		Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest			
2005	\$ 210,000	\$ 90,625	\$ 300,625	\$ 18,990,465	1.58%
2004	200,000	101,611	301,611	13,782,613	2.19%
2003	190,000	114,375	304,375	11,451,337	2.66%
2002	230,000	129,467	359,467	10,631,957	3.38%
2001	330,000	150,945	480,945	15,191,477	3.17%
2000	310,000	170,065	480,065	15,623,985	3.07%
1999	300,000	188,404	488,404	8,576,545	5.69%
1998	280,000	205,398	485,398	9,493,311	5.11%
1997	265,000	221,752	486,752	8,389,492	5.80%
1996	115,000	51,326	166,326	7,423,179	2.24%

(1) Includes general, special revenue, debt service and capital project funds. (Governmental Fund types only).

(2) Amounts do not include special assessment bonds and Water and Sewer Operations Fund general obligation and revenue bonds.

Table XI  
 CITY OF CLINTON  
 Computation of Direct and Overlapping Debt  
 September 30, 2005

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton</u>	<u>Amount Applicable to City of Clinton</u>
Direct:			
City of Clinton	\$ 1,550,000 (1)	100.0%	\$ 1,550,000
Overlapping:			
Clinton Separate School District	9,685,000 (2)	79.6%	7,709,434
Hinds County	29,530,000 (3)	10.8%	<u>3,188,866</u>
Total Direct and Overlapping Debt			<u>\$ 12,448,300</u>

(1) Excludes general obligation bonds to be repaid by the Water and Sewer Operations Fund.

(2) Source: Clinton Separate School District.

(3) Source: Hinds County Chancery Clerk.

Table XII  
 CITY OF CLINTON  
 Revenue Bond Coverage  
 Water and Sewer Operations Fund  
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)		Coverage
				Principal	Interest	
2005	\$ 4,497,414	\$ 3,888,352	\$ 609,062	\$ 85,000	\$ 55,394	4.34
2004	4,490,559	3,696,600	793,959	80,000	59,438	5.69
2003	4,320,953	3,575,268	745,685	75,000	63,159	5.40
2002	4,182,559	3,341,581	840,978	70,000	66,568	6.16
2001	3,934,222	3,124,170	810,052	65,000	69,658	6.02
2000	4,224,306	2,700,095	1,524,211	60,000	72,425	11.51
1999	4,088,562	2,266,721	1,821,841	60,000	176,026	7.72
1998	3,768,178	2,202,636	1,565,542	55,000	180,580	6.65
1997	2,977,841	2,149,354	828,487	45,000	184,683	3.61
1996	3,153,315	2,335,116	818,199	35,000	138,136	4.73

- (1) Total revenues, including interest.
- (2) Total expenses exclusive of depreciation, amortization, provision for bad debts and revenue bond interest.
- (3) Includes principal and interest on all bonds payable exclusively from the revenues of the City-owned utility. It does not include general obligation bonds reported in the Water and Sewer Operations Fund.

Table XIII  
 CITY OF CLINTON  
 Demographic Statistics  
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (4) **	Median Age (2)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (4)
2005 *	25,000	\$ 33,579	33.1	14.1	4,956	7.2%
2004 *	25,000	\$ 31,054	33.1	14.1	4,835	5.0%
2003	23,347	28,965	33.1	14.1	4,956	3.7%
2002	23,347	28,013	33.1	14.1	4,847	5.1%
2001	23,347	27,197	33.1	14.1	4,887	4.2%
2000	23,347	26,290	33.1	14.1	4,940	3.4%
1999	21,847	25,253	32.2	***	5,054	3.8%
1998	21,847	24,578	32.2	***	5,099	2.0%
1997	21,847	23,174	32.2	***	5,249	2.0%
1996	21,847	22,315	32.2	***	5,204	2.0%

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

\*\* Applicable to Hinds County.

\*\*\* Information not available prior to 2000.

(1) Source: United States Census Bureau.

(2) Source: Central Mississippi Planning and Development District.

(3) Source: Clinton Public School District.

(4) Source: Mississippi Employment Security Commission.

Table XIV  
 CITY OF CLINTON  
 Property Value, Construction and Bank Deposits  
 Last Ten Fiscal Years

Fiscal Year	Construction (1)						Banking Deposits (2) (\$000)	Number Banks Reporting	Estimated Value of Real Property (3)	
	Commercial			Residential					Commercial	Residential
	Number of Units	Value	Number of Units	Value	Number of Units	Value				
2005	33	\$ 30,660,000	143	\$ 16,312,000		\$ 364,336	7	\$ 319,116,400	\$ 484,951,530	
2004	18	8,415,948	123	12,891,000		326,004	7	276,172,767	529,308,950	
2003	16	3,103,863	111	11,618,000		317,498	7	259,873,080	513,211,930	
2002	15	6,099,373	119	11,954,200		287,926	7	223,689,407	434,498,430	
2001	25	4,592,070	129	13,674,600		280,128	7	207,509,347	423,329,270	
2000	15	2,356,217	101	10,056,785		264,339	7	205,321,093	410,092,990	
1999	31	19,794,386	178	17,192,480		244,494	7	199,451,093	401,988,380	
1998	20	40,197,000	119	11,299,000		222,783	5	177,209,387	393,892,610	
1997	26	50,470,083	77	7,359,000		208,331	6	167,522,533	373,827,360	
1996	7	9,996,587	106	8,367,800		188,578	6	156,919,253	338,630,430	
1995	13	43,921,000	104	8,169,505		178,527	6	152,328,993	332,678,870	

(1) Source: City of Clinton Public Works Department.

(2) Source: Federal Deposit Insurance Corporation.

(3) From Table IV.

**Table XV  
City of Clinton  
Miscellaneous Statistics  
September 30, 2005**

Date of incorporation	1830
Form of government	Mayor/Alderman
Number of employees (excluding police and fire):	
Non-exempt	70
Exempt	15
Area in square miles	40.4
City of Clinton facilities and services:	
Miles of streets	159
Number of street lights	2410
Culture and recreation:	
Parks	4
Park acreage	169.5
Tennis courts	3
Fire protection:	
Number of stations	3
Number of fire personnel and officers	46
Number of calls answered	2086
Number of inspections conducted	147
Police protection:	
Number of stations	1
Number of police personnel and officers	66
Number of patrol units	45
Number of law violations:	
Physical arrests	1042
Traffic violations	3529
Parking violations	113
Sewerage system:	
Miles of sanitary sewers	104
Miles of storm sewers	84
Number of treatment plants	4
Number of service connections	7458
Daily average consumption in gallons (in millions)	3.2
Maximum daily pumping capacity in gallons (in millions)	4.7
Water system:	
Miles of water mains	156
Number of service connections	8200
Number of fire hydrants	1361
Daily average consumption in gallons (in millions)	3.5
Maximum daily pumping capacity in gallons (in millions)	10.3
Facilities and services not included in primary government	
Cable television system:	
Miles of service	164
Education:	
Number of elementary schools	5
Number of elementary school instructors	214
Number of secondary schools	2
Number of secondary school instructors	106