

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2007

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i-iv
List of Principal Officials	v
Organizational Chart	vi
Certificate of Achievement for Excellence in Financial Reporting	vii
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	11-12
Statement of Activities	13-14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15-16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	17-19
Statement of Net Assets – Proprietary Funds	20-23
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	24-26
Statement of Cash Flows – Proprietary Funds	27-29
Statement of Fiduciary Net Assets	30
Statement of Changes in Fiduciary Net Assets	31
Notes to the Basic Financial Statements	32-70
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	71-73
Note to Budgetary Comparison Schedule – General Fund	74

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
 OTHER SUPPLEMENTARY INFORMATION	
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	76-77
Combining Balance Sheet – Nonmajor Special Revenue Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	79
Combining Balance Sheet – Nonmajor Debt Service Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	81-82
Combining Balance Sheet – Nonmajor Capital Projects Funds	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds	84
 Budgetary Comparison Schedules:	
Tourism Tax Fund	85
Special Law Enforcement Fund	86
Clinton Parkway Bond and Interest Fund	87
Tax Increment Financing Bond and Interest Fund – United Artists	88
Tax Increment Financing Bond and Interest Fund – Walmart	89
Tax Increment Financing Bond and Interest Fund – Parkway Center	90
Tax Increment Financing Bond and Interest Fund – Prugon	91
Clinton Public School District Bond and Interest Fund	92
Hampstead Boulevard Bond and Interest Fund	93
Hampstead Boulevard Construction Project Fund	94
Parks and Recreation Project Fund	95
Public Works Facility Project Fund	96
Community Development Block Grant Fund – Mega Plastics	97
Natchez Trace Visitors Center Project Fund	98
Northside Corridor Project Fund	99
Library Construction Project Fund	100
Tax Increment Financing Construction Project Fund – Prugon	101

CITY OF CLINTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION – Continued	
Other Schedules:	
Schedule of Surety Bonds for Municipal Officials and Other Employees	102
Schedule of Expenditures of Federal Awards	103-104
<u>STATISTICAL SECTION</u>	
Introduction	105
Net Assets by Component	106
Changes in Net Assets	107-108
Fund Balances, Governmental Funds	109
Changes in Fund Balances, Governmental Funds	110
Assessed Value and Estimated Actual Value of Taxable Property	111
Direct and Overlapping Property Tax Rates	112
Principal Property Tax Payers	113
Property Tax Levies and Collections	114
Ratios of Outstanding Debt by Type	115
Ratio of General Bonded Debt Outstanding	116
Direct and Overlapping Governmental Activities Debt	117
Legal Debt Margin Information	118
Pledged-Revenue Coverage	119
Demographic and Economic Statistics	120
Principal Employers	121
Full-Time Equivalent City Government Employees by Function/Program	122
Operating Indicators by Function/Program	123
Capital Asset Statistics by Function/Program	124

CITY OF CLINTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORTS ON COMPLIANCE AND INTERNAL CONTROL</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	125-126
Independent Auditors' Report on Compliance with Requirements Applicable to The Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	127-128
Independent Auditors' Report on Compliance with State Laws and Regulations	129
Schedule of Findings and Questioned Costs	130-131
Summary Schedule of Prior Audit Findings	132

INTRODUCTORY SECTION

ALDERMEN
Tony Hisaw
Ward One

Tony M. Greer
Ward Two

Mike Bishop
Ward Three

Phil Fisher
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN
Mike Morgan
Ward Five

William Barnett
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 19, 2008

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, 2007. State law requires that all governments publish within thirty days of completion of an audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Tann, Brown & Russ Co, 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, 2007 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, 2007 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 2007 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 in excess of 26,400.

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 74. For all other governmental funds, this comparison is presented on pages 85 through 101.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in 1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 4,600 students' eight undergraduate degrees and fourteen graduate degrees and the Juris Doctor degree in law. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,700 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD has an annual budget of \$42.4 million for 2007. Additional quality education is provided by Mt. Salus Christian School, a private school, which offers grades K-12.

Factors Affecting Financial Condition

The City currently enjoys a favorable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2007 property taxes represented 48 percent of the City's general revenues while sales taxes represented 39 percent. City property owners pay property taxes for city, county and schools totaling \$129.43 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

Bonded debt. The City enjoys a low bonded debt per capita. The ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita provide useful information regarding the City's debt position. The following are data at September 30, 2007:

Population	26,400
Bonded debt per capita	\$ 166
Real and personal property assessed value	\$ 158,478,349
Net bonded debt (General Obligation, excluding debt of the enterprise funds)	\$ 4,387,460
Ratio of debt to assessed value	2.77%

Risk management. The City maintains an Unemployment Compensation Revolving Fund (Expendable Trust Fund), which funds payments made to employees who are laid off due to lack of work or a reduction in force. In addition to funding all valid claims, the City is required to maintain the balance of the fund not less than 2 percent of the first \$7,000 paid each employee during the preceding year. Claims totaled \$13,807 for 2007. The City maintains a workforce in excess of 200 employees and employee turnover is minimal.

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

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

In compliance with the Tort Claims Act, Section 11-46-17(3) of the Mississippi Code, requires all municipalities from and after October 1, 1993 to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City may be liable under the Tort Claims Act. Municipalities may comply with the requirements of the torts Claims Act by one of the following methods; (1) purchase of liability insurance; (2) pooling of two or more municipalities or other political subdivisions to purchase liability insurance; or (3) self-insure with the establishment of a self-insurance fund.

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

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

For additional information regarding these items, see Note 11 to the Basic Financial Statements.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the third 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

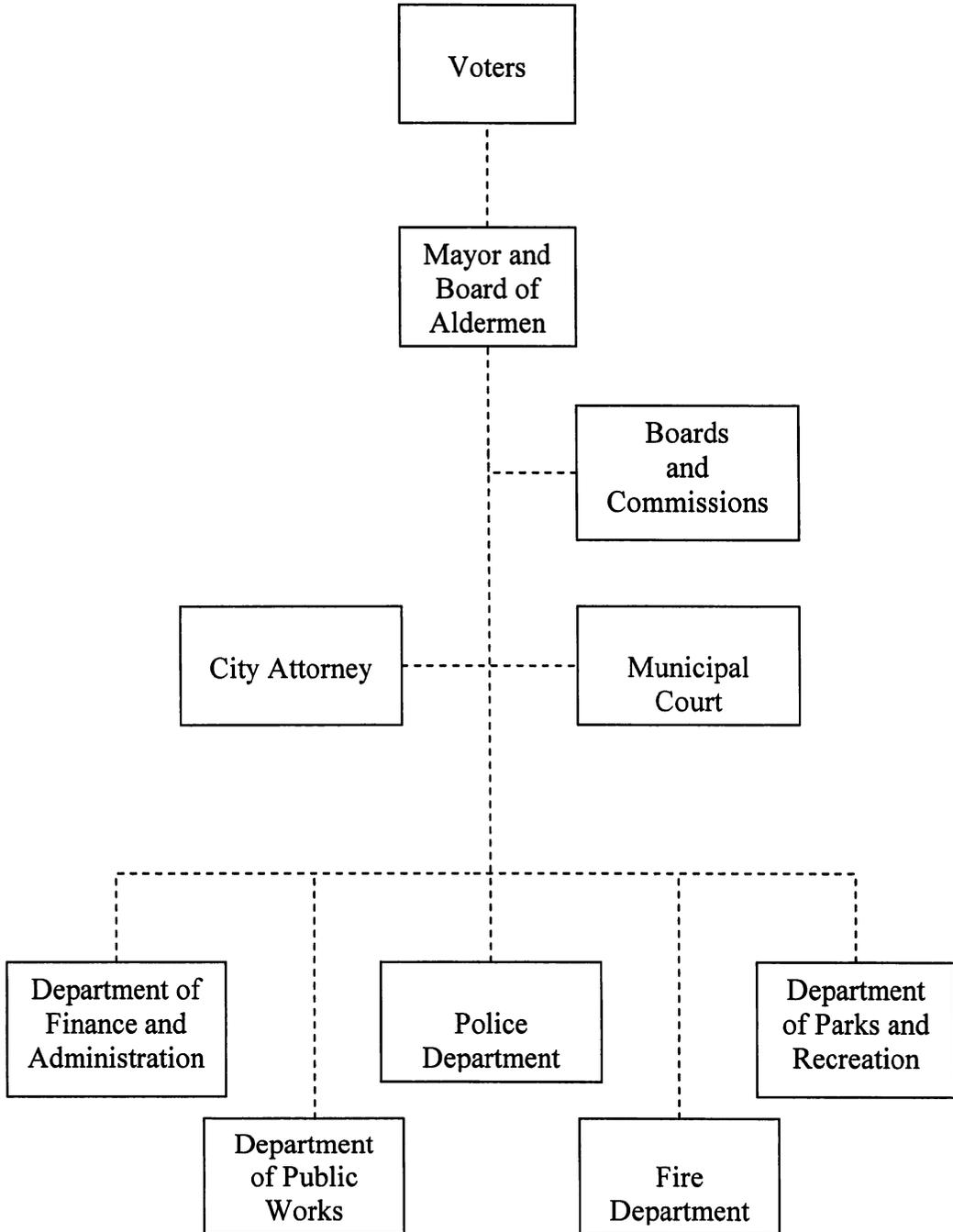


Angela Richburg, CDMCC
Deputy City Clerk Finance

CITY OF CLINTON
List of Principal Officials
September 30, 2007

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

CITY OF CLINTON
Organizational Chart
September 30, 2007



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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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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, 2007, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2008 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.

The Management's Discussion and Analysis on pages 3 through 10 and the Budgetary Comparison Schedule – General Fund on pages 71 through 74 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Tamm, Brown & Russ Co.

March 19, 2008

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, 2007. 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 eighteen (18) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for Governmental Funds. Individual fund data on all governmental funds is provided elsewhere in this report.

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

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

Proprietary funds: The City maintains two different types of proprietary funds. Enterprise funds, a component of proprietary funds, are used to report the same functions presented as "business-type" activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Operations and Garbage Collections Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses this type fund for its Self-funded Group Insurance Fund.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Operations and Garbage Collection Funds, both of which are considered major funds of the City.

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic proprietary fund financial statements can be found on pages 20 through 29 of this report.

Fiduciary fund: A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City's only fiduciary fund is the Unemployment Compensation Trust Fund, which is reported on a full accrual basis. Financial statements can be found on pages 30 and 31 of this report.

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$67.8 million at September 30, 2007.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 8,585,632	\$ 12,173,336	\$ 4,311,561	\$ 3,871,687	\$ 12,897,193	\$ 16,045,023
Capital assets	<u>68,631,469</u>	<u>44,302,523</u>	<u>28,686,277</u>	<u>28,843,079</u>	<u>97,317,746</u>	<u>73,145,602</u>
Total assets	<u>77,217,101</u>	<u>56,475,859</u>	<u>32,997,838</u>	<u>32,714,766</u>	<u>110,214,939</u>	<u>89,190,625</u>
Long-term liabilities	15,593,710	16,366,485	16,788,940	17,351,391	32,382,650	33,717,876
Other liabilities	<u>7,707,826</u>	<u>8,496,121</u>	<u>2,278,782</u>	<u>2,152,089</u>	<u>9,986,608</u>	<u>10,648,210</u>
Total liabilities	<u>23,301,536</u>	<u>24,862,606</u>	<u>19,067,722</u>	<u>19,503,480</u>	<u>42,369,258</u>	<u>44,366,086</u>
Net assets:						
Invested in capital assets, net of related debt	54,470,872	30,967,159	10,876,661	10,594,089	65,347,533	41,561,248
Restricted	169,930	211,264	860,265	862,623	1,030,195	1,073,887
Unrestricted	<u>(725,237)</u>	<u>434,830</u>	<u>2,193,190</u>	<u>1,754,574</u>	<u>1,467,953</u>	<u>2,189,404</u>
Total net assets	<u>\$ 53,915,565</u>	<u>\$ 31,613,253</u>	<u>\$ 13,930,116</u>	<u>\$ 13,211,286</u>	<u>\$ 67,845,681</u>	<u>\$ 44,824,539</u>

The largest portion of the City's net assets (96 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, 2007 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 resulted primarily from the reduction in property taxes due to property in the annexed area being removed from the city's tax rolls because of a lawsuit objecting to the annexation. Increased expenses for the purchase of police vehicles and overtime for the police and public works employees also contributed to this negative balance. The City's total net assets increased \$23.0 million during the current fiscal year.

City of Clinton Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 746,535	\$ 785,133	\$ 6,699,810	\$ 5,937,078	\$ 7,446,345	\$ 6,722,211
Operating grants and contributions	371,603	232,944	111,419	83,090	483,022	316,034
Capital grants and contributions	25,759,946	4,272,198	312,490	376,928	26,072,436	4,649,126
General revenues:						
Property taxes	5,592,005	6,140,450			5,592,005	6,140,450
Sales taxes	4,549,721	4,433,306			4,549,721	4,433,306
Franchise charges	716,451	856,104			716,451	856,104
Shared grants and revenues	391,664	440,489			391,664	440,489
Other	194,251	111,380	133,973	53,658	328,224	165,038
Total revenues	38,322,176	17,272,004	7,257,692	6,450,754	45,579,868	23,722,758
Expenses:						
General government	1,249,825	1,172,479			1,249,825	1,172,479
Public safety	7,431,687	7,080,151			7,431,687	7,080,151
Public works	3,836,761	3,452,165			3,836,761	3,452,165
Culture and recreation	1,787,511	1,676,823			1,787,511	1,676,823
Economic development	837,315	135,868			837,315	135,868
Interest on long-term debt	686,384	611,831			686,384	611,831
Water and sewer			5,525,853	5,477,349	5,525,853	5,477,349
Garbage			1,203,390	1,157,350	1,203,390	1,157,350
Total expenses	15,829,483	14,129,317	6,729,243	6,634,699	22,558,726	20,764,016
Change in net assets before transfers	22,492,693	3,142,687	528,449	(183,945)	23,021,142	2,958,742
Transfers	(190,381)	878,160	190,381	(878,160)		
Change in net assets	22,302,312	4,020,847	718,830	(1,062,105)	23,021,142	2,958,742
Net assets - beginning	31,613,253	27,592,406	13,211,286	14,273,391	44,824,539	41,865,797
Net assets - ending	\$ 53,915,565	\$ 31,613,253	\$ 13,930,116	\$ 13,211,286	\$ 67,845,681	\$ 44,824,539

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

Governmental activities. Governmental activities increased the City's net assets by \$22.3 million during the year. Capital asset additions totaled \$27.3 million in 2007, offset by depreciation expense totaling \$2.9 million. The City issued Limited Obligation bonds totaling \$485 thousand for the cost of constructing infrastructure improvements for the Springridge Crossing Project. Capital grants and contributions increased in 2007 as a result of the addition of infrastructure (streets, right-of ways, etc.) from the recent annexation of land into the City of Clinton.

Business-type activities. Business type activities increased the City's net assets by \$719 thousand. Long-term liability additions in 2007 totaled \$643 thousand because of a loan made for the construction of the Public Works building and the rehabilitation of the City's sewer lines.

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	\$ 2,163,452	\$ (985,355)	\$ 1,178,097
Special revenue funds	106,463	36,004	142,467
Debt service funds	125,103	(79,557)	45,546
Capital project funds	<u>2,321,412</u>	<u>(1,585,955)</u>	<u>735,457</u>
 Total governmental funds	 <u>\$ 4,716,430</u>	 <u>\$ (2,614,863)</u>	 <u>\$ 2,101,567</u>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 12,801,269	\$ 515,121	\$ 13,316,390
Garbage collection fund	414,969	225,309	640,278
Self-funded group insurance fund	<u>(26,557)</u>	<u>(146,909)</u>	<u>(173,466)</u>
 Total proprietary funds	 <u>\$ 13,189,681</u>	 <u>\$ 593,521</u>	 <u>\$ 13,783,202</u>

The General Fund had a decrease in fund balance as a result of lower property taxes related to the property in the annexed area and the increase in expenses in the Police and Public Works Departments related to the purchase of police vehicles and overtime for the police and public works employees.

The capital projects funds had a combined decrease in fund balance as a result of borrowed proceeds received in a prior year for new capital projects and being spent in the current year.

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 2006 was higher than expected. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available exceeded original budgeted funds available by \$823 thousand. This increase resulted principally from the increase in sales taxes collected of \$150 thousand, the receipt of grant proceeds from the federal Emergency Management Agency of \$215 thousand for Hurricane Katrina related expenses, and \$271 thousand from Homeland Security for the police department. Final budgeted expenditures were \$565 thousand more than those originally budgeted. Key elements of this increase were as follows:

- \$ 80,000 increase in personal services
- \$ 194,000 increase in operating supplies
- \$ 358,000 increase in other services and charges
- \$ 47,000 decrease in capital outlay
- \$ 20,000 decrease in fund transfers

Actual funds available were \$717 thousand less than final budgeted. The majority of this difference consisted of a \$97,000 decrease in franchise fees collected, \$20,000 decrease in building permit fees, \$83,000 decrease in automobile taxes collected, and \$97,000 in lease proceeds collected.

Actual expenditures were \$41 thousand less than those finally budgeted.

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 \$68.6 million at September 30, 2007. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$27.3 million. Significant increases were:

- \$21.6 million – for streets in the newly annexed area
- \$ 2.2 million – for right-of-way in the newly annexed area
- \$ 1.4 million – for street and drainage infrastructure
- \$772 thousand – for construction of Hampstead Boulevard
- \$394 thousand – for Springridge Crossing Project
- \$465 thousand – for street overlay and striping
- \$329 thousand – for construction of Northside Corridor
- \$105 thousand – for improvements of Brighton Park
- \$ 93 thousand – for improvements of Traceway Park

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

Depreciation expense amounted to \$2.9 million for 2007 and \$2.7 million for 2006. Accumulated depreciation at September 30, 2007 and 2006 was \$ 27.2 million and \$24.3 million, respectively.

Business-type activities. At September 30, 2007, the City's business-type net capital assets amounted to \$28.7 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$1.1 million were made to water and sewer system improvements and equipment and vehicle purchases during 2007. Depreciation expense amounted to \$1.3 million for 2007 and \$1.3 million for 2006. Accumulated depreciation at September 30, 2007 and 2006 was \$ 16.0 million and \$14.9 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 7,092,024	\$ 4,857,640	\$ 177,512	\$ 177,512	\$ 7,269,536	\$ 5,035,152
Buildings	7,259,174	7,476,496	219,350	216,611	7,478,524	7,693,107
Other improvements	6,327,550	3,833,221			6,327,550	3,833,221
Water and sewer systems and improvements			27,929,645	28,062,412	27,929,645	28,062,412
Equipment and vehicles	1,678,010	1,725,527	354,128	381,544	2,032,138	2,107,071
Infrastructure	42,838,576	18,371,558			42,838,576	18,371,558
Construction in progress	3,436,135	8,038,081	5,642	5,000	3,441,777	8,043,081
Total	\$ 68,631,469	\$ 44,302,523	\$ 28,686,277	\$ 28,843,079	\$ 97,317,746	\$ 73,145,602

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 \$15.4 million. This account classification includes general obligation bonds, tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt decreased by \$728 thousand. This decrease was due primarily to the \$1.2 million in payment of the long term debt. Payments of principal and interest due within one year total \$1.4 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$18.0 million at September 30, 2007. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major

portion of this debt, \$9.0 million, is associated with the City's wastewater treatment facility. During the year ended September 30, 2007, debt associated with the City's business-type

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

activities decreased by \$445 thousand. This decrease was due primarily to the \$1.0 million in payment of the long term debt. Payments of principal and interest due within one year total \$1.6 million.

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

City of Clinton General Obligation and Revenue Bonds and Other Loans						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 4,414,923	\$ 5,195,000	\$ 1,790,077	\$ 1,515,000	\$ 6,205,000	\$ 6,710,000
Revenue bonds			740,096	820,946	740,096	820,946
Tax increment limited obligation bonds	1,960,000	1,554,000			1,960,000	1,554,000
Notes payable	8,191,085	8,357,834	15,216,424	15,811,793	23,407,509	24,169,627
Capital lease obligations	823,600	1,010,958	260,044	304,235	1,083,644	1,315,193
Total	\$ 15,389,608	\$ 16,117,792	\$ 18,006,641	\$ 18,451,974	\$ 33,396,249	\$ 34,569,766

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to increase moderately during the next fiscal year. Expenditures are expected to follow suit, with increased costs resulting in providing services to the citizens residing in the newly annexed area of the City. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2008.

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, 2007

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,244,078	\$ 1,057,497	\$ 3,301,575
Receivables	6,122,557	1,025,459	7,148,016
Internal balances	(133,899)	133,899	-
Restricted assets:			
Cash and cash equivalents	-	1,596,031	1,596,031
Capital assets:			
Land and construction in progress	10,528,159	183,154	10,711,313
Other capital assets, net of depreciation	58,103,310	28,503,123	86,606,433
Intangible assets, net of amortization	<u>352,896</u>	<u>498,675</u>	<u>851,571</u>
 Total Assets	 <u>77,217,101</u>	 <u>32,997,838</u>	 <u>110,214,939</u>
<u>LIABILITIES</u>			
Accounts payable	1,194,625	329,736	1,524,361
Accrued interest payable	243,545	52,678	296,223
Claims liability	196,747	-	196,747
Deferred revenue	4,886,713	-	4,886,713
Customer deposits	-	618,608	618,608
Long-term debt:			
Due within one year	916,196	1,217,760	2,133,956
Due in more than one year	14,473,412	16,788,881	31,262,293
Compensated absences payable:			
Due within one year	270,000	60,000	330,000
Due in more than one year	291,907	59	291,966
Net pension obligation:			
Due in more than one year	<u>828,391</u>	<u>-</u>	<u>828,391</u>
 Total Liabilities	 <u>23,301,536</u>	 <u>19,067,722</u>	 <u>42,369,258</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED
September 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	54,470,872	10,876,661	65,347,533
Restricted for:			
Capital projects	-	707,078	707,078
Debt service	27,463	153,187	180,650
Economic development (restricted by enabling legislation)	142,467	-	142,467
Unrestricted	<u>(725,237)</u>	<u>2,193,190</u>	<u>1,467,953</u>
Total Net Assets	<u>\$ 53,915,565</u>	<u>\$ 13,930,116</u>	<u>\$ 67,845,681</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,249,825	\$ 53,398	\$ 18,854	\$ -	\$ (1,177,573)	\$ -	\$ (1,177,573)
Public safety	7,431,687	615,543	207,082	316,919	(6,292,143)	-	(6,292,143)
Public works	3,836,761	2,701	-	25,426,465	21,592,405	-	21,592,405
Culture and recreation	1,787,511	74,893	20,667	16,562	(1,675,389)	-	(1,675,389)
Economic development	837,315	-	125,000	-	(712,315)	-	(712,315)
Interest and fiscal charges on long-term debt	686,384	-	-	-	(686,384)	-	(686,384)
Total governmental activities	15,829,483	746,535	371,603	25,759,946	11,048,601	-	11,048,601
Business-Type Activities:							
Water	2,561,141	2,974,619	111,419	123,553	-	648,450	648,450
Sewer	2,964,712	2,327,178	-	188,937	-	(448,597)	(448,597)
Garbage collection	1,203,390	1,398,013	-	-	-	194,623	194,623
Total business-type activities	6,729,243	6,699,810	111,419	312,490	-	394,476	394,476
Total	\$ 22,558,726	\$ 7,446,345	\$ 483,022	\$ 26,072,436	11,048,601	394,476	11,443,077

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2007

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	5,592,005	-	5,592,005
Local sales tax	103,974	-	103,974
Franchise charges based on gross receipts	716,451	-	716,451
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,767,196	-	4,767,196
County shared revenues	70,215	-	70,215
Interest	181,607	123,259	304,866
Miscellaneous	12,644	10,714	23,358
Transfers	(190,381)	190,381	-
Total General Revenues and Transfers	<u>11,253,711</u>	<u>324,354</u>	<u>11,578,065</u>
Change in Net Assets	22,302,312	718,830	23,021,142
Net Assets - Beginning	<u>31,613,253</u>	<u>13,211,286</u>	<u>44,824,539</u>
Net Assets - Ending	<u>\$ 53,915,565</u>	<u>\$ 13,930,116</u>	<u>\$ 67,845,681</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents	\$ 929,121	\$ 1,311,419	\$ 2,240,540
Receivables:			
Property taxes	4,292,208	633,208	4,925,416
Sales and tourism tax	684,139	15,393	699,532
City utilities tax	11,372	-	11,372
Franchise charges	207,738	-	207,738
Federal grants	30,052	212,166	242,218
Other	11,350	5,190	16,540
Due from other funds	<u>205,975</u>	<u>80,227</u>	<u>286,202</u>
Total Assets	<u>\$6,371,955</u>	<u>\$ 2,257,603</u>	<u>\$ 8,629,558</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 939,007	\$ 254,025	\$ 1,193,032
Deferred property taxes	4,183,231	627,050	4,810,281
Deferred grant revenue	-	76,432	76,432
Due to other funds	70,026	376,626	446,652
Due to other governments	<u>1,594</u>	<u>-</u>	<u>1,594</u>
Total Liabilities	<u>5,193,858</u>	<u>1,334,133</u>	<u>6,527,991</u>
 Fund balances:			
Unreserved, reported in:			
General fund	1,178,097	-	1,178,097
Special revenue funds	-	142,467	142,467
Debt service funds	-	45,546	45,546
Capital projects funds	<u>-</u>	<u>735,457</u>	<u>735,457</u>
Total Fund Balances	<u>1,178,097</u>	<u>923,470</u>	<u>2,101,567</u>
 Total Liabilities and Fund Balances	 <u>\$6,371,955</u>	 <u>\$ 2,257,603</u>	 <u>\$ 8,629,558</u>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2007

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

Total Governmental Fund Balances	\$ 2,101,567
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	68,631,469
Intangible assets are not financial resources and therefore are not reported in the funds.	352,896
Interest is not recorded as an expenditure in the funds until the payment date.	(243,545)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(16,779,906)
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>(146,916)</u>
Net Assets - Governmental Activities	<u>\$ 53,915,565</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, 2007

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$5,357,631	\$ 234,373	\$ 5,592,004
Licenses and permits	858,179	-	858,179
Intergovernmental	5,321,916	499,066	5,820,982
Charges for services	87,114	30,091	117,205
Fines and forfeitures	468,561	1,022	469,583
Interest	79,755	101,851	181,606
Contributions	70,281	4,240	74,521
Miscellaneous	184,570	-	184,570
Total Revenues	<u>12,428,007</u>	<u>870,643</u>	<u>13,298,650</u>
Expenditures:			
Current:			
General government	1,319,742	4,429	1,324,171
Public safety	6,917,488	32,448	6,949,936
Public works	1,793,781	-	1,793,781
Culture and recreation	1,193,183	61,937	1,255,120
Economic development	337,408	43,854	381,262
Debt service	723,917	773,438	1,497,355
Capital outlay	841,821	2,214,937	3,056,758
Total Expenditures	<u>13,127,340</u>	<u>3,131,043</u>	<u>16,258,383</u>
Excess of Expenditures Over Revenues	<u>(699,333)</u>	<u>(2,260,400)</u>	<u>(2,959,733)</u>
Other Financing Sources (Uses):			
Bond issuance	-	485,000	485,000
Transfers in	148,127	682,170	830,297
Transfers out	<u>(434,149)</u>	<u>(536,278)</u>	<u>(970,427)</u>
Total Other Financing Sources (Uses)	<u>(286,022)</u>	<u>630,892</u>	<u>344,870</u>
Net Change in Fund Balances	(985,355)	(1,629,508)	(2,614,863)
Fund Balances - Beginning	<u>2,163,452</u>	<u>2,552,978</u>	<u>4,716,430</u>
Fund Balances - Ending	<u>\$1,178,097</u>	<u>\$ 923,470</u>	<u>\$ 2,101,567</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2007

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

Net Change in Fund Balances - Total Governmental Funds	\$ (2,614,863)
Differences:	
Governmental funds report capital asset purchases as expenditures.	3,056,758
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets.	(2,973,104)
Governmental funds do not reflect the value of capital asset contributions received because they do not provide current financial resources.	25,177,432
Governmental funds do not reflect the transfer of capital assets to proprietary funds and outside entities because capital assets are not current financial resources:	
Transfer to proprietary fund	(50,251)
Transfer of completed economic development project to an industrial business	(443,211)
Governmental funds report debt issuances as other financing sources and report debt issue costs and principal payments on the debt as expenditures, while governmental activities report debt issuances and payments as increases (decreases) in liabilities and amortize debt issue costs over the term of the debt.	307,058
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(20,198)

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2007

Governmental funds report prepayments as expenditures when paid while governmental activities report prepayments as expenses when the related services are received.	(12,000)
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>(125,309)</u>
Change in Net Assets - Governmental Activities	<u>\$22,302,312</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2007

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 375,629	\$ 681,868	\$ 1,057,497	\$ 3,540
Receivables:				
Accounts	939,791	-	939,791	-
Special assessments	3,669	-	3,669	-
Reinsurance claims	-	-	-	51
Claim refunds	-	-	-	19,690
Due from other funds	160,450	335	160,785	-
Restricted Cash and Cash Equivalents:				
Customer deposits account	618,608	-	618,608	-
Revenue bond and interest account	270,346	-	270,346	-
Total Current Assets	<u>2,368,493</u>	<u>682,203</u>	<u>3,050,696</u>	<u>23,281</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2007

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Noncurrent Assets:				
Capital Assets:				
Water and sewer systems and other improvements	42,312,720	-	42,312,720	-
Land	177,512	-	177,512	-
Buildings	272,380	-	272,380	-
Equipment and vehicles	1,642,688	338,066	1,980,754	-
Construction in progress	5,643	-	5,643	-
	<u>44,410,943</u>	<u>338,066</u>	<u>44,749,009</u>	-
Less accumulated depreciation	<u>(15,859,789)</u>	<u>(202,942)</u>	<u>(16,062,731)</u>	-
Capital Assets (net)	<u>28,551,154</u>	<u>135,124</u>	<u>28,686,278</u>	-
Restricted cash and cash equivalents:				
Construction account	707,078	-	707,078	-
Receivable:				
Special assessments (net of current portion)	81,999	-	81,999	-
Intangible Assets:				
Certificate of authority	396,651	-	396,651	-
Loan and bond issue costs	<u>102,024</u>	<u>-</u>	<u>102,024</u>	<u>-</u>
Total Noncurrent Assets	<u>1,287,752</u>	<u>-</u>	<u>1,287,752</u>	<u>-</u>
Total Assets	<u>32,207,399</u>	<u>817,327</u>	<u>33,024,726</u>	<u>23,281</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2007

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
	Fund	Fund	Total	Fund
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	232,566	97,171	329,737	-
Claims liability	-	-	-	196,747
Accrued interest payable	30,378	141	30,519	-
Due to other funds	335	-	335	-
Compensated absences payable - current	60,000	-	60,000	-
Notes payable - current	844,864	-	844,864	-
Capital leases payable - current	80,457	18,270	98,727	-
General obligation bonds payable - current	179,169	-	179,169	-
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	22,159	-	22,159	-
Revenue bonds payable - current	95,000	-	95,000	-
Customer deposits payable	618,608	-	618,608	-
Total Current Liabilities	<u>2,163,536</u>	<u>115,582</u>	<u>2,279,118</u>	<u>196,747</u>
Noncurrent Liabilities:				
Compensated absences payable	59	-	59	-
Capital leases payable	99,850	61,467	161,317	-
Revenue bonds payable	645,096	-	645,096	-
General obligation bonds payable	1,610,908	-	1,610,908	-
Notes payable	14,371,560	-	14,371,560	-
Total Noncurrent Liabilities	<u>16,727,473</u>	<u>61,467</u>	<u>16,788,940</u>	<u>-</u>
Total Liabilities	<u>18,891,009</u>	<u>177,049</u>	<u>19,068,058</u>	<u>196,747</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2007

	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	10,821,274	55,387	10,876,661	-
Restricted for:				
Capital projects	707,078	-	707,078	-
Debt service	153,187	-	153,187	-
Unrestricted (deficit)	<u>1,634,851</u>	<u>584,891</u>	<u>2,219,742</u>	<u>(173,466)</u>
 Total Net Assets (Deficit)	 <u>\$ 13,316,390</u>	 <u>\$ 640,278</u>	 <u>\$ 13,956,668</u>	 <u>\$ (173,466)</u>

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

Total Enterprise Funds Net Assets	\$ 13,956,668
Difference:	
The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities.	<u>(26,552)</u>
Net Assets - Business-Type Activities	 <u>\$ 13,930,116</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, 2007

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues:				
Charges For services:				
Water sales	\$ 2,641,150	\$ -	\$ 2,641,150	\$ -
Sewer service charges	2,246,285	-	2,246,285	-
Other services	296,434	-	296,434	-
Refuse collection charges	-	1,398,013	1,398,013	-
Rents	64,200	-	64,200	-
Premiums	-	-	-	1,211,842
	<u>5,248,069</u>	<u>1,398,013</u>	<u>6,646,082</u>	<u>1,211,842</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,087,539	-	1,087,539	-
Employee benefits	363,030	-	363,030	-
Insurance	18,749	558	19,307	194,210
Claims expense	-	-	-	1,110,272
Office supplies	10,054	-	10,054	-
Operating supplies:				
Gas and oil	73,017	-	73,017	-
Other	52,185	-	52,185	-
Outside services	713,277	1,153,062	1,866,339	57,916
Repairs and maintenance	482,795	18,814	501,609	-
Telephone	17,017	-	17,017	-
Postage	24,638	-	24,638	-
Printing	6,920	-	6,920	-
Utilities	505,351	-	505,351	-
Rentals	22,391	-	22,391	-
Depreciation	1,235,032	27,192	1,262,224	-

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2007

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Amortization	30,959	-	30,959	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	39,944	-	39,944	-
	<u>4,826,898</u>	<u>1,199,626</u>	<u>6,026,524</u>	<u>1,362,398</u>
Total Operating Expenses				
	<u>4,826,898</u>	<u>1,199,626</u>	<u>6,026,524</u>	<u>1,362,398</u>
Operating Income (Loss)	<u>421,171</u>	<u>198,387</u>	<u>619,558</u>	<u>(150,556)</u>
Nonoperating Revenues (Expenses):				
Federal grants	111,419	-	111,419	-
Interest income	92,575	30,685	123,260	3,647
Interest and fiscal charges	(612,915)	(3,763)	(616,678)	-
	<u>(408,921)</u>	<u>26,922</u>	<u>(381,999)</u>	<u>3,647</u>
Total Nonoperating Revenues (Expenses), net				
	<u>(408,921)</u>	<u>26,922</u>	<u>(381,999)</u>	<u>3,647</u>
Income (Loss) Before Contributions and Transfers	12,250	225,309	237,559	(146,909)
Capital Contributions and Grants	362,741	-	362,741	-
Transfers in	140,130	-	140,130	-
	<u>515,121</u>	<u>225,309</u>	<u>740,430</u>	<u>(146,909)</u>
Change in Net Assets				
	<u>515,121</u>	<u>225,309</u>	<u>740,430</u>	<u>(146,909)</u>
Net Assets (Deficit) - Beginning	<u>12,801,269</u>	<u>414,969</u>	<u>13,216,238</u>	<u>(26,557)</u>
Net Assets (Deficit) - Ending	<u>\$ 13,316,390</u>	<u>\$ 640,278</u>	<u>\$ 13,956,668</u>	<u>\$ (173,466)</u>

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2007

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

Change in Net Assets - Enterprise Funds	\$ 740,430
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Difference:

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

<u>(21,600)</u>

Change in Net Assets - Business-Type Activities	<u>\$ 718,830</u>
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See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2007

	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	\$ 5,133,315	\$ 1,398,013	\$ 6,531,328	\$ 323,391
Receipts from interfund services	-	-	-	888,451
Receipts from reinsurance	-	-	-	40,089
Payments to suppliers	(2,057,908)	(1,165,945)	(3,223,853)	(1,271,674)
Payments to employees	(1,466,073)	-	(1,466,073)	-
Payments for interfund services	(144,000)	-	(144,000)	-
 Net Cash Provided (Used) By Operating Activities	 <u>1,465,334</u>	 <u>232,068</u>	 <u>1,697,402</u>	 <u>(19,743)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Federal grants	<u>132,889</u>	<u>-</u>	<u>132,889</u>	<u>-</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(304,002)	-	(304,002)	-
Transfers from capital project funds	140,130	-	140,130	-
Proceeds from notes payable	400,033	-	400,033	-
Proceeds from capital lease	69,761	-	69,761	-
Principal paid on revenue bonds	(90,000)	-	(90,000)	-
Principal paid on general obligation bonds	(163,602)	-	(163,602)	-
Principal paid on capital leases	(96,442)	(17,511)	(113,953)	-
Principal paid on notes payable	(730,288)	-	(730,288)	-
Interest and fiscal charges paid on debt	(608,283)	(3,794)	(612,077)	-
 Net Cash Used By Capital and Related Financing Activities	 <u>(1,382,693)</u>	 <u>(21,305)</u>	 <u>(1,403,998)</u>	 <u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2007

	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	92,575	30,685	123,260	3,647
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	308,105	241,448	549,553	(16,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,663,556	440,420	2,103,976	19,636
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,971,661</u>	<u>\$ 681,868</u>	<u>\$ 2,653,529</u>	<u>\$ 3,540</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:				
Capital assets contributed by:				
Residential developers	\$ 312,490	\$ -	\$ 312,490	\$ -
Governmental funds of the City	50,251	-	50,251	-
	<u>\$ 362,741</u>	<u>\$ -</u>	<u>\$ 362,741</u>	<u>\$ -</u>
Capital assets transferred from governmental funds in exchange for assumption of general obligation debt	<u>\$ 438,679</u>	<u>\$ -</u>	<u>\$ 438,679</u>	<u>\$ -</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2007

	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)	\$ 421,171	\$ 198,387	\$ 619,558	\$ (150,556)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,235,032	27,192	1,262,224	-
Amortization	30,959	-	30,959	-
(Increase) decrease in receivables:				
Accounts	(148,324)	-	(148,324)	-
Reinsurance claims	-	-	-	39,045
Claim refunds	-	-	-	5,686
Special assessments	17,792	-	17,792	-
Due from other funds	(98,931)	577	(98,354)	-
Increase (decrease) in payables:				
Accounts	7,938	5,912	13,850	-
Claims	-	-	-	86,082
Due to other funds	(577)	-	(577)	-
Customer deposits	15,778	-	15,778	-
Compensated absences	(15,504)	-	(15,504)	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,465,334</u>	<u>\$ 232,068</u>	<u>\$ 1,697,402</u>	<u>\$ (19,743)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2007

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	\$ 35,359
<u>LIABILITIES</u>	
Accounts payable	<u>2,349</u>
<u>NET ASSETS</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 33,010</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended September 30, 2007

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Contributions from other funds	\$ 11,197
Interest	<u>1,457</u>
Total Additions	12,654
DEDUCTIONS:	
Unemployment claims	<u>13,138</u>
CHANGE IN NET ASSETS	(484)
NET ASSETS - BEGINNING	<u>33,494</u>
NET ASSETS - ENDING	<u>\$ 33,010</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. REPORTING ENTITY

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

Internal Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
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.
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.
Hampstead Blvd. Bond and Interest Fund	Accumulates funds for payment of a \$3,605,000 portion of a general obligation bond issue – \$3,870,000 Public Improvement Series 2006 bonds.
Quisenberry Library Bond and Interest Fund	Accumulates funds for payment of general obligation bonds to be issued for the construction of a library building.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

<u>Fund</u>	<u>Brief Description</u>
CAPITAL PROJECT FUNDS:	
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.
Public Works Facility Project Fund	Accounts for the costs incurred for construction of a public works facility funded by a debt issue.
Community Development Block Grant Fund – Mega Plastics	Accounts for the proceeds of a Federal grant being used for the construction of street, water and sewer improvements related to an industrial development.
Natchez Trace Visitors Center Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of a visitors center.
Northside Corridor Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
Library Construction Project Fund:	Accounts for the costs incurred for construction of a library facility to be funded by a subsequent debt issue.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

<u>Fund</u>	<u>Brief Description</u>
Tax Increment Financing Construction Project Fund – Prugon	Accounts for the proceeds of a bond issue being used for the construction of street, water and sewer improvements related to a retail development.

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.
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FIDUCIARY FUND:

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

D. ASSETS, LIABILITIES 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. Those related to goods and services type transactions are classified as “due to” and “due from” other funds. Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 years
Improvements	5-50 years
Machinery and Equipment	3-15 years
Utility System	10-50 years
Infrastructure	10-40 years

Fund Financial Statements

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

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, customer utility deposits, and certain resources set aside for revenue bond repayment and replacement of capital assets, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Intangible Assets, Bond Discounts and Refunding Costs

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

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

Compensated Absences

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

Property taxes attach as an enforceable lien on property as of the date levied by the City. Taxes are levied annually on or before September 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. REVENUES, EXPENDITURES AND EXPENSES - Continued

Grant Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund – By Operating and Nonoperating

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

Interfund Transfers

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

The City's budget is prepared by fund, department and purpose. In September, the proposed budget is presented to the Mayor and Board of Aldermen for review. The Board of Aldermen hold public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the accounting department. The budget must be adopted on or before September 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 that are paid within 30 days after the end of the year are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered to be in accordance with U.S. generally accepted accounting principles.

Expenditures other than capital outlay, election, and emergency expenditures may not legally exceed budgeted appropriations at the purpose level (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.

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

C. DEFICIT FUND EQUITY

As of September 30, 2007, the Library Construction Project Fund had a deficit fund balance of \$126,166. The City intends to issue debt subsequent to September 30, 2007 to fund this project, and the deficit fund balance occurred because some project costs were incurred prior to the issuance of the debt.

The Self-Funded Group Insurance Fund had a deficit fund equity of \$173,466 as of September 30, 2007. The City intends to adjust the premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

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, 2007, 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. As of September 30, 2007, the City owned shares valued at \$171,515 of the Performance U.S. Treasury Fund, which is a money market mutual fund that invests in U.S. Treasury obligations with a weighted average maturity of 90 days or less. The money market mutual fund shares are reflected as cash equivalents in the accompanying financial statements.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND DEFERRED REVENUE

Receivables at September 30, 2007 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$ 989,791	\$ 989,791
Special assessments:			
Due within one year	-	3,669	3,669
Due in more than one year	-	185,791	185,791
Property taxes	4,925,416	-	4,925,416
Sales taxes	699,532	-	699,532
Franchise charges	207,738	-	207,738
Federal grants	242,218	-	242,218
Other	<u>47,653</u>	<u>-</u>	<u>47,653</u>
	6,122,557	1,179,251	7,301,808
Allowance for uncollectible amounts	<u>-</u>	<u>(153,792)</u>	<u>(153,792)</u>
Net receivables	<u>\$6,122,557</u>	<u>\$1,025,459</u>	<u>\$7,148,016</u>

In addition, deferred revenue, the majority of which is related to the above receivables, consisted of the following at September 30, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred property taxes, levied for use in the subsequent year	\$4,810,281	\$ -	\$4,810,281
Unearned federal grant revenue	<u>76,432</u>	<u>-</u>	<u>76,432</u>
	<u>\$4,886,713</u>	<u>\$ -</u>	<u>\$4,886,713</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 3,644,090	\$ 2,234,384	\$ -	\$ 5,878,474
Other land	1,213,550	-	-	1,213,550
Construction in progress	<u>8,038,081</u>	<u>2,280,034</u>	<u>(6,881,980)</u>	<u>3,436,135</u>
Total not being depreciated	<u>12,895,721</u>	<u>4,514,418</u>	<u>(6,881,980)</u>	<u>10,528,159</u>
Other capital assets:				
Buildings	9,501,943	3,326	-	9,505,269
Other improvements	7,206,724	2,877,192	-	10,083,916
Equipment and vehicles	6,504,141	412,430	(20,357)	6,896,214
Infrastructure	<u>32,471,791</u>	<u>26,376,664</u>	<u>-</u>	<u>58,848,455</u>
	<u>55,684,599</u>	<u>29,669,612</u>	<u>(20,357)</u>	<u>85,333,854</u>
Accumulated depreciation:				
Buildings	2,025,447	220,648	-	2,246,095
Other improvements	3,373,503	382,863	-	3,756,366
Equipment and vehicles	4,778,614	459,947	(20,357)	5,218,204
Infrastructure	<u>14,100,233</u>	<u>1,909,646</u>	<u>-</u>	<u>16,009,879</u>
	<u>24,277,797</u>	<u>2,973,104</u>	<u>(20,357)</u>	<u>27,230,544</u>
Net other capital assets	<u>31,406,802</u>	<u>26,696,508</u>	<u>-</u>	<u>58,103,310</u>
Capital assets, net	<u>\$ 44,302,523</u>	<u>\$ 31,210,926</u>	<u>\$ (6,881,980)</u>	<u>\$ 68,631,469</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	5,000	5,642	(5,000)	5,642
Total not being depreciated	<u>182,512</u>	<u>5,642</u>	<u>(5,000)</u>	<u>183,154</u>
Other capital assets:				
Water and sewer systems and improvements	41,320,618	992,102	-	42,312,720
Buildings	259,646	12,734	-	272,380
Equipment and vehicles	1,935,254	99,943	(54,444)	1,980,753
	<u>43,515,518</u>	<u>1,104,779</u>	<u>(54,444)</u>	<u>44,565,853</u>
Accumulated depreciation:				
Water and sewer systems and improvements	13,258,206	1,124,869	-	14,383,075
Buildings	43,035	9,995	-	53,030
Equipment and vehicles	1,553,710	127,359	(54,444)	1,626,625
	<u>14,854,951</u>	<u>1,262,223</u>	<u>(54,444)</u>	<u>16,062,730</u>
Net other capital assets	<u>28,660,567</u>	<u>(157,444)</u>	<u>-</u>	<u>28,503,123</u>
Capital assets, net	<u>\$ 28,843,079</u>	<u>\$ (151,802)</u>	<u>\$ (5,000)</u>	<u>\$ 28,686,277</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 33,946
Public safety	388,002
Public works	2,030,169
Culture and recreation	520,526
Economic development	461
	<u>\$2,973,104</u>
Business-type activities:	
Water	\$ 438,901
Sewer	796,131
Garbage collection	27,192
	<u>\$1,262,224</u>

(Continued)

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES

The majority of interfund balances result from capital project costs incurred prior to the issuance of the related debt to fund the projects. The composition of interfund balances as of September 30, 2007 was as follows:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	
General Fund	\$ -	\$ 205,975	\$ -	\$205,975
Water and Sewer Operations Fund	28,343	132,107	-	160,450
Garbage Collection Fund	-	-	335	335
Nonmajor Governmental Funds	<u>41,683</u>	<u>38,544</u>	<u>-</u>	<u>80,227</u>
Total	<u>\$70,026</u>	<u>\$ 376,626</u>	<u>\$ 335</u>	<u>\$446,987</u>

The majority of interfund transfers are to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2007 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ 148,127	\$ 148,127
Nonmajor Governmental Funds	434,149	248,021	682,170
Water and Sewer Operations Fund	-	140,130	140,130
Total	<u>\$ 434,149</u>	<u>\$ 536,278</u>	<u>\$ 970,427</u>

(Continued)

NOTE 7. ACCOUNTS PAYABLE

Accounts payable at September 30, 2007 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 891,694	\$ 329,736	\$1,221,430
Cash appearance bonds	98,469	-	98,469
Cash evidence held	39,982	-	39,982
Payroll withholdings and employee benefits	<u>164,480</u>	<u>-</u>	<u>164,480</u>
Total	<u>\$1,194,625</u>	<u>\$ 329,736</u>	<u>\$1,524,361</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, 2007, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$3,100,000 Public Improvement – Series 1996 serial bonds dated July 1, 1996; due in annual installments of \$250,000 to \$295,000 through July 1, 2011; interest varies from 5.2% to 5.25%.	\$1,090,000
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\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$110,831 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%.	<u>3,324,923</u> <u>4,414,923</u>
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Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$25,000 to \$40,000 through March 1, 2016; interest varies from 4.9% to 5.7%.	305,000
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\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$50,000 to \$105,000 through April 1, 2020; interest varies from 5.4% to 6.25%.	960,000
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\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$14,000 to \$20,000 through March 1, 2019; interest at 4.25%.	210,000
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\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$30,000 to \$50,000 through March 15, 2019; interest at 4.8%.	<u>485,000</u> <u>1,960,000</u>
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(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; interest at 3.75%; monthly installments of \$7,272, including interest, with the final payment due March 1, 2013; secured by the City’s share of sales tax collected by the state. 429,439

\$212,747 loan payable to the Mississippi Development Authority; interest at 3%; monthly installments of \$1,469, including interest, with the final payment due October 1, 2013; secured by the City’s share of sales tax collected by the state. 96,646

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$85,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.500% and is payable semiannually; secured by the City’s share of sales tax collected by the state. 7,665,000
8,191,085

Capital Lease Obligations:

\$471,969 equipment lease dated December 21, 2004; monthly payments of \$6,525, including interest at 3.05%; final payment due August 15, 2011. 288,720

\$51,545 equipment lease dated April 15, 2003; monthly payments of \$548, including interest at 3.37%, with a balloon payment of \$25,800 at the May, 2008 maturity date. 29,019

\$241,740 equipment lease dated May 3, 2004; monthly payments of \$3,705, including interest at 3.34%; final payment due April 20, 2010. 109,895

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$119,223 equipment lease dated November 30, 2004; monthly payments of \$2,158, including interest at 3.3%; final payment due December 15, 2009.	56,087
\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014.	301,374
\$67,269 equipment lease dated June 20, 2005; monthly payments of \$1,228, including interest at 3.64%; final payment due June 15, 2010.	<u>38,505</u> <u>823,600</u>
Total Governmental Activities Long-Term Debt	<u>\$15,389,608</u>

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2007, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,000,000 Water Improvement – Series 1995 serial bonds dated March 1, 1995; due in annual installments of \$90,000 to \$100,000 through March 1, 2010; interest at 5.5%.	\$ 285,000
\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$75,000 to \$120,000 through March 1, 2018; interest varies from 4.5% to 4.8%.	1,080,000
\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$14,169 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%.	<u>425,077</u> <u>1,790,077</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$95,000 to \$135,000 through October 1, 2013; interest varies from 5.3% to 5.75%; secured by Water and Sewer Operations Fund revenues. 795,000

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; interest at 4.50%; monthly installments of \$10,872, including interest; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 836,892

\$10,936,501 loan payable to the Mississippi Department of Environmental Quality; interest at 3%; monthly installments of \$61,942, including interest; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 8,569,948

\$1,157,361 loan payable to the Mississippi Department of Health; interest at 3.5%; monthly installments of \$6,791, including interest; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 1,012,687

\$500,000 loan payable to the Mississippi Development Authority; interest at 2%; monthly installments of \$2,529, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 458,503

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$250,000 loan payable to the Mississippi Development Authority; interest at 3%; monthly installments of \$1,386, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 231,189

\$493,655 loan payable to the Mississippi Development Authority; interest at 2%; monthly installments of \$2,497, including interest; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 452,685

\$3,719,450 loan payable to the Mississippi Department of Environmental Quality; interest at 2%; monthly installments of \$19,142, including interest; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026. 3,654,520
15,216,424

Capital Lease Obligations:

\$59,177 equipment lease dated April 15, 2003; monthly payments of \$634, including interest at 3.37%, with a balloon payment of \$29,300 at the May, 2008 maturity date. 33,037

\$53,271 equipment lease dated April 15, 2004; monthly payments of \$955, including interest at 2.89%; final payment due April 15, 2009. 17,708

\$72,268 equipment lease dated April 15, 2004; monthly payments of \$1,295, including interest at 2.89%; final payment due April 15, 2009. 24,023

\$67,200 equipment lease dated February 15, 2005; monthly payments of \$1,214, including interest at 3.21%; final payment due June 15, 2010. 38,289

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$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. 67,250

\$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011. 79,737
260,044

Unamortized bond refunding cost and bond discount (54,904)

Total Business-Type Activities Long-Term Debt \$18,006,641

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2007, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 360,831	\$ 204,898	\$ 219,636	\$ 321,956	\$ 119,000	\$ 105,195	\$ 1,331,516
2009	380,264	185,802	340,639	312,413	135,500	99,235	1,453,853
2010	404,130	165,552	363,978	297,365	136,000	92,426	1,459,451
2011	423,564	143,868	407,441	280,852	141,000	85,511	1,482,236
2012	137,430	121,150	431,032	262,861	152,000	78,231	1,182,704
2013-2017	775,816	490,736	1,958,359	1,088,713	842,500	260,403	5,416,527
2018-2022	975,311	312,098	2,530,000	682,140	434,000	47,308	4,980,857
2023-2027	957,577	97,532	1,940,000	128,265	-	-	3,123,374
	<u>\$ 4,414,923</u>	<u>\$ 1,721,636</u>	<u>\$ 8,191,085</u>	<u>\$ 3,374,565</u>	<u>\$ 1,960,000</u>	<u>\$ 768,309</u>	<u>\$ 20,430,518</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 179,169	\$ 81,306	\$ 844,864	\$ 417,060	\$ 95,000	\$ 41,800	\$ 1,659,199
2009	189,736	71,951	870,221	391,703	100,000	36,583	1,660,194
2010	200,870	62,024	896,384	365,540	105,000	30,995	1,660,813
2011	101,436	54,470	923,380	338,544	115,000	24,888	1,557,718
2012	107,570	49,476	951,238	310,686	120,000	18,278	1,557,248
2013-2017	644,184	159,794	4,873,873	1,120,462	260,000	15,206	7,073,519
2018-2022	244,689	42,782	4,609,730	428,150	-	-	5,325,351
2023-2027	122,423	12,468	1,246,734	49,886	-	-	1,431,511
	<u>\$ 1,790,077</u>	<u>\$ 534,271</u>	<u>\$ 15,216,424</u>	<u>\$ 3,422,031</u>	<u>\$ 795,000</u>	<u>\$ 167,750</u>	<u>\$ 21,925,553</u>

(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, 2007, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 239,250	\$ 107,069
2009	209,616	62,084
2010	167,984	42,695
2011	117,998	31,771
2012	46,223	36,933
2013-2017	<u>104,002</u>	<u>-</u>
Total minimum lease payments	885,073	280,552
Less amount representing interest	<u>(61,473)</u>	<u>(20,508)</u>
Present value of future minimum lease payments	<u>\$ 823,600</u>	<u>\$ 260,044</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,529,712	\$ 434,337
Accumulated depreciation	<u>(628,123)</u>	<u>(217,244)</u>
Carrying Value	<u>\$ 901,589</u>	<u>\$ 217,093</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, 2007, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$ 5,195,000	\$ -	\$ (780,077)	\$ 4,414,923	\$ 360,831
Notes payable	8,357,834	-	(166,749)	8,191,085	219,636
Limited obligation bonds	1,554,000	485,000	(79,000)	1,960,000	119,000
Capital lease obligations	1,010,958	-	(187,358)	823,600	216,729
	<u>16,117,792</u>	<u>485,000</u>	<u>(1,213,184)</u>	<u>15,389,608</u>	<u>916,196</u>
Compensated absences	566,027	270,446	(274,566)	561,907	270,000
Net pension obligation	808,990	131,821	(112,420)	828,391	-
	<u>\$17,492,809</u>	<u>\$ 887,267</u>	<u>\$(1,600,170)</u>	<u>\$16,779,906</u>	<u>\$1,186,196</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 1,515,000	\$ 438,679	\$ (163,602)	\$ 1,790,077	\$ 179,169
Notes payable	15,811,793	134,920	(730,289)	15,216,424	844,864
Revenue bonds	885,000	-	(90,000)	795,000	95,000
Capital lease obligations	304,235	69,761	(113,952)	260,044	98,727
Unamortized bond refunding cost and bond discount	(64,054)	-	9,150	(54,904)	-
	<u>18,451,974</u>	<u>643,360</u>	<u>(1,088,693)</u>	<u>18,006,641</u>	<u>1,217,760</u>
Compensated absences	75,563	58,869	(74,373)	60,059	60,000
	<u>\$18,527,537</u>	<u>\$ 702,229</u>	<u>\$(1,163,066)</u>	<u>\$18,066,700</u>	<u>\$1,277,760</u>

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

(Continued)

NOTE 9. LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2007 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(772,150)</u>
Carrying value	<u>\$ 182,850</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>
2008	\$ 10,100	\$ 35,775
2009	-	30,300
2010	-	30,300
2011	-	30,300
	<u>\$ 10,100</u>	<u>\$ 126,675</u>

(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>
2008	\$ 50,465	\$ 14,130
2009	48,895	13,530
2010	48,581	13,530
2011	48,581	13,530
2012	48,581	13,530
2013-2017	242,904	67,650
2018-2022	236,064	67,650
2023-2027	225,805	51,650
2028-2032	152,683	38,600
2033-2037	<u>-</u>	<u>5,980</u>
Total minimum lease payments	<u>\$1,102,559</u>	<u>\$ 299,780</u>

Rent expense during the year ended September 30, 2007 for all operating leases was as follows:

Governmental activities	\$ 115,759
Business-type activities	<u>22,391</u>
	<u>\$ 138,150</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 \$68,000 to the plan for the year ended September 30, 2007. 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 required to contribute 7.25% of their annual covered salary, and the City of Clinton is required to contribute at an actuarially-determined rate. The current City of Clinton contribution rate is 11.85% of the annual covered payroll and was increased from the previous 11.3% rate as of July 1, 2007. 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, 2007, 2006, and 2005 were \$1,262,219, \$1,161,306, and \$1,036,030, 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, 2007, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.73 mill tax levy. The contribution requirements for CDRF are established, and may only be amended, by the State of Mississippi Legislature. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to ½ mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a .35 mill general fund tax levy for the years ending September 30, 2005 through 2020, if needed to maintain the actuarial soundness of the CDRF.

(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

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

Actuarial Valuation Date	September 30,		
	2006	2005	2004
Actuarial Value of Plan Assets	\$ 8,484,000	\$8,252,000	\$ 8,484,000
Actuarial Accrued Liability	9,428,000	9,175,000	9,190,000
Unfunded Actuarial Liability	<u>\$ 944,000</u>	<u>\$ 923,000</u>	<u>\$ 706,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	90.0%	89.9%	92.3%
Annual Covered Payroll	\$ 337,000	\$ 505,000	\$ 673,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	280.1%	182.8%	104.9%

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

Fiscal Year Ended	September 30,		
	2007	2006	2005
Annual required employer contribution	\$ 140,306	\$ 156,368	\$ 112,568
Interest on net pension obligation	64,719	59,968	55,271
Adjustment to annual required contribution	<u>(73,204)</u>	<u>(67,179)</u>	<u>(61,369)</u>
Annual pension cost	131,821	149,157	106,470
Actual employer contribution	<u>(112,420)</u>	<u>(89,782)</u>	<u>(47,734)</u>
Change in net pension obligation	19,401	59,375	58,736
Beginning net pension obligation	<u>808,990</u>	<u>749,615</u>	<u>690,879</u>
Ending net pension obligation	<u>\$ 828,391</u>	<u>\$ 808,990</u>	<u>\$ 749,615</u>
Percentage of annual pension cost contributed	85.28%	60.19%	44.83%

(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, 2007 was determined as part of the September 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include an 8% (including 3.75% price inflation) investment rate of return, projected salary increases of 4.5% to 6% (including 4% wage inflation) per year, and cost of living benefit adjustments of 2.5% per year (not to exceed 10%). 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, 2007 was 28 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 November, 2008, and provides for a monthly charge to the City of \$11.98 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2011, and provides for a monthly charge to the City of \$37,629 (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.

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

NOTE 14. RISK MANAGEMENT

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

(Continued)

NOTE 14. RISK MANAGEMENT - Continued

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 self-insurance plan (the "plan"). The City contributed approximately \$355 per month per employee to the plan, and employees had the option of authorizing payroll withholdings to fund contributions for spouses and dependents. Claims are paid by a third party administrator acting on behalf of the City.

The City's medical self-insurance plan was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage was in effect for individual claims exceeding \$45,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current year was approximately \$1,122,000. 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 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:

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 14. RISK MANAGEMENT - Continued

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>
Claims liability, October 1	\$ 110,665	\$ 80,292
Current year claims and changes in estimates	1,110,272	831,841
Claims paid in current year	<u>(1,024,190)</u>	<u>(801,468)</u>
Claims liability, September 30	<u>\$ 196,747</u>	<u>\$ 110,665</u>

NOTE 15. NON-CASH CAPITAL CONTRIBUTIONS

During the year ended September 30, 2007, the City completed the annexation of certain areas as part of the City. As a result, the infrastructure assets located in the annexed areas became the property of the City. These infrastructure assets consisted of roads and right of ways and are reflected as capital contributions in the accompanying financial statements at their estimated value of \$23,754,770.

In addition, residential developers contributed infrastructure and utility assets to the City during the current year, and these assets are reflected as capital contributions in the accompanying financial statements at their estimated value. The contributed infrastructure assets consist of streets, right of ways, and drainage with an estimated value totaling \$1,422,662. The contributed utility assets consist of water and sewer distribution lines with an estimated value of \$312,490.

NOTE 16. SUBSEQUENT EVENTS

The City issued lease purchase debt of \$97,810 subsequent to September 30, 2007 to finance the purchase of vehicles. The debt will be repaid by the General Fund over a three-year term at 4.31%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Licenses and permits	\$ 1,015,000	\$ 1,015,000	\$ 869,364	\$ (145,636)
Intergovernmental revenues	5,267,996	5,764,041	5,385,266	(378,775)
Charges for services	13,000	34,000	82,884	48,884
Fines and forfeitures	463,500	463,500	468,561	5,061
Interest earned	60,000	75,000	79,755	4,755
Miscellaneous	255,150	551,680	412,388	(139,292)
Total receipts, other than taxes	7,074,646	7,903,221	7,298,218	(605,003)
Beginning fund balance	1,134,455	1,163,897	1,120,258	(43,639)
Total available, other than taxes	8,209,101	9,067,118	8,418,476	(648,642)
Ad valorem taxes to be provided by levy	5,458,944	5,424,294	5,356,101	(68,193)
Total Available From All Sources	<u>13,668,045</u>	<u>14,491,412</u>	<u>13,774,577</u>	<u>(716,835)</u>
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	275,362	271,642	264,410	(7,232)
Supplies	8,800	9,866	9,395	(471)
Other services and charges	18,987	21,641	20,967	(674)
Total elected officials	<u>303,149</u>	<u>303,149</u>	<u>294,772</u>	<u>(8,377)</u>
Court services:				
Personal services	107,532	112,932	109,697	(3,235)
Supplies	7,000	10,800	9,786	(1,014)
Other services and charges	85,977	122,977	118,037	(4,940)
Total court services	<u>200,509</u>	<u>246,709</u>	<u>237,520</u>	<u>(9,189)</u>
Administration:				
Personal services	347,879	325,879	324,612	(1,267)
Supplies	35,000	35,000	25,052	(9,948)
Other services and charges	243,203	304,453	283,454	(20,999)
Capital outlay	-	22,000	10,150	(11,850)
Total administration	<u>626,082</u>	<u>687,332</u>	<u>643,268</u>	<u>(44,064)</u>
Community development:				
Personal services	106,343	106,343	102,369	(3,974)
Supplies	4,400	4,400	3,860	(540)
Other services and charges	50,820	50,820	50,578	(242)
Total community development	<u>161,563</u>	<u>161,563</u>	<u>156,807</u>	<u>(4,756)</u>
Total General Government	<u>1,291,303</u>	<u>1,398,753</u>	<u>1,332,367</u>	<u>(66,386)</u>

(Continued)

CITY OF CLINTON

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - CONTINUED
 Year Ended September 30, 2007

	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	3,043,121	3,036,321	3,043,497	7,176
Supplies	309,688	412,238	417,247	5,009
Other services and charges	266,751	320,153	325,941	5,788
Capital outlay	-	217,810	244,777	26,967
Total law enforcement	<u>3,619,560</u>	<u>3,986,522</u>	<u>4,031,462</u>	<u>44,940</u>
Fire protection:				
Personal services	2,603,057	2,603,057	2,552,503	(50,554)
Supplies	161,800	229,957	220,860	(9,097)
Other services and charges	215,477	247,977	241,638	(6,339)
Debt service	299,778	300,578	300,577	(1)
Total fire protection	<u>3,280,112</u>	<u>3,381,569</u>	<u>3,315,578</u>	<u>(65,991)</u>
Inspection:				
Personal services	96,913	97,106	97,105	(1)
Supplies	13,000	12,807	9,830	(2,977)
Other services and charges	13,393	13,393	8,682	(4,711)
Total inspection	<u>123,306</u>	<u>123,306</u>	<u>115,617</u>	<u>(7,689)</u>
Total Public Safety	<u>7,022,978</u>	<u>7,491,397</u>	<u>7,462,657</u>	<u>(28,740)</u>
Street:				
Personal services	886,355	980,355	980,159	(196)
Supplies	403,250	369,100	351,239	(17,861)
Other services and charges	466,415	482,915	457,180	(25,735)
Capital outlay	912,000	625,050	620,497	(4,553)
Debt service	85,265	85,265	86,152	887
Total Street	<u>2,753,285</u>	<u>2,542,685</u>	<u>2,495,227</u>	<u>(47,458)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Parks and recreation:				
Personal services	734,500	712,500	710,903	(1,597)
Supplies	189,500	231,323	231,917	594
Other services and charges	202,363	201,863	201,994	131
Capital outlay	-	-	10,095	10,095
Debt service	335,095	335,608	337,189	1,581
Total Parks and Recreation	<u>1,461,458</u>	<u>1,481,294</u>	<u>1,492,098</u>	<u>10,804</u>
4 C's:				
Other services and charges	-	20,000	20,000	-
Total 4 C's	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Jackson/Hinds Library:				
Other services and charges	-	27,000	27,000	-
Total Jackson/Hinds Library	<u>-</u>	<u>27,000</u>	<u>27,000</u>	<u>-</u>
Economic development:				
Supplies	3,600	6,100	5,679	(421)
Other services and charges	199,862	292,362	275,474	(16,888)
Total Economic Development	<u>203,462</u>	<u>298,462</u>	<u>281,153</u>	<u>(17,309)</u>
Main Street:				
Personal services	-	35,000	34,950	(50)
Supplies	-	7,500	6,833	(667)
Other services and charges	-	14,500	14,400	(100)
Total Main Street	<u>-</u>	<u>57,000</u>	<u>56,183</u>	<u>(817)</u>
Transfers and other charges	<u>344,905</u>	<u>325,350</u>	<u>434,319</u>	<u>108,969</u>
Total expenditures	13,077,391	13,641,941	13,601,004	(40,937)
Ending fund balance	<u>590,654</u>	<u>849,471</u>	<u>173,573</u>	<u>(675,898)</u>
Total Expenditures and Ending Fund Balance	<u>\$13,668,045</u>	<u>\$14,491,412</u>	<u>\$ 13,774,577</u>	<u>\$ (716,835)</u>

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2007

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	\$ 13,774,577
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	(78,185)
Other financing sources are included in budgetary basis available	(148,127)
Beginning fund balance is included in budgetary basis available	<u>(1,120,258)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,428,007</u>
Expenditures - Budgetary Comparison Schedule	\$ 13,601,004
Differences:	
GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid	(39,515)
Other financing uses are included in budgetary basis expenditures	<u>(434,149)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,127,340</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	148,127
Other financing uses are included in budgetary basis expenditures	<u>(434,149)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (286,022)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 203,280	\$ 44,459	\$ 1,063,680	\$ 1,311,419
Receivables:				
Property taxes	-	633,208	-	633,208
Tourism tax	15,393	-	-	15,393
Federal grants	-	-	212,166	212,166
Other	-	-	5,190	5,190
Due from other funds	<u>38,544</u>	<u>41,683</u>	<u>-</u>	<u>80,227</u>
 Total Assets	 <u>\$ 257,217</u>	 <u>\$ 719,350</u>	 <u>\$ 1,281,036</u>	 <u>\$ 2,257,603</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 35,550	\$ -	\$ 218,475	\$ 254,025
Deferred property taxes	-	627,050	-	627,050
Deferred grant revenue	76,432	-	-	76,432
Due to other funds	<u>2,768</u>	<u>46,754</u>	<u>327,104</u>	<u>376,626</u>
 Total Liabilities	 <u>114,750</u>	 <u>673,804</u>	 <u>545,579</u>	 <u>1,334,133</u>
Fund Balances:				
Unreserved reported in:				
Special revenue funds	142,467	-	-	142,467
Debt service funds	-	45,546	-	45,546
Capital projects funds	<u>-</u>	<u>-</u>	<u>735,457</u>	<u>735,457</u>
 Total Fund Balance	 <u>142,467</u>	 <u>45,546</u>	 <u>735,457</u>	 <u>923,470</u>
 Total Liabilities and Fund Balances	 <u>\$ 257,217</u>	 <u>\$ 719,350</u>	 <u>\$ 1,281,036</u>	 <u>\$ 2,257,603</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 234,373	\$ -	\$ 234,373
Intergovernmental	155,141	59,757	284,168	499,066
Charges for services	30,091	-	-	30,091
Fines and forfeitures	1,022	-	-	1,022
Interest	8,930	8,913	84,008	101,851
Contributions	4,240	-	-	4,240
	<u>199,424</u>	<u>303,043</u>	<u>368,176</u>	<u>870,643</u>
Total Revenues				
Expenditures:				
Current:				
General government	-	4,429	-	4,429
Public Safety	32,448	-	-	32,448
Culture and Recreation	61,937	-	-	61,937
Economic Development	43,854	-	-	43,854
Debt Service	-	732,054	41,384	773,438
Capital Outlay	25,181	-	2,189,756	2,214,937
	<u>163,420</u>	<u>736,483</u>	<u>2,231,140</u>	<u>3,131,043</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>36,004</u>	<u>(433,440)</u>	<u>(1,862,964)</u>	<u>(2,260,400)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):				
Bond issuance	-	-	485,000	485,000
Transfers in	-	441,845	240,325	682,170
Transfers out	-	(87,962)	(448,316)	(536,278)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	-	353,883	277,009	630,892
Net Change in Fund Balances	36,004	(79,557)	(1,585,955)	(1,629,508)
Fund Balances - Beginning	<u>106,463</u>	<u>125,103</u>	<u>2,321,412</u>	<u>2,552,978</u>
Fund Balances - Ending	<u>\$ 142,467</u>	<u>\$ 45,546</u>	<u>\$ 735,457</u>	<u>\$ 923,470</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2007

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 112,490	\$ 90,790	\$ 203,280
Tourism tax receivable	15,393	-	15,393
Due from other funds	<u>35,800</u>	<u>2,744</u>	<u>38,544</u>
 Total Assets	 <u>\$ 163,683</u>	 <u>\$ 93,534</u>	 <u>\$ 257,217</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 18,448	\$ 17,102	\$ 35,550
Deferred grant revenue	-	76,432	76,432
Due to other funds	<u>2,768</u>	<u>-</u>	<u>2,768</u>
 Total Liabilities	 21,216	 93,534	 114,750
Fund Balances:			
Unreserved	<u>142,467</u>	<u>-</u>	<u>142,467</u>
 Total Liabilities and Fund Balances	 <u>\$ 163,683</u>	 <u>\$ 93,534</u>	 <u>\$ 257,217</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2007

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 103,974	\$ -	\$ 103,974
Federal grants	-	51,167	51,167
	<u>103,974</u>	<u>51,167</u>	<u>155,141</u>
Charges for services	30,091	-	30,091
Fines and forfeitures	-	1,022	1,022
Interest	4,447	4,483	8,930
Contributions	<u>3,265</u>	<u>975</u>	<u>4,240</u>
Total Revenues	<u>141,777</u>	<u>57,647</u>	<u>199,424</u>
Expenditures:			
Public Safety:			
Supplies	-	21,150	21,150
Other services and charges	-	11,298	11,298
	<u>-</u>	<u>32,448</u>	<u>32,448</u>
Culture and Recreation:			
Supplies	33,011	-	33,011
Other services and charges	<u>28,926</u>	<u>-</u>	<u>28,926</u>
	<u>61,937</u>	<u>-</u>	<u>61,937</u>
Economic Development:			
Other services and charges	<u>43,854</u>	<u>-</u>	<u>43,854</u>
Capital Outlay	<u>-</u>	<u>25,181</u>	<u>25,181</u>
Total Expenditures	<u>105,791</u>	<u>57,629</u>	<u>163,420</u>
Net Change in Fund Balances	35,986	18	36,004
Fund Balances - Beginning	<u>106,481</u>	<u>(18)</u>	<u>106,463</u>
Fund Balances - Ending	<u>\$ 142,467</u>	<u>\$ -</u>	<u>\$ 142,467</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2007

	Clinton Parkway 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	Clinton Public School District Bond and Interest Fund	Total Nonmajor Debt Service Funds
ASSETS									
Cash and cash equivalents	\$ 35,580	\$ 5,071	\$ -	\$ 1,012	\$ 1,508	\$ 882	\$ 406	\$ -	\$ 44,459
Property taxes receivable	260,703	-	372,505	-	-	-	-	-	633,208
Due from other funds	-	41,683	-	-	-	-	-	-	41,683
Total Assets	<u>\$296,283</u>	<u>\$ 46,754</u>	<u>\$ 372,505</u>	<u>\$ 1,012</u>	<u>\$ 1,508</u>	<u>\$ 882</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 719,350</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Deferred property taxes	\$254,545	\$ -	\$ 372,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,050
Due to other funds	-	46,754	-	-	-	-	-	-	46,754
Total Liabilities	254,545	46,754	372,505	-	-	-	-	-	673,804
Fund Balances:									
Unreserved	41,738	-	-	1,012	1,508	882	406	-	45,546
Total Liabilities and Fund Balances	<u>\$296,283</u>	<u>\$ 46,754</u>	<u>\$ 372,505</u>	<u>\$ 1,012</u>	<u>\$ 1,508</u>	<u>\$ 882</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 719,350</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2007

	Clinton Parkway 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	Clinton Public School District Bond and Interest Fund	Total Nonmajor Debt Service Funds
Revenues:									
Property taxes	<u>\$235,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,119)</u>	<u>\$ 234,373</u>
Intergovernmental:									
State shared revenues	6,423	-	-	-	-	-	-	-	6,423
County shared revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,334</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,334</u>
	<u>6,423</u>	<u>-</u>	<u>-</u>	<u>18,334</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,757</u>
Interest	<u>4,486</u>	<u>71</u>	<u>-</u>	<u>170</u>	<u>75</u>	<u>123</u>	<u>406</u>	<u>3,582</u>	<u>8,913</u>
Total Revenues	<u>246,401</u>	<u>71</u>	<u>-</u>	<u>18,504</u>	<u>35,075</u>	<u>123</u>	<u>406</u>	<u>2,463</u>	<u>303,043</u>
Expenditures:									
General government:									
Other services and charges	4,028	-	-	-	-	-	-	401	4,429
Debt service	<u>305,385</u>	<u>261,288</u>	<u>-</u>	<u>37,732</u>	<u>104,129</u>	<u>23,520</u>	<u>-</u>	<u>-</u>	<u>732,054</u>
Total Expenditures	<u>309,413</u>	<u>261,288</u>	<u>-</u>	<u>37,732</u>	<u>104,129</u>	<u>23,520</u>	<u>-</u>	<u>401</u>	<u>736,483</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,012)</u>	<u>(261,217)</u>	<u>-</u>	<u>(19,228)</u>	<u>(69,054)</u>	<u>(23,397)</u>	<u>406</u>	<u>2,062</u>	<u>(433,440)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
 September 30, 2007

	Clinton Parkway 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	Clinton Public School District Bond and Interest Fund	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):									
Transfers in	68,596	261,217	-	19,403	69,129	23,500	-	-	441,845
Transfers out	<u>(6,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,506)</u>	<u>(87,962)</u>
Total Other Financing Sources (Uses)	<u>62,140</u>	<u>261,217</u>	<u>-</u>	<u>19,403</u>	<u>69,129</u>	<u>23,500</u>	<u>-</u>	<u>(81,506)</u>	<u>353,883</u>
Net Change in Fund Balances	(872)	-	-	175	75	103	406	(79,444)	(79,557)
Fund Balances - Beginning	<u>42,610</u>	<u>-</u>	<u>-</u>	<u>837</u>	<u>1,433</u>	<u>779</u>	<u>-</u>	<u>79,444</u>	<u>125,103</u>
Fund Balances - Ending	<u>\$ 41,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012</u>	<u>\$ 1,508</u>	<u>\$ 882</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 45,546</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2007

	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Library Construction Project Fund	Tax Increment Financing Construction Project Fund - Prugon	Total Nonmajor Capital Projects Funds
ASSETS									
Cash and cash equivalents	\$ 876,630	\$ 172,121	\$ -	\$ 92	\$ -	\$ 11,096	\$ -	\$ 3,741	\$ 1,063,680
Federal grants receivable	-	-	-	17,813	-	194,353	-	-	212,166
Prepaid grant matching	-	-	-	-	-	5,190	-	-	5,190
Total Assets	\$ 876,630	\$ 172,121	\$ -	\$ 17,905	\$ -	\$ 210,639	\$ -	\$ 3,741	\$ 1,281,036
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ 217,185	\$ 90	\$ -	\$ 218,475
Due to other funds	85,353	89,824	-	25,851	-	-	126,076	-	327,104
Total Liabilities	85,353	91,024	-	25,851	-	217,185	126,166	-	545,579
Fund Balances:									
Unreserved	791,277	81,097	-	(7,946)	-	(6,546)	(126,166)	3,741	735,457
Total Liabilities and Fund Balances	\$ 876,630	\$ 172,121	\$ -	\$ 17,905	\$ -	\$ 210,639	\$ -	\$ 3,741	\$ 1,281,036

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2007

	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Library Construction Project Fund	Tax Increment Financing Construction Project Fund - Prugon	Total Nonmajor Capital Projects Funds
Revenues:									
Intergovernmental:									
Federal grants	\$ -	\$ -	\$ -	\$ 6,792	\$ 16,562	\$ 260,814	\$ -	\$ -	\$ 284,168
Interest	66,056	12,057	716	56	-	1,082	-	4,041	84,008
Total Revenues	<u>66,056</u>	<u>12,057</u>	<u>716</u>	<u>6,848</u>	<u>16,562</u>	<u>261,896</u>	<u>-</u>	<u>4,041</u>	<u>368,176</u>
Expenditures:									
Debt Service	-	-	-	-	-	-	-	41,384	41,384
Capital Outlay	1,210,746	197,764	-	2,893	-	329,353	5,084	443,916	2,189,756
Total Expenditures	<u>1,210,746</u>	<u>197,764</u>	<u>-</u>	<u>2,893</u>	<u>-</u>	<u>329,353</u>	<u>5,084</u>	<u>485,300</u>	<u>2,231,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,144,690)</u>	<u>(185,707)</u>	<u>716</u>	<u>3,955</u>	<u>16,562</u>	<u>(67,457)</u>	<u>(5,084)</u>	<u>(481,259)</u>	<u>(1,862,964)</u>
Other Financing Sources (Uses):									
Bond issuance	-	-	-	-	-	-	-	485,000	485,000
Transfers in	-	-	139,414	-	-	100,911	-	-	240,325
Transfers out	(102,151)	(142,164)	(140,130)	-	(23,871)	(40,000)	-	-	(448,316)
Total Other Financing Sources (Uses)	<u>(102,151)</u>	<u>(142,164)</u>	<u>(716)</u>	<u>-</u>	<u>(23,871)</u>	<u>60,911</u>	<u>-</u>	<u>485,000</u>	<u>277,009</u>
Net Change in Fund Balances	<u>(1,246,841)</u>	<u>(327,871)</u>	<u>-</u>	<u>3,955</u>	<u>(7,309)</u>	<u>(6,546)</u>	<u>(5,084)</u>	<u>3,741</u>	<u>(1,585,955)</u>
Fund Balances - Beginning	<u>2,038,118</u>	<u>408,968</u>	<u>-</u>	<u>(11,901)</u>	<u>7,309</u>	<u>-</u>	<u>(121,082)</u>	<u>-</u>	<u>2,321,412</u>
Fund Balances - Ending	<u>\$ 791,277</u>	<u>\$ 81,097</u>	<u>\$ -</u>	<u>\$ (7,946)</u>	<u>\$ -</u>	<u>\$ (6,546)</u>	<u>\$ (126,166)</u>	<u>\$ 3,741</u>	<u>\$ 735,457</u>

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 100,000	\$ 100,000	\$ 106,465	\$ 6,465
Interest earned	2,000	3,800	4,447	647
Rental income	500	1,250	1,433	183
Donations - private sources	1,500	3,200	3,265	65
Sales	23,000	26,000	28,658	2,658
Total Receipts	127,000	134,250	144,268	10,018
Beginning fund balance	7,140	62,424	89,491	27,067
Total Available From All Sources	<u>\$ 134,140</u>	<u>\$ 196,674</u>	<u>\$ 233,759</u>	<u>\$ 37,085</u>
<u>EXPENDITURES</u>				
Visitor center:				
Supplies:				
Cost of sales	\$ 17,000	\$ 19,500	\$ 21,666	\$ 2,166
Other	4,900	12,400	11,345	(1,055)
Other services and charges	58,327	50,827	29,137	(21,690)
Total visitor center	80,227	82,727	62,148	(20,579)
Tourism promotion:				
Other services and charges	50,500	50,500	43,855	(6,645)
Total Expenditures	130,727	133,227	106,003	(27,224)
Ending fund balance	3,413	63,447	127,756	64,309
Total Expenditures and Ending Fund Balance	<u>\$ 134,140</u>	<u>\$ 196,674</u>	<u>\$ 233,759</u>	<u>\$ 37,085</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Participation receipts from U.S.				
Justice Department	\$ 10,000	\$ 28,000	\$ 44,820	\$ 16,820
Other receipts	750	3,100	6,480	3,380
Total Receipts	<u>10,750</u>	<u>31,100</u>	<u>51,300</u>	<u>20,200</u>
Beginning fund balance	<u>47,422</u>	<u>84,753</u>	<u>82,761</u>	<u>(1,992)</u>
Total Available From All Sources	<u>\$ 58,172</u>	<u>\$ 115,853</u>	<u>\$ 134,061</u>	<u>\$ 18,208</u>
<u>EXPENDITURES</u>				
Supplies	\$ -	\$ 14,200	\$ 21,150	\$ 6,950
Other services and charges	-	12,500	11,298	(1,202)
Capital outlay	10,000	25,500	25,181	(319)
Total Expenditures	<u>10,000</u>	<u>52,200</u>	<u>57,629</u>	<u>5,429</u>
Ending fund balance	<u>48,172</u>	<u>63,653</u>	<u>76,432</u>	<u>12,779</u>
Total Expenditures and Ending Fund Balance	<u>\$ 58,172</u>	<u>\$ 115,853</u>	<u>\$ 134,061</u>	<u>\$ 18,208</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ -	\$ 68,596	\$ 68,596
Homestead exemption reimbursement	4,000	4,000	6,423	2,423
Interest earned	3,000	3,000	4,486	1,486
Total receipts, other than taxes	7,000	7,000	79,505	72,505
Beginning fund balance	43,168	38,033	38,033	-
Total available, other than taxes	50,168	45,033	117,538	72,505
Ad valorem taxes to be provided by levy	314,100	310,800	233,911	(76,889)
Total Available From All Sources	<u>\$ 364,268</u>	<u>\$ 355,833</u>	<u>\$ 351,449</u>	<u>\$ (4,384)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,565	\$ 4,565	\$ 4,028	\$ (537)
Debt service	305,325	305,395	305,385	(10)
Transfers to other funds	5,275	6,460	6,456	(4)
Total Expenditures	315,165	316,420	315,869	(551)
Ending fund balance	49,103	39,413	35,580	(3,833)
Total Expenditures and Ending Fund Balance	<u>\$ 364,268</u>	<u>\$ 355,833</u>	<u>\$ 351,449</u>	<u>\$ (4,384)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 19,385	\$ 19,385	\$ 19,403	\$ 18
Receipt from Hinds County	18,316	18,316	18,334	18
Interest earned	-	-	171	171
Total Receipts	<u>37,701</u>	<u>37,701</u>	<u>37,908</u>	<u>207</u>
Beginning fund balance	<u>805</u>	<u>837</u>	<u>837</u>	<u>-</u>
Total Available From All Sources	<u>\$ 38,506</u>	<u>\$ 38,538</u>	<u>\$ 38,745</u>	<u>\$ 207</u>
<u>EXPENDITURES</u>				
Debt service	\$ 37,701	\$ 37,733	\$ 37,733	\$ -
Total Expenditures	<u>37,701</u>	<u>37,733</u>	<u>37,733</u>	<u>-</u>
Ending fund balance	<u>805</u>	<u>805</u>	<u>1,012</u>	<u>207</u>
Total Expenditures and Ending Fund Balance	<u>\$ 38,506</u>	<u>\$ 38,538</u>	<u>\$ 38,745</u>	<u>\$ 207</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 69,128	\$ 69,128	\$ 69,129	\$ 1
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	75	75
Total Receipts	<u>104,128</u>	<u>104,128</u>	<u>104,204</u>	<u>76</u>
Beginning fund balance	<u>98</u>	<u>1,433</u>	<u>1,433</u>	<u>-</u>
Total Available From All Sources	<u>\$ 104,226</u>	<u>\$ 105,561</u>	<u>\$ 105,637</u>	<u>\$ 76</u>
<u>EXPENDITURES</u>				
Debt service	\$ 104,129	\$ 104,129	\$ 104,129	\$ -
Total Expenditures	<u>104,129</u>	<u>104,129</u>	<u>104,129</u>	<u>-</u>
Ending fund balance	<u>97</u>	<u>1,432</u>	<u>1,508</u>	<u>76</u>
Total Expenditures and Ending Fund Balance	<u>\$ 104,226</u>	<u>\$ 105,561</u>	<u>\$ 105,637</u>	<u>\$ 76</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 23,500	\$ 23,500	\$ 23,500	\$ -
Interest earned	-	-	123	123
Total Receipts	23,500	23,500	23,623	123
Beginning fund balance	549	776	779	3
Total Available From All Sources	<u>\$ 24,049</u>	<u>\$ 24,276</u>	<u>\$ 24,402</u>	<u>\$ 126</u>
<u>EXPENDITURES</u>				
Debt service	\$ 23,520	\$ 23,520	\$ 23,520	\$ -
Total Expenditures	23,520	23,520	23,520	-
Ending fund balance	529	756	882	126
Total Expenditures and Ending Fund Balance	<u>\$ 24,049</u>	<u>\$ 24,276</u>	<u>\$ 24,402</u>	<u>\$ 126</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 405	\$ 406	\$ 1
Total receipts	-	405	406	1
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 405</u>	<u>\$ 406</u>	<u>\$ 1</u>
<u>EXPENDITURES</u>				
Debt service	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Ending fund balance	-	405	406	1
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 405</u>	<u>\$ 406</u>	<u>\$ 1</u>

CITY OF CLINTON

CLINTON PUBLIC SCHOOL DISTRICT BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 27,027	\$ 3,582	\$ (23,445)
Total receipts, other than taxes	-	27,027	3,582	(23,445)
Beginning fund balance	<u>96,797</u>	<u>55,595</u>	<u>70,213</u>	<u>14,618</u>
Total available, other than taxes	96,797	82,622	73,795	(8,827)
Ad valorem taxes to be provided by levy	<u>-</u>	<u>-</u>	<u>8,113</u>	<u>8,113</u>
Total Available From All Sources	<u>\$ 96,797</u>	<u>\$ 82,622</u>	<u>\$ 81,908</u>	<u>\$ (714)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 402	\$ 402	\$ -
Transfers to other funds	<u>96,797</u>	<u>82,220</u>	<u>81,506</u>	<u>(714)</u>
Total Expenditures	96,797	82,622	81,908	(714)
Ending fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 96,797</u>	<u>\$ 82,622</u>	<u>\$ 81,908</u>	<u>\$ (714)</u>

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 271,167	\$ 298,294	\$ 261,217	\$ (37,077)
Special assessments	27,127	-	-	-
Interest earned	-	-	71	71
Total receipts	<u>298,294</u>	<u>298,294</u>	<u>261,288</u>	<u>(37,006)</u>
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ 298,294</u>	<u>\$ 298,294</u>	<u>\$ 261,288</u>	<u>\$ (37,006)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 298,294	\$ 298,294	\$ 261,288	\$ (37,006)
Total Expenditures	<u>298,294</u>	<u>298,294</u>	<u>261,288</u>	<u>(37,006)</u>
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 298,294</u>	<u>\$ 298,294</u>	<u>\$ 261,288</u>	<u>\$ (37,006)</u>

CITY OF CLINTON

HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 45,000	\$ 66,056	\$ 21,056
Total Receipts	-	45,000	66,056	21,056
Beginning fund balance	<u>2,302,742</u>	<u>2,813,985</u>	<u>2,113,870</u>	<u>(700,115)</u>
Total Available From All Sources	<u>\$ 2,302,742</u>	<u>\$ 2,858,985</u>	<u>\$ 2,179,926</u>	<u>\$ (679,059)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,930,000	\$ 1,990,400	\$ -	\$ (1,990,400)
Capital outlay	-	-	1,286,498	1,286,498
Transfers to other funds	<u>100,911</u>	<u>433,911</u>	<u>102,151</u>	<u>(331,760)</u>
Total Expenditures	2,030,911	2,424,311	1,388,649	(1,035,662)
Ending fund balance	<u>271,831</u>	<u>434,674</u>	<u>791,277</u>	<u>356,603</u>
Total Expenditures and Ending Fund Balance	<u>\$ 2,302,742</u>	<u>\$ 2,858,985</u>	<u>\$ 2,179,926</u>	<u>\$ (679,059)</u>

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 8,100	\$ 12,057	\$ 3,957
Total Receipts	-	8,100	12,057	3,957
Beginning fund balance	747,266	588,993	575,338	(13,655)
Total Available From All Sources	<u>\$ 747,266</u>	<u>\$ 597,093</u>	<u>\$ 587,395</u>	<u>\$ (9,698)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 747,266	\$ 597,093	\$ -	\$ (597,093)
Capital outlay	-	-	364,134	364,134
Transfers to other funds	-	-	142,164	142,164
Total Expenditures	747,266	597,093	506,298	(90,795)
Ending fund balance	-	-	81,097	81,097
Total Expenditures and Ending Fund Balance	<u>\$ 747,266</u>	<u>\$ 597,093</u>	<u>\$ 587,395</u>	<u>\$ (9,698)</u>

CITY OF CLINTON

PUBLIC WORKS FACILITY PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfer from other funds	\$ -	\$ -	\$ 139,414	\$ 139,414
Interest earned	-	-	716	716
Total Receipts	-	-	140,130	140,130
Beginning fund balance	-	-	(140,130)	(140,130)
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	-	-	-	-
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CLINTON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - MEGA PLASTICS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 48,900	\$ 48,888	\$ (12)
Interest earned	-	55	56	1
Total Receipts	-	48,955	48,944	(11)
Beginning fund balance	-	381	(13,480)	(13,861)
Total Available From All Sources	<u>\$ -</u>	<u>\$ 49,336</u>	<u>\$ 35,464</u>	<u>\$ (13,872)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 48,955	\$ -	\$ (48,955)
Capital outlay	-	-	61,223	61,223
Total Expenditures	-	48,955	61,223	12,268
Ending fund balance	-	381	(25,759)	(26,140)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 49,336</u>	<u>\$ 35,464</u>	<u>\$ (13,872)</u>

CITY OF CLINTON

NATCHEZ TRACE VISITORS CENTER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ 93,246	\$ 93,246
Total Receipts	-	-	93,246	93,246
Beginning fund balance	-	-	(73,253)	(73,253)
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,993</u>	<u>\$ 19,993</u>
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ (3,878)	\$ (3,878)
Transfers to other funds	-	-	23,871	23,871
Total Expenditures	-	-	19,993	19,993
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,993</u>	<u>\$ 19,993</u>

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 548,363	\$ 675,129	\$ 126,766
Transfers from other funds	100,911	100,911	100,911	-
Interest earned	-	189	1,082	893
Total Receipts	<u>100,911</u>	<u>649,463</u>	<u>777,122</u>	<u>127,659</u>
Beginning fund balance	<u>118,089</u>	<u>271</u>	<u>(241,638)</u>	<u>(241,909)</u>
Total Available From All Sources	<u>\$ 219,000</u>	<u>\$ 649,734</u>	<u>\$ 535,484</u>	<u>\$ (114,250)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 219,000	\$ 649,734	\$ -	\$ (649,734)
Capital outlay	-	-	491,109	491,109
Transfers to other funds	-	-	40,000	40,000
Total Expenditures	<u>219,000</u>	<u>649,734</u>	<u>531,109</u>	<u>(118,625)</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>4,375</u>	<u>4,375</u>
Total Expenditures and Ending Fund Balance	<u>\$ 219,000</u>	<u>\$ 649,734</u>	<u>\$ 535,484</u>	<u>\$ (114,250)</u>

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 5,085	\$ -	\$ (5,085)
Total Receipts	-	5,085	-	(5,085)
Beginning fund balance	-	-	(121,082)	(121,082)
Total Available From All Sources	<u>\$ -</u>	<u>\$ 5,085</u>	<u>\$ (121,082)</u>	<u>\$ (126,167)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 5,085	\$ -	\$ (5,085)
Capital outlay	-	-	5,084	5,084
Total Expenditures	-	5,085	5,084	(1)
Ending fund balance	-	-	(126,166)	(126,166)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 5,085</u>	<u>\$ (121,082)</u>	<u>\$ (126,167)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Proceeds from borrowings	\$ -	\$ 443,615	\$ 485,000	\$ 41,385
Interest earned	-	4,050	4,041	(9)
Total Receipts	-	447,665	489,041	41,376
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 447,665</u>	<u>\$ 489,041</u>	<u>\$ 41,376</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 444,200	\$ 41,384	\$ (402,816)
Capital outlay	-	-	443,916	443,916
Total Expenditures	-	444,200	485,300	41,100
Ending fund balance	-	3,465	3,741	276
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 447,665</u>	<u>\$ 489,041</u>	<u>\$ 41,376</u>

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2007

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

CITY OF CLINTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended September 30, 2007

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2006	Receipts	Receivable (Deferred) at September 30, 2007	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed Through Mississippi Development Authority: Community Development Block Grants/Entitlement Grants	14.218	1120-03-147-ED-01	437,264	<u>59,909</u>	<u>48,888</u>	<u>17,813</u>	<u>6,792</u>
U.S. DEPARTMENT OF JUSTICE Drug Enforcement Administration State and Local Task Force Program: Direct	16.Unknown	N/A	-	<u>-</u>	<u>15,870</u>	-	<u>15,870</u>
Federal Equitable Sharing Program: Direct	16.MS0250300	N/A	-	<u>(82,779)</u>	<u>35,001</u>	<u>(76,432)</u>	<u>41,348</u>
Passed Through Mississippi Department of Public Safety	16.MS0250300	N/A	-	<u>-</u>	<u>9,819</u>	-	<u>9,819</u>
				<u>(82,779)</u>	<u>44,820</u>	<u>(76,432)</u>	<u>51,167</u>
Bulletproof Vest Partnership Program: Direct	16.607	N/A	-	<u>1,285</u>	<u>2,698</u>	-	<u>1,413</u>
Total U.S. Department of Justice				<u>(81,494)</u>	<u>63,388</u>	<u>(76,432)</u>	<u>68,450</u>
U.S. DEPARTMENT OF TRANSPORTATION Passed Through Mississippi Department of Transportation: Highway Planning and Construction	20.205	TCSP-7306-0(02)/ 10410210-1000	2,945,419	608,668	675,129	194,353	260,814
	20.205	STP-0049-00(013)A	1,508,804	<u>76,684</u>	<u>93,246</u>	-	<u>16,562</u>
Total U.S. Department of Transportation				<u>685,352</u>	<u>768,375</u>	<u>194,353</u>	<u>277,376</u>

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2007

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2006	Receipts	Receivable (Deferred) at September 30, 2007	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Passed Through Mississippi Department of Environmental Quality:							
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280805-03-0	3,719,450	<u>549,267</u>	<u>684,187</u>	-	<u>134,920</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	049-14420-00	548,117	<u>120,199</u>	<u>211,658</u>	<u>1,387</u>	<u>92,846</u>
Passed Through Mississippi Department of Public Safety:							
Homeland Security Grant Program	97.067	04HS147B	199,879	-	56,425	-	56,425
	97.067	05HS147	14,512	-	14,512	-	14,512
	97.067	06HS147	138,953	-	97,773	-	97,773
	97.067	05LE147	99,246	-	<u>70,581</u>	<u>28,665</u>	<u>99,246</u>
Total U.S. Department of Homeland Security				-	<u>239,291</u>	<u>28,665</u>	<u>267,956</u>
Grant Total - All Programs				<u>\$ 1,333,233</u>	<u>\$ 2,015,787</u>	<u>\$ 165,786</u>	<u>\$ 848,340</u>

Reconciliation of federal awards schedule to financial statements:

Expenditures of federal awards per schedule	\$ 848,340
Loan proceeds reflected as a liability in financial statements	<u>(134,920)</u>
Federal grant revenue per financial statements	<u>\$ 713,420</u>

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

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.	106 – 110
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property taxes.	111 - 114
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.	115 - 119
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.	120 – 121
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.	122 – 124

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The city implemented GASB 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 Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$54,470,872	\$30,967,159	\$27,169,774	\$26,861,069	\$24,091,123
Restricted for:					
Capital projects	-	-	-	-	89,890
Debt service	27,463	104,783	117,890	216,422	224,243
Economic development	142,467	106,481	97,635	128,996	203,937
Public safety	-	-	-	7,022	16,721
Unrestricted	(725,237)	434,830	207,107	(835,299)	(404,180)
Total governmental activities net assets	<u>53,915,565</u>	<u>31,613,253</u>	<u>27,592,406</u>	<u>26,378,210</u>	<u>24,221,734</u>
Business-type activities					
Invested in capital assets, net of related debt	\$10,876,661	\$10,594,089	\$11,403,511	\$12,338,192	\$12,569,320
Restricted for:					
Capital projects	707,078	709,116	737,121	1,058,020	912,779
Debt service	153,187	153,507	158,313	156,890	157,817
Unrestricted	2,193,190	1,754,574	1,974,446	2,384,712	2,877,350
Total business-type activities net assets	<u>\$ 13,930,116</u>	<u>\$ 13,211,286</u>	<u>\$ 14,273,391</u>	<u>\$ 15,937,814</u>	<u>\$ 16,517,266</u>
Primary government					
Invested in capital assets, net of related debt	\$ 65,347,533	\$ 41,561,248	\$ 38,573,285	\$ 39,199,261	\$ 36,660,443
Restricted for:					
Capital projects	707,078	709,116	737,121	1,058,020	1,002,669
Debt service	180,650	258,290	276,203	373,312	382,060
Economic development	142,467	106,481	97,635	128,996	203,937
Public safety	-	-	-	7,022	16,721
Unrestricted	1,467,953	2,189,404	2,181,553	1,549,413	2,473,170
Total primary government net assets	<u>\$ 67,845,681</u>	<u>\$ 44,824,539</u>	<u>\$ 41,865,797</u>	<u>\$ 42,316,024</u>	<u>\$ 40,739,000</u>

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 Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
General government	\$ 1,249,825	\$ 1,172,479	\$ 1,161,010	\$ 1,086,798	\$ 1,014,001
Public safety	7,431,687	7,080,151	6,847,513	6,443,036	5,908,854
Public works	3,836,761	3,452,165	3,255,356	3,060,639	2,879,876
Culture and recreation	1,787,511	1,676,823	1,414,397	1,219,893	1,036,787
Economic development	837,315	135,868	148,948	145,971	136,369
Interest and fiscal charges on long term debt	686,384	611,831	596,185	351,396	396,780
Total governmental activities expenses	15,829,483	14,129,317	13,423,409	12,307,733	11,372,667
Business-type activities:					
Water	2,561,141	2,502,614	-	-	-
Sewer	2,964,712	2,974,735	-	-	-
Total Water and sewer	5,525,853	5,477,349	5,260,282	5,080,824	4,970,882
Garbage collection	1,203,390	1,157,350	1,078,549	979,993	932,363
Total business-type activities expenses	6,729,243	6,634,699	6,338,831	6,060,817	5,903,245
Total primary government expenses	\$ 22,558,726	\$ 20,764,016	\$ 19,762,240	\$ 18,368,550	\$ 17,275,912
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 53,398	\$ 66,944	\$ -	\$ -	\$ -
Public safety	615,543	644,333	474,684	341,573	376,717
Public works	2,701	-	4,180	980	540
Culture and recreation	74,893	73,856	50,624	30,532	11,145
Operating grants and contributions	371,603	232,944	596,968	391,053	247,526
Capital grants and contributions	25,759,946	4,272,198	1,110,098	3,050,960	558,635
Total governmental activities program revenues	26,878,084	5,290,275	2,236,554	3,815,098	1,194,563
Business-type activities:					
Charges for services:					
Water	2,974,619	2,595,539	-	-	-
Sewer	2,327,178	2,014,796	-	-	-
Total Water and sewer	5,301,797	4,610,335	4,368,760	4,219,031	4,135,457
Garbage collection	1,398,013	1,326,743	1,135,144	988,470	857,352
Operating grants and contributions	111,419	83,090	-	-	-
Capital grants and contributions	312,490	376,928	61,917	176,750	74,308
Total business-type activities program revenues	7,123,719	6,397,096	5,565,821	5,384,251	5,067,117
Total primary government program revenues	\$ 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 Five Fiscal Years
(accrual basis of accounting)

	Fiscal year				
	2007	2006	2005	2004	2003
Net (Expense)/Revenue					
Governmental activities	\$ 11,048,601	\$ (8,839,042)	\$ (11,186,855)	\$ (8,492,635)	\$ (10,178,104)
Business-type activities	394,476	(237,603)	(773,010)	(676,566)	(836,128)
Total primary government net expense	\$ 11,443,077	\$ (9,076,645)	\$ (11,959,865)	\$ (9,169,201)	\$ (11,014,232)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,592,005	\$ 6,140,450	\$ 6,333,652	\$ 5,794,411	\$ 5,374,262
Local sales tax	103,974	109,364	90,723	69,403	81,288
Franchise charges based on gross receipts	716,451	856,104	727,125	679,315	662,865
Grants and contributions					
State grants and shared revenues	4,767,196	4,694,966	3,997,194	3,884,441	3,953,387
County shared revenues	70,215	69,465	65,213	64,247	64,798
Interest	181,607	104,738	140,371	80,273	108,062
Miscellaneous	12,644	6,642	85,258	77,021	51,196
Transfers	(190,381)	878,160	961,515	-	(204)
Total governmental activities	11,253,711	12,859,889	12,401,051	10,649,111	10,295,654
Business-type activities:					
Interest	123,259	53,658	70,102	97,114	116,470
Miscellaneous	10,714	-	-	-	-
Transfers	190,381	(878,160)	(961,515)	-	204
Total business-type activities	324,354	(824,502)	(891,413)	97,114	116,674
Total primary government	\$ 11,578,065	\$ 12,035,387	\$ 11,509,638	\$ 10,746,225	\$ 10,412,328
Change in Net Assets					
Governmental activities	\$ 22,302,312	\$ 4,020,847	\$ 1,214,196	\$ 2,156,476	\$ 117,550
Business-type activities	718,830	(1,062,105)	(1,664,423)	(579,452)	(719,454)
Total primary government	\$ 23,021,142	\$ 2,958,742	\$ (450,227)	\$ 1,577,024	\$ (601,904)

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund										
Reserved for encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,749	\$ -	\$ 180,003
Unreserved	1,178,097	2,163,452	1,659,269	1,859,017	1,994,892	2,330,866	2,970,518	2,643,537	1,965,424	1,151,961
Total general fund	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269	\$ 1,859,017	\$ 1,994,892	\$ 2,330,866	\$ 2,970,518	\$ 2,725,286	\$ 1,965,424	\$ 1,331,964
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	142,467	106,463	97,635	136,018	220,658	136,325	155,088	158,340	102,932	71,455
Debt service funds	45,546	125,103	236,469	216,422	224,243	298,845	334,231	271,953	234,177	215,576
Capital projects fund	735,457	2,321,412	3,397,029	(25,828)	602,561	377,504	409,202	1,863,732	1,975,443	2,289,821
Total all other governmental funds	\$ 923,470	\$ 2,552,978	\$ 3,731,133	\$ 326,612	\$ 1,047,462	\$ 812,674	\$ 898,521	\$ 2,294,025	\$ 2,312,552	\$ 2,576,852

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

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Property taxes	\$ 5,592,004	\$ 6,140,451	\$ 6,333,652	\$ 5,794,411	\$ 5,374,263	\$ 5,029,178	\$ 4,828,605	\$ 4,724,381	\$ 4,568,871	\$ 4,274,204
Licenses and permits	858,179	1,038,820	888,356	774,470	742,239	691,101	742,144	622,042	609,619	580,680
Intergovernmental	5,820,982	7,949,043	4,989,247	5,637,951	4,879,358	4,029,531	7,719,466	9,303,123	3,544,116	3,292,628
Charges for services	117,205	87,287	66,869	41,667	16,580	20,860	10,542	7,638	8,048	9,597
Fines and forfeitures	469,583	481,673	301,558	236,263	292,447	348,818	259,239	289,691	311,968	374,939
Interest	181,606	104,738	140,371	80,273	104,734	62,345	160,595	144,735	179,804	194,309
Contributions	74,521	10,363	36,163	186,727	-	-	-	-	-	-
Miscellaneous	184,570	235,656	183,002	200,672	197,067	207,742	180,526	433,025	194,144	185,582
Total revenues	13,298,650	16,048,031	12,939,218	12,952,434	11,606,688	10,389,575	13,901,117	15,524,635	9,416,570	8,911,939
Expenditures										
General government	1,324,171	1,259,455	1,248,345	1,182,998	1,086,016	939,228	833,165	848,115	774,887	726,650
Public safety	6,949,936	6,678,961	6,327,787	5,858,567	5,315,644	5,172,978	4,761,558	4,617,024	4,235,477	4,064,304
Public works	1,793,781	1,766,389	1,670,618	1,534,478	1,435,214	1,260,670	1,070,560	1,037,720	1,441,468	1,153,399
Culture and recreation	1,255,120	1,116,715	999,511	850,225	701,510	676,953	646,000	572,333	535,013	535,807
Economic development	381,262	147,232	148,190	144,742	135,315	125,034	158,261	110,387	98,551	100,943
Miscellaneous	-	-	-	-	-	65,651	52,238	36,852	27,605	19,393
Debt service: Principal	774,504	1,058,352	1,448,231	891,152	820,284	823,129	819,086	739,711	646,661	613,817
Interest and fiscal charges	722,851	792,319	561,584	355,332	404,965	450,412	466,144	443,949	482,695	508,372
Capital outlay	3,056,758	8,987,111	7,100,155	3,480,012	2,059,423	1,611,652	6,892,887	7,720,437	823,455	2,258,229
Total expenditures	16,258,383	21,806,534	19,504,421	14,297,506	11,958,371	11,125,707	15,699,899	16,126,528	9,065,812	9,980,914
Excess of revenues over (under) expenditures	(2,959,733)	(5,758,503)	(6,565,203)	(1,345,072)	(351,683)	(736,132)	(1,798,782)	(601,893)	350,758	(1,068,975)
Other Financing Sources (Uses)										
Capital lease proceeds	-	-	1,058,461	241,740	244,593	-	646,442	191,570	11,735	-
Loan proceeds	-	-	7,750,000	-	-	-	-	-	-	815,787
Proceeds from sale of fixed assets	-	-	-	-	10,060	11,285	-	8,017	7,187	424
Bond issue proceeds	485,000	3,870,000	-	250,000	-	-	-	1,200,000	-	-
Bond issue costs	-	-	-	-	-	-	-	(56,105)	-	-
Operating transfers in	830,297	1,335,930	1,065,140	165,814	540,502	163,036	151,756	194,217	75,657	195,461
Operating transfers out	(970,427)	(457,770)	(103,625)	(169,207)	(544,658)	(163,036)	(148,873)	(189,466)	(75,657)	(195,461)
Total other financing sources (uses)	344,870	4,748,160	9,769,976	488,347	250,497	11,285	649,325	1,348,233	18,922	816,211
Net change in fund balance	\$ (2,614,863)	\$ (1,010,343)	\$ 3,204,773	\$ (856,725)	\$ (101,186)	\$ (724,847)	\$ (1,149,457)	\$ 746,340	\$ 369,680	\$ (252,764)
Debit service as a percentage of noncapital expenditures	11.3%	14.4%	16.2%	11.5%	12.4%	13.4%	14.6%	14.1%	13.7%	14.5%

**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>
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
2001	52,816,966	31,126,402	13,906,877	41,171,367	10,484,039	128,537,573	35.74	860,789,020
2000	51,192,814	30,798,164	12,338,486	40,707,115	10,183,515	124,853,064	36.22	833,361,040
1999	49,977,711	29,917,664	10,457,670	39,317,852	9,778,873	119,892,024	36.22	802,216,780
1998	48,614,123	26,581,408	10,212,386	36,916,626	9,224,862	113,099,681	36.22	762,239,990

(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.

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			Total	Overlapping Rates (a)		Total
	General Fund	Debt Service Fund	Fire & Police Pension Fund		Clinton Public School District	Hinds County (1)	
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
2001	31.55	3.70	0.49	35.74	52.82	35.41	123.97
2000	31.55	3.70	0.97	36.22	53.32	35.41	124.95
1999	31.24	3.70	1.28	36.22	53.32	35.41	124.95
1998	30.12	4.34	1.76	36.22	52.60	34.81	123.63

(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 Three Years Ago**

Name of Taxpayer	2006 Assessed		Percentage of Total Assessed Valuation	2003 Assessed		Percentage of Total Assessed Valuation
	Property Valuation	Rank		Property Valuation	Rank	
Entergy	9,715,563	1	7.54%	7,133,081	1	5.98%
MCI, Inc.	5,312,105	2	4.12%	5,685,616	2	4.77%
Delphi Automotive Systems	2,754,176	3	2.14%	5,203,792	3	4.36%
Reserve at Woodchase	1,777,817	4	1.38%	1,777,817	7	1.49%
BellSouth	1,678,697	5	1.30%	1,846,289	6	1.55%
Wal-Mart Stores	1,667,357	6	1.29%	3,553,878	4	2.98%
Clinton Assisted Living	1,058,122	7	0.82%	1,058,122	9	0.89%
CA NewPlan Venture	783,028	8	0.61%	-		0.00%
Home Depot USA, Inc	719,037	9	0.56%	-		0.00%
Leon V Ghatti	611,156	10	0.47%	887,652	10	0.74%
Gulf States Cannery	-		0.00%	1,615,347	8	1.35%
EDS Information Systems	-		0.00%	2,542,673	5	2.13%
Total taxable assessed value of ten largest taxpayers	26,077,058		20.23%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	102,857,118		79.77%	87,991,093		73.76%
Total taxable assessed value of all taxpayers	128,934,176		100.00%	119,295,360		100.00%

Source: Hinds County Tax Collector and Hinds County Tax Assessor.
Note: 2003 was the earliest year readily available for this schedule.

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

Fiscal Year	Total Tax Levy (2)	Current Tax Collections (3)	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a % of Current Levy
2007	\$ 5,631,744	\$ 5,507,544	97.8%	\$ 40,931	\$ 5,548,475	98.5%
2006	5,794,159	5,559,586	96.0%	42,935	5,602,521	96.7%
2005	5,776,372	5,675,721	98.3%	39,568	5,715,289	98.9%
2004	5,167,135	5,139,047	99.5%	34,502	5,173,549	100.1%
2003	5,001,308	4,944,411	98.9%	32,415	4,976,826	99.5%
2002	4,602,709	4,547,684	98.8%	37,854	4,585,538	99.6%
2001	4,302,807	4,260,669	99.0%	40,313	4,300,982	100.0%
2000	4,237,610	4,202,672	99.2%	12,241	4,214,913	99.5%
1999	4,068,090	4,060,287	99.8%	48,616	4,108,903	101.0%
1998	3,836,711	3,818,323	99.5%	40,390	3,858,713	100.6%

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

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

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

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Incremental Limited Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases			
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	3.49%	\$ 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	3.91%	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	3.53%	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	2.62%	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	3.09%	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	3.09%	866
2001	2,380,000	1,620,000	987,432	716,714	2,165,000	1,280,000	11,644,775	235,085	21,029,006	3.31%	901
2000	2,710,000	1,635,000	1,054,679	147,110	2,470,000	1,345,000	8,869,878	218,259	18,449,926	3.01%	790
1999	3,020,000	445,000	1,120,315	9,615	2,775,000	1,405,000	1,459,402	329,256	10,563,588	1.91%	484
1998	3,320,000	455,000	1,183,416	1,440	3,070,000	1,465,000	1,522,640	386,142	11,403,638	2.12%	522

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.

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)
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
2001	23,347	860,789,020	4,545,000	0.53%	195
2000	23,347	833,361,040	5,180,000	0.62%	222
1999	21,847	802,216,780	5,795,000	0.72%	265
1998	21,847	762,239,990	6,390,000	0.84%	292

* 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 statement

Schedule 11
City of Clinton
Computation of Direct and Overlapping Debt
As of 9/30/2007

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton</u>	<u>Amount Applicable to City of Clinton</u>
Direct:			
City of Clinton	\$ 4,840,000	100.0%	\$ 4,840,000
Overlapping:			
Clinton Separate School District	\$ 22,345,000	75.3%	16,829,539
Hinds County	\$ 54,605,000	10.5%	<u>5,713,867</u>
Total Direct and Overlapping Debt			<u>\$ 27,383,406</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.

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

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
AUTHORIZED DEBT LIMIT 15% RULE										
Assessed value of taxable property	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538	\$ 124,853	\$ 119,892	\$ 113,100
Debt limitation - 15% of net assessed value	25,508	26,154	25,599	23,286	22,978	20,576	19,281	18,728	17,984	16,965
Less subject indebtedness:										
General obligation bond	4,415	5,195	1,550	1,760	1,960	2,150	2,380	2,710	3,020	3,320
Tax increment limited obligation bonds	1,960	1,554	1,632	1,705	1,515	1,570	1,620	1,635	445	455
Legal debt margin under 15 percent rule	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821	\$ 19,503	\$ 16,856	\$ 15,281	\$ 14,383	\$ 14,519	\$ 13,190
AUTHORIZED DEBT LIMIT 20% RULE										
Assessed value of taxable property	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538	\$ 124,853	\$ 119,892	\$ 113,100
Debt limitation - 20% of net assessed value	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049	\$ 30,638	\$ 27,435	\$ 25,708	\$ 24,971	\$ 23,978	\$ 22,620
Less subject indebtedness:										
General obligation bond	6,205	6,710	3,205	3,555	3,890	4,200	4,545	5,180	5,795	6,390
Tax increment limited obligation bonds	1,960	1,554	1,632	1,705	1,515	1,570	1,620	1,635	445	455
Other	1,084	1,315	1,490	1,068	930	720	952	365	339	388
Legal debt margin under 20 percent rule	\$ 25,846	\$ 26,609	\$ 29,294	\$ 25,789	\$ 25,233	\$ 21,665	\$ 19,543	\$ 18,156	\$ 17,738	\$ 15,775
Total net debt applicable to the limit as a percentage of debit limit 15% rule	33.32%	34.78%	14.19%	17.48%	17.82%	22.07%	26.18%	30.21%	23.87%	28.62%
Total net debt applicable to the limit as a percentage of debit limit 20% rule	35.79%	36.00%	21.60%	24.54%	25.11%	29.96%	36.42%	39.55%	37.09%	45.85%

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.

Schedule 13
City of Clinton
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue Bonds						Tax Increment Financing Bonds				
	Operating Revenues	Less: Expenses (1)	Net Available Revenue	Debt Service		Coverage	Incremental Property Taxes Collected (2)	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2007	\$ 5,340,644	\$ 4,127,164	1,213,480	\$ 90,000	\$ 46,658	8.88	\$ 165,366	\$ 79,000	\$ 85,889	1.00	
2006	4,638,062	4,111,303	526,759	85,000	51,144	3.87	169,297	78,000	90,644	1.00	
2005	4,435,497	3,888,352	547,145	85,000	55,394	3.90	154,429	73,000	89,890	0.95	
2004	4,313,809	3,696,600	617,209	80,000	59,438	4.43	148,932	60,000	87,432	1.01	
2003	4,246,645	3,575,268	671,377	75,000	63,159	4.86	147,316	55,000	90,860	1.01	
2002	4,161,781	3,604,715	557,066	70,000	66,568	4.08	145,405	50,000	93,890	1.01	
2001	3,934,222	3,124,170	810,052	65,000	69,658	6.02	111,352	15,000	91,420	1.05	
2000	4,224,306	2,700,095	1,524,211	60,000	72,425	11.51	34,268	10,000	24,291	1.00	
1999	4,088,562	2,266,721	1,821,841	60,000	176,026	7.72	34,910	10,000	24,991	1.00	
1998	3,768,178	2,202,636	1,565,542	55,000	180,580	6.65	35,563	10,000	25,563	1.00	
1997	2,977,841	2,149,354	828,487	45,000	184,683	3.61	25,550	-	25,550	1.00	

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.

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

<u>Fiscal Year</u>		<u>Popula- tion (1)</u>	<u>Per Capita Income (4) **</u>	<u>Median Age (2)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment (3)</u>	<u>Unemploy- ment Rate (4)</u>
2007	2	26,400 \$	36,292	33.1	14.1	4,752	5.3%
2006	2	26,400	33,579	33.1	14.1	4,859	5.0%
2005	*	25,000	33,579	33.1	14.1	4,956	7.2%
2004	*	25,000	31,054	33.1	14.1	4,835	5.0%
2003		23,347	28,965	33.1	14.1	4,956	3.7%
2002		23,347	28,013	33.1	14.1	4,847	5.1%
2001		23,347	27,197	33.1	14.1	4,887	4.2%
2000		23,347	26,290	33.1	14.1	4,940	3.4%
1999		21,847	25,253	32.2	***	5,054	3.8%
1998		21,847	24,578	32.2	***	5,099	2.0%

(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.

*** Information not available prior to 2000.

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

<u>Employer</u>	<u>2007</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Delphi Corporation	1,077	0.92%	1135	0.96%
MCI/Skytel	-	0.00%	1148	0.97%
Clinton Public School District	575	0.49%	600	0.51%
Wal-Mart SuperCenter	520	0.44%	500	0.42%
Mississippi College	450	0.38%	450	0.38%
Entergy	338	0.29%	Not available	
City of Clinton	215	0.18%	201	0.17%
Kroger	130	0.11%	130	0.11%
Winn-Dixie Stores, Inc.	-	0.00%	110	0.09%
Total	3,305	2.82%	4,274	3.61%

Source: City of Clinton Economic Development Department

Notes: The employed amount for the city is not available, therefore the employed amount for Hinds County was used for the percentage of employment amounts.

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

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

Function/Program	Full-time-Equivalent Employees as of September 30						
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General government							
Mayor and Alderman	9	9	9	9	9	9	9
Administration	7	7	7	7	7	7	7
Court	3	3	2	2	2	2	2
Planning/Zoning and Inspections	4	4	3	3	3	3	3
Police							
Officers	50	52	49	45	39	43	44
Civilians	14	15	14	15	13	14	13
Fire							
Fire fighters and Officers	45	45	44	49	47	45	42
Civilians	1	1	1	1	1	1	1
Public Works							
Street	25	23	22	21	21	20	20
Water	18	20	16	16	18	17	16
Wastewater	11	14	15	15	15	16	14
Parks and Recreation	15	16	18	16	13	11	10
Total	202	209	200	199	188	188	181

Source: City Clerk Office

Notes: 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
Current Year and Three Years Ago

Function/Program	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government				
Building permits issued	112	162	176	141
Police				
Physical arrests	1647	1451	1042	1016
Parking violations	2898	3706	3529	2428
Traffic violations	613	317	113	134
Fire				
Emergency responses	1884	1918	2086	1848
Fires extinguished	103	-	-	-
Inspections	300	40	147	172
Water				
New connections	168	162	176	141
Total connections	8867	8908	8200	7994
Average daily consumption (millions of gallons)	3.3	3.5	3.5	3.5
Peak daily consumption (millions of gallons)	4.1	4.7	4.7	4.7
Wastewater				
Total connections	8851	8088	7458	7252
Average daily consumption (millions of gallons)	2.6	3.2	3.2	3.2
Peak daily consumption (millions of gallons)	10.1	10.3	10.3	10.3

Sources: Various city departments

Note: Only four years were readily available for this schedule.

Schedule 18
City of Clinton
Capital Asset Statistics by Function/Program
Current Year and Three Years Ago

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police				
Stations	1	1	1	1
Patrol units	33	33	32	32
Fire				
Fire stations	3	3	3	3
Streets				
Miles of Streets	174	160	159	159
Streetlights	2362	2346	2310	2195
Traffic signals	23	22	21	19
Water				
Miles of water mains	156	101	156	152
Number of fire hydrants	1425	1364	1361	1311
Wastewater				
Miles of sanitary sewers	105	83	104	99
Miles of storm sewers	84	74	84	66
Number of treatment plants	4	4	4	4
Parks and recreation				
Parks	5	4	3	3
Acreage	210	189	160	160
Playgrounds	5	4	3	3
Baseball/Softball diamonds	14	14	14	14
Soccer fields	10	9	9	11
Tennis courts	9	9	3	3
Community Centers	1	1	1	0
Walking Trails	5	4	3	3

Sources: Various city departments

Note: Only four years were readily available for this schedule.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 matters that we reported to management of the City in a separate letter dated March 19, 2008.

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

Tamm, Brown & Ross Co.

March 19, 2008

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

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

Compliance

We have audited the compliance of the City of Clinton, Mississippi (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2007. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

(Continued)

Internal Control Over Compliance

The 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 our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 & Reed Co.

March 19, 2008

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

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

We have audited the accompanying financial statements of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of 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 19, 2008.

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 19, 2008

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2007

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 not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major program?	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 program:

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

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

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended September 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CLINTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2007

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2006.