

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2011

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION

ALDERMEN
Tony Hlsaw
Ward One

Tony M. Greer
Ward Two

William O. Barnett
Ward Three

Kathy Peace
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN
Mike Morgan
Ward Five

Mike Cashion
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 21, 2012

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, 2011. State law requires that all governments publish within thirty days of completion of an audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Tann, Brown & Russ Co, PLLC, a firm of licensed certified public accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011 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, 2011 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 2011 CAFR.

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 of approximately 25,216.

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 71 through 73. For all other governmental funds, this comparison is presented on pages 86 through 102.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in 1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 5,270 students' with more than 80 areas of study, 14 graduate degree programs, a doctor of jurisprudence degree, and a doctor of education leadership degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,535 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD had an annual budget of \$39.3 million for 2011. Additional

quality education is provided by Mt. Salus Christian School and Clinton Christian Academy, both private schools, which offer grades K-12.

Factors Affecting Financial Condition

The City currently enjoys a stable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2011 property taxes represented 57 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 \$130.64 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

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

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

Relevant financial policies. The City is required by Section 21-35-25 of the Mississippi Code to make revisions to the budget no later than the July board meeting if it appears at that time that collections of anticipated annual revenues will be less than expected and a deficit is thereby indicated. During the current year increases to budgeted general fund revenues were made totaling \$871 thousand dollars. As a consequence increases of \$894 thousand were made to budgeted general fund expenditures. It is anticipated that based on the current economy and the less than expected collections in sales tax and franchise fees a reduction in budgeted general fund revenues will be made during fiscal year 2012.

Major initiatives. The Quisenberry Library received a Planning and Economic Development-Mississippi Municipal League Excellence Award in June of 2011 and the Library trail system was completed during the fiscal year. The trail, constructed using a Department of Wildlife and Fisheries grant, provides access from the Emeritus at Trace Pointe Retirement Center, across the 20-acre wooded library site, onto an overlook and "bridge" connecting the trail with the Clinton Nature center trail system.

The Southside 'Green' bio-solids project has been operational for an entire year and the City also received a Public Works-Mississippi Municipal League Excellence Award for the facility in June of 2011. The City has been granted approval from the Mississippi Department of Environmental Quality that the wastewater bio-solids which have been dried, conditioned, and stabilized can be used as a soil amendment, similar to a peat moss on City projects.

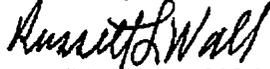
Also, the Pinehaven Road project has begun in earnest. Utilities (water, sewer, natural gas, electric, communication and cable) have either been relocated or are in the process of being relocated in anticipation of the road improvements to be made. Construction of the roadway improvements will begin soon after final approvals from the Mississippi Department of Transportation are received, hopefully sometime in the spring of 2012.

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, 2010. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

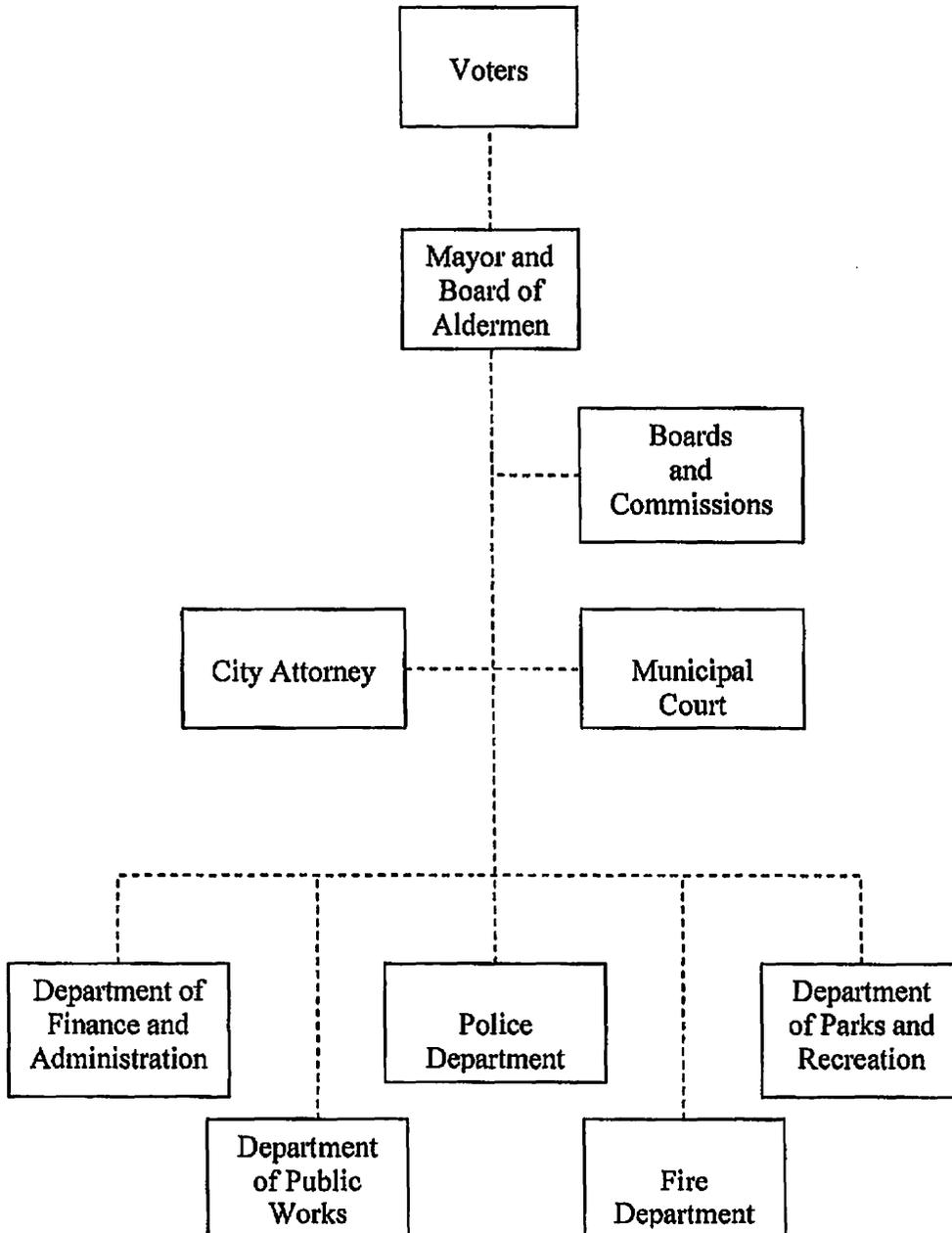


Russell L. Wall, CMCC, CPA
City Clerk and Chief Financial Officer

CITY OF CLINTON
List of Principal Officials
September 30 2011

<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	William O Barnett
Alderwoman, Ward 4	Kathy Peace
Alderman, Ward 5	Mike Morgan
Alderman, Ward 6	Mike Cashion
City Attorney	Ken Dreher
City Clerk/Chief Financial Officer	Russell Wall
Director of Public Works	Mike Parker
Director of Community Development	Jerry Bounds
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, 2011



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emsw

Executive Director

FINANCIAL SECTION

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JACKSON, MISSISSIPPI 39201
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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 and for the year ended September 30, 2011, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2012 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule – General Fund on pages 3 through 10 and 71 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's financial statements as a whole. The introductory section, combining statements, budgetary comparison schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining statements, budgetary comparison schedules, and other schedules (including the schedule of expenditures of federal awards) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Tamm, Brown + Luss Co.

March 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. 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

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 Net Assets and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

The City maintains one major governmental fund (the General Fund) and seventeen (17) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data on all governmental funds is provided elsewhere in this report.

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

Basic governmental fund financial statements can be found on pages 15 through 18 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 19 through 28 of this report.

Fiduciary fund: A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City's only fiduciary fund is the Unemployment Compensation Benefit Fund, which is reported on a full accrual basis. Financial statements can be found on pages 29 and 30 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 \$71 million, at September 30, 2011.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 9,990,469	\$ 10,714,401	\$ 6,399,422	\$ 6,325,829	\$ 16,389,891	\$ 17,040,230
Capital assets	69,416,773	72,598,782	32,391,989	31,738,517	101,808,762	104,335,299
Total assets	79,407,242	83,311,183	38,791,411	38,064,346	118,198,653	121,375,529
Long-term liabilities	19,028,525	20,058,397	16,688,707	16,354,685	35,697,232	36,413,082
Other liabilities	8,651,218	9,127,256	2,436,546	2,752,216	11,087,764	11,879,472
Total liabilities	27,679,743	29,185,653	19,105,253	19,106,901	46,784,996	48,292,554
Net assets:						
Invested in capital assets, net of related debt	51,322,208	53,347,815	14,386,115	14,230,770	65,708,323	67,578,585
Restricted	1,267,917	1,251,223	846,076	974,355	2,113,993	2,225,578
Unrestricted	(862,626)	(473,508)	4,453,987	3,752,320	3,591,341	3,278,812
Total net assets	\$ 51,727,499	\$ 54,125,530	\$ 19,688,158	\$ 18,957,445	\$ 71,413,657	\$ 73,082,975

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, 2011 the City has positive balances in all three categories of net assets in business-type activities and in two categories in governmental activities. The negative unrestricted net assets for governmental activities increased by \$389 thousand as a result of \$125 thousand of equipment purchased with unrestricted resources and the \$257 thousand portion of the Self-Funded Group Insurance Fund current year loss attributable to governmental activities. The increase in the unrestricted net assets for business-type activities in 2011 is a result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems. The City's total net assets decreased \$1.7 million during the current fiscal year primarily as a result of depreciation expense that is recorded over the estimated useful lives of capital assets.

City of Clinton Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 850,016	\$ 725,432	\$ 7,872,663	\$ 7,791,474	\$ 8,722,679	\$ 8,516,906
Operating grants and contributions	344,057	227,641	303,942		647,999	227,641
Capital grants and contributions	890,250	3,040,032	131,557	2,087,111	1,021,807	5,127,143
General revenues:						
Property taxes	7,320,042	7,429,214			7,320,042	7,429,214
Sales taxes	4,178,744	4,189,641			4,178,744	4,189,641
Franchise charges	689,366	725,911			689,366	725,911
Shared grants and revenues	601,432	612,256			601,432	612,256
Other	65,779	240,890	22,217	136,041	87,996	376,931
Total revenues	14,939,686	17,191,017	8,330,379	10,014,626	23,270,065	27,205,643
Expenses:						
General government	1,295,150	1,197,270			1,295,150	1,197,270
Public safety	7,535,290	7,315,429			7,535,290	7,315,429
Public works	5,026,298	4,888,047			5,026,298	4,888,047
Culture and recreation	2,317,690	1,762,446			2,317,690	1,762,446
Economic development	317,747	316,451			317,747	316,451
Interest on long-term debt	845,542	887,988			845,542	887,988
Water and sewer			5,757,727	5,243,105	5,757,727	5,243,105
Garbage			1,843,939	1,463,908	1,843,939	1,463,908
Total expenses	17,337,717	16,367,631	7,601,666	6,707,013	24,939,383	23,074,644
Change in net assets before transfers	(2,398,031)	823,386	728,713	3,307,613	(1,669,318)	4,130,999
Transfers						
Change in net assets	(2,398,031)	823,386	728,713	3,307,613	(1,669,318)	4,130,999
Net assets - beginning	54,125,530	53,302,144	18,957,445	15,649,832	73,082,975	68,951,976
Net assets - ending	\$ 51,727,499	\$ 54,125,530	\$ 19,686,158	\$ 18,957,445	\$ 71,413,657	\$ 73,082,975

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

Governmental activities. Governmental activities decreased the City's net assets by \$2.4 million during the year. Assets decreased primarily as a result of the systematic depreciation of capital assets over their estimated useful lives. The decrease in liabilities for 2011 was primarily due to the repayment of principal on debt. Capital grant revenue was higher in the previous year because of bridge replacement grants that were received in 2010. Culture and recreation expense increased in 2011 because the new library facility was placed in service and is being depreciated over its estimated useful life.

Business-type activities. Business-type activities increased the City's net assets by \$729 thousand during the year. Total assets increased in 2011 primarily due to the completion of the construction of a solid waste removal system, and capital grants were higher in the previous year as a result of grants received in 2010 for the solid waste removal system construction. Water and sewer expenses increased in 2011 because of necessary system repairs as well as the rising prices of fuel and electricity. Garbage expenses increased in 2011 as a result of costs for the removal of storm debris.

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	\$ 1,361,531	\$ (91,564)	\$ 1,269,967
Special revenue funds	116,124	(7,954)	108,170
Debt service funds	719,874	48,515	768,389
Capital project funds	<u>805,077</u>	<u>(178,569)</u>	<u>626,508</u>
Total governmental funds	<u>\$ 3,002,606</u>	<u>\$ (229,572)</u>	<u>\$ 2,773,034</u>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 18,124,721	\$ 837,014	\$ 18,961,735
Garbage collection fund	879,345	(63,994)	815,351
Self-funded group insurance fund	<u>(310,846)</u>	<u>(301,185)</u>	<u>(612,031)</u>
Total proprietary funds	<u>\$ 18,693,220</u>	<u>\$ 471,835</u>	<u>\$ 19,165,055</u>

The decrease in the general fund is primarily due to increases in expenses for police, fire, and recreation salaries, utilities, and gas and oil.

The decrease in the capital project funds is primarily due to funds for the construction of Hampstead Boulevard that were received in a prior year and spent in the current year.

The decrease in the garbage collection fund is primarily due to increased expenses as a result of cleanup from a tornado that hit a portion of the City in fiscal year 2011.

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2010 was higher than expected, and claims continued to exceed expectations in 2011. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were greater than original budgeted funds available by \$871 thousand. This increase resulted primarily from an increase of \$173 thousand in sales taxes collected as the general economic conditions improve, \$152 thousand from the proceeds of a FEMA disaster assistance grant for storm cleanup, \$105 thousand from the proceeds of a lease/purchase for police cars, \$105 thousand for the increase in building permits issued due to rebuilding after storm damage, \$82 thousand for increases in private donations for Parks and Recreation facilities, \$63 thousand for increases in court fines collected, and a \$218 thousand adjustment for the beginning cash balance. Final budgeted expenditures were \$894 thousand greater than those originally budgeted. Key elements of this decrease were as follows:

- \$ 61,000 decrease in personal services as a result of lower overtime costs
- \$435,000 increase in operating supplies because of rising fuel and supply prices
- \$297,000 increase in other services and charges because of rising utility costs
- \$209,000 increase in capital outlay for necessary vehicles and equipment
- \$ 14,000 increase in debt service for the financing of new vehicles

Actual funds available were \$52 thousand less than final budgeted. The majority of this difference consisted of a \$106 thousand increase in sales collected, \$63 thousand decrease in state grants received, \$40 thousand decrease in local grants received, \$29 thousand decrease in federal grants received, and a \$26 thousand decrease in ad valorem taxes collected.

Actual expenditures were \$119 thousand less than those finally budgeted. The majority of this difference consisted of a \$13 thousand decrease in personal services in the police department, a \$30 thousand decrease in personal services in the fire department, and a \$12 thousand decrease in personal services in the court services department. These differences resulted primarily from overtime costs that were lower than anticipated. Also, there was a \$16 thousand decrease in promotion expenses in the economic development department as a result of changes in the timing of some promotional expenditures.

For additional information, see Required Supplementary Information beginning on page 71.

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$69.4 million at September 30, 2011. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$1.1 million. Significant increases were:

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

- \$459 thousand – for street and drainage infrastructure on the Pinehaven Road widening and Hampstead Boulevard extension projects
- \$311 thousand – for right-of-way purchases on the Pinehaven Road widening project
- \$145 thousand – for purchases of vehicles for the police and other departments
- \$125 thousand – for miscellaneous equipment purchases
- \$ 60 thousand – various other

Depreciation expense amounted to \$4.3 million for 2011 and \$4.0 million for 2010. The increase in depreciation expense is primarily due to the opening of the new library facility. Accumulated depreciation at September 30, 2011 and 2010 was \$ 40.7 million and \$36.4 million, respectively.

Business-type activities. At September 30, 2011, the City's business-type net capital assets amounted to \$32.4 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$1.0 million were made for the construction of a solid waste removal system, \$885 thousand was made for water infrastructure improvements, and \$115 thousand were made for various other additions. Depreciation expense amounted to \$1.3 million for 2011 and \$1.3 million for 2010. Accumulated depreciation at September 30, 2011 and 2010 was \$21.0 million and \$19.7 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 7,770,099	\$ 7,458,924	\$ 177,512	\$ 177,512	\$ 7,947,611	\$ 7,636,436
Buildings	13,645,911	14,109,886	200,202	186,500	13,846,113	14,296,386
Other improvements	4,680,233	5,000,125			4,680,233	5,000,125
Water and sewer systems and improvements			30,773,197	24,872,117	30,773,197	24,872,117
Certificate of authority			800,000	800,000	800,000	800,000
Equipment and vehicles	2,027,779	2,249,111	434,864	516,097	2,462,643	2,765,208
Infrastructure	40,573,235	43,352,651			40,573,235	43,352,651
Construction in progress	719,516	426,085	6,214	5,186,291	725,730	5,612,376
Total	\$ 69,416,773	\$ 72,596,782	\$ 32,391,989	\$ 31,738,517	\$ 101,808,762	\$ 104,335,299

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 \$19.0 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable and capital

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

lease obligations. During the current fiscal year, the City's total governmental activities debt decreased by \$1.4 million. This decrease was due primarily to \$1.4 million in payment of long term debt. Payments of principal and interest due within one year total \$2.0 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$18.0 million at September 30, 2011. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2011, debt associated with the City's business-type activities increased by \$500 thousand. This increase was due primarily to the \$1.7 million of new debt related to the construction of a solid waste removal system and various other water/sewer system improvement projects, offset by the \$1.2 million of scheduled debt payments during the year. Payments of principal and interest due within one year total \$1.9 million.

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

City of Clinton						
General Obligation and Revenue Bonds and Other Loans						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 10,061,134	\$ 10,759,698	\$ 1,118,865	\$ 1,220,302	\$ 11,179,999	\$ 11,980,000
Revenue bonds			361,696	467,546	361,696	467,546
Tax increment limited obligation bonds	1,428,500	1,569,500			1,428,500	1,569,500
Notes payable	6,859,391	7,266,217	16,503,505	15,771,033	23,362,896	23,037,250
Capital lease obligations	706,902	823,658	81,519	118,775	788,421	942,433
Total	\$ 19,055,927	\$ 20,419,073	\$ 18,065,585	\$ 17,577,656	\$ 37,121,512	\$ 37,996,729

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to decrease during the next fiscal year. Expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2012.

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, 2011

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,823,347	\$ 2,641,182	\$ 4,464,529
Receivables	7,884,817	2,155,727	10,040,544
Internal balances	(52,549)	52,549	-
Restricted cash and cash equivalents	-	1,490,253	1,490,253
Deferred charges, net of amortization	334,854	59,711	394,565
Capital assets:			
Capital assets not being depreciated	8,489,615	983,726	9,473,341
Other capital assets, net of depreciation	<u>60,927,158</u>	<u>31,408,263</u>	<u>92,335,421</u>
 Total Assets	 <u>79,407,242</u>	 <u>38,791,411</u>	 <u>118,198,653</u>
<u>LIABILITIES</u>			
Accounts payable	709,283	290,760	1,000,043
Accrued interest payable	226,049	39,496	265,545
Claims liability	197,540	-	197,540
Unearned revenue	6,037,219	-	6,037,219
Customer deposits	-	630,123	630,123
Long-term debt:			
Due within one year	1,181,127	1,419,667	2,600,794
Due in more than one year	17,874,800	16,645,918	34,520,718
Compensated absences payable:			
Due within one year	300,000	56,500	356,500
Due in more than one year	273,795	22,789	296,584
Net pension obligation:			
Due in more than one year	<u>879,930</u>	<u>-</u>	<u>879,930</u>
 Total Liabilities	 <u>27,679,743</u>	 <u>19,105,253</u>	 <u>46,784,996</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED
September 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	51,322,208	14,386,115	65,708,323
Restricted for:			
Capital projects	16,933	586,224	603,157
Debt service	1,159,747	259,852	1,419,599
Economic development (restricted by enabling legislation)	91,237	-	91,237
Unrestricted net assets (deficit)	<u>(862,626)</u>	<u>4,453,967</u>	<u>3,591,341</u>
Total Net Assets	<u>\$ 51,727,499</u>	<u>\$ 19,686,158</u>	<u>\$ 71,413,657</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges for Services</u>	<u>Grants and Contributions</u>		<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
			<u>Operating</u>	<u>Capital</u>			
Governmental Activities:							
General government	\$ 1,295,150	\$ 41,758	\$ -	\$ -	\$ (1,253,392)	\$ -	\$ (1,253,392)
Public safety	7,535,290	689,661	175,384	242,814	(6,427,431)	-	(6,427,431)
Public works	5,026,298	-	168,673	522,239	(4,335,386)	-	(4,335,386)
Culture and recreation	2,317,690	118,597	-	125,197	(2,073,896)	-	(2,073,896)
Economic development	317,747	-	-	-	(317,747)	-	(317,747)
Interest and fiscal charges on long-term debt	845,542	-	-	-	(845,542)	-	(845,542)
Total governmental activities	17,337,717	850,016	344,057	890,250	(15,253,394)	-	(15,253,394)
Business-Type Activities:							
Water	2,568,438	3,586,497	-	131,557	-	1,149,616	1,149,616
Sewer	3,189,289	2,812,509	-	-	-	(376,780)	(376,780)
Garbage collection	1,843,939	1,473,657	303,942	-	-	(66,340)	(66,340)
Total business-type activities	7,601,666	7,872,663	303,942	131,557	-	706,496	706,496
Total	\$ 24,939,383	\$ 8,722,679	\$ 647,999	\$ 1,021,807	(15,253,394)	706,496	(14,546,898)

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2011

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,320,042	-	7,320,042
Local sales tax	113,260	-	113,260
Franchise charges based on gross receipts	689,366	-	689,366
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,576,288	-	4,576,288
County shared revenues	90,628	-	90,628
Interest	19,115	22,217	41,332
Miscellaneous	46,664	-	46,664
Total General Revenues	<u>12,855,363</u>	<u>22,217</u>	<u>12,877,580</u>
Change in Net Assets	(2,398,031)	728,713	(1,669,318)
Net Assets - Beginning	<u>54,125,530</u>	<u>18,957,445</u>	<u>73,082,975</u>
Net Assets - Ending	<u>\$ 51,727,499</u>	<u>\$ 19,686,158</u>	<u>\$ 71,413,657</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents	\$ 469,422	\$ 1,351,671	\$ 1,821,093
Receivables:			
Property taxes	5,178,977	909,631	6,088,608
Sales and tourism tax	653,465	20,657	674,122
City utilities tax	7,505	-	7,505
Franchise charges	188,532	-	188,532
Federal assistance	277,119	68,479	345,598
Special assessments	-	459,638	459,638
State grants	21,374	-	21,374
Due from other funds	<u>572,059</u>	<u>172,177</u>	<u>744,236</u>
Total Assets	<u>\$ 7,368,453</u>	<u>\$ 2,982,253</u>	<u>\$ 10,350,706</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 645,874	\$ 22,258	\$ 668,132
Deferred revenue:			
Unearned property taxes	5,083,371	891,441	5,974,812
Unearned grant revenue	8,275	54,132	62,407
Unavailable special assessments	-	459,638	459,638
Due to other funds	319,814	51,717	371,531
Due to other governments	<u>41,152</u>	<u>-</u>	<u>41,152</u>
Total Liabilities	<u>6,098,486</u>	<u>1,479,186</u>	<u>7,577,672</u>
 Fund balances:			
Restricted for:			
Economic development	-	91,237	91,237
Debt service	-	756,744	756,744
Capital projects	-	643,441	643,441
Assigned to debt service	-	12,090	12,090
Unassigned	<u>1,269,967</u>	<u>(445)</u>	<u>1,269,522</u>
Total Fund Balances	<u>1,269,967</u>	<u>1,503,067</u>	<u>2,773,034</u>
 Total Liabilities and Fund Balances	 <u>\$ 7,368,453</u>	 <u>\$ 2,982,253</u>	 <u>\$ 10,350,706</u>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2011

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

Total Governmental Fund Balances	\$ 2,773,034
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,416,773
Deferred charges are not financial resources and therefore are not reported in the funds.	334,854
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	459,638
Interest is not recorded as an expenditure in the funds until the payment date.	(226,047)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(20,509,652)
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.	<u>(521,101)</u>
Net Assets - Governmental Activities	<u>\$ 51,727,499</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2011

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 6,142,332	\$ 1,177,710	\$ 7,320,042
Licenses and permits	888,612	-	888,612
Intergovernmental	5,255,407	741,715	5,997,122
Charges for services	114,803	19,157	133,960
Fines and forfeitures	505,533	5,337	510,870
Special assessments	-	27,037	27,037
Interest	6,445	12,666	19,111
Contributions	83,079	27,183	110,262
Miscellaneous	45,377	-	45,377
Total Revenues	<u>13,041,588</u>	<u>2,010,805</u>	<u>15,052,393</u>
Expenditures:			
Current:			
General government	1,193,987	12,623	1,206,610
Public safety	7,027,818	13,593	7,041,411
Public works	1,898,236	-	1,898,236
Culture and recreation	1,328,137	79,742	1,407,879
Economic development	236,842	78,251	315,093
Debt service	959,117	1,376,352	2,335,469
Capital outlay	481,114	750,276	1,231,390
Total Expenditures	<u>13,125,251</u>	<u>2,310,837</u>	<u>15,436,088</u>
Excess of Expenditures Over Revenues	<u>(83,663)</u>	<u>(300,032)</u>	<u>(383,695)</u>
Other Financing Sources (Uses):			
Capital leases	105,390	17,291	122,681
Sale of capital assets	31,442	-	31,442
Transfers in	1,444	175,350	176,794
Transfers out	<u>(146,177)</u>	<u>(30,617)</u>	<u>(176,794)</u>
Total Other Financing Sources (Uses)	<u>(7,901)</u>	<u>162,024</u>	<u>154,123</u>
Net Change in Fund Balances	(91,564)	(138,008)	(229,572)
Fund Balances - Beginning	<u>1,361,531</u>	<u>1,641,075</u>	<u>3,002,606</u>
Fund Balances - Ending	<u>\$ 1,269,967</u>	<u>\$ 1,503,067</u>	<u>\$ 2,773,034</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$ (229,572)
Differences:	
Governmental funds report capital asset purchases as expenditures.	1,231,390
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undeposited cost is removed upon disposal of the assets.	(4,318,495)
Governmental funds do not report the receipt of contributed capital assets.	11,614
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,037)
Governmental funds report debt issuances as other financing sources.	(122,681)
Governmental funds report principal payment on debt as expenditures.	1,485,827
Governmental activities report amortization expense to allocate debt issue costs over the life of the debt.	(30,175)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(37,509)
Capital project funds are classified as governmental funds but are not included in governmental activities if the capital projects relate to a business-type activity.	(104,515)
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>(256,878)</u>
Change in Net Assets - Governmental Activities	<u>\$ (2,398,031)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,537,506	\$ 103,676	\$ 2,641,182	\$ 2,252
Receivables:				
Accounts	1,139,632	-	1,139,632	-
Federal assistance	-	108,258	108,258	-
State assistance	797,380	43,420	840,800	-
Special assessments	4,429	-	4,429	-
Claim refunds and reinsurance	-	-	-	99,329
Due from other funds	78,200	402,722	480,922	-
Restricted cash and cash equivalents:				
Customer deposits account	630,123	-	630,123	-
Revenue bond and interest account	273,905	-	273,905	-
Total Current Assets	<u>5,461,175</u>	<u>658,076</u>	<u>6,119,251</u>	<u>101,581</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Construction account	586,224	-	586,224	-
Receivable:				
Special assessments (net of current portion)	62,610	-	62,610	-
Deferred charges:				
Loan and bond issue costs	59,711	-	59,711	-
	<u>708,545</u>	<u>-</u>	<u>708,545</u>	<u>-</u>
Capital Assets:				
Water and sewer systems and other improvements	49,747,883	-	49,747,883	-
Land	177,512	-	177,512	-
Buildings	298,104	-	298,104	-
Equipment and vehicles	1,830,016	562,147	2,392,163	-
Construction in progress	6,214	-	6,214	-
Certificate of authority	800,000	-	800,000	-
	<u>52,859,729</u>	<u>562,147</u>	<u>53,421,876</u>	<u>-</u>
Less accumulated depreciation	<u>20,754,480</u>	<u>275,407</u>	<u>21,029,887</u>	<u>-</u>
Capital Assets (net)	<u>32,105,249</u>	<u>286,740</u>	<u>32,391,989</u>	<u>-</u>
Total Noncurrent Assets	<u>32,813,794</u>	<u>286,740</u>	<u>33,100,534</u>	<u>-</u>
Total Assets	<u>38,274,969</u>	<u>944,816</u>	<u>39,219,785</u>	<u>101,581</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
LIABILITIES				
Current Liabilities:				
Accounts payable	163,067	127,693	290,760	-
Claims liability	-	-	-	197,540
Accrued interest payable	25,441	3	25,444	-
Due to other funds	337,444	-	337,444	516,072
Compensated absences payable - current	56,500	-	56,500	-
Notes payable - current	1,148,216	-	1,148,216	-
Capital leases payable - current	42,112	1,769	43,881	-
General obligation bonds payable - current	107,570	-	107,570	-
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	14,054	-	14,054	-
Revenue bonds payable - current	120,000	-	120,000	-
Customer deposits payable	630,123	-	630,123	-
Total Current Liabilities	<u>2,644,527</u>	<u>129,465</u>	<u>2,773,992</u>	<u>713,612</u>
Noncurrent Liabilities:				
Compensated absences payable	22,789	-	22,789	-
Capital leases payable	37,638	-	37,638	-
Revenue bonds payable	241,696	-	241,696	-
General obligation bonds payable	1,011,295	-	1,011,295	-
Notes payable	15,355,289	-	15,355,289	-
Total Noncurrent Liabilities	<u>16,668,707</u>	<u>-</u>	<u>16,668,707</u>	<u>-</u>
Total Liabilities	<u>19,313,234</u>	<u>129,465</u>	<u>19,442,699</u>	<u>713,612</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
NET ASSETS				
Invested in capital assets, net of related debt	14,101,144	284,971	14,386,115	-
Restricted for:				
Capital projects	586,224	-	586,224	-
Debt service	259,852	-	259,852	-
Unrestricted (deficit)	<u>4,014,515</u>	<u>530,380</u>	<u>4,544,895</u>	<u>(612,031)</u>
 Total Net Assets (Deficit)	 <u>\$ 18,961,735</u>	 <u>\$ 815,351</u>	 <u>\$ 19,777,086</u>	 <u>\$ (612,031)</u>

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

Total Enterprise Funds Net Assets	\$ 19,777,086
Difference:	
The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities.	<u>(90,928)</u>
Net Assets - Business-Type Activities	<u>\$ 19,686,158</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, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues:				
Charges For services:				
Water sales	\$ 3,216,062	\$ -	\$ 3,216,062	\$ -
Sewer service charges	2,782,331	-	2,782,331	-
Other services	271,343	-	271,343	-
Refuse collection charges	-	1,473,657	1,473,657	-
Federal assistance	-	260,522	260,522	-
State assistance	-	43,420	43,420	-
Rents	85,685	-	85,685	-
Premiums	-	-	-	1,330,586
	<u>6,355,421</u>	<u>1,777,599</u>	<u>8,133,020</u>	<u>1,330,586</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,105,781	-	1,105,781	-
Employee benefits	403,794	-	403,794	-
Insurance	27,677	847	28,524	237,635
Claims expense	-	-	-	1,334,007
Office supplies	3,803	-	3,803	-
Operating supplies:				
Gas and oil	94,623	23,451	118,074	-
Other	68,193	-	68,193	-
Outside services	770,278	1,717,406	2,487,684	60,131
Repairs and maintenance	656,033	41,451	697,484	-
Telephone	15,553	-	15,553	-
Postage	43,135	-	43,135	-
Printing	17,796	-	17,796	-
Utilities	537,277	-	537,277	-
Rentals	21,531	-	21,531	-
Depreciation	1,240,033	58,068	1,298,101	-

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

	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	10,198	-	10,198	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	<u>27,277</u>	<u>2,198</u>	<u>29,475</u>	<u>-</u>
 Total Operating Expenses	 <u>5,186,982</u>	 <u>1,843,421</u>	 <u>7,030,403</u>	 <u>1,631,773</u>
 Operating Income (Loss)	 <u>1,168,439</u>	 <u>(65,822)</u>	 <u>1,102,617</u>	 <u>(301,187)</u>
Nonoperating Revenues (Expenses):				
Interest income	19,870	2,348	22,218	2
Interest and fiscal charges	<u>(482,853)</u>	<u>(520)</u>	<u>(483,373)</u>	<u>-</u>
 Total Nonoperating Revenues (Expenses), net	 <u>(462,983)</u>	 <u>1,828</u>	 <u>(461,155)</u>	 <u>2</u>
 Income Before Capital Contributions	 705,456	 (63,994)	 641,462	 (301,185)
 Capital Contributions and Grants	 <u>131,558</u>	 <u>-</u>	 <u>131,558</u>	 <u>-</u>
 Change in Net Assets	 837,014	 (63,994)	 773,020	 (301,185)
 Net Assets (Deficit) - Beginning	 <u>18,124,721</u>	 <u>879,345</u>	 <u>19,004,066</u>	 <u>(310,846)</u>
 Net Assets (Deficit) - Ending	 <u>\$18,961,735</u>	 <u>\$ 815,351</u>	 <u>\$19,777,086</u>	 <u>\$ (612,031)</u>

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

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

Change in Net Assets - Enterprise Funds	\$ 773,020
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>(44,307)</u>
Change in Net Assets - Business-Type Activities	<u>\$ 728,713</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 6,277,409	\$ 1,472,829	\$ 7,750,238	\$ 266,352
Receipts from interfund services	-	-	-	1,064,234
Receipts from reinsurance	-	-	-	320,970
Payments to suppliers	(2,459,277)	(1,773,518)	(4,232,795)	(2,013,039)
Payments to employees	(1,358,939)	-	(1,358,939)	-
Payments for interfund services	(300,531)	-	(300,531)	-
Net Cash Provided (Used) By Operating Activities	<u>2,158,662</u>	<u>(300,689)</u>	<u>1,857,973</u>	<u>(361,483)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances to other funds	(78,200)	(121,921)	(200,121)	-
Repayments from other funds for advances	628,620	-	628,620	-
Advances from other funds	-	-	-	363,572
Net Cash Provided (Used) By Noncapital Financing Activities	<u>550,420</u>	<u>(121,921)</u>	<u>428,499</u>	<u>363,572</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,844,703)	(2,355)	(1,847,058)	-
Capital contributions and grants	27,043	-	27,043	-
Proceeds from notes payable	1,974,509	-	1,974,509	-
Principal paid on revenue bonds	(115,000)	-	(115,000)	-
Principal paid on general obligation bonds	(101,437)	-	(101,437)	-
Principal paid on capital leases	(16,507)	(20,749)	(37,256)	-
Principal paid on notes payable	(974,536)	-	(974,536)	-
Interest and fiscal charges paid on debt	(475,483)	(556)	(476,039)	-
Net Cash Used By Capital and Related Financing Activities	<u>(1,526,114)</u>	<u>(23,660)</u>	<u>(1,549,774)</u>	<u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

	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	19,870	2,348	22,218	2
Proceeds from investment maturities	320,602	-	320,602	-
Purchase of investments	<u>(320,602)</u>	<u>-</u>	<u>(320,602)</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>19,870</u>	<u>2,348</u>	<u>22,218</u>	<u>2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,202,838	(443,922)	758,916	2,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,824,920</u>	<u>547,598</u>	<u>3,372,518</u>	<u>161</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,027,758</u>	<u>\$ 103,676</u>	<u>\$ 4,131,434</u>	<u>\$ 2,252</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:				
State loan proceeds receivable	<u>\$ 797,380</u>	<u>\$ -</u>	<u>\$ 797,380</u>	<u>\$ -</u>
Capital assets contributed by capital project funds	<u>\$ 104,515</u>	<u>\$ -</u>	<u>\$ 104,515</u>	<u>\$ -</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,168,439	\$ (65,822)	\$ 1,102,617	\$ (301,187)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,240,033	58,068	1,298,101	-
Amortization	10,198	-	10,198	-
(Increase) decrease in receivables:				
Accounts	(110,704)	-	(110,704)	-
Federal assistance	-	(108,258)	(108,258)	-
State grants	-	(43,420)	(43,420)	-
Claim refunds and reinsurance	-	-	-	81,816
Due from other funds	-	(153,093)	(153,093)	-
Special assessments	11,439	-	11,439	-
Increase (decrease) in payables:				
Accounts	(355,811)	11,836	(343,975)	-
Claims	-	-	-	(142,112)
Due to other funds	179,710	-	179,710	-
Customer deposits	21,253	-	21,253	-
Compensated absences	(5,895)	-	(5,895)	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,158,662</u>	<u>\$ (300,689)</u>	<u>\$ 1,857,973</u>	<u>\$ (361,483)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2011

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	\$ 29,630
Receivables	<u>92</u>
Total Assets	29,722
 <u>LIABILITIES</u>	
Due to other funds	<u>111</u>
 <u>NET ASSETS</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 29,611</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended September 30, 2011

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Interest	<u>\$ 110</u>
Total Additions	110
DEDUCTIONS:	
Unemployment claims	<u>19</u>
CHANGE IN NET ASSETS	91
NET ASSETS - BEGINNING	<u>29,520</u>
NET ASSETS - ENDING	<u><u>\$ 29,611</u></u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clinton, Mississippi (the City) is incorporated under the laws of the State of Mississippi and operates as a code charter municipality. The City is governed by a mayor and a board of seven aldermen, all of whom are elected to four-year terms by the City's registered voters.

The City complies with accounting principles generally accepted in the United States of America (GAAP), which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. REPORTING ENTITY

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net 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.

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)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

<u>Fund</u>	<u>Brief Description</u>
Nonmajor Funds:	
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.
Katrina CDBG Grant Fund	Accounts for the proceeds of a Federal grant that was used for 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.
Infrastructure Bond and Interest Fund	Accumulates funds for payment of general obligation bonds that are anticipated to be issued in 2012 for infrastructure improvements.
Hampstead Blvd. Bond and Interest Fund	Accumulates funds for payment of a \$3,431,321 portion of a general obligation bond issue – \$3,870,000 Public Improvement Series 2006 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund.

(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>
Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of general obligation bonds to be issued for the construction of a library building.
Tax Increment Financing Bond and Interest Fund – United Artists	Accumulates funds for payment of a limited obligation bond issue - \$465,000 Land Improvement Series 1996 bonds.
Tax Increment Financing Bond and Interest Fund – Walmart	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.
Tax Increment Financing Bond and Interest Fund – Parkway Center	Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds.
Tax Increment Financing Bond and Interest Fund – Prugon	Accumulates funds for payment of a limited obligation bond issue - \$485,000 Series 2007 (Springridge Crossing Project) bonds.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

<u>Fund</u>	<u>Brief Description</u>
CAPITAL PROJECT FUNDS:	
ARRA - Bridge Replacement Project Fund	Accounts for the proceeds of a Federal grant that was used to replace certain bridges.
ARRA - Radio Read Meter Project Fund	Accounts for the proceeds of a Federal grant and loan that was used to implement a radio read water meter system for the Water and Sewer Operations Fund.
ARRA – Solid Waste Removal Project Fund	Accounts for the proceeds of a Federal grant that was used to construct a solid waste removal facility for the Water and Sewer Operations Fund.
Library Construction Project Fund	Accounts for the proceeds of a bond issue being used for the construction of a library facility.
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.
Parks and Recreation Project Fund	Accounts for the costs incurred for parks and recreation improvements funded by a loan from the Mississippi Development Bank.
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

PROPRIETARY FUND:

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.

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 \$6,000 of compensation paid to each employee during the previous calendar year, and the fund balance is not available for other uses by the City.

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:

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

- 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.
- 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. 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. Long-term interfund loans (noncurrent portion) are reported as "advances from/to other funds." All other outstanding balances between funds are reported as "due to/from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

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

(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.

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City began using a capitalization threshold of \$5,000 for the year ended September 30, 2006, and used a capitalization threshold of \$500 for previous years.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net 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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Fund Financial Statements

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

Restricted Assets

Certain 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.

Deferred Charges, Bond Discounts and Refunding Costs

Loan and bond issuance costs are reflected in the government-wide and proprietary fund financial statements as deferred charges and amortized on a straight-line basis over the terms of the loans and bonds.

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

Compensated Absences

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

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."

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Fund Statements

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

The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the year ended September 30, 2011. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on the extent of the constraints on their use as follows:

- a) Nonspendable fund balance – Consists of amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.
- b) Restricted fund balance – Consists of amounts for which constraints have been placed on their use: (1) by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments, or (2) by law through constitutional provisions or enabling legislation.
- c) Committed fund balance – Consists of amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Mayor and Board of Aldermen.
- d) Assigned fund balance – Consists of amounts that are constrained by the City's intent to use them for a specific purpose but that are neither restricted nor committed. Intent can be expressed by an official or body to which the Mayor and Board of Aldermen has delegated the authority.
- e) Unassigned fund balance – Consists of the residual fund balance for the General Fund.

The City utilizes restricted fund balances first, followed by committed fund balances and then assigned fund balances.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 15th for the subsequent fiscal year. Property taxes are recorded as a receivable in the period levied, but the revenue is deferred until the subsequent year in which it is available for use by the City.

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. REVENUES, EXPENDITURES AND EXPENSES – Continued

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.

F. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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 prepares a budget for each of its funds, and the budgets provide details by department and purpose. In September, the proposed budgets are presented to the Mayor and Board of Aldermen for review. The Board of Aldermen hold public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budgets. Any changes in the budgets must be within the revenues and reserves estimated as available by the accounting department. The budgets must be adopted on or before September 15th.

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

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

B. TAX LEVIES

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

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

C. DEFICIT FUND EQUITY

The Self-Funded Group Insurance Fund had a deficit fund equity of \$612,031 as of September 30, 2011 because of an increase in medical claims incurred. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

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, 2011, 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.

Investments. During the year ended September 30, 2011, the City invested in U.S. Treasury Bills, which were held by a bank within trust accounts in the City's name. However, no investments were owned at year end.

NOTE 4. RECEIVABLES AND UNEARNED REVENUE

Receivables at September 30, 2011 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,394,632	\$ 1,394,632
Special assessments:			
Due within one year	27,037	4,429	31,466
Due in more than one year	432,601	157,382	589,983
Property taxes	6,088,608	-	6,088,608
Sales and tourism taxes	674,122	-	674,122
Franchise charges	188,532	-	188,532
Federal assistance	345,598	108,258	453,856
State assistance	21,374	840,800	862,174
Other	<u>106,945</u>	<u>-</u>	<u>106,945</u>
	7,884,817	2,505,501	10,390,318
Allowance for uncollectible amounts	<u>-</u>	<u>(349,774)</u>	<u>(349,774)</u>
Net receivables	<u>\$7,884,817</u>	<u>\$2,155,727</u>	<u>\$10,040,544</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND UNEARNED REVENUE - Continued

In addition, unearned revenue, the majority of which is related to the receivables, consisted of the following at September 30, 2011:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Unearned property taxes, levied for use in the subsequent year	\$5,974,812	\$ -	\$5,974,812
Unearned grant revenue	<u>62,407</u>	<u>-</u>	<u>62,407</u>
	<u>\$6,037,219</u>	<u>\$ -</u>	<u>\$6,037,219</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,245,374	\$ 311,175	\$ -	\$ 6,556,549
Other land	1,213,550	-	-	1,213,550
Construction in progress	<u>426,085</u>	<u>644,422</u>	<u>(350,991)</u>	<u>719,516</u>
Total not being depreciated	<u>7,885,009</u>	<u>955,597</u>	<u>(350,991)</u>	<u>8,489,615</u>
Other capital assets:				
Buildings	17,009,173	525	-	17,009,698
Other improvements	10,154,195	67,603	-	10,221,798
Equipment and vehicles	7,981,781	269,569	(67,094)	8,184,256
Infrastructure	<u>65,963,013</u>	<u>196,186</u>	<u>-</u>	<u>66,159,199</u>
	<u>101,108,162</u>	<u>533,883</u>	<u>(67,094)</u>	<u>101,574,951</u>
Accumulated depreciation:				
Buildings	2,899,287	464,500	-	3,363,787
Other improvements	5,154,070	387,495	-	5,541,565
Equipment and vehicles	5,732,670	490,619	(66,812)	6,156,477
Infrastructure	<u>22,610,362</u>	<u>2,975,602</u>	<u>-</u>	<u>25,585,964</u>
	<u>36,396,389</u>	<u>4,318,216</u>	<u>(66,812)</u>	<u>40,647,793</u>
Net other capital assets	<u>64,711,773</u>	<u>(3,784,333)</u>	<u>(282)</u>	<u>60,927,158</u>
Capital assets, net	<u>\$ 72,596,782</u>	<u>\$ (2,828,736)</u>	<u>\$ (351,273)</u>	<u>\$ 69,416,773</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS – Continued

	Beginning Balance	Increases	Decreases	Ending Balance
<u>BUSINESS-TYPE ACTIVITIES</u>				
Capital assets not being depreciated:				
Land	\$ 177,512	\$ -	\$ -	\$ 177,512
Construction in progress	5,186,291	1,139,924	(6,320,001)	6,214
Certificate of authority	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total not being depreciated	<u>6,163,803</u>	<u>1,139,924</u>	<u>(6,320,001)</u>	<u>983,726</u>
Other capital assets:				
Water and sewer systems and improvements	42,691,435	7,056,448	-	49,747,883
Buildings	272,380	25,724	-	298,104
Equipment and vehicles	<u>2,342,685</u>	<u>49,478</u>	<u>-</u>	<u>2,392,163</u>
	<u>45,306,500</u>	<u>7,131,650</u>	<u>-</u>	<u>52,438,150</u>
Accumulated depreciation:				
Water and sewer systems and improvements	17,819,318	1,155,368	-	18,974,686
Buildings	85,880	12,022	-	97,902
Equipment and vehicles	<u>1,826,588</u>	<u>130,711</u>	<u>-</u>	<u>1,957,299</u>
	<u>19,731,786</u>	<u>1,298,101</u>	<u>-</u>	<u>21,029,887</u>
Net other capital assets	<u>25,574,714</u>	<u>5,833,549</u>	<u>-</u>	<u>31,408,263</u>
Capital assets, net	<u>\$31,738,517</u>	<u>\$ 6,973,473</u>	<u>\$ (6,320,001)</u>	<u>\$32,391,989</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 26,747
Public safety	326,118
Public works	3,084,226
Culture and recreation	881,125
	<u>\$4,318,216</u>
Business-type activities:	
Water	\$ 400,566
Sewer	839,467
Garbage collection	58,068
	<u>\$1,298,101</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES

The majority of interfund balances result from garbage collection customer billings by the Water and Sewer Operations Fund and from temporary advances for debt service, capital projects, and self-insurance claims. These advances are typically repaid upon collection of related receivables. The composition of interfund balances as of September 30, 2011 was as follows:

<u>Due To</u>	Due From					Total
	General Fund	Nonmajor Governmental Funds	Water and Sewer Operations Fund	Nonmajor Internal Service Fund	Unemployment Compensation Benefit Fund	
General Fund	\$ -	\$ 51,717	\$ 207,431	\$ 312,800	\$ 111	\$ 572,059
Water and Sewer Operations Fund	-	-	-	78,200	-	78,200
Garbage Collection Fund	152,264	-	125,386	125,072	-	402,722
Nonmajor Governmental Funds	167,550	-	4,627	-	-	172,177
Total	\$ 319,814	\$ 51,717	\$ 337,444	\$ 516,072	\$ 111	\$ 1,225,158

The majority of interfund transfers were to fund debt service. Interfund transfers during the year ended September 30, 2011 were as follows:

<u>Transfer To</u>	Transfer From		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 1,444	\$ 1,444
Nonmajor Governmental Funds	146,177	29,173	175,350
Total	\$ 146,177	\$ 30,617	176,794

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. ACCOUNTS PAYABLE

Accounts payable at September 30, 2011 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 327,010	\$ 290,760	\$ 617,770
Cash bonds and evidence held	169,231	-	169,231
Payroll withholdings and employee benefits	<u>213,042</u>	<u>-</u>	<u>213,042</u>
Total	<u>\$ 709,283</u>	<u>\$ 290,760</u>	<u>\$1,000,043</u>

NOTE 8. LONG-TERM DEBT

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

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

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2011, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$137,430 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%. \$ 2,846,134

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$285,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 7,215,000
10,061,134

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$35,000 to \$40,000 through March 1, 2016; interest varies from 5.3% to 5.7%. 190,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$65,000 to \$105,000 through April 1, 2020; interest varies from 5.7% to 6.25%. 740,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$17,000 to \$20,000 through March 1, 2019; interest at 4.25%. 148,500

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$35,000 to \$50,000 through March 15, 2019; interest at 4.8%. 350,000
1,428,500

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Notes Payable:

\$1,000,000 loan payable to the Mississippi Development Authority; monthly installments of \$7,272, including interest at 3.75%, with the final payment due March 1, 2013; secured by the City's share of sales tax collected by the State. 120,207

\$212,747 loan payable to the Mississippi Development Authority; monthly installments of \$1,469, including interest at 3%, with the final payment due October 1, 2013; secured by the City's share of sales tax collected by the State. 34,184

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$310,000 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. 6,705,000
6,859,391

Capital Lease Obligations:

\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014. 143,082

\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%; with a balloon payment of \$30,900 at the September, 2013 maturity date. 45,587

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$19,568 equipment lease dated May 12, 2009; monthly payments of \$571, including interest at 3.23%; final payment due March 12, 2012.	3,953
\$18,945 equipment lease dated May 12, 2009; monthly payments of \$553, including interest at 3.23%; final payment due March 12, 2012.	3,827
\$19,266 equipment lease dated April 15, 2009; monthly payments of \$562, including interest at 3.23%; final payment due April 15, 2012.	3,894
\$105,585 equipment lease dated June 16, 2009; monthly payments of \$3,080, including interest at 3.20%; final payment due June 16, 2012.	27,353
\$23,893 equipment lease dated July 1, 2009; monthly payments of \$697, including interest at 3.19%; final payment due July 1, 2012.	6,867
\$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019.	362,693
\$105,390 equipment lease dated May 17, 2011; monthly payments of \$3,052, including interest at 2.73%; final payment due May 17, 2014.	94,101
\$17,291 equipment lease dated May 3, 2011; monthly payments of \$477, including interest at 2.92%; final payment due July 3, 2014.	15,545
	<u>706,902</u>
Total Governmental Activities Long-Term Debt	<u>\$19,055,927</u>

(Continued)

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2011, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$90,000 to \$120,000 through March 1, 2018; interest varies from 4.7% to 4.8%. \$ 755,000

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$17,570 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%. 363,865
1,118,865

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$120,000 to \$135,000 through October 1, 2013; interest varies from 5.65% to 5.75%; secured by Water and Sewer Operations Fund revenues. 380,000

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$10,872, including interest at 4.5%; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 431,005

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 6,506,338

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.5%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 815,293

\$500,000 loan payable to the Mississippi Development Authority; monthly installments of \$2,529, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 370,365

\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 190,011

\$493,655 loan payable to the Mississippi Development Authority; monthly installments of \$2,497, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 365,665

\$3,719,450 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$19,142, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026. 3,002,900

\$1,857,928 loan payable to the Mississippi Department of Health; monthly installments of \$9,585, including interest at 1.95%, secured by the City's share of sales tax collected by the State; final payment due November 1, 2030. 1,838,199

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

\$2,217,778 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$11,075, including interest at 1.75%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2031.	2,186,349
\$1,000,000 maximum loan available from the Mississippi Development Authority with \$797,380 proceeds utilized; 240 monthly installments of \$4,035 (based on proceeds utilized), including interest at 2.00%, beginning May, 2012; secured by the City's share of sales tax collected by the State; final payment due April, 2032.	<u>797,380</u> <u>16,503,505</u>
Capital Lease Obligations:	
\$69,761 equipment lease dated May 15, 2007; monthly payments of \$872, including interest at 4.26%, with a balloon payment of \$28,180 at the June, 2012 maturity date.	34,163
\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%, with a balloon payment of \$30,900 at the September, 2013 maturity date.	45,587
\$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011.	<u>1,769</u> <u>81,519</u>
Unamortized bond refunding cost and bond discount	<u>(18,304)</u>
Total Business-Type Activities Long-Term Debt	<u>\$18,065,585</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2011, are as follows:

GOVERNMENTAL ACTIVITIES: FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 422,430	\$ 404,633	\$ 431,032	\$ 262,860	\$ 152,000	\$ 78,231	\$ 1,751,186
2013	441,863	385,503	398,359	244,958	162,000	70,269	1,702,952
2014	466,297	365,523	360,000	231,005	168,500	61,676	1,653,001
2015	490,163	344,494	380,000	218,375	179,000	52,640	1,664,672
2016	509,030	324,449	400,000	204,620	184,000	42,932	1,665,031
2017-2021	2,915,979	1,309,265	2,365,000	777,092	583,000	80,192	8,030,528
2022-2026	3,660,372	683,146	2,525,000	223,068	-	-	7,091,586
2027-2028	1,155,000	69,600	-	-	-	-	1,224,600
	<u>\$ 10,061,134</u>	<u>\$ 3,886,613</u>	<u>\$ 6,859,391</u>	<u>\$ 2,161,978</u>	<u>\$ 1,428,500</u>	<u>\$ 385,940</u>	<u>\$ 24,783,556</u>

BUSINESS-TYPE ACTIVITIES: FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 107,570	\$ 49,476	\$ 1,148,216	\$ 393,902	\$ 120,000	\$ 18,278	\$ 1,837,442
2013	113,137	44,116	1,191,722	366,537	125,000	11,325	1,851,837
2014	123,703	38,320	1,225,376	332,882	135,000	3,881	1,859,162
2015	129,837	32,108	1,205,290	298,611	-	-	1,665,846
2016	135,970	25,865	1,160,056	267,739	-	-	1,589,630
2017-2021	359,021	56,181	6,276,728	862,448	-	-	7,554,378
2022-2026	149,627	18,454	2,988,805	263,245	-	-	3,420,131
2027-2031	-	-	1,291,238	55,346	-	-	1,346,584
2032	-	-	16,074	66	-	-	16,140
	<u>\$ 1,118,865</u>	<u>\$ 264,520</u>	<u>\$ 16,503,505</u>	<u>\$ 2,840,776</u>	<u>\$ 380,000</u>	<u>\$ 33,484</u>	<u>\$ 21,141,150</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS - Continued

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2011, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2012	\$ 197,166	\$ 46,212
2013	180,037	38,633
2014	128,240	-
2015	64,385	-
2016	52,829	-
2017-2019	<u>158,487</u>	<u>-</u>
Total minimum lease payments	781,144	84,845
Less amount representing interest	<u>(74,242)</u>	<u>(3,326)</u>
Present value of future minimum lease payments	<u>\$ 706,902</u>	<u>\$ 81,519</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2011:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,217,277	\$ 251,581
Accumulated depreciation	<u>(487,659)</u>	<u>(187,754)</u>
Carrying Value	<u>\$ 729,618</u>	<u>\$ 63,827</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$10,759,698	\$ -	\$ (698,564)	\$10,061,134	\$ 422,430
Notes payable	7,266,217	-	(406,826)	6,859,391	431,032
Limited obligation bonds	1,569,500	-	(141,000)	1,428,500	152,000
Capital lease obligations	823,658	122,681	(239,437)	706,902	175,665
	20,419,073	122,681	(1,485,827)	19,055,927	1,181,127
Compensated absences	557,160	279,896	(263,261)	573,795	300,000
Net pension obligation	854,957	210,873	(185,900)	879,930	-
	<u>\$21,831,190</u>	<u>\$ 613,450</u>	<u>\$(1,934,988)</u>	<u>\$20,509,652</u>	<u>\$1,481,127</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 1,220,302	\$ -	\$ (101,437)	\$ 1,118,865	\$ 107,570
Notes payable	15,771,033	1,707,008	(974,536)	16,503,505	1,148,216
Revenue bonds	495,000	-	(115,000)	380,000	120,000
Capital lease obligations	118,775	-	(37,256)	81,519	43,881
Unamortized bond refunding cost and bond discount	(27,454)	-	9,150	(18,304)	-
	17,577,656	1,707,008	(1,219,079)	18,065,585	1,419,667
Compensated absences	85,184	58,215	(64,110)	79,289	56,500
	<u>\$17,662,840</u>	<u>\$1,765,223</u>	<u>\$(1,283,189)</u>	<u>\$18,144,874</u>	<u>\$1,476,167</u>

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

(Continued)

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES -Continued

Interest and fiscal charges incurred on long-term debt during the year ended September 30, 2011 were as follows:

Governmental activities	<u>\$ 845,542</u>
Business-type activities:	
Water	159,404
Sewer	314,299
Garbage collection	<u>520</u>
	<u>474,223</u>
	<u>\$1,319,765</u>

E. REVENUE PLEDGED TO SECURE DEBT

The City has pledged its share of general sales tax collected by the State to secure its notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,065,484 during the current year and made current year principal and interest payments on the notes payable to the State totaling \$2,056,420, which was approximately 51% of the pledged revenue. As of September 30, 2011, the future principal and interest requirements for the notes payable totaled \$28,365,650, and the maturity dates of the notes payable extend through April, 2032.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues received in the current year totaled \$175,350, and the City also received \$54,864 from Hinds County in the current year for the county's pledged portion of incremental ad valorem tax revenues. The current year principal and interest payments made by the City on the limited obligation bonds totaled \$226,511, which was approximately 98% of the pledged revenues. As of September 30, 2011, the future principal and interest requirements for the bonds totaled \$1,814,440, and the maturity dates extend through April, 2020.

(Continued)

NOTE 8. LONG-TERM DEBT - Continued

E. REVENUE PLEDGED TO SECURE DEBT - Continued

The City has pledged Water and Sewer Operations Fund revenues, net of operating expenses, to repay revenue bonds issued for a utility improvement project. The Water and Sewer Operations Fund had operating income of \$1,168,439 in the current year, and the current year principal and interest payments made by the City on the revenue bonds totaled \$139,887, which was approximately 12% of the pledged net revenues. As of September 30, 2011, the future principal and interest requirements for the revenue bonds totaled \$413,484, and the maturity dates extend through October, 2013.

NOTE 9. LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2011 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(831,500)</u>
Carrying value	<u>\$ 123,500</u>

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2012	\$ 10,100	\$ 71,448
2013	10,100	35,241
2014	10,100	-
2015	10,100	-
2016	10,100	-
2017-2018	<u>20,200</u>	<u>-</u>
	<u>\$ 70,700</u>	<u>\$ 106,689</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 10. OPERATING LEASE OBLIGATIONS

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

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2012	\$ 81,122	\$ 13,530
2013	50,855	13,530
2014	50,425	13,530
2015	48,969	13,530
2016	48,581	13,530
2017-2021	242,904	67,650
2022-2026	225,805	54,850
2027-2031	179,344	42,950
2032-2033	<u>18,500</u>	<u>11,960</u>
Total minimum lease payments	<u>\$ 946,505</u>	<u>\$ 245,060</u>

Rent expense during the year ended September 30, 2011 for all operating leases was as follows:

Governmental activities	\$ 128,078
Business-type activities	<u>21,531</u>
	<u>\$ 149,609</u>

NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

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

(Continued)

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

A. Deferred Compensation Plan - Continued

Funding Policy. Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed approximately \$76,000 to the plan for the year ended September 30, 2011. The City does not make any contributions to the plan.

B. Public Employees' Retirement System

Plan Description: The City of Clinton contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan for all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Clinton Disability and Relief Fund described later. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are currently required to contribute 9% of their annual covered salary, and the City of Clinton is required to contribute at an actuarially-determined rate. The current City of Clinton contribution rate is 12% of the annual covered payroll through December 31, 2011 and 12.93% thereafter. 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, 2011, 2010, and 2009 were \$1,468,397, \$1,347,257, and \$1,335,463, respectively, equal to 100% of the required contributions for each year.

(Continued)

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

C. City of Clinton Disability and Relief Fund

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

Funding Policy: During the year ended September 30, 2011, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.99 mill tax levy. The contribution requirements for CDRF are established, and may only be amended, by the State of Mississippi Legislature. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to ½ mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a 0.35 mill general fund tax levy through September 30, 2020, if needed in addition to the CDRF tax levy to maintain the actuarial soundness of the CDRF.

(Continued)

Notes to Basic Financial Statements – Continued

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

C. City of Clinton Disability and Relief Fund - Continued

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

Actuarial Valuation Date	September 30,		
	2010	2009	2008
Actuarial Value of Plan Assets	\$ 8,082,000	\$8,617,000	\$ 8,944,000
Actuarial Accrued Liability	<u>9,999,000</u>	<u>9,928,000</u>	<u>9,685,000</u>
Unfunded Actuarial Liability	<u>\$ 1,917,000</u>	<u>\$1,311,000</u>	<u>\$ 741,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	80.8%	86.8%	92.3%
Annual Covered Payroll	\$ 320,000	\$ 314,000	\$ 307,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	599.1%	417.5%	241.4%

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

Fiscal Year Ended	September 30,		
	2011	2010	2009
Annual required employer contribution	\$ 223,679	\$ 176,137	\$ 120,608
Interest on net pension obligation	68,397	62,986	65,481
Adjustment to annual required contribution	<u>(81,202)</u>	<u>(73,756)</u>	<u>(75,718)</u>
Annual pension cost	210,874	165,367	110,371
Actual employer contribution	<u>(185,901)</u>	<u>(97,731)</u>	<u>(141,558)</u>
Change in net pension obligation	24,973	67,636	(31,187)
Beginning net pension obligation	<u>854,957</u>	<u>787,321</u>	<u>818,508</u>
Ending net pension obligation	<u>\$ 879,930</u>	<u>\$ 854,957</u>	<u>\$ 787,321</u>
Percentage of annual pension cost contributed	88.16%	59.10%	128.26%

(Continued)

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

C. City of Clinton Disability and Relief Fund – Continued

The annual required contribution for the year ended September 30, 2011 was determined as part of the September 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include an 8% (including 3.5% price inflation) investment rate of return, projected salary increases of 4.5% to 6% (including 4.25% wage inflation) per year, and cost of living benefit adjustments of 2.5% per year (not to exceed 10%). The projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions. The actuarial value of CDRF's assets was determined using the 5-year smoothed market method. CDRF's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at September 30, 2010 was 24 years.

NOTE 12. COMMITMENTS

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through December, 2015, and provides for a monthly charge to the City of \$12.79 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2016, and provides for a monthly charge to the City of \$46,975 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

NOTE 13. CONTINGENT LIABILITIES

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

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

(Continued)

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss for which the City carries commercial insurance. Except for the medical self-insurance plan stop-loss coverage discussed below, there were no significant reductions in insurance coverage from the prior year, and settlements in excess of coverage for the three previous years were not material. As discussed in Note 2(c), the City's Self-Funded Group Insurance Fund had a deficit fund equity at September 30, 2011.

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

Employees of the City are covered by the City's medical and dental self-insurance plan (the "plan"). The City contributed approximately \$449 per month per employee to the plan, and employees had the option of authorizing payroll withholdings to fund contributions for spouses and dependents. Claims are paid by a third party administrator acting on behalf of the City.

The City's medical self-insurance plan is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage is in effect for individual claims exceeding \$60,000 and for aggregate loss, which is based on the number of covered individuals. However, the stop-loss coverage for a certain individual was set at \$180,000 (rather than \$60,000) in the previous policy year. The aggregate stop-loss coverage attachment point for the current policy year (which began August 1, 2011) is approximately \$1,856,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,250,000. 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 computing

(Continued)

NOTE 14. RISK MANAGEMENT – Continued

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>2011</u>	<u>2010</u>
Claims liability, October 1	\$ 339,652	\$ 125,025
Current year claims and changes in estimates	1,334,007	1,175,190
Claims paid in current year	<u>(1,476,119)</u>	<u>(960,563)</u>
Claims liability, September 30	<u>\$ 197,540</u>	<u>\$ 339,652</u>

NOTE 15. SUBSEQUENT EVENTS

The City has expressed its intent to issue general obligation bonds totaling \$4.25 million for various improvements to municipal buildings and infrastructure, and the anticipated repayment term for the bonds is twenty years.

In addition, the City has approved the purchase of a \$443 thousand fire department pumper truck to be financed over ten years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
AVAILABLE				
Licenses and permits	\$ 883,800	\$ 928,500	\$ 916,381	\$ (12,119)
State grants	275,928	360,928	297,834	(63,094)
State shared revenues	4,159,500	4,311,900	4,418,152	106,252
Local grants	85,000	86,900	46,159	(40,741)
Federal grants	86,000	238,000	208,375	(29,625)
Charges for services	77,350	93,900	113,933	20,033
Fines and forfeitures	450,000	513,700	505,174	(8,526)
Interest earned	20,000	6,000	6,445	445
Miscellaneous	155,000	410,090	411,599	1,509
Total receipts, other than taxes	6,192,578	6,949,918	6,924,052	(25,866)
Beginning fund balance	196,991	415,018	415,018	-
Total available, other than taxes	6,389,569	7,364,936	7,339,070	(25,866)
Ad valorem taxes to be provided by levy	6,278,414	6,174,314	6,148,312	(26,002)
Total Available From All Sources	<u>\$12,667,983</u>	<u>\$13,539,250</u>	<u>\$ 13,487,382</u>	<u>\$ (51,868)</u>
EXPENDITURES				
General government:				
Elected officials:				
Personal services	\$ 286,081	\$ 285,081	\$ 284,766	\$ (315)
Supplies	10,000	5,800	4,799	(1,001)
Other services and charges	34,845	60,045	55,514	(4,531)
Total elected officials	<u>330,926</u>	<u>350,926</u>	<u>345,079</u>	<u>(5,847)</u>
Court services:				
Personal services	209,734	205,034	193,219	(11,815)
Supplies	6,300	6,300	2,166	(4,134)
Other services and charges	56,640	69,440	61,334	(8,106)
Total court services	<u>272,674</u>	<u>280,774</u>	<u>256,719</u>	<u>(24,055)</u>
Administration:				
Personal services	297,630	289,602	287,478	(2,124)
Supplies	19,300	19,300	12,164	(7,136)
Other services and charges	171,023	172,123	165,716	(6,407)
Capital outlay	-	32,200	32,153	(47)
Total administration	<u>487,953</u>	<u>513,225</u>	<u>497,511</u>	<u>(15,714)</u>
Community development:				
Personal services	172,640	173,440	173,438	(2)
Supplies	11,200	10,400	9,903	(497)
Other services and charges	38,240	82,440	82,401	(39)
Debt service	6,747	6,747	6,717	(30)
Total community development	<u>228,827</u>	<u>273,027</u>	<u>272,459</u>	<u>(568)</u>
Total General Government	<u>1,320,380</u>	<u>1,417,952</u>	<u>1,371,768</u>	<u>(46,184)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public safety:				
Law enforcement:				
Personal services	3,040,764	3,124,964	3,111,266	(13,698)
Supplies	214,202	378,064	383,007	4,943
Other services and charges	199,011	253,011	258,780	5,769
Capital outlay	-	105,390	105,390	-
Debt service	42,761	52,000	54,970	2,970
Total law enforcement	<u>3,496,738</u>	<u>3,913,429</u>	<u>3,913,413</u>	<u>(16)</u>
Fire protection:				
Personal services	2,757,199	2,770,799	2,740,022	(30,777)
Supplies	151,700	199,862	200,078	216
Other services and charges	200,184	202,784	202,595	(189)
Debt service	284,086	289,000	288,489	(511)
Total fire protection	<u>3,393,169</u>	<u>3,462,445</u>	<u>3,431,184</u>	<u>(31,261)</u>
Inspection:				
Personal services	95,610	95,610	95,535	(75)
Supplies	11,150	11,150	5,768	(5,382)
Other services and charges	11,614	11,614	7,413	(4,201)
Total inspection	<u>118,374</u>	<u>118,374</u>	<u>108,716</u>	<u>(9,658)</u>
Total Public Safety	<u>7,008,281</u>	<u>7,494,248</u>	<u>7,453,313</u>	<u>(40,935)</u>
Street:				
Personal services	1,023,560	939,560	938,817	(743)
Supplies	210,750	321,950	321,703	(247)
Other services and charges	490,795	596,795	596,764	(31)
Capital outlay	223,000	202,000	196,298	(5,702)
Debt service	110,909	110,909	110,311	(598)
Total Street	<u>2,059,014</u>	<u>2,171,214</u>	<u>2,163,893</u>	<u>(7,321)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES - Continued				
Parks and recreation:				
Personal services	846,059	784,599	783,956	(643)
Supplies	154,880	259,730	259,691	(39)
Other services and charges	182,554	210,159	211,464	1,305
Capital outlay	-	77,300	76,175	(1,125)
Debt service	500,152	500,152	498,630	(1,522)
Total Parks and Recreation	<u>1,683,645</u>	<u>1,831,940</u>	<u>1,829,916</u>	<u>(2,024)</u>
4 C's:				
Other services and charges	20,000	20,000	20,000	-
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Library:				
Supplies	-	12,000	11,251	(749)
Other services and charges	-	23,300	23,219	(81)
Capital outlay	-	14,800	14,773	(27)
Total Library	<u>-</u>	<u>50,100</u>	<u>49,243</u>	<u>(857)</u>
Economic development:				
Personal services	48,951	48,951	48,654	(297)
Supplies	2,175	2,175	1,638	(537)
Other services and charges	132,782	132,782	116,511	(16,271)
Total Economic Development	<u>183,908</u>	<u>183,908</u>	<u>166,803</u>	<u>(17,105)</u>
Main Street:				
Personal services	54,417	54,417	54,403	(14)
Supplies	5,200	5,200	3,139	(2,061)
Other services and charges	10,500	10,500	8,648	(1,852)
Total Main Street	<u>70,117</u>	<u>70,117</u>	<u>66,190</u>	<u>(3,927)</u>
Transfers and other charges	<u>146,477</u>	<u>146,477</u>	<u>146,252</u>	<u>(225)</u>
Total expenditures	12,491,822	13,385,956	13,267,378	(118,578)
Ending fund balance	<u>176,161</u>	<u>153,294</u>	<u>220,004</u>	<u>66,710</u>
Total Expenditures and Ending Fund Balance	<u>\$12,667,983</u>	<u>\$13,539,250</u>	<u>\$ 13,487,382</u>	<u>\$ (51,868)</u>

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

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	\$ 13,487,382
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	251,500
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing sources are included in budgetary basis available	(138,276)
Beginning fund balance is included in budgetary basis available	<u>(415,018)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,041,588</u>
Expenditures - Budgetary Comparison Schedule	\$ 13,267,378
Differences:	
GAAP basis payables are reflected as budgetary basis expenditures in the year paid unless paid within 30 days after the end of the year in which they were budgeted.	148,050
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing uses are included in budgetary basis expenditures	<u>(146,177)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,125,251</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	138,276
Other financing uses are included in budgetary basis expenditures	<u>(146,177)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (7,901)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 180,591	\$ 722,692	\$ 448,388	\$ 1,351,671
Receivables:				
Property taxes	-	909,631	-	909,631
Tourism tax	20,657	-	-	20,657
Federal assistance	-	-	68,479	68,479
Special assessments	-	459,638	-	459,638
Due from other funds	<u>-</u>	<u>32,849</u>	<u>139,328</u>	<u>172,177</u>
 Total Assets	 <u>\$201,248</u>	 <u>\$2,124,810</u>	 <u>\$ 656,195</u>	 <u>\$ 2,982,253</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 3,162	\$ 3,577	\$ 15,519	\$ 22,258
Unearned property taxes	-	891,441	-	891,441
Unearned grant revenue	54,132	-	-	54,132
Unavailable special assessments	-	459,638	-	459,638
Due to other funds	<u>35,784</u>	<u>1,765</u>	<u>14,168</u>	<u>51,717</u>
 Total Liabilities	 <u>93,078</u>	 <u>1,356,421</u>	 <u>29,687</u>	 <u>1,479,186</u>
Fund Balances:				
Restricted for:				
Economic development	91,237	-	-	91,237
Debt service	-	756,744	-	756,744
Capital outlay	16,933	-	626,508	643,441
Assigned to debt service	-	12,090	-	12,090
Unassigned	<u>-</u>	<u>(445)</u>	<u>-</u>	<u>(445)</u>
 Total Fund Balance	 <u>108,170</u>	 <u>768,389</u>	 <u>626,508</u>	 <u>1,503,067</u>
 Total Liabilities and Fund Balances	 <u>\$201,248</u>	 <u>\$2,124,810</u>	 <u>\$ 656,195</u>	 <u>\$ 2,982,253</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 1,177,710	\$ -	\$ 1,177,710
Intergovernmental	124,435	76,123	541,157	741,715
Charges for services	19,157	-	-	19,157
Fines and forfeitures	5,337	-	-	5,337
Special assessments	-	27,037	-	27,037
Interest	825	8,535	3,306	12,666
Contributions	27,183	-	-	27,183
Total Revenues	<u>176,937</u>	<u>1,289,405</u>	<u>544,463</u>	<u>2,010,805</u>
Expenditures:				
Current:				
General government	-	12,623	-	12,623
Public Safety	13,593	-	-	13,593
Culture and Recreation	79,742	-	-	79,742
Economic Development	78,251	-	-	78,251
Debt Service	1,908	1,374,444	-	1,376,352
Capital Outlay	28,688	-	721,588	750,276
Total Expenditures	<u>202,182</u>	<u>1,387,067</u>	<u>721,588</u>	<u>2,310,837</u>
Excess of Expenditures Over Revenues	<u>(25,245)</u>	<u>(97,662)</u>	<u>(177,125)</u>	<u>(300,032)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Capital leases	17,291	-	-	17,291
Transfers in	-	175,350	-	175,350
Transfers out	-	(29,173)	(1,444)	(30,617)
Total Other Financing Sources (Uses)	<u>17,291</u>	<u>146,177</u>	<u>(1,444)</u>	<u>162,024</u>
Net Change in Fund Balances	(7,954)	48,515	(178,569)	(138,008)
Fund Balances - Beginning	<u>116,124</u>	<u>719,874</u>	<u>805,077</u>	<u>1,641,075</u>
Fund Balances - Ending	<u>\$ 108,170</u>	<u>\$ 768,389</u>	<u>\$ 626,508</u>	<u>\$ 1,503,067</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2011

	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	\$ 125,197	\$ 55,394	\$ 180,591
Tourism tax receivable	<u>20,657</u>	<u>-</u>	<u>20,657</u>
 Total Assets	 <u>\$ 145,854</u>	 <u>\$ 55,394</u>	 <u>\$ 201,248</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,900	\$ 1,262	\$ 3,162
Unearned grant revenue	-	54,132	54,132
Due to other funds	<u>35,784</u>	<u>-</u>	<u>35,784</u>
 Total Liabilities	 <u>37,684</u>	 <u>55,394</u>	 <u>93,078</u>
Fund Balances:			
Restricted for:			
Economic development	91,237	-	91,237
Capital outlay	<u>16,933</u>	<u>-</u>	<u>16,933</u>
 Total Fund Balances	 <u>108,170</u>	 <u>-</u>	 <u>108,170</u>
 Total Liabilities and Fund Balances	 <u>\$ 145,854</u>	 <u>\$ 55,394</u>	 <u>\$ 201,248</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2011

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 113,260	\$ -	\$ 113,260
Federal grants	-	11,175	11,175
	<u>113,260</u>	<u>11,175</u>	<u>124,435</u>
Charges for services	19,157	-	19,157
Fines and forfeitures	-	5,337	5,337
Interest	689	136	825
Contributions	<u>27,183</u>	-	<u>27,183</u>
Total Revenues	<u>160,289</u>	<u>16,648</u>	<u>176,937</u>
Expenditures:			
Public Safety:			
Supplies	-	13,433	13,433
Other services and charges	-	160	160
	<u>-</u>	<u>13,593</u>	<u>13,593</u>
Culture and Recreation:			
Personal services	39,355	-	39,355
Supplies	17,068	-	17,068
Other services and charges	<u>23,319</u>	-	<u>23,319</u>
	<u>79,742</u>	<u>-</u>	<u>79,742</u>
Economic Development:			
Other services and charges	<u>78,251</u>	-	<u>78,251</u>
Debt service	<u>-</u>	<u>1,908</u>	<u>1,908</u>
Capital outlay	<u>10,250</u>	<u>18,438</u>	<u>28,688</u>
Total Expenditures	<u>168,243</u>	<u>33,939</u>	<u>202,182</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 Year Ended September 30, 2011

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
Excess of Expenditures over Revenues	(7,954)	(17,291)	(25,245)
Other Financing Sources:			
Capital leases	<u> -</u>	<u> 17,291</u>	<u> 17,291</u>
Net Change in Fund Balances	(7,954)	-	(7,954)
Fund Balances - Beginning	<u> 116,124</u>	<u> -</u>	<u> 116,124</u>
Fund Balances - Ending	<u>\$ 108,170</u>	<u>\$ -</u>	<u>\$ 108,170</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

	Clinton Parkway Bond and Interest Fund	Infrastructure Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
ASSETS									
Cash and cash equivalents	\$ 53,044	\$ -	\$ 71,377	\$ 583,811	\$ 1,320	\$ 6,704	\$ 1,077	\$ 5,359	\$ 722,692
Property taxes receivable	4,872	259,104	251,390	394,265	-	-	-	-	909,631
Special assessments receivable	-	-	459,638	-	-	-	-	-	459,638
Due from other funds	-	-	32,849	-	-	-	-	-	32,849
Total Assets	\$ 57,916	\$ 259,104	\$ 815,254	\$ 978,076	\$ 1,320	\$ 6,704	\$ 1,077	\$ 5,359	\$ 2,124,810
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 2,527	\$ -	\$ -	\$ -	\$ 1,050	\$ 3,577
Unearned property taxes	-	259,104	246,766	385,571	-	-	-	-	891,441
Unavailable special assessments	-	-	459,638	-	-	-	-	-	459,638
Due to other funds	-	-	-	-	1,765	-	-	-	1,765
Total Liabilities	-	259,104	706,404	388,098	1,765	-	-	1,050	1,356,421
Fund Balances:									
Restricted for debt service	57,916	-	108,850	589,978	-	-	-	-	756,744
Assigned to debt service	-	-	-	-	-	6,704	1,077	4,309	12,090
Unassigned	-	-	-	-	(445)	-	-	-	(445)
Total Fund Balances	57,916	-	108,850	589,978	(445)	6,704	1,077	4,309	768,389
Total Liabilities and Fund Balances	\$ 57,916	\$ 259,104	\$ 815,254	\$ 978,076	\$ 1,320	\$ 6,704	\$ 1,077	\$ 5,359	\$ 2,124,810

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

	Clinton Parkway Bond and Interest Fund	Infrastructure Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Revenues:									
Property taxes	\$ 315,044	\$ -	\$ 299,896	\$ 562,770	\$ -	\$ -	\$ -	\$ -	\$ 1,177,710
Intergovernmental:									
State grants	5,687	-	5,416	10,156	-	-	-	-	21,259
County shared revenues	-	-	-	-	19,864	35,000	-	-	54,864
	<u>5,687</u>	<u>-</u>	<u>5,416</u>	<u>10,156</u>	<u>19,864</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>76,123</u>
Special assessments	-	-	27,037	-	-	-	-	-	27,037
Interest	<u>822</u>	<u>-</u>	<u>2,604</u>	<u>5,025</u>	<u>7</u>	<u>35</u>	<u>10</u>	<u>32</u>	<u>8,535</u>
Total Revenues	<u>321,553</u>	<u>-</u>	<u>334,953</u>	<u>577,951</u>	<u>19,871</u>	<u>35,035</u>	<u>10</u>	<u>32</u>	<u>1,289,405</u>
Expenditures:									
General government:									
Other services and charges	3,600	-	3,064	5,959	-	-	-	-	12,623
Debt service	<u>311,479</u>	<u>-</u>	<u>258,885</u>	<u>574,484</u>	<u>42,510</u>	<u>108,515</u>	<u>22,991</u>	<u>55,580</u>	<u>1,374,444</u>
Total Expenditures	<u>315,079</u>	<u>-</u>	<u>261,949</u>	<u>580,443</u>	<u>42,510</u>	<u>108,515</u>	<u>22,991</u>	<u>55,580</u>	<u>1,387,067</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,474</u>	<u>-</u>	<u>73,004</u>	<u>(2,492)</u>	<u>(22,639)</u>	<u>(73,480)</u>	<u>(22,981)</u>	<u>(55,548)</u>	<u>(97,662)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

	Clinton Parkway Bond and Interest Fund	Infrastructure Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	23,262	74,516	22,991	54,581	175,350
Transfers out	<u>(7,803)</u>	<u>-</u>	<u>(7,434)</u>	<u>(13,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,173)</u>
Total Other Financing Sources (Uses)	<u>(7,803)</u>	<u>-</u>	<u>(7,434)</u>	<u>(13,936)</u>	<u>23,262</u>	<u>74,516</u>	<u>22,991</u>	<u>54,581</u>	<u>146,177</u>
Net Change in Fund Balances	(1,329)	-	65,570	(16,428)	623	1,036	10	(967)	48,515
Fund Balances - Beginning	<u>59,245</u>	<u>-</u>	<u>43,280</u>	<u>606,406</u>	<u>(1,068)</u>	<u>5,668</u>	<u>1,067</u>	<u>5,276</u>	<u>719,874</u>
Fund Balances - Ending	<u>\$ 57,916</u>	<u>\$ -</u>	<u>\$ 108,850</u>	<u>\$ 589,978</u>	<u>\$ (445)</u>	<u>\$ 6,704</u>	<u>\$ 1,077</u>	<u>\$ 4,309</u>	<u>\$ 768,389</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2011

	ARRA- Bridge Replacement Project Fund	ARRA- Radio Read Meter Project Fund	ARRA- Solid Waste Removal Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 262,000	\$ 186,388	\$ -	\$ -	\$ 448,388
Federal assistance receivable	14,168	-	-	-	-	-	54,311	68,479
Due from other funds	-	-	-	-	-	-	139,328	139,328
Total Assets	\$ 14,168	\$ -	\$ -	\$ 262,000	\$ 186,388	\$ -	\$193,639	\$ 656,195
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 25	\$ 15,472	\$ -	\$ 22	\$ 15,519
Due to other funds	14,168	-	-	-	-	-	-	14,168
Total Liabilities	14,168	-	-	25	15,472	-	22	29,687
Fund Balances:								
Restricted for capital outlay	-	-	-	261,975	170,916	-	193,617	626,508
Total Liabilities and Fund Balances	\$ 14,168	\$ -	\$ -	\$ 262,000	\$ 186,388	\$ -	\$193,639	\$ 656,195

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2011

	ARRA- Bridge Replacement Project Fund	ARRA- Radio Read Meter Project Fund	ARRA- Solid Waste Removal Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Revenues:								
Intergovernmental:								
Federal grants	\$ 14,168	\$ 104,515	\$ -	\$ -	\$ -	\$ -	\$422,474	\$ 541,157
Interest	-	-	-	1,716	1,540	-	50	3,306
Total Revenues	<u>14,168</u>	<u>104,515</u>	<u>-</u>	<u>1,716</u>	<u>1,540</u>	<u>-</u>	<u>422,524</u>	<u>544,463</u>
Expenditures:								
Capital Outlay	<u>14,168</u>	<u>104,515</u>	<u>-</u>	<u>19,205</u>	<u>123,984</u>	<u>-</u>	<u>459,716</u>	<u>721,588</u>
Total Expenditures	<u>14,168</u>	<u>104,515</u>	<u>-</u>	<u>19,205</u>	<u>123,984</u>	<u>-</u>	<u>459,716</u>	<u>721,588</u>
Excess of Expenditures Over Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,489)</u>	<u>(122,444)</u>	<u>-</u>	<u>(37,192)</u>	<u>(177,125)</u>
Other Financing Sources (Uses):								
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,444)</u>	<u>-</u>	<u>(1,444)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,444)</u>	<u>-</u>	<u>(1,444)</u>
Net Change in Fund Balances	-	-	-	(17,489)	(122,444)	(1,444)	(37,192)	(178,569)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,464</u>	<u>293,360</u>	<u>1,444</u>	<u>230,809</u>	<u>805,077</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,975</u>	<u>\$ 170,916</u>	<u>\$ -</u>	<u>\$193,617</u>	<u>\$ 626,508</u>

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 125,000	\$ 110,000	\$ 109,322	\$ (678)
Interest earned	2,000	600	690	90
Donations - private sources	500	19,800	27,183	7,383
Sales	21,000	21,000	19,027	(1,973)
Other	500	1,320	130	(1,190)
Total Receipts	<u>149,000</u>	<u>152,720</u>	<u>156,352</u>	<u>3,632</u>
Beginning fund balance	<u>75,313</u>	<u>100,026</u>	<u>100,026</u>	<u>-</u>
Total Available From All Sources	<u>\$ 224,313</u>	<u>\$ 252,746</u>	<u>\$ 256,378</u>	<u>\$ 3,632</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 39,365	\$ 39,365	\$ 39,355	\$ (10)
Supplies:				
Cost of sales	15,250	18,300	10,551	(7,749)
Other	6,100	6,100	5,985	(115)
Other services and charges	27,072	27,072	22,734	(4,338)
Capital outlay	<u>-</u>	<u>10,300</u>	<u>10,250</u>	<u>(50)</u>
Total visitor center	87,787	101,137	88,875	(12,262)
Tourism promotion:				
Other services and charges	<u>113,950</u>	<u>103,650</u>	<u>78,251</u>	<u>(25,399)</u>
Total Expenditures	201,737	204,787	167,126	(37,661)
Ending fund balance	<u>22,576</u>	<u>47,959</u>	<u>89,252</u>	<u>41,293</u>
Total Expenditures and Ending Fund Balance	<u>\$ 224,313</u>	<u>\$ 252,746</u>	<u>\$ 256,378</u>	<u>\$ 3,632</u>

CITY OF CLINTON

KATRINA CDBG GRANT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Beginning fund balance	-	-	1,600	1,600
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 1,600</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 1,600	\$ 1,600
Total Expenditures	-	-	1,600	1,600
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 1,600</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Asset forfeitures:				
U.S. Justice Department	\$ 5,000	\$ 40,000	\$ 42,645	\$ 2,645
Local	-	5,000	5,337	337
Grants	-	-	883	883
Interest earned	-	-	136	136
Donations - private sources	3,000	3,000	-	(3,000)
Proceeds from lease	-	17,291	17,291	-
Total Receipts	8,000	65,291	66,292	1,001
Beginning fund balance	29,842	21,779	21,779	-
Total Available From All Sources	\$ 37,842	\$ 87,070	\$ 88,071	\$ 1,001
<u>EXPENDITURES</u>				
Supplies	\$ 5,000	\$ 12,200	\$ 12,171	\$ (29)
Other services and charges	5,000	700	160	(540)
Capital outlay	-	18,438	18,438	-
Debt service	-	960	1,908	948
Total Expenditures	10,000	32,298	32,677	379
Ending fund balance	27,842	54,772	55,394	622
Total Expenditures and Ending Fund Balance	\$ 37,842	\$ 87,070	\$ 88,071	\$ 1,001

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 5,687	\$ 5,687
Interest earned	-	-	822	822
Total receipts, other than taxes	-	-	6,509	6,509
Beginning fund balance	45,726	54,068	54,068	-
Total available, other than taxes	45,726	54,068	60,577	6,509
Ad valorem taxes to be provided by levy	318,658	318,658	315,349	(3,309)
Total Available From All Sources	\$ 364,384	\$ 372,726	\$ 375,926	\$ 3,200
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,686	\$ 3,686	\$ 3,600	\$ (86)
Debt service	311,988	311,988	311,479	(509)
Transfers to other funds	7,803	7,803	7,803	-
Total Expenditures	323,477	323,477	322,882	(595)
Ending fund balance	40,907	49,249	53,044	3,795
Total Expenditures and Ending Fund Balance	\$ 364,384	\$ 372,726	\$ 375,926	\$ 3,200

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 5,416	\$ 5,416
Interest earned	-	-	2,604	2,604
Special assessments	<u>28,930</u>	<u>28,930</u>	<u>27,037</u>	<u>(1,893)</u>
Total receipts, other than taxes	28,930	28,930	35,057	6,127
Beginning fund balance	<u>7,884</u>	<u>38,336</u>	<u>38,336</u>	<u>-</u>
Total available, other than taxes	36,814	67,266	73,393	6,127
Ad valorem taxes to be provided by levy	<u>303,485</u>	<u>303,485</u>	<u>300,216</u>	<u>(3,269)</u>
Total Available From All Sources	<u>\$ 340,299</u>	<u>\$ 370,751</u>	<u>\$ 373,609</u>	<u>\$ 2,858</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,511	\$ 3,511	\$ 3,064	\$ (447)
Debt service	294,794	294,794	258,885	(35,909)
Transfers	<u>7,434</u>	<u>7,434</u>	<u>7,434</u>	<u>-</u>
Total Expenditures	305,739	305,739	269,383	(36,356)
Ending fund balance	<u>34,560</u>	<u>65,012</u>	<u>104,226</u>	<u>39,214</u>
Total Expenditures and Ending Fund Balance	<u>\$ 340,299</u>	<u>\$ 370,751</u>	<u>\$ 373,609</u>	<u>\$ 2,858</u>

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 10,156	\$ 10,156
Interest earned	-	-	5,025	5,025
Total receipts, other than taxes	-	-	15,181	15,181
Beginning fund balance	548,406	597,147	597,147	-
Total available, other than taxes	548,406	597,147	612,328	15,181
Ad valorem taxes to be provided by levy	569,031	569,031	563,335	(5,696)
Total Available From All Sources	<u>\$ 1,117,437</u>	<u>\$ 1,166,178</u>	<u>\$ 1,175,663</u>	<u>\$ 9,485</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 6,583	\$ 6,583	\$ 5,959	\$ (624)
Debt service	573,484	573,484	571,984	(1,500)
Transfers to other funds	13,936	13,936	13,936	-
Total Expenditures	594,003	594,003	591,879	(2,124)
Ending fund balance	523,434	572,175	583,784	11,609
Total Expenditures and Ending Fund Balance	<u>\$ 1,117,437</u>	<u>\$ 1,166,178</u>	<u>\$ 1,175,663</u>	<u>\$ 9,485</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 23,262	\$ 23,262	\$ 23,262	\$ -
Receipt from Hinds County	19,258	19,258	19,863	605
Interest earned	500	500	7	(493)
Total Receipts	43,020	43,020	43,132	112
Beginning fund balance	(401)	(1,068)	(1,068)	-
Total Available From All Sources	<u>\$ 42,619</u>	<u>\$ 41,952</u>	<u>\$ 42,064</u>	<u>\$ 112</u>
<u>EXPENDITURES</u>				
Debt service	\$ 42,520	\$ 42,520	\$ 42,509	\$ (11)
Total Expenditures	42,520	42,520	42,509	(11)
Ending fund balance	99	(568)	(445)	123
Total Expenditures and Ending Fund Balance	<u>\$ 42,619</u>	<u>\$ 41,952</u>	<u>\$ 42,064</u>	<u>\$ 112</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 74,515	\$ 74,515	\$ 74,516	\$ 1
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	35	35
Total Receipts	109,515	109,515	109,551	36
Beginning fund balance	4,429	5,668	5,668	-
Total Available From All Sources	<u>\$ 113,944</u>	<u>\$ 115,183</u>	<u>\$ 115,219</u>	<u>\$ 36</u>
<u>EXPENDITURES</u>				
Debt service	\$ 109,515	\$ 109,515	\$ 108,515	\$ (1,000)
Total Expenditures	109,515	109,515	108,515	(1,000)
Ending fund balance	4,429	5,668	6,704	1,036
Total Expenditures and Ending Fund Balance	<u>\$ 113,944</u>	<u>\$ 115,183</u>	<u>\$ 115,219</u>	<u>\$ 36</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 22,991	\$ 22,991	\$ 22,991	\$ -
Interest earned	-	-	10	10
Total Receipts	22,991	22,991	23,001	10
Beginning fund balance	1,007	1,067	1,067	-
Total Available From All Sources	<u>\$ 23,998</u>	<u>\$ 24,058</u>	<u>\$ 24,068</u>	<u>\$ 10</u>
<u>EXPENDITURES</u>				
Debt service	\$ 22,991	\$ 22,991	\$ 22,991	\$ -
Total Expenditures	22,991	22,991	22,991	-
Ending fund balance	1,007	1,067	1,077	10
Total Expenditures and Ending Fund Balance	<u>\$ 23,998</u>	<u>\$ 24,058</u>	<u>\$ 24,068</u>	<u>\$ 10</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 54,580	\$ 54,580	\$ 54,581	\$ 1
Interest earned	-	-	32	32
Total receipts	54,580	54,580	54,613	33
Beginning fund balance	4,144	5,276	5,276	-
Total Available From All Sources	<u>\$ 58,724</u>	<u>\$ 59,856</u>	<u>\$ 59,889</u>	<u>\$ 33</u>
<u>EXPENDITURES</u>				
Debt service	\$ 54,580	\$ 54,580	\$ 54,530	\$ (50)
Total Expenditures	54,580	54,580	54,530	(50)
Ending fund balance	4,144	5,276	5,359	83
Total Expenditures and Ending Fund Balance	<u>\$ 58,724</u>	<u>\$ 59,856</u>	<u>\$ 59,889</u>	<u>\$ 33</u>

CITY OF CLINTON

ARRA - BRIDGE REPLACEMENT PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 100,000	\$ 177,276	\$ 177,276	\$ -
Total Receipts	100,000	177,276	177,276	-
Beginning fund balance	-	(177,276)	(177,276)	-
Total Available From All Sources	\$ 100,000	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Other services and charges	\$ 100,000	\$ 14,168	\$ -	\$ (14,168)
Capital outlay	-	-	14,168	14,168
Total Expenditures	100,000	14,168	14,168	-
Ending fund balance	-	(14,168)	(14,168)	-
Total Expenditures and Ending Fund Balance	\$ 100,000	\$ -	\$ -	\$ -

CITY OF CLINTON

ARRA - RADIO READ METER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 400,000	\$ 416,269	\$ 457,624	\$ 41,355
Total Receipts	400,000	416,269	457,624	41,355
Beginning fund balance	-	(186,728)	(186,728)	-
Total Available From All Sources	<u>\$ 400,000</u>	<u>\$ 229,541</u>	<u>\$ 270,896</u>	<u>\$ 41,355</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 400,000	\$ 229,541	\$ -	\$ (229,541)
Capital outlay	-	-	270,896	270,896
Total Expenditures	400,000	229,541	270,896	41,355
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 400,000</u>	<u>\$ 229,541</u>	<u>\$ 270,896</u>	<u>\$ 41,355</u>

CITY OF CLINTON

ARRA - SOLID WASTE REMOVAL PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 350,000	\$ 413,976	\$ 413,976	\$ -
Total Receipts	350,000	413,976	413,976	-
Beginning fund balance	-	(413,976)	(413,976)	-
Total Available From All Sources	\$ 350,000	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Other services and charges	\$ 350,000	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total Expenditures	350,000	-	-	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 350,000	\$ -	\$ -	\$ -

CITY OF CLINTON
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 1,126	\$ 1,540	\$ 414
Total Receipts	-	1,126	1,540	414
Beginning fund balance	-	294,101	294,101	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 295,227</u>	<u>\$ 295,641</u>	<u>\$ 414</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 115,475	\$ -	\$ (115,475)
Capital outlay	-	-	115,464	115,464
Total Expenditures	-	115,475	115,464	(11)
Ending fund balance	-	179,752	180,177	425
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 295,227</u>	<u>\$ 295,641</u>	<u>\$ 414</u>

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Beginning fund balance	-	1,444	1,444	-
Total Available From All Sources	\$ -	\$ 1,444	\$ 1,444	\$ -
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 1,444	\$ -	\$ (1,444)
Transfers to other funds	-	-	1,444	1,444
Total Expenditures	-	1,444	1,444	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 1,444	\$ 1,444	\$ -

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 1,000,000	\$ 466,141	\$ 445,020	\$ (21,121)
Interest earned	-	-	50	50
Total Receipts	1,000,000	466,141	445,070	(21,071)
Beginning fund balance	11,083	187,934	187,934	-
Total Available From All Sources	<u>\$ 1,011,083</u>	<u>\$ 654,075</u>	<u>\$ 633,004</u>	<u>\$ (21,071)</u>
<u>EXPENDITURES</u>				
Supplies	\$ -	\$ 471,475	\$ -	\$ (471,475)
Other services and charges	500,000	182,600	-	(182,600)
Capital outlay	500,000	-	493,698	493,698
Total Expenditures	1,000,000	654,075	493,698	(160,377)
Ending fund balance	11,083	-	139,306	139,306
Total Expenditures and Ending Fund Balance	<u>\$ 1,011,083</u>	<u>\$ 654,075</u>	<u>\$ 633,004</u>	<u>\$ (21,071)</u>

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 1,143	\$ 1,716	\$ 573
Total Receipts	-	1,143	1,716	573
Beginning fund balance	100,000	279,464	279,464	-
Total Available From All Sources	<u>\$ 100,000</u>	<u>\$ 280,607</u>	<u>\$ 281,180</u>	<u>\$ 573</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 100,000	\$ 19,205	\$ -	\$ (19,205)
Capital outlay	-	-	19,205	19,205
Total Expenditures	100,000	19,205	19,205	-
Ending fund balance	-	261,402	261,975	573
Total Expenditures and Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 280,607</u>	<u>\$ 281,180</u>	<u>\$ 573</u>

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2011

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Rosemary Aultman	Mayor	Travelers Casualty and Surety	\$ 25,000
Jehu Brabham	Alderman-at-Large	Travelers Casualty and Surety	\$ 100,000
William Hisaw	Alderman, Ward 1	Travelers Casualty and Surety	\$ 100,000
Tony Greer	Alderman, Ward 2	Travelers Casualty and Surety	\$ 100,000
William Barnett	Alderman, Ward 3	Travelers Casualty and Surety	\$ 100,000
V. Kathy Peace	Alderman, Ward 4	Travelers Casualty and Surety	\$ 100,000
J. Michael Morgan	Alderman, Ward 5	Travelers Casualty and Surety	\$ 100,000
Michael P. Cashion	Alderman, Ward 6	Travelers Casualty and Surety	\$ 100,000
Russell Wall	City Clerk	Travelers Casualty and Surety	\$ 50,000
James Baldree, Jr.	Deputy City Clerk	Travelers Casualty and Surety	\$ 50,000
Russell Wall	Tax Assessor	Western Surety Company	\$ 50,000
Don Byington	Police Chief	Western Surety Company	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 50,000

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2011

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Deferred) at October 1, 2010</u>	<u>Receipts</u>	<u>Receivable (Deferred) at September 30, 2011</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE							
Direct:							
Emergency Watershed Protection Program	10.923	68-4423-10-2022	\$ 73,100	\$ -	\$ 73,100	\$ -	\$ 73,100
U.S. DEPARTMENT OF JUSTICE							
Direct:							
Federal Equitable Sharing Program	16.MS0250300	MS0250300	-	(21,779)	42,645	(54,132)	10,292
Direct:							
Bulletproof Vest Partnership Program	16.607	N/A	-	-	2,138	-	2,138
Passed Through Mississippi Department of Public Safety:							
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09ZC2061	11,378	-	11,378	-	11,378
Total U.S. Department of Justice				<u>(21,779)</u>	<u>56,161</u>	<u>(54,132)</u>	<u>23,808</u>
U.S. DEPARTMENT OF TRANSPORTATION							
Passed Through Mississippi Department of Transportation:							
Highway Planning and Construction	20.205	STPD-7306-00(004) 104102-801000	2,475,000	76,857	445,020	54,311	422,474
ARRA-Highway Planning and Construction	20.205	STP-0025-00(033) 105586-701000	1,725,254	<u>177,276</u>	<u>188,890</u>	<u>14,168</u>	<u>25,782</u>
				254,133	633,910	68,479	448,256
Passed Through Mississippi Department of Wildlife, Fisheries and Parks:							
Recreational Trails Program	20.219	28-RTP-0180	39,000	-	-	14,935	14,935
Passed Through Mississippi Department of Public Safety:							
State and Community Highway Safety	20.600	10RS2061	120,681	4,160	4,160	-	-
Passed Through Mississippi Department of Public Safety:							
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	10TA2061	30,350	11,840	11,840	-	-
Passed Through Mississippi Department of Public Safety:							
Alcohol Open Container Requirements	20.607	11TA2061	27,305	-	27,305	-	27,305
Total U.S. Department of Transportation				<u>270,133</u>	<u>677,215</u>	<u>83,414</u>	<u>490,496</u>

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2010	Receipts	Receivable (Deferred) at September 30, 2011	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Passed Through Mississippi Department of Environmental Quality:							
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280805-04-0-ARSR	2,217,778	1,064,881	2,027,377	-	962,496
ARRA-Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280805-04-0-ARSR	1,900,000	413,976	413,976	-	-
				<u>1,478,857</u>	<u>2,441,353</u>	-	<u>962,496</u>
Passed Through Mississippi Department of Health:							
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-H280-088-02	146,646	-	(28,998)	-	(28,998)
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-H280-088-02	1,920,453	353,109	457,624	-	104,515
				<u>353,109</u>	<u>428,626</u>	-	<u>75,517</u>
Total U.S. Environmental Protection Agency				<u>1,831,966</u>	<u>2,869,979</u>	-	<u>1,038,013</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1604-DR-MS	548,102	1,030	-	-	(1,030)
	97.036	FEMA-1764-DR-MS	186,350	9,747	-	9,747	-
	97.036	FEMA-1972-DR-MS	361,658	-	152,264	209,394	361,658
				<u>10,777</u>	<u>152,264</u>	<u>219,141</u>	<u>360,628</u>
Passed Through Mississippi Department of Public Safety:							
Homeland Security Grant Program	97.067	09HS147	104,389	-	79,339	25,050	104,389
	97.067	10LE147	50,000	-	-	50,000	50,000
	97.067	10LE147A	22,250	-	-	22,250	22,250
	97.067	08HS147	54,000	-	-	54,000	54,000
				-	<u>79,339</u>	<u>151,300</u>	<u>230,639</u>
Total U.S. Department of Homeland Security				<u>10,777</u>	<u>231,603</u>	<u>370,441</u>	<u>591,267</u>
Grand Total - All Programs				<u>\$ 2,091,097</u>	<u>\$ 3,908,058</u>	<u>\$ 399,723</u>	<u>\$ 2,216,684</u>

Reconciliation of federal awards schedule to government-wide financial statements:

Expenditures of federal awards per schedule	\$ 2,216,684
Loan proceeds reflected as a liability in financial statements	<u>(909,631)</u>
Federal grant revenue per government-wide financial statements	<u>\$ 1,307,053</u>

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

Non-cash expenditures:

The expenditures for the ARRA-Highway Planning and Construction award include non-cash engineering services totaling \$11,614 that were provided by the pass-through grantor.

STATISTICAL SECTION

STATISTICAL SECTION

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Schedule 1
City of Clinton
Net Assets by Component
Last Nine Years
(accrual basis of accounting)**

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	\$51,322,208	\$53,347,815	\$52,779,694	\$53,845,605	\$54,470,872	\$30,967,159	\$27,169,774	\$26,861,069	\$24,091,123
Restricted for:									
Capital projects	16,933	-	-	-	-	-	-	-	89,890
Debt service	1,159,747	1,135,099	1,063,256	924,770	27,463	104,783	117,890	216,422	224,243
Economic development	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	-	7,022	16,721
Unrestricted	(862,626)	(473,508)	(673,005)	(810,946)	(725,237)	434,830	207,107	(835,299)	(404,180)
Total governmental activities net assets	51,727,499	54,125,530	53,302,144	54,120,349	53,915,595	31,613,253	27,592,406	26,378,210	24,221,734
Business-type activities									
Invested in capital assets, net of related debt	\$14,386,115	\$14,230,770	\$12,044,591	\$12,087,642	\$11,696,661	\$11,414,089	\$12,223,511	\$13,158,192	\$13,389,320
Restricted for:									
Capital projects	586,224	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	912,779
Debt service	259,852	262,504	251,896	148,252	153,187	153,507	158,313	156,890	157,817
Unrestricted	4,453,967	3,752,320	2,647,785	2,004,915	1,776,539	1,317,923	1,517,795	1,908,061	2,380,699
Total business-type activities net assets	\$ 19,686,158	\$ 18,957,445	\$ 15,649,832	\$ 14,964,972	\$ 14,333,465	\$ 13,594,635	\$ 14,636,740	\$ 16,281,163	\$ 16,840,615
Primary government									
Invested in capital assets, net of related debt	\$ 65,708,323	\$ 67,578,585	\$ 64,824,285	\$ 65,933,247	\$ 66,167,533	\$ 42,381,248	\$ 39,393,285	\$ 40,019,261	\$ 37,480,443
Restricted for:									
Capital projects	603,157	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	1,002,669
Debt service	1,419,599	1,397,603	1,315,152	1,073,022	180,650	258,290	276,203	373,312	382,060
Economic development	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	-	7,022	16,721
Unrestricted	3,591,341	3,278,812	1,974,780	1,193,969	1,051,302	1,752,753	1,724,902	1,072,762	1,976,519
Total primary government net assets	\$ 71,413,657	\$ 73,082,975	\$ 68,951,976	\$ 69,085,321	\$ 68,249,060	\$ 45,207,888	\$ 42,229,146	\$ 42,659,373	\$ 41,062,349

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Schedule 2
City of Clinton
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)**

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities:									
General government	\$ 1,295,150	\$ 1,197,270	\$ 1,228,162	\$ 1,201,743	\$ 1,249,825	\$ 1,172,479	\$ 1,161,010	\$ 1,086,798	\$ 1,014,001
Public safety	7,535,290	7,315,429	7,073,641	7,134,969	7,431,687	7,080,151	6,847,513	6,443,036	5,908,854
Public works	5,026,298	4,888,047	4,833,401	4,685,385	3,836,761	3,452,165	3,255,356	3,060,639	2,879,876
Culture and recreation	2,317,690	1,762,446	1,879,882	1,926,502	1,787,511	1,676,823	1,414,397	1,219,893	1,036,787
Economic development	317,747	316,451	344,131	234,758	837,315	135,868	148,948	145,971	136,369
Interest and fiscal charges on long term debt	845,542	887,988	928,450	685,012	686,384	611,831	596,185	351,396	396,780
Total governmental activities expenses	17,337,717	16,367,631	16,287,667	15,868,369	15,829,483	14,129,317	13,423,409	12,307,733	11,372,667
Business-type activities:									
Water	2,568,438	2,297,458	2,346,405	2,503,630	2,541,141	2,482,614	-	-	-
Sewer	3,189,289	2,945,647	3,009,499	3,098,919	2,964,712	2,974,735	-	-	-
Total Water and sewer	5,757,727	5,243,105	5,355,904	5,602,549	5,505,853	5,457,349	5,240,282	5,060,824	4,950,882
Garbage collection	1,843,939	1,463,908	1,459,153	1,372,285	1,203,390	1,157,350	1,078,549	979,993	932,363
Total business-type activities expenses	7,601,666	6,707,013	6,815,057	6,974,834	6,709,243	6,614,699	6,318,831	6,040,817	5,883,245
Total primary government expenses	\$ 24,939,383	\$ 23,074,644	\$ 23,102,724	\$ 22,843,203	\$ 22,538,726	\$ 20,744,016	\$ 19,742,240	\$ 18,348,550	\$ 17,255,912
Program Revenues									
Governmental activities:									
Charges for Services:									
General government	\$ 41,758	\$ 42,062	\$ 43,106	\$ 41,853	\$ 53,398	\$ 66,944	\$ -	\$ -	\$ -
Public safety	689,661	611,768	606,184	728,753	615,543	644,333	474,684	341,573	376,717
Public works	-	-	-	-	2,701	-	4,180	980	540
Culture and recreation	118,597	71,602	70,769	92,264	74,893	73,856	50,624	30,532	11,145
Operating grants and contributions	344,057	227,641	415,524	186,256	371,603	232,944	596,968	391,053	247,526
Capital grants and contributions	890,250	3,040,032	957,001	2,808,410	25,759,946	4,272,198	1,110,098	3,050,960	558,635
Total governmental activities program revenues	2,084,323	3,993,105	2,092,584	3,857,536	26,878,084	5,290,275	2,236,554	3,815,098	1,194,563
Business-type activities:									
Charges for services:									
Water	3,586,497	3,453,702	3,241,835	3,127,139	2,974,619	2,595,539			
Sewer	2,812,509	2,835,891	2,672,842	2,564,094	2,327,178	2,014,796			
Total Water and sewer	6,399,006	6,289,593	5,914,677	5,691,233	5,301,797	4,610,335	4,368,760	4,219,031	4,135,457
Garbage collection	1,473,657	1,501,881	1,490,615	1,466,542	1,398,013	1,326,743	1,135,144	988,470	857,352
Operating grants and contributions	303,942	-	-	-	111,419	83,090	-	-	-
Capital grants and contributions	131,557	2,087,111	-	267,973	312,490	376,928	61,917	176,750	74,308
Total business-type activities program revenues	8,308,162	9,878,585	7,405,292	7,425,748	7,123,719	6,397,096	5,565,821	5,384,251	5,067,117
Total primary government program revenues	\$ 10,392,485	\$ 13,871,690	\$ 9,497,876	\$ 11,283,284	\$ 34,001,803	\$ 11,687,371	\$ 7,802,375	\$ 9,199,349	\$ 6,261,680

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue									
Governmental activities	\$(15,253,394)	\$(12,374,526)	\$(14,195,083)	\$(12,010,833)	\$ 11,048,601	\$ (8,839,042)	\$(11,186,855)	\$ (8,492,635)	\$(10,178,104)
Business-type activities	706,496	3,171,572	590,235	450,914	414,476	(217,603)	(753,010)	(656,566)	(816,128)
Total primary government net expense	\$(14,546,898)	\$ (9,202,954)	\$(13,604,848)	\$(11,559,919)	\$ 11,463,077	\$ (9,056,645)	\$(11,939,865)	\$ (9,149,201)	\$(10,994,232)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 7,320,042	\$ 7,429,214	\$ 7,406,761	\$ 6,180,192	\$ 5,592,005	\$ 6,140,450	\$ 6,333,652	\$ 5,794,411	\$ 5,374,262
Local sales tax	113,260	112,078	125,381	118,467	103,974	109,364	90,723	69,403	81,288
Franchise charges based on gross receipts	689,366	725,911	731,354	791,583	716,451	856,104	727,125	679,315	662,865
Grants and contributions									
State grants and shared revenues	4,576,288	4,599,824	4,685,473	4,896,394	4,767,196	4,694,966	3,997,194	3,884,441	3,953,387
County shared revenues	90,628	89,995	96,706	89,871	70,215	69,465	65,213	64,247	64,798
Interest	19,115	109,541	237,136	125,437	181,607	104,738	140,371	80,273	108,062
Miscellaneous	46,664	131,349	94,067	13,673	12,644	6,642	85,258	77,021	51,196
Transfers	-	-	-	-	(190,381)	878,160	961,515	-	(204)
Total governmental activities	12,855,363	13,197,912	13,376,878	12,215,617	11,253,711	12,859,889	12,401,051	10,649,111	10,295,654
Business-type activities:									
Interest	22,217	117,071	94,625	151,627	123,259	53,658	70,102	97,114	116,470
Miscellaneous	-	18,970	-	28,966	10,714	-	-	-	-
Transfers	-	-	-	-	190,381	(878,160)	(961,515)	-	204
Total business-type activities	22,217	136,041	94,625	180,593	324,354	(824,502)	(891,413)	97,114	116,674
Total primary government	\$ 12,877,580	\$ 13,333,953	\$ 13,471,503	\$ 12,396,210	\$ 11,578,065	\$ 12,035,387	\$ 11,509,638	\$ 10,746,225	\$ 10,412,328
Change in Net Assets									
Governmental activities	\$ (2,398,031)	\$ 823,386	\$ (818,205)	\$ 204,784	\$ 22,302,312	\$ 4,020,847	\$ 1,214,196	\$ 2,156,476	\$ 117,550
Business-type activities	728,713	3,307,613	684,860	631,507	738,830	(1,042,105)	(1,644,423)	(559,452)	(699,454)
Total primary government	\$ (1,669,318)	\$ 4,130,999	\$(133,345)	\$ 836,291	\$ 23,041,142	\$ 2,978,742	\$ (430,227)	\$ 1,597,024	\$ (581,904)

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
The City began to segregate water and sewer activities in the fiscal year 2006.

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

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund										
Unassigned	\$ 1,269,967	\$ 1,361,631	\$ 913,471	\$ 1,032,351	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269	\$ 1,859,017	\$ 1,994,892	\$ 2,330,866
Total general fund	\$ 1,269,967	\$ 1,361,631	\$ 913,471	\$ 1,032,351	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269	\$ 1,859,017	\$ 1,994,892	\$ 2,330,866
All Other Governmental Funds										
Restricted for:										
Economic development	\$ 91,237	\$ 116,124	\$ 132,199	\$ 160,920	\$ 142,467	\$ 106,481	\$ 97,635	\$ 128,996	\$ 203,937	\$ 125,398
Law enforcement	-	-	-	-	-	-	-	7,022	16,721	10,927
Debt service	756,744	708,931	629,709	546,891	42,144	122,054	233,944	205,910	215,967	292,334
Capital projects	643,441	805,077	2,637,480	8,217,203	876,115	2,454,395	3,446,963	520,610	628,355	523,310
Assigned to debt service	12,090	12,011	9,477	4,536	3,402	3,049	2,525	10,512	8,276	6,511
Unassigned	(445)	(1,068)	(15,133)	(81,507)	(140,658)	(133,001)	(49,934)	(546,438)	(25,794)	(145,806)
Total all other governmental funds	\$ 1,503,067	\$ 1,641,075	\$ 3,393,732	\$ 8,848,043	\$ 923,470	\$ 2,552,978	\$ 3,731,133	\$ 326,612	\$ 1,047,462	\$ 812,674

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Property taxes	\$ 7,320,042	\$ 7,429,215	\$ 7,406,762	\$ 6,180,193	\$ 5,592,004	\$ 6,140,451	\$ 6,333,652	\$ 5,794,411	\$ 5,374,263	\$ 5,029,178
Licenses and permits	888,612	845,985	833,155	926,357	858,179	1,038,820	888,356	774,470	742,239	691,101
Intergovernmental	5,997,122	9,154,734	6,253,242	6,168,178	5,820,982	7,949,043	4,989,247	5,637,951	4,879,358	4,029,531
Charges for services	133,960	93,350	87,574	122,907	117,205	87,287	66,869	41,667	16,580	20,860
Fines and forfeitures	510,870	508,806	521,252	597,229	469,583	481,673	301,558	236,263	292,447	348,818
Special assessments	27,037	27,037	27,037	-	-	-	-	-	-	-
Interest	19,111	109,542	237,135	125,436	181,606	104,738	140,371	80,273	104,734	62,345
Contributions	110,262	37,175	26,844	170,301	74,521	10,363	36,163	186,727	-	-
Miscellaneous	45,377	63,023	264,221	179,466	184,570	235,656	183,002	200,672	197,067	207,742
Total revenues	15,052,393	18,268,867	15,657,222	14,470,067	13,298,650	16,048,031	12,939,218	12,952,434	11,606,688	10,389,575
Expenditures										
General government	1,208,610	1,121,351	1,329,550	1,278,437	1,324,171	1,259,455	1,248,345	1,182,998	1,086,016	939,228
Public safety	7,041,411	6,763,551	6,943,292	6,708,614	6,949,936	6,678,961	6,327,787	5,858,567	5,315,644	5,172,978
Public works	1,898,236	1,826,058	1,843,458	1,821,997	1,793,781	1,766,389	1,670,618	1,534,478	1,435,214	1,260,670
Culture and recreation	1,407,879	1,219,791	1,279,317	1,271,219	1,255,120	1,116,715	999,511	850,225	701,510	676,953
Economic development	315,093	314,068	345,591	231,360	381,262	147,232	148,190	144,742	135,315	125,034
Miscellaneous	-	-	-	-	-	-	-	-	-	65,651
Debt service: Principal	1,485,827	1,463,656	1,357,111	941,078	1,213,184	1,058,352	1,448,231	891,152	820,284	823,129
Interest and fiscal charges	849,642	897,861	947,420	767,730	284,171	792,319	561,584	355,332	404,965	450,412
Capital outlay	1,231,390	8,213,953	7,371,931	1,837,775	3,056,758	8,987,111	7,100,155	3,480,012	2,059,423	1,611,652
Total expenditures	15,436,088	21,820,289	21,417,670	14,858,210	16,258,383	21,806,534	19,504,421	14,297,506	11,958,371	11,125,707
Excess of revenues over (under) expenditures	(383,695)	(3,551,422)	(5,760,448)	(388,143)	(2,959,733)	(5,758,503)	(6,565,203)	(1,345,072)	(351,683)	(736,132)
Other Financing Sources (Uses)										
Capital lease proceeds	122,681	437,082	187,257	166,970	-	-	1,058,461	241,740	244,593	-
Loan proceeds	-	1,735,152	-	-	-	-	7,750,000	-	-	-
Proceeds from sale of capital assets	31,442	74,591	-	-	-	-	-	-	10,060	11,285
Bond issue proceeds	-	-	-	8,000,000	485,000	3,870,000	-	250,000	-	-
Operating transfers in	176,794	176,709	179,256	840,068	830,291	1,335,930	1,065,140	165,814	540,502	163,036
Operating transfers out	(176,794)	(176,709)	(179,256)	(840,068)	(970,427)	(457,770)	(103,625)	(169,207)	(544,658)	(163,036)
Total other financing sources (uses)	154,123	2,246,825	187,257	8,166,970	344,864	4,748,160	9,769,976	488,347	250,497	11,285
Net change in fund balance	\$ (229,572)	\$ (1,304,597)	\$ (5,573,191)	\$ 7,778,827	\$ (2,614,869)	\$ (1,010,343)	\$ 3,204,773	\$ (856,725)	\$ (101,186)	\$ (724,847)
Debit service as a percentage of noncapital expenditures	16.4%	17.4%	16.4%	13.1%	11.3%	14.4%	16.2%	11.5%	12.4%	13.4%

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Public Utilities And Automobiles</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (2)</u>	<u>Estimated Actual Value of Taxable Property</u>
2011	\$ 82,648,634	\$ 60,507,535	\$ 15,536,407	\$ 45,363,420	\$ 14,319,257	\$ 189,736,739	38.74	1,341,464,783
2010	81,423,405	60,739,184	16,169,896	45,579,140	13,995,973	189,915,652	38.74	1,338,931,987
2009	80,434,868	58,550,795	17,684,799	45,440,463	12,879,933	189,230,992	38.74	1,335,254,853
2008	59,165,987	44,886,013	19,591,360	46,949,701	11,912,549	158,680,512	38.74	1,058,882,537
2007	57,797,679	44,014,707	17,810,025	50,433,045	11,577,107	158,478,349	35.74	1,042,480,750
2006	63,525,005	46,639,628	16,710,810	47,487,431	11,782,303	162,580,571	35.74	1,098,054,710
2005	61,364,882	47,867,460	15,884,613	45,539,653	12,869,729	157,786,879	35.74	1,061,764,193
2004	65,593,266	41,425,915	15,146,681	45,741,111	12,662,371	155,244,602	35.74	1,058,929,960
2003	63,584,907	38,980,962	16,086,360	43,968,434	12,263,714	150,356,949	35.74	1,026,888,857
2002	54,638,448	33,553,411	17,366,682	42,805,846	11,188,605	137,175,782	35.74	916,651,870

(1) Source: Hinds County Tax Assessor.

(2) Tax Rate per \$1,000 of assessed value.

(3) Property values in the annexed area were not included in the 2007 taxable assessed value because of a lawsuit objecting to the annexation.

(4) Residential and Commercial property was reassessed for the 2009 fiscal year.

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

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

Fiscal Year	City of Clinton				Overlapping Rates (a)		
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Total	Clinton Public School District	Hinds County (1)	Total
2011	31.47	6.28	0.99	38.74	54.57	37.33	130.64
2010	31.95	6.28	0.51	38.74	54.57	37.33	130.64
2009	31.33	6.70	0.71	38.74	54.57	37.33	130.64
2008	32.82	5.05	0.87	38.74	54.57	39.12	132.43
2007	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2006	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2005	33.54	1.90	0.30	35.74	54.57	39.12	129.43
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

(1) Source: Hinds County Chancery Clerk.

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

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

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

<u>Name of Taxpayer</u>	<u>2010 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2003 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Entergy	10,641,609	1	6.83%	7,133,081	1	5.98%
Delphi Automotive Systems	3,102,017	2	1.99%	5,203,792	3	4.36%
SC Clinton MS LLC	2,865,290	3	1.84%	0	0	0.00%
Reserve at Woodchase	2,090,316	4	1.34%	1,777,817	7	1.49%
Wal-Mart Stores	1,684,723	5	1.08%	3,553,878	4	2.98%
BellSouth	1,605,731	6	1.03%	1,846,289	6	1.55%
Clinton Assisted Living	1,145,832	7	0.74%	1,058,122	9	0.89%
CA New Plan Venture	1,030,021	8	0.66%	0		0.00%
Home Depot, USA	977,394	9	0.63%	0	0	0.00%
Ridgeview West LLC	585,078	10	0.38%	0		0.00%
MCI, Inc.	0		0.00%	568,561	2	4.77%
EDS Information Systems	0		0.00%	2,542,673	5	2.13%
Gulf States Cannery	529,568		0.34%	1,615,347	8	1.35%
Leon V Ghetti	<u>0</u>		<u>0.00%</u>	<u>887,652</u>	<u>10</u>	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers	26,257,579		16.85%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	<u>129,616,126</u>		<u>83.15%</u>	<u>87,991,093</u>		<u>73.76%</u>
Total taxable assessed value of all taxpayers	<u><u>155,873,705</u></u>		<u><u>100.00%</u></u>	<u><u>119,295,360</u></u>		<u><u>100.00%</u></u>

Source: Hinds County Tax Collector and Hinds County Tax Assessor.
Note: 2003 was the earliest year readily available for this schedule.
Total taxable assessed value excludes automobiles.

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

Fiscal Year	Total Tax Levy (2)	Collected Within Year for Which Levied	Percent of Levy	Collected in Subsequent Years	Total Collections To Date	Total Collections To Date as a % of Levy
2011	\$ 7,350,400	\$ 7,245,846	98.6%	\$ 0	\$ 7,245,846	98.6%
2010	7,357,332	7,353,261	99.9%	4,071	7,357,332	100.0%
2009	7,305,271	7,303,422	99.9%	1,849	7,305,271	100.0%
2008	6,147,283	6,058,013	98.5%	55,930	6,113,943	99.5%
2007	5,631,744	5,507,544	97.8%	59,657	5,567,201	98.9%
2006	5,794,159	5,559,586	96.0%	40,931	5,600,517	96.7%
2005	5,776,372	5,675,721	98.3%	42,935	5,718,656	99.0%
2004	5,167,135	5,139,047	99.5%	28,088	5,167,135	100.0%
2003	5,001,308	4,944,411	98.9%	34,502	4,978,913	99.6%
2002	4,602,709	4,547,684	98.8%	32,415	4,580,099	99.5%

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

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>				<u>Business-type Activities</u>				<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Tax Incremental Limited Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>			
2011	\$ 10,061,134	\$ 1,428,500	\$ 6,859,391	\$ 706,902	\$ 1,118,865	\$ 380,000	\$ 16,503,505	\$ 81,519	\$ 37,139,816	4.11%	\$ 1,473
2010	10,759,698	1,569,500	7,266,217	823,658	1,220,302	495,000	15,771,033	118,775	38,024,183	3.92%	1,508
2009	11,423,829	1,705,500	7,633,026	683,292	1,421,171	600,000	13,691,741	165,345	37,323,904	3.68%	1,418
2008	12,054,092	1,841,000	7,973,665	746,743	1,610,908	700,000	14,371,561	229,294	39,527,263	3.97%	1,497
2007	4,414,923	1,960,000	8,191,085	823,600	1,790,077	795,000	15,216,424	260,044	33,451,153	3.36%	1,267
2006	5,195,000	1,554,000	8,357,834	1,010,958	1,515,000	885,000	15,811,793	304,235	34,633,820	3.48%	1,312
2005	1,550,000	1,632,000	8,439,154	1,214,990	1,655,000	970,000	13,859,057	275,194	29,595,395	2.98%	1,184
2004	1,760,000	1,705,000	767,394	803,520	1,795,000	1,055,000	12,207,162	264,880	20,357,956	2.05%	814
2003	1,960,000	1,515,000	843,720	706,606	1,930,000	1,135,000	12,607,261	223,401	20,920,988	2.10%	896
2002	2,150,000	1,570,000	916,854	584,163	1,400,000	1,210,000	12,241,507	136,831	20,209,355	2.03%	866

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

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

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

See Schedule 14 for personal income and population data.

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

Fiscal Year	Popula- tion (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonds (3, 4)	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita (5)
2011	25,216	\$ 1,341,464,783	\$ 11,179,999	0.83%	\$ 443
2010	25,216	\$ 1,338,931,987	\$ 11,980,000	0.89%	\$ 475
2009	26,313	1,335,254,853	12,845,000	0.96%	488
2008	** 26,400	1,058,882,537	13,665,000	1.29%	518
2007	** 26,400	1,042,480,750	6,205,000	0.60%	235
2006	** 26,400	1,098,054,710	6,710,000	0.61%	254
2005	* 25,000	1,061,764,193	3,205,000	0.30%	128
2004	* 25,000	1,058,929,960	3,555,000	0.34%	142
2003	23,347	1,026,888,857	3,890,000	0.38%	167
2002	23,347	916,651,870	4,200,000	0.46%	180

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

** Estimated by the Central Mississippi Planning and Development District

(1) Source: United States Census Bureau.

(2) See Schedule 5

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

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

(5) See Schedule 14

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

**Schedule 11
City of Clinton
Direct and Overlapping Governmental Activities Debt
As of September 30, 2011**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton (1)</u>	<u>Amount Applicable to City of Clinton</u>
Overlapping:			
Clinton Separate School District	\$ 36,465,000	84.9% (1)	30,965,658
Hinds County	\$ 47,518,000	11.4% (1)	<u>5,419,850</u>
			<u>36,385,508</u>
Direct:			
City of Clinton	\$ 10,061,134 *	100.0%	<u>\$ 10,061,134</u>
Total Direct and Overlapping Debt			<u><u>\$ 46,446,642</u></u>

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

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

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

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
AUTHORIZED DEBT LIMIT 15% RULE										
Assessed value of taxable property	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176
Debt limitation - 15% of net assessed value	30,608	30,587	30,317	25,589	25,508	26,154	25,599	23,286	22,978	20,576
Less subject indebtedness:										
General obligation bond	10,061	10,760	11,424	12,054	4,415	5,195	1,550	1,760	1,960	2,150
Tax increment limited obligation bonds	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515	1,570
Legal debt margin under 15 percent rule	\$ 19,119	\$ 18,258	\$ 17,188	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821	\$ 19,503	\$ 16,856
AUTHORIZED DEBT LIMIT 20% RULE										
Assessed value of taxable property	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176
Debt limitation - 20% of net assessed value	\$ 40,811	\$ 40,782	\$ 40,422	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049	\$ 30,638	\$ 27,435
Less subject indebtedness:										
General obligation bond	11,180	11,980	12,845	13,665	6,205	6,710	3,205	3,555	3,890	4,200
Tax increment limited obligation bonds	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515	1,570
Other	788	942	849	976	1,084	1,315	1,490	1,068	930	720
Legal debt margin under 20 percent rule	\$ 27,415	\$ 26,291	\$ 25,023	\$ 17,637	\$ 24,762	\$ 25,294	\$ 27,804	\$ 24,721	\$ 24,303	\$ 20,945
Total net debt applicable to the limit as a percentage of debt limit 15% rule	37.54%	40.31%	43.31%	54.30%	24.99%	25.80%	12.43%	14.88%	15.12%	18.08%
Total net debt applicable to the limit as a percentage of debt limit 20% rule	32.82%	35.53%	38.10%	48.31%	27.19%	27.47%	18.54%	20.38%	20.68%	23.66%

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

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

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

Residential and Commercial property was reassessed for the 2009 fiscal year.

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

Fiscal Year	Water and Sewer Revenue Bonds						Tax Increment Financing Bonds				Notes Payable to State of Mississippi			
	Revenues	Less: Expenses (1)	Net Available Revenue	Debt Service		Coverage	Incremental Property Taxes Collected (2)	Debt Service		Coverage	Sales Tax (3)	Debt Service		Coverage
				Principal	Interest			Principal	Interest			Principal	Interest	
2011	\$ 6,375	\$ 4,395	1,980	\$ 115	\$ 25	14.14	\$ 230	\$ 141	\$ 86	1.01	\$ 4,065	\$ 1,382	\$ 644	2.01
2010	6,310	3,844	2,466	105	31	18.13	233	136	92	1.02	4,078	1,263	663	2.12
2009	5,985	4,077	1,908	100	37	13.93	235	136	101	0.99	4,205	1,211	704	2.20
2008	5,769	4,217	1,552	95	42	11.33	230	120	106	1.02	4,305	1,062	741	2.39
2007	5,341	4,127	1,214	90	47	8.86	165	79	86	1.00	4,152	897	730	2.55
2006	4,638	4,111	527	85	51	3.88	169	78	91	1.00	4,017	726	881	2.50
2005	4,435	3,888	547	85	55	3.91	154	73	90	0.94	3,337	653	410	3.14
2004	4,314	3,696	618	80	59	4.45	149	60	87	1.01	3,294	603	166	4.28
2003	4,247	3,575	672	75	63	4.87	147	55	91	1.01	3,341	573	87	5.06
2002	4,162	3,605	557	70	67	4.07	145	50	94	1.01	3,083	282	93	8.22

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

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

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

Fiscal Year	Popula- tion (1)	Per Capita Income (4) **	Total Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemploy- ment Rate (4)
2011	25,216	\$ 35,865	904,371,840	35.2	14.1	4,535	8.8%
2010	25,216	38,502	970,866,432	35.2	14.1	4,509	8.8%
2009	26,313	38,502	1,013,103,126	35.2	14.1	4,635	7.9%
2008	26,400	37,679	994,725,600	33.1	14.1	4,718	4.1%
2007	26,400	36,292	958,108,800	33.1	14.1	4,752	5.3%
2006	26,400	33,579	886,485,600	33.1	14.1	4,859	5.0%
2005 *	25,000	33,579	839,475,000	33.1	14.1	4,956	7.2%
2004 *	25,000	31,054	776,350,000	33.1	14.1	4,835	5.0%
2003	23,347	28,965	676,256,174	33.1	14.1	4,956	3.7%
2002	23,347	28,013	654,017,410	33.1	14.1	4,847	5.1%

(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.

Notes:

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

** Applicable to Hinds County.

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

<u>Employer</u>	<u>2011</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
MCI/Skytel	-	0.00%	1,148	8.21%
Delphi Corporation	-	0.00%	1,135	8.12%
Clinton Public School District	550	4.22%	600	4.29%
Wal-Mart SuperCenter	520	3.99%	500	3.58%
Mississippi College	450	3.45%	450	3.22%
City of Clinton	218	1.67%	201	1.44%
Kroger	130	1.00%	130	0.93%
Winn-Dixie Stores, Inc.	-	0.00%	110	0.79%
Verizon	500	3.83%	-	0.00%
AKZO Noble Coatings, Inc.	129	0.99%	-	0.00%
Reznick Insurance	123	0.94%	-	0.00%
Home Depot	143	1.10%	-	0.00%
Total	2,763	21.19%	4,274	30.57%

Source: City of Clinton Economic Development Department

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

Information for this schedule was not available prior to 2005.

Schedule 16
City of Clinton
Full-time-Equivalent City Government Employees by Function/Program
Current Year and Nine Previous Years

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of September 30th</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government										
Mayor and Alderman	9	9	9	9	9	9	9	9	9	9
Administration	5	4	5	6	7	7	7	7	7	7
Court	5	4	3	3	3	3	2	2	2	2
Planning/Zoning and Inspections	5	5	5	4	4	4	3	3	3	3
Police										
Officers	45	48	48	48	50	52	49	45	39	43
Civilians	17	14	14	14	14	15	14	15	13	14
Fire										
Fire fighters and Officers	47	47	45	47	45	45	44	49	47	45
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Street	25	25	26	24	25	23	22	21	21	20
Water	18	18	18	19	18	20	16	16	18	17
Wastewater	11	11	11	11	11	14	15	15	15	16
Parks and Recreation	15	19	19	17	15	16	18	16	13	11
Mainstreet	1	1	1	1	1	0	0	0	0	0
Economic Development	1	1	1	0	0	0	0	0	0	0
Total	205	207	206	204	203	209	200	199	188	188

Source: City Clerk Office

Notes:

1. Due to annexation during 2004 the Fire, Police, and Public Works departments were granted additional staff.

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

Function/Program	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
General government								
Building permits issued	840	70	73	97	112	162	176	141
Police								
Physical arrests	1,522	1,564	1,203	1,240	1,647	1,451	1,042	1,016
Parking violations	602	196	259	683	2,898	3,706	3,529	2,428
Traffic violations	5,697	7,200	5,152	5,260	613	317	113	134
Fire								
Emergency responses	1,604	2,030	2,082	2,065	1,884	1,918	2,086	1,848
Fires extinguished	99	75	70	87	103	*	*	*
Inspections	280	255	250	438	300	40	147	172
Water								
New connections	98	60	80	154	168	162	176	141
Total connections	8,805	8,819	8,731	8,644	8,867	8,908	8,200	7,994
Average daily consumption (millions of gallons)	3.5	3.4	3.3	3.3	3.3	3.5	3.5	3.5
Peak daily consumption (millions of gallons)	3.8	3.6	3.6	4.1	4.1	4.7	4.7	4.7
Wastewater								
Total connections	7,859	7,859	7,840	7,763	8,851	8,088	7,458	7,252
Average daily consumption (millions of gallons)	3.3	3.1	3.1	2.6	2.6	3.2	3.2	3.2
Peak daily consumption (millions of gallons)	8.9	8.8	8.8	10.1	10.1	10.3	10.3	10.3

* Information not available.

Sources: Various city departments

Notes:

(1) Only eight years of data were readily available for this schedule.

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

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

Function/Program	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Police								
Stations	1	1	1	1	1	1	1	1
Patrol units	37	37	34	30	33	33	32	32
Fire								
Fire stations	3	3	3	3	3	3	3	3
Streets								
Miles of Streets	174	174	174	174	174	160	159	159
Streetlights	2,415	2,396	2,382	2,382	2,362	2,346	2,310	2,195
Traffic signals	26	26	26	26	23	22	21	19
Water								
Miles of water mains	157	157	156	156	156	101	156	152
Number of fire hydrants	1,442	1,443	1,443	1,439	1,425	1,364	1,361	1,311
Wastewater								
Miles of sanitary sewers	106	106	106	106	105	83	104	99
Miles of storm sewers	85	85	85	85	84	74	84	66
Number of treatment plants	4	4	4	4	4	4	4	4
Parks and recreation								
Parks	5	5	5	5	5	4	3	3
Acreage	210	210	210	210	210	189	160	160
Playgrounds	5	5	5	5	5	4	3	3
Baseball/Softball diamonds	14	14	14	14	14	14	14	14
Soccer fields	11	11	11	11	10	9	9	11
Tennis courts	10	10	10	10	9	9	3	3
Basketball courts	3	3	3	3	3	3	3	3
Volleyball courts	2	2	2	2	2	-	-	-
Community Centers	1	1	1	1	1	1	1	0
Walking Trails	6	6	6	6	5	4	3	3

Sources: Various city departments

Note: Only eight years of data were readily available for this schedule.

**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

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**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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

We noted certain other matters that we reported to management of the City in a separate letter dated March 21, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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.

Tann, Brown + Rues Co.

March 21, 2012

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Clinton, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2011. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

(Continued)

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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 & Rues Co.

March 21, 2012

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**REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

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

We have audited the accompanying financial statements of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 our procedures disclosed no material instances of noncompliance with state laws and regulations. However, we noted certain matters that we reported to management of the City in a separate letter dated March 21, 2012.

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

Tann, Brown & Russ Co.

March 21, 2012

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	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</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
97.036	Disaster Grants – Public Assistance

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, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-1 Significant Deficiency – Special Event Fees

Criteria: Controls should be in place to ensure that the correct amount of fees are collected and deposited for special events.

Condition: We noted that minimal controls appeared to be in place over cash collections at special events of the City's Parks and Recreation Department.

Cause: The number of special events hosted by the Parks and Recreation Department has increased over the last several years, and the controls in place are no longer adequate for the volume of special events revenue generated.

Effect: Special event fees may not be properly collected from special event participants. In addition, fees collected may not be properly deposited into the City's bank account.

Recommendation:

We recommend that at least two City employees be responsible for handling the fee collections at each special event. The duties of tracking the number of participants should be separated from the collection of the fees in order to provide a means of verifying that the proper amount of fees has been collected from the event. At the end of the event, the employees should document on a special event collections form the number of participants, the fee charged per participant, total collections, and any shortage or overage in collections. This special event collections form should then be signed by the involved employees and submitted to the Finance and Administration Department with the collections deposit.

Response: The City's Finance and Administration Department will assist the Parks and Recreation Department in developing and implementing appropriate controls over special event fee collections.

2011-2 Significant Deficiency – Petty Cash

Criteria: Controls should be in place to ensure that petty cash transactions are adequately documented and recorded in the accounting system.

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-2 Significant Deficiency – Petty Cash

- Condition:** We noted that the petty cash fund transactions of the City's Parks and Recreation Department did not appear to be properly documented and recorded in the City's accounting system.
- Cause:** Special event fee cash collections appear to have been used to replenish the Parks and Recreation Department's petty cash fund rather than being deposited into the City's bank account.
- Effect:** Special event fee collections that were placed into the petty cash fund were not recorded in the City's accounting system. In addition, the petty cash purchases made with these funds were not recorded in the City's accounting system and were not subjected to the spending control provided by the City's adopted budget.
- Recommendation:**
We recommend that the City's Finance and Administration Department review the petty cash procedures of City departments that utilize petty cash funds. A petty cash replenishment form should be submitted periodically to the Finance and Administration Department in order to document the beginning petty cash fund balance, the purchases made with petty cash since the last replenishment, and the ending petty cash fund balance. Supporting documentation for the petty cash purchases should accompany the petty cash replenishment form, and these purchase transactions should then be recorded in the City's accounting system upon replenishment of the petty cash fund. In addition, we recommend that the City's Finance and Administration Department conduct periodic unannounced counts of each department's petty cash fund to ensure that the cash and purchases documentation in the petty cash fund at that point in time are equal to the authorized petty cash fund amount.
- Response:** The City's Finance and Administration Department will assist the Parks and Recreation Department and the City's other departments in developing and implementing appropriate controls over the City's petty cash funds.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CLINTON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2011

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2010.