

CITY OF CLINTON, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2008

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

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2008

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## INTRODUCTORY SECTION

**ALDERMEN**  
**Tony Hisaw**  
Ward One

**Tony M. Greer**  
Ward Two

**Mike Bishop**  
Ward Three

**Kathy Peace**  
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 13, 2009

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, 2008. 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, 2008 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, 2008 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 2008 CAFR.

We recommend that you carefully read Management's Discussion and Analysis found on pages 3 through 10 in order to have a better understanding of the Basic Financial Statements.

## **Profile of the City**

The City of Clinton, incorporated in 1830, is located in the east-central section of Hinds County. The City is located 8 miles west of Jackson, the capitol city of the state. The City currently occupies 40 square miles and serves a population of approximately 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 99.

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 4,900 students' with more than 80 areas of study, 12 graduate degree programs, a doctor of jurisprudence degree, and a doctor of education leadership degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,700 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 2008. Additional quality education is provided by Mt. Salus Christian School and Clinton Christian Academy, both private schools, which offers grades K-12.

## Factors Affecting Financial Condition

The City currently enjoys a stable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2008 property taxes represented 50 percent of the City's general revenues while sales taxes represented 38 percent. City property owners pay property taxes for city, county and schools totaling \$132.43 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 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, 2008:

Population	26,400
Bonded debt per capita	\$ 422
Real and personal property assessed value	\$ 158,680,512
Net bonded debt (General Obligation, excluding debt of the enterprise funds)	\$ 11,129,322
Ratio of debt to assessed value	7.01%

**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 \$6,074 for 2008. 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.

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

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

**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, 2007. This was the fourth 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.

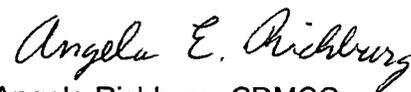
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

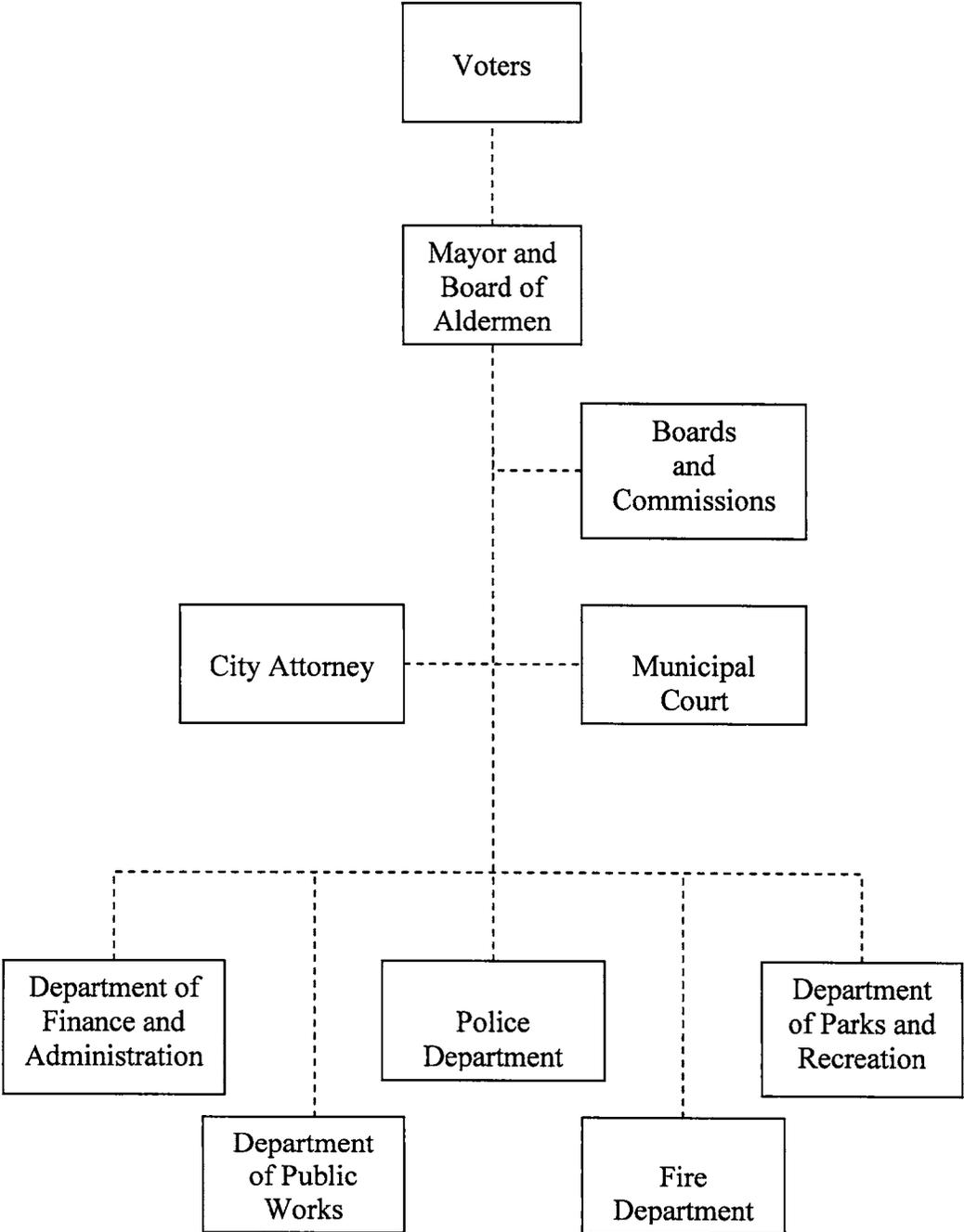


Angela Richburg, CDMCC  
Deputy City Clerk Finance

CITY OF CLINTON  
List of Principal Officials  
September 30 2008

<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	Kathy Peace
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	Position Vacant
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, 2008



# 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. M.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title.

Executive Director

FINANCIAL SECTION

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

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of and for the year ended September 30, 2008, 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, 2008, 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 13, 2009 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 important for 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 & Runo Co.*

March 13, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of The City of Clinton's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements that begin on page 11.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 through 14) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 15 and tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statement by providing information about the City's most significant funds. Fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

### **Reporting the City as a Whole The Statement of Net Assets and the Statement of Activities**

Our analysis of the total City begins on page 5. One of the most important questions asked about the City's finances is "Is the City, as a whole, in better or worse condition as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities to assist in answering this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year's revenues and expenses are taken into account, regardless of when cash is received or spent.

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

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

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

# CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Our analysis of the City's funds begins on page 7. The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting approaches.

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

The City maintains two major governmental funds (the General Fund and the Library Construction Project Fund) and fifteen (15) 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 18 of this report.

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

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

## CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic proprietary fund financial statements can be found on pages 19 through 28 of this report.

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

### THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$68.7 million, at September 30, 2008.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 18,091,996	\$ 8,585,632	\$ 4,130,919	\$ 3,914,910	\$ 22,222,915	\$ 12,500,542
Capital assets	67,818,519	68,631,469	28,339,236	29,082,928	96,157,755	97,714,397
Total assets	<u>85,910,515</u>	<u>77,217,101</u>	<u>32,470,155</u>	<u>32,997,838</u>	<u>118,380,670</u>	<u>110,214,939</u>
Long-term liabilities	22,453,235	15,593,710	15,673,821	16,788,940	38,127,056	32,382,650
Other liabilities	9,336,931	7,707,826	2,254,711	2,278,782	11,591,642	9,986,608
Total liabilities	<u>31,790,166</u>	<u>23,301,536</u>	<u>17,928,532</u>	<u>19,067,722</u>	<u>49,718,698</u>	<u>42,369,258</u>
Net assets:						
Invested in capital assets, net of related debt	53,845,605	54,470,872	11,664,293	11,273,312	65,509,898	65,744,184
Restricted	1,085,690	169,930	872,415	860,265	1,958,105	1,030,195
Unrestricted	<u>(810,946)</u>	<u>(725,237)</u>	<u>2,004,915</u>	<u>1,796,539</u>	<u>1,193,969</u>	<u>1,071,302</u>
Total net assets	<u>\$ 54,120,349</u>	<u>\$ 53,915,565</u>	<u>\$ 14,541,623</u>	<u>\$ 13,930,116</u>	<u>\$ 68,661,972</u>	<u>\$ 67,845,681</u>

The largest portion of the City's net assets (95 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, 2008 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 increase expenses for overtime, gas and oil, and utilities in the Public Works Department. Also contributing to this negative balance was increases in salaries for part-time program assistants, gas and oil, utilities, and rental property expenses in the Parks and Recreation Department. The City's total net assets increased \$816 thousand during the current fiscal year.

<b>City of Clinton Changes in Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 862,870	\$ 746,535	\$ 7,157,775	\$ 6,699,810	\$ 8,020,645	\$ 7,446,345
Operating grants and contributions	186,256	371,603		111,419	186,256	483,022
Capital grants and contributions	2,808,410	25,759,946	267,973	312,490	3,076,383	26,072,436
General revenues:						
Property taxes	6,180,192	5,592,005			6,180,192	5,592,005
Sales taxes	4,704,735	4,549,721			4,704,735	4,549,721
Franchise charges	791,583	716,451			791,583	716,451
Shared grants and revenues	399,997	391,664			399,997	391,664
Other	139,110	194,251	180,593	133,973	319,703	328,224
<b>Total revenues</b>	<b>16,073,153</b>	<b>38,322,176</b>	<b>7,606,341</b>	<b>7,257,692</b>	<b>23,679,494</b>	<b>45,579,868</b>
<b>Expenses:</b>						
General government	1,201,743	1,249,825			1,201,743	1,249,825
Public safety	7,134,969	7,431,687			7,134,969	7,431,687
Public works	4,685,385	3,836,761			4,685,385	3,836,761
Culture and recreation	1,926,502	1,787,511			1,926,502	1,787,511
Economic development	234,758	837,315			234,758	837,315
Interest on long-term debt	685,012	686,384			0	686,384
Water and sewer			5,622,549	5,525,853	5,622,549	5,525,853
Garbage			1,372,285	1,203,390	1,372,285	1,203,390
<b>Total expenses</b>	<b>15,868,369</b>	<b>15,829,483</b>	<b>6,994,834</b>	<b>6,729,243</b>	<b>22,863,203</b>	<b>22,558,726</b>
Change in net assets before transfers	204,784	22,492,693	611,507	528,449	816,291	23,021,142
Transfers		(190,381)		190,381		
<b>Change in net assets</b>	<b>204,784</b>	<b>22,302,312</b>	<b>611,507</b>	<b>718,830</b>	<b>816,291</b>	<b>23,021,142</b>
Net assets - beginning	53,915,565	31,613,253	13,930,116	13,211,286	67,845,681	44,824,539
<b>Net assets - ending</b>	<b>\$ 54,120,349</b>	<b>\$ 53,915,565</b>	<b>\$ 14,541,623</b>	<b>\$ 13,930,116</b>	<b>\$ 68,661,972</b>	<b>\$ 67,845,681</b>

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

**Governmental activities.** Governmental activities increased the City's net assets by \$205 thousand during the year. Current and other assets additions totaled \$9.5 million in 2008, offset by capital asset reductions of \$813 thousand. The increase in current and other assets is primarily due to the receipt of \$8.0 million for the construction of a public library. Long-term liabilities and other liabilities additions totaled \$6.8 million and \$1.6 million in 2008, respectively. The City issued a General Obligation Bond totaling \$8.0 million in 2008 for the construction of a public library. Other liabilities increased in 2008 due to an increase in deferred property tax as a result of a reappraisal of property in the City.

**Business-type activities.** Business-type activities increased the City's net assets by \$612 thousand. Capital assets decreased due to depreciation expense. Long term debt decreased due to the repayment of principal on the debt.

**THE CITY'S FUNDS**

The following schedules present a summary of the changes in fund balances and net assets of the City's major funds and the City's non-major funds by type.

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 1,178,097	\$ (145,746)	\$ 1,032,351
Special revenue funds	142,467	18,453	160,920
Debt service funds	45,546	424,374	469,920
Capital project funds	<u>735,457</u>	<u>7,481,746</u>	<u>8,217,203</u>
Total governmental funds	<u>\$ 2,101,567</u>	<u>\$ 7,778,827</u>	<u>\$ 9,880,394</u>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 13,316,390	\$ 498,630	\$ 13,815,020
Garbage collection fund	640,278	129,574	769,852
Self-funded group insurance fund	<u>(173,466)</u>	<u>(112,310)</u>	<u>(285,776)</u>
Total proprietary funds	<u>\$ 13,783,202</u>	<u>\$ 515,894</u>	<u>\$ 14,299,096</u>

The General Fund had a decrease in fund balance primarily due to increased expenses in the Police, Fire and Public Works Department related to gas and oil, utilities, and repairs and maintenance of vehicles.

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 2007 was higher than expected. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

# CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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## GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were less than original budgeted funds available by \$500 thousand. This decrease resulted principally from the decrease in MDOT grant proceeds of \$492 thousand for the intersection improvement project that will not be completed until the 2009 fiscal year. Final budgeted expenditures were \$86 thousand less than those originally budgeted. Key elements of this decrease were as follows:

- \$ 66,000 decrease in personal services
- \$298,000 increase in operating supplies
- \$225,000 increase in other services and charges
- \$545,000 decrease in capital outlay
- \$ 2,000 increase in debt service

Actual funds available were \$720 thousand less than final budgeted. The majority of this difference consisted of a \$603,000 decrease in the beginning fund balance available, \$71,000 decrease in property taxes collected, \$75,000 decrease in franchise fees collected, \$23,000 decrease in private donations collected, \$50,000 decrease in interest earned, and \$14,000 decrease in rental incomes collected.

Actual expenditures were \$258 thousand less than those finally budgeted. The majority of this difference consisted of a \$116 thousand decrease in personnel services in the Police Department.

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 \$67.8 million at September 30, 2008. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$3.1 million. Significant increases were:

- \$1.2 million – for street and drainage infrastructure
- \$1.1 million – for projects under construction
- \$498 thousand – for street overlay and striping
- \$149 thousand – various other
- \$103 thousand – for construction of Arrow Drive at Cynthia
- \$ 50 thousand – for permanent easements for the Pinehaven Drive project

Depreciation expense amounted to \$3.9 million for 2008 and \$2.9 million for 2007. Accumulated depreciation at September 30, 2008 and 2007 was \$ 31.0 million and \$27.2 million, respectively.

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

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**Business-type activities.** At September 30, 2008, the City's business-type net capital assets amounted to \$28.3 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$567 thousand were made to water and sewer system improvements and equipment and vehicle purchases during 2008. Depreciation expense amounted to \$1.3 million for 2008 and \$1.3 million for 2007. Accumulated depreciation at September 30, 2008 and 2007 was \$ 17.8 million and \$16.5 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 7,191,164	\$ 7,092,024	\$ 177,512	\$ 177,512	\$ 7,368,676	\$ 7,269,536
Buildings	7,038,105	7,259,174	208,400	219,350	7,246,505	7,478,524
Other improvements	5,825,027	6,327,550			5,825,027	6,327,550
Water and sewer systems and improvements			27,059,950	27,929,645	27,059,950	27,929,645
Certificate of authority			376,651	396,651	376,651	396,651
Equipment and vehicles	1,355,990	1,678,010	510,508	354,128	1,866,498	2,032,138
Infrastructure	45,312,807	42,838,576			45,312,807	42,838,576
Construction in progress	1,095,426	3,436,135	6,215	5,642	1,101,641	3,441,777
<b>Total</b>	<b>\$ 67,818,519</b>	<b>\$ 68,631,469</b>	<b>\$ 28,339,236</b>	<b>\$ 29,082,928</b>	<b>\$ 96,157,755</b>	<b>\$ 97,714,397</b>

For additional information, see Note 5 to the Basic Financial Statements.

**DEBT ADMINISTRATION**

**Governmental activities.** At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$22.6 million. This account classification includes general obligation bonds, tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt increased by \$7.3 million. This increase was due primarily to the issuance of an \$8.0 million General Obligation Bond for the construction of a public library. Payments of principal and interest due within one year total \$2.0 million.

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

**Business-type activities.** Long-term debt associated with the City's business-type activities totaled \$16.8 million at September 30, 2008. 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, 2008, debt associated with the City's business-type activities decreased by \$1.1 million. This decrease was due primarily to the \$1.1 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 12,054,092	\$ 4,414,923	\$ 1,610,908	\$ 1,790,077	\$ 13,665,000	\$ 6,205,000
Revenue bonds			654,246	740,096	654,246	740,096
Tax increment limited obligation bonds	1,841,000	1,960,000			1,841,000	1,960,000
Notes payable	7,973,665	8,191,085	14,371,561	15,216,424	22,345,226	23,407,509
Capital lease obligations	746,743	823,600	229,294	260,044	976,037	1,083,644
<b>Total</b>	<b>\$ 22,615,500</b>	<b>\$ 15,389,608</b>	<b>\$ 16,866,009</b>	<b>\$ 18,006,641</b>	<b>\$ 39,481,509</b>	<b>\$ 33,396,249</b>

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

Major revenue sources are expected to remain stable during the next fiscal year. Expenditures are expected to follow suit, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2009.

**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, 2008

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,398,842	\$ 1,290,982	\$ 10,689,824
Receivables	8,399,269	986,322	9,385,591
Internal balances	(131,498)	131,498	-
Restricted assets:			
Cash and cash equivalents	-	1,631,052	1,631,052
Capital assets:			
Land and construction in progress	8,286,590	183,727	8,470,317
Other capital assets, net of depreciation	59,531,929	28,155,509	87,687,438
Deferred charges, net of amortization	425,383	91,065	516,448
 Total Assets	 85,910,515	 32,470,155	 118,380,670
<u>LIABILITIES</u>			
Accounts payable	1,020,336	300,930	1,321,266
Accrued interest payable	258,991	47,879	306,870
Claims liability	227,723	-	227,723
Deferred revenue	6,239,937	-	6,239,937
Customer deposits	-	638,995	638,995
Long-term debt:			
Due within one year	1,341,944	1,223,907	2,565,851
Due in more than one year	21,273,556	15,642,102	36,915,658
Compensated absences payable:			
Due within one year	248,000	43,000	291,000
Due in more than one year	361,171	31,719	392,890
Net pension obligation:			
Due in more than one year	818,508	-	818,508
 Total Liabilities	 31,790,166	 17,928,532	 49,718,698

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED  
September 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	53,845,605	11,664,293	65,509,898
Restricted for:			
Capital projects	-	724,163	724,163
Debt service	924,770	148,252	1,073,022
Economic development (restricted by enabling legislation)	160,920	-	160,920
Unrestricted	<u>(810,946)</u>	<u>2,004,915</u>	<u>1,193,969</u>
 Total Net Assets	 <u>\$ 54,120,349</u>	 <u>\$ 14,541,623</u>	 <u>\$ 68,661,972</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Grants and Contributions Operating	Contributions Capital	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,201,743	\$ 41,853	\$ -	\$ -	\$ (1,159,890)	\$ -	\$ (1,159,890)
Public safety	7,134,969	728,753	167,056	44,378	(6,194,782)	-	(6,194,782)
Public works	4,685,385	-	6,021	2,753,593	(1,925,771)	-	(1,925,771)
Culture and recreation	1,926,502	92,264	-	10,439	(1,823,799)	-	(1,823,799)
Economic development	234,758	-	13,179	-	(221,579)	-	(221,579)
Interest and fiscal charges on long-term debt	<u>685,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,012)</u>	<u>-</u>	<u>(685,012)</u>
<b>Total governmental activities</b>	<u>15,868,369</u>	<u>862,870</u>	<u>186,256</u>	<u>2,808,410</u>	<u>(12,010,833)</u>	<u>-</u>	<u>(12,010,833)</u>
<b>Business-Type Activities:</b>							
Water	2,523,630	3,127,139	-	71,507	-	675,016	675,016
Sewer	3,098,919	2,564,094	-	196,466	-	(338,359)	(338,359)
Garbage collection	<u>1,372,285</u>	<u>1,466,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,257</u>	<u>94,257</u>
<b>Total business-type activities</b>	<u>6,994,834</u>	<u>7,157,775</u>	<u>-</u>	<u>267,973</u>	<u>-</u>	<u>430,914</u>	<u>430,914</u>
<b>Total</b>	<u>\$ 22,863,203</u>	<u>\$ 8,020,645</u>	<u>\$ 186,256</u>	<u>\$ 3,076,383</u>	<u>(12,010,833)</u>	<u>430,914</u>	<u>(11,579,919)</u>

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED  
Year Ended September 30, 2008

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	6,180,192	-	6,180,192
Local sales tax	118,467	-	118,467
Franchise charges based on gross receipts	791,583	-	791,583
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,896,394	-	4,896,394
County shared revenues	89,871	-	89,871
Interest	125,437	151,627	277,064
Miscellaneous	13,673	28,966	42,639
Total General Revenues	<u>12,215,617</u>	<u>180,593</u>	<u>12,396,210</u>
Change in Net Assets	204,784	611,507	816,291
Net Assets - Beginning	<u>53,915,565</u>	<u>13,930,116</u>	<u>67,845,681</u>
Net Assets - Ending	<u>\$ 54,120,349</u>	<u>\$ 14,541,623</u>	<u>\$ 68,661,972</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2008

	General Fund	Library Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets:				
Cash and cash equivalents	\$ 473,133	\$ 7,723,298	\$ 1,202,326	\$ 9,398,757
Receivables:				
Property taxes	5,182,880	-	1,078,645	6,261,525
Sales and tourism tax	692,429	-	25,118	717,547
City utilities tax	10,437	-	-	10,437
Franchise charges	248,543	-	-	248,543
Federal grants	184,028	-	310,653	494,681
Special assessments	-	-	540,750	540,750
Other	56,021	-	-	56,021
Due from other funds	53,024	-	5,215	58,239
Total Assets	\$ 6,900,495	\$ 7,723,298	\$ 3,162,707	\$ 17,786,500
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 715,965	\$ 163,097	\$ 108,750	\$ 987,812
Deferred revenue:				
Property taxes	5,101,597	-	1,066,812	6,168,409
Federal grants	-	-	71,528	71,528
Special assessments	-	-	540,750	540,750
Due to other funds	18,058	-	87,025	105,083
Due to other governments	32,524	-	-	32,524
Total Liabilities	5,868,144	163,097	1,874,865	7,906,106
Fund balances:				
Unreserved, reported in:				
General fund	1,032,351	-	-	1,032,351
Special revenue funds	-	-	160,920	160,920
Debt service funds	-	-	469,920	469,920
Capital projects funds	-	7,560,201	657,002	8,217,203
Total Fund Balances	1,032,351	7,560,201	1,287,842	9,880,394
Total Liabilities and Fund Balances	\$ 6,900,495	\$ 7,723,298	\$ 3,162,707	\$ 17,786,500

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED  
September 30, 2008

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

Total Governmental Fund Balances	\$ 9,880,394
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	67,818,519
Deferred charges are not financial resources and therefore are not reported in the funds.	425,383
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	540,750
Interest is not recorded as an expenditure in the funds until the payment date.	(258,991)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(24,043,179)
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>(242,527)</u>
Net Assets - Governmental Activities	<u>\$ 54,120,349</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, 2008

	General Fund	Library Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 5,384,330	\$ -	\$ 795,863	\$ 6,180,193
Licenses and permits	926,357	-	-	926,357
Intergovernmental	5,571,814	-	596,364	6,168,178
Charges for services	100,029	-	22,878	122,907
Fines and forfeitures	565,827	-	31,402	597,229
Interest	32,730	19,232	73,474	125,436
Contributions	165,280	-	5,021	170,301
Miscellaneous	179,466	-	-	179,466
Total Revenues	<u>12,925,833</u>	<u>19,232</u>	<u>1,525,002</u>	<u>14,470,067</u>
<b>Expenditures:</b>				
Current:				
General government	1,268,084	-	10,353	1,278,437
Public safety	6,656,223	-	52,391	6,708,614
Public works	1,821,997	-	-	1,821,997
Culture and recreation	1,183,884	-	87,335	1,271,219
Economic development	174,863	-	56,497	231,360
Debt service	815,808	98,163	794,837	1,708,808
Capital outlay	972,495	474,702	390,578	1,837,775
Total Expenditures	<u>12,893,354</u>	<u>572,865</u>	<u>1,391,991</u>	<u>14,858,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,479</u>	<u>(553,633)</u>	<u>133,011</u>	<u>(388,143)</u>
<b>Other Financing Sources (Uses):</b>				
Bond issuance	-	8,000,000	-	8,000,000
Capital leases	166,970	-	-	166,970
Transfers in	-	240,000	600,068	840,068
Transfers out	(345,195)	-	(494,873)	(840,068)
Total Other Financing Sources (Uses)	<u>(178,225)</u>	<u>8,240,000</u>	<u>105,195</u>	<u>8,166,970</u>
Net Change in Fund Balances	(145,746)	7,686,367	238,206	7,778,827
Fund Balances - Beginning	<u>1,178,097</u>	<u>(126,166)</u>	<u>1,049,636</u>	<u>2,101,567</u>
Fund Balances - Ending	<u>\$ 1,032,351</u>	<u>\$ 7,560,201</u>	<u>\$ 1,287,842</u>	<u>\$ 9,880,394</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED  
Year Ended September 30, 2008

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

Net Change in Fund Balances - Total Governmental Funds	\$ 7,778,827
Differences:	
Governmental funds report capital asset purchases as expenditures.	1,837,775
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets.	(3,869,317)
Governmental funds do not reflect the value of capital asset contributions received because they do not provide current financial resources.	1,221,089
Governmental funds do not reflect the transfer of capital assets to outside entities because capital assets are not current financial resources.	(2,500)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	540,750
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.	(7,153,400)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(52,827)
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>(95,613)</u>
Change in Net Assets - Governmental Activities	<u>\$ 204,784</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 745,695	\$ 545,287	\$ 1,290,982	\$ 86
Receivables:				
Accounts	892,518	-	892,518	-
Special assessments	4,258	-	4,258	-
Claim refunds	-	-	-	69,764
Due from other funds	174,747	124,524	299,271	-
Restricted Cash and Cash Equivalents:				
Customer deposits account	638,995	-	638,995	-
Revenue bond and interest account	267,894	-	267,894	-
 Total Current Assets	 <u>2,724,107</u>	 <u>669,811</u>	 <u>3,393,918</u>	 <u>69,850</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2008

	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	42,585,110	-	42,585,110	-
Land	177,512	-	177,512	-
Buildings	272,380	-	272,380	-
Equipment and vehicles	1,692,785	522,568	2,215,353	-
Construction in progress	6,215	-	6,215	-
Certificate of authority	800,000	-	800,000	-
	<u>45,534,002</u>	<u>522,568</u>	<u>46,056,570</u>	-
Less accumulated depreciation	<u>(17,472,737)</u>	<u>(244,597)</u>	<u>(17,717,334)</u>	-
Capital Assets (net)	28,061,265	277,971	28,339,236	-
Restricted cash and cash equivalents:				
Construction account	724,164	-	724,164	-
Receivable:				
Special assessments (net of current portion)	89,546	-	89,546	-
Deferred charges:				
Loan and bond issue costs	<u>91,065</u>	<u>-</u>	<u>91,065</u>	<u>-</u>
Total Noncurrent Assets	<u>28,966,040</u>	<u>277,971</u>	<u>29,244,011</u>	<u>-</u>
Total Assets	<u>31,690,147</u>	<u>947,782</u>	<u>32,637,929</u>	<u>69,850</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	184,609	116,322	300,931	-
Claims liability	-	-	-	227,723
Accrued interest payable	28,097	141	28,238	-
Due to other funds	124,524	-	124,524	127,903
Compensated absences payable - current	43,000	-	43,000	-
Notes payable - current	870,221	-	870,221	-
Capital leases payable - current	44,889	19,061	63,950	-
General obligation bonds payable - current	189,736	-	189,736	-
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	19,641	-	19,641	-
Revenue bonds payable - current	100,000	-	100,000	-
Customer deposits payable	638,995	-	638,995	-
<b>Total Current Liabilities</b>	<u>2,243,712</u>	<u>135,524</u>	<u>2,379,236</u>	<u>355,626</u>
Noncurrent Liabilities:				
Compensated absences payable	31,719	-	31,719	-
Capital leases payable	122,938	42,406	165,344	-
Revenue bonds payable	554,246	-	554,246	-
General obligation bonds payable	1,421,172	-	1,421,172	-
Notes payable	13,501,340	-	13,501,340	-
<b>Total Noncurrent Liabilities</b>	<u>15,631,415</u>	<u>42,406</u>	<u>15,673,821</u>	<u>-</u>
<b>Total Liabilities</b>	<u>17,875,127</u>	<u>177,930</u>	<u>18,053,057</u>	<u>355,626</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,447,789	216,504	11,664,293	-
Restricted for:				
Capital projects	724,163	-	724,163	-
Debt service	148,252	-	148,252	-
Unrestricted (deficit)	<u>1,494,816</u>	<u>553,348</u>	<u>2,048,164</u>	<u>(285,776)</u>
 Total Net Assets (Deficit)	 <u>\$ 13,815,020</u>	 <u>\$ 769,852</u>	 <u>\$ 14,584,872</u>	 <u>\$ (285,776)</u>

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

Total Enterprise Funds Net Assets	\$ 14,584,872
Difference:	
The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities.	<u>(43,249)</u>
Net Assets - Business-Type Activities	<u>\$ 14,541,623</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, 2008

	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	\$ 2,786,574	\$ -	\$ 2,786,574	\$ -
Sewer service charges	2,502,411	-	2,502,411	-
Other services	295,060	-	295,060	-
Refuse collection charges	-	1,466,542	1,466,542	-
Rents	68,900	-	68,900	-
Premiums	-	-	-	1,165,111
	<u>5,652,945</u>	<u>1,466,542</u>	<u>7,119,487</u>	<u>1,165,111</u>
<b>Total Operating Revenues</b>				
Operating Expenses:				
Salaries	1,109,194	-	1,109,194	-
Employee benefits	365,659	-	365,659	-
Insurance	19,100	563	19,663	182,128
Claims expense	-	-	-	1,039,123
Office supplies	4,614	-	4,614	-
Operating supplies:				
Gas and oil	92,698	35,067	127,765	-
Other	41,775	-	41,775	-
Outside services	602,836	1,273,675	1,876,511	56,170
Repairs and maintenance	660,980	17,147	678,127	-
Telephone	14,248	-	14,248	-
Postage	30,483	-	30,483	-
Printing	6,583	-	6,583	-
Utilities	557,532	-	557,532	-
Rentals	23,523	-	23,523	-
Depreciation	1,268,777	41,655	1,310,432	-

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Amortization	10,959	-	10,959	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	<u>34,976</u>	<u>1,142</u>	<u>36,118</u>	<u>-</u>
 Total Operating Expenses	 <u>4,987,937</u>	 <u>1,369,249</u>	 <u>6,357,186</u>	 <u>1,277,421</u>
 Operating Income (Loss)	 <u>665,008</u>	 <u>97,293</u>	 <u>762,301</u>	 <u>(112,310)</u>
Nonoperating Revenues (Expenses):				
Interest income	116,310	35,317	151,627	-
Interest and fiscal charges	<u>(550,661)</u>	<u>(3,036)</u>	<u>(553,697)</u>	<u>-</u>
 Total Nonoperating Revenues (Expenses), net	 <u>(434,351)</u>	 <u>32,281</u>	 <u>(402,070)</u>	 <u>-</u>
 Income (Loss) Before Contributions	 230,657	 129,574	 360,231	 (112,310)
 Capital Contributions and Grants	 <u>267,973</u>	 <u>-</u>	 <u>267,973</u>	 <u>-</u>
 Change in Net Assets	 498,630	 129,574	 628,204	 (112,310)
 Net Assets (Deficit) - Beginning	 <u>13,316,390</u>	 <u>640,278</u>	 <u>13,956,668</u>	 <u>(173,466)</u>
 Net Assets (Deficit) - Ending	 <u>\$ 13,815,020</u>	 <u>\$ 769,852</u>	 <u>\$ 14,584,872</u>	 <u>\$ (285,776)</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2008

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

Change in Net Assets - Enterprise Funds	\$ 628,204
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>(16,697)</u>
Change in Net Assets - Business-Type Activities	<u>\$ 611,507</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 5,836,658	\$ 1,342,353	\$ 7,179,011	\$ 308,003
Receipts from interfund services	-	-	-	857,108
Receipts from reinsurance	-	-	-	687,419
Payments to suppliers	(2,137,305)	(1,308,443)	(3,445,748)	(1,983,887)
Payments to employees	(1,333,347)	-	(1,333,347)	-
Payments for interfund services	(270,846)	-	(270,846)	-
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>2,095,160</u>	<u>33,910</u>	<u>2,129,070</u>	<u>(131,357)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Advances from other funds	-	-	-	127,903
Advances to other funds	(109,935)	-	(109,935)	-
Advances repaid by other funds	95,638	-	95,638	-
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<u>(14,297)</u>	<u>-</u>	<u>(14,297)</u>	<u>127,903</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(114,264)	(184,502)	(298,766)	-
Proceeds from capital lease	69,160	-	69,160	-
Principal paid on revenue bonds	(95,000)	-	(95,000)	-
Principal paid on general obligation bonds	(179,169)	-	(179,169)	-
Principal paid on capital leases	(81,640)	(18,270)	(99,910)	-
Principal paid on notes payable	(844,863)	-	(844,863)	-
Interest and fiscal charges paid on debt	(546,310)	(3,036)	(549,346)	-
<b>Net Cash Used By Capital and Related Financing Activities</b>	<u>(1,792,086)</u>	<u>(205,808)</u>	<u>(1,997,894)</u>	<u>-</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2008

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>116,310</u>	<u>35,317</u>	<u>151,627</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	405,087	(136,581)	268,506	(3,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,971,661</u>	<u>681,868</u>	<u>2,653,529</u>	<u>3,540</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,376,748</u>	<u>\$ 545,287</u>	<u>\$ 2,922,035</u>	<u>\$ 86</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:				
Capital assets contributed by residential developers	<u>\$ 267,973</u>	<u>\$ -</u>	<u>\$ 267,973</u>	<u>\$ -</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2008

	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)	\$ 665,008	\$ 97,293	\$ 762,301	\$ (112,310)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,268,777	41,655	1,310,432	-
Amortization	10,959	-	10,959	-
(Increase) decrease in receivables:				
Accounts	47,273	-	47,273	-
Reinsurance claims	-	-	-	51
Claim refunds	-	-	-	(50,074)
Special assessments	(8,136)	-	(8,136)	-
Due from other funds	-	(124,189)	(124,189)	-
Increase (decrease) in payables:				
Accounts	(47,957)	19,151	(28,806)	-
Claims	-	-	-	30,976
Due to other funds	124,189	-	124,189	-
Customer deposits	20,387	-	20,387	-
Compensated absences	14,660	-	14,660	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,095,160</u>	<u>\$ 33,910</u>	<u>\$ 2,129,070</u>	<u>\$ (131,357)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF FIDUCIARY NET ASSETS  
September 30, 2008

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	\$ 29,787
 <u>LIABILITIES</u>	
Accounts payable	<u>1,010</u>
 <u>NET ASSETS</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 28,777</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
Year Ended September 30, 2008

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Interest	\$ 1,841
DEDUCTIONS:	
Unemployment claims	<u>(6,074)</u>
CHANGE IN NET ASSETS	(4,233)
NET ASSETS - BEGINNING	<u>33,010</u>
NET ASSETS - ENDING	<u>\$ 28,777</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2008

**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 U.S. 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>
<b>Major Funds:</b>	
GENERAL FUND	Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
CAPITAL PROJECT FUND:	
Library Construction Project Fund	Accounts for the proceeds of a bond issue being used for the construction of a library facility.
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>
<b>Nonmajor Funds:</b>	
<b>SPECIAL REVENUE FUNDS:</b>	
Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
Katrina CDBG Grant Fund	Accounts for the proceeds of a Federal grant being used for economic development.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
<b>DEBT SERVICE FUNDS:</b>	
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.

(Continued)

Notes to Basic Financial Statements – Continued

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

**B. BASIS OF PRESENTATION - Continued**

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

(Continued)

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
<b>CAPITAL PROJECT FUNDS:</b>	
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.
Parks and Recreation Project Fund	Accounts for the costs incurred for parks and recreation improvements funded by a loan from the Mississippi Development Bank.
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.
Northside Corridor Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
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.

(Continued)

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

**B. BASIS OF PRESENTATION - Continued**

<u>Fund</u>	<u>Brief Description</u>
PROPRIETARY FUND:	
Self-Funded Group Insurance Fund	This internal service fund accounts for the operations of the City's self-insured group medical plan. Funding is provided by premiums collected from City employees and other City funds.
FIDUCIARY FUND:	
Unemployment Compensation Benefit Fund	This benefit trust fund accounts for funds required to be held to pay City employees' unemployment claims. State law requires the City to maintain the fund balance at 2% of the first \$7,000 of compensation paid to each employee during the previous calendar year, and the fund balance is not available for other uses by the City.

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

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

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

**Receivables**

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

(Continued)

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

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

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

**Capital Assets**

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

*Government-wide Statements*

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

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

(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
Certificate of authority	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.

**Deferred Charges, Bond Discounts and Refunding Costs**

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

(Continued)

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

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

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

**Long-Term Debt**

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

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

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

**Compensated Absences**

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

(Continued)

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

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

**Equity Classifications**

*Government-wide Statements*

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

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

*Fund Statements*

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

**E. REVENUES, EXPENDITURES AND EXPENSES**

**Property Tax**

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

(Continued)

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

**E. REVENUES, EXPENDITURES AND EXPENSES - Continued**

**Grant Revenues**

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

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

Proprietary Fund – By Operating and Nonoperating

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

**Interfund Transfers**

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

(Continued)

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

**F. ESTIMATES**

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

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

**A. BUDGETS**

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

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

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

(Continued)

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

**B. TAX LEVIES**

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

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

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

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

(Continued)

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

**C. DEFICIT FUND EQUITY**

As of September 30, 2008, the Hampstead Boulevard Bond and Interest Fund had a deficit fund balance of \$81,507. The City intends to levy taxes for years subsequent to September 30, 2008 to provide funds for debt service, and the deficit fund balance occurred because some debt service payments were due prior to the taxes being levied.

The Self-Funded Group Insurance Fund had a deficit fund equity of \$285,776 as of September 30, 2008. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

**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, 2008, 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, 2008, the City owned shares valued at \$471 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, 2008 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,022,518	\$1,022,518
Special assessments:			
Due within one year	27,037	4,258	31,295
Due in more than one year	513,713	180,592	694,305
Property taxes	6,261,525	-	6,261,525
Sales and tourism taxes	717,547	-	717,547
Franchise charges	248,543	-	248,543
Federal grants	494,681	-	494,681
Other	<u>136,223</u>	<u>-</u>	<u>136,223</u>
	8,399,269	1,207,368	9,606,637
Allowance for uncollectible amounts	<u>-</u>	<u>(221,046)</u>	<u>(221,046)</u>
Net receivables	<u>\$8,399,269</u>	<u>\$ 986,322</u>	<u>\$9,385,591</u>

In addition, deferred revenue, the majority of which is related to the above receivables, consisted of the following at September 30, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred property taxes, levied for use in the subsequent year	\$6,168,409	\$ -	\$6,168,409
Unearned federal grant revenue	<u>71,528</u>	<u>-</u>	<u>71,528</u>
	<u>\$6,239,937</u>	<u>\$ -</u>	<u>\$6,239,937</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 5,878,474	\$ 99,140	\$ -	\$ 5,977,614
Other land	1,213,550	-	-	1,213,550
Construction in progress	<u>3,436,135</u>	<u>1,052,689</u>	<u>(3,393,398)</u>	<u>1,095,426</u>
Total not being depreciated	<u>10,528,159</u>	<u>1,151,829</u>	<u>(3,393,398)</u>	<u>8,286,590</u>
Other capital assets:				
Buildings	9,505,269	-	-	9,505,269
Other improvements	10,083,916	3,111	-	10,087,027
Equipment and vehicles	6,896,214	112,814	(128,516)	6,880,512
Infrastructure	<u>58,848,455</u>	<u>5,182,010</u>	<u>-</u>	<u>64,030,465</u>
	<u>85,333,854</u>	<u>5,297,935</u>	<u>(128,516)</u>	<u>90,503,273</u>
Accumulated depreciation:				
Buildings	2,246,095	221,069	-	2,467,164
Other improvements	3,756,366	505,634	-	4,262,000
Equipment and vehicles	5,218,204	434,118	(127,800)	5,524,522
Infrastructure	<u>16,009,879</u>	<u>2,707,779</u>	<u>-</u>	<u>18,717,658</u>
	<u>27,230,544</u>	<u>3,868,600</u>	<u>(127,800)</u>	<u>30,971,344</u>
Net other capital assets	<u>58,103,310</u>	<u>1,429,335</u>	<u>(716)</u>	<u>59,531,929</u>
Capital assets, net	<u>\$ 68,631,469</u>	<u>\$ 2,581,164</u>	<u>\$ (3,394,114)</u>	<u>\$ 67,818,519</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS – Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 177,512	\$ -	\$ -	\$ 177,512
Construction in progress	5,642	573	-	6,215
Total not being depreciated	<u>183,154</u>	<u>573</u>	<u>-</u>	<u>183,727</u>
Other capital assets:				
Water and sewer systems and improvements	42,312,720	272,390	-	42,585,110
Buildings	272,380	-	-	272,380
Equipment and vehicles	1,980,753	293,777	(59,177)	2,215,353
Certificate of authority	800,000	-	-	800,000
	<u>45,365,853</u>	<u>566,167</u>	<u>(59,177)</u>	<u>45,872,843</u>
Accumulated depreciation:				
Water and sewer systems and improvements	14,383,075	1,142,085	-	15,525,160
Buildings	53,030	10,950	-	63,980
Equipment and vehicles	1,626,625	137,397	(59,177)	1,704,845
Certificate of authority	403,349	20,000	-	423,349
	<u>16,466,079</u>	<u>1,310,432</u>	<u>(59,177)</u>	<u>17,717,334</u>
Net other capital assets	<u>28,899,774</u>	<u>(744,265)</u>	<u>-</u>	<u>28,155,509</u>
Capital assets, net	<u>\$ 29,082,928</u>	<u>\$ (743,692)</u>	<u>\$ -</u>	<u>\$ 28,339,236</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 32,455
Public safety	345,251
Public works	2,846,175
Culture and recreation	644,424
Economic development	295
	<u>\$3,868,600</u>
Business-type activities:	
Water	\$ 459,730
Sewer	809,047
Garbage collection	41,655
	<u>\$1,310,432</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 6. INTERFUND TRANSACTIONS AND BALANCES**

The majority of interfund balances result from temporary advances for self-funded group insurance claims, debt service and capital projects. The composition of interfund balances as of September 30, 2008 was as follows:

<u>Due To</u>	Due From				Total
	General Fund	Nonmajor Governmental Funds	Water and Sewer Operations Fund	Nonmajor Internal Service Fund	
General Fund	\$ -	\$ 121	\$ -	\$ 52,903	\$ 53,024
Water and Sewer Operations Fund	18,058	81,689	-	75,000	174,747
Garbage Collection Fund	-	-	124,524	-	124,524
Nonmajor Governmental Funds	-	5,215	-	-	5,215
Total	<u>\$18,058</u>	<u>\$ 87,025</u>	<u>\$ 124,524</u>	<u>\$ 127,903</u>	<u>\$357,510</u>

The majority of interfund transfers are to fund debt service and capital projects. Interfund transfers during the year ended September 30, 2008 were as follows:

<u>Transfer To</u>	Transfer From		Total
	General Fund	Nonmajor Governmental Funds	
Library Construction Project Fund	\$ -	\$ 240,000	\$ 240,000
Nonmajor Governmental Funds	345,195	254,873	600,068
Total	<u>\$ 345,195</u>	<u>\$ 494,873</u>	<u>\$ 840,068</u>

(Continued)

**NOTE 7. ACCOUNTS PAYABLE**

Accounts payable at September 30, 2008 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 750,437	\$ 300,930	\$1,051,367
Cash appearance bonds	90,710	-	90,710
Cash evidence held	17,119	-	17,119
Payroll withholdings and employee benefits	<u>162,070</u>	<u>-</u>	<u>162,070</u>
Total	<u>\$1,020,336</u>	<u>\$ 300,930</u>	<u>\$1,321,266</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, 2008, 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 \$265,000 to \$295,000 through July 1, 2011; interest at 5.25%. \$ 840,000

\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$115,264 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%. 3,214,092

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$250,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 8,000,000  
12,054,092

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$30,000 to \$40,000 through March 1, 2016; interest varies from 5.0% to 5.7%. 280,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$55,000 to \$105,000 through April 1, 2020; interest varies from 5.4% to 6.25%. 910,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$15,500 to \$20,000 through March 1, 2019; interest at 4.25%. 196,000

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$35,000 to \$50,000 through March 15, 2019; interest at 4.8%. 455,000  
1,841,000

(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. 356,953

\$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. 81,712

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$250,000 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. 7,535,000  
7,973,665

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. 218,246

\$241,740 equipment lease dated May 3, 2004; monthly payments of \$3,705, including interest at 3.34%; final payment due April 20, 2010. 68,474

(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. 31,672

\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014. 263,533

\$67,269 equipment lease dated June 20, 2005; monthly payments of \$1,228, including interest at 3.64%; final payment due June 15, 2010. 24,947

\$97,810 equipment lease dated November 15, 2007; monthly payments of \$2,901, including interest at 4.31%; final payment due November 15, 2010. 71,894

\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%; with a balloon payment of \$30,900 at the September, 2013 maturity date. 67,977  
746,743

Total Governmental Activities Long-Term Debt \$22,615,500

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2008, 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 \$95,000 to \$100,000 through March 1, 2010; interest at 5.5%. \$ 195,000

(Continued)

Notes to Basic Financial Statements – Continued

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

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

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$80,000 to \$120,000 through March 1, 2018; interest varies from 4.5% to 4.8%. 1,005,000

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$14,736 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%. 410,908  
1,610,908

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$100,000 to \$135,000 through October 1, 2013; interest varies from 5.4% to 5.75%; secured by Water and Sewer Operations Fund revenues. 700,000

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. 742,151

\$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. 8,076,995

\$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. 965,894

(Continued)

Notes to Basic Financial Statements – Continued

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

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

\$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.	437,125
\$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.	221,353
\$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.	431,578
\$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.	<u>3,496,465</u> <u>14,371,561</u>
Capital Lease Obligations:	
\$53,271 equipment lease dated April 15, 2004; monthly payments of \$955, including interest at 2.89%; final payment due April 15, 2009.	6,618
\$72,268 equipment lease dated April 15, 2004; monthly payments of \$1,295, including interest at 2.89%; final payment due April 15, 2009.	8,979
\$67,200 equipment lease dated February 15, 2005; monthly payments of \$1,214, including interest at 3.21%; final payment due June 15, 2010.	24,755

(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. 59,498

\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%, with a balloon payment of \$30,900 at the September, 2013 maturity date. 67,977

\$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011. 61,467

229,294

Unamortized bond refunding cost and bond discount (45,754)

Total Business-Type Activities Long-Term Debt \$16,866,009

**C. DEBT SERVICE REQUIREMENTS**

The future debt service requirements for all notes and bonds outstanding as of September 30, 2008, 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	
2009	\$ 630,264	\$ 500,686	\$ 342,856	\$ 310,187	\$ 135,500	\$ 99,235	\$ 2,018,728
2010	664,130	470,436	363,978	297,365	136,000	92,426	2,024,335
2011	698,564	438,352	407,441	280,852	141,000	85,511	2,051,720
2012	422,430	404,634	431,032	262,861	152,000	78,231	1,751,188
2013	441,863	385,503	398,358	244,958	162,000	70,269	1,702,951
2014-2018	2,551,281	1,622,102	2,000,000	1,017,595	839,500	214,866	8,245,344
2019-2023	3,199,076	1,080,196	2,700,000	578,300	275,000	22,575	7,855,147
2024-2028	3,446,484	394,228	1,330,000	58,265	-	-	5,228,977
	<u>\$ 12,054,092</u>	<u>\$ 5,296,137</u>	<u>\$ 7,973,665</u>	<u>\$ 3,050,383</u>	<u>\$ 1,841,000</u>	<u>\$ 663,113</u>	<u>\$ 30,878,390</u>

**BUSINESS-TYPE**

**ACTIVITIES:**

**FISCAL YEAR(S)**

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 189,736	\$ 71,952	\$ 870,221	\$ 391,703	\$ 100,000	\$ 36,583	\$ 1,660,195
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	113,137	44,116	979,986	281,939	125,000	11,325	1,555,503
2014-2018	673,719	128,443	4,883,596	980,275	135,000	3,881	6,804,914
2019-2023	130,924	34,913	3,985,114	309,457	-	-	4,460,408
2024-2028	93,516	7,572	881,642	26,828	-	-	1,009,558
	<u>\$ 1,610,908</u>	<u>\$ 452,966</u>	<u>\$ 14,371,561</u>	<u>\$ 3,004,972</u>	<u>\$ 700,000</u>	<u>\$ 125,950</u>	<u>\$ 20,266,357</u>

(Continued)

Notes to Basic Financial Statements – Continued

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

**C. DEBT SERVICE REQUIREMENTS - Continued**

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2008, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 253,711	\$ 71,363
2010	212,078	51,975
2011	133,080	41,051
2012	55,502	46,212
2013	84,856	38,633
2014-2018	<u>57,779</u>	<u>-</u>
Total minimum lease payments	797,006	249,234
Less amount representing interest	<u>(50,263)</u>	<u>(19,940)</u>
Present value of future minimum lease payments	<u>\$ 746,743</u>	<u>\$ 229,294</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,645,138	\$ 444,320
Accumulated depreciation	<u>(754,325)</u>	<u>(220,001)</u>
Carrying Value	<u>\$ 890,813</u>	<u>\$ 224,319</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, 2008, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
General obligation bonds	\$ 4,414,923	\$8,000,000	\$ (360,831)	\$12,054,092	\$ 630,264
Notes payable	8,191,085	-	(217,420)	7,973,665	342,856
Limited obligation bonds	1,960,000	-	(119,000)	1,841,000	135,500
Capital lease obligations	823,600	166,970	(243,827)	746,743	233,324
	<u>15,389,608</u>	<u>8,166,970</u>	<u>(941,078)</u>	<u>22,615,500</u>	<u>1,341,944</u>
Compensated absences	561,907	294,778	(247,514)	609,171	248,000
Net pension obligation	828,391	122,783	(132,666)	818,508	-
	<u>\$16,779,906</u>	<u>\$8,584,531</u>	<u>\$(1,321,258)</u>	<u>\$24,043,179</u>	<u>\$1,589,944</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
General obligation bonds	\$ 1,790,077	\$ -	\$ (179,169)	\$ 1,610,908	\$ 189,736
Notes payable	15,216,424	-	(844,863)	14,371,561	870,221
Revenue bonds	795,000	-	(95,000)	700,000	100,000
Capital lease obligations	260,044	69,160	(99,910)	229,294	63,950
Unamortized bond refunding cost and bond discount	(54,904)	-	9,150	(45,754)	-
	<u>18,006,641</u>	<u>69,160</u>	<u>(1,209,792)</u>	<u>16,866,009</u>	<u>1,223,907</u>
Compensated absences	60,059	57,901	(43,241)	74,719	43,000
	<u>\$18,066,700</u>	<u>\$ 127,061</u>	<u>\$(1,253,033)</u>	<u>\$16,940,728</u>	<u>\$1,266,907</u>

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

(Continued)

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

**E. REVENUE PLEDGED TO SECURE DEBT**

The City has pledged its share of general sales tax collected by the State to secure its notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,304,961 during the current year and made principal and interest payments on the notes payable to the State totaling \$1,803,517 during the current year. As of September 30, 2008, the future principal and interest requirements for the notes payable totaled \$28,400,581, and the maturity dates of the notes payable extend through November, 2026.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues received in the current year totaled \$175,654, and the City also received \$54,478 from Hinds County in the current year for the county's pledged portion of incremental ad valorem tax revenues. The principal and interest payments made by the City on the limited obligation bonds totaled \$225,722 during the current year. As of September 30, 2008, the future principal and interest requirements on the bonds totaled \$2,504,113, and the maturity dates extend through April, 2020.

The City has pledged Water and Sewer Operations Fund revenues, net of operating expenses, to repay revenue bonds issued for a utility improvement project. The Water and Sewer Operations Fund had operating income of \$665,008 in the current year, and the principal and interest payments made by the City on the revenue bonds totaled \$136,800 during the current year. As of September 30, 2008, the future principal and interest requirements for the revenue bonds totaled \$825,950, and the maturity dates extend through October, 2013.

(Continued)

Notes to Basic Financial Statements – 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, 2008 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(790,700)</u>
Carrying value	<u>\$ 164,300</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>
2009	\$ 10,100	\$ 69,300
2010	10,100	69,300
2011	10,100	33,350
2012	10,100	-
2013	10,100	-
2014-2018	<u>50,500</u>	-
	<u>\$ 101,000</u>	<u>\$ 171,950</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 10. OPERATING LEASE OBLIGATIONS**

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

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 50,465	\$ 13,530
2010	48,895	13,530
2011	48,581	13,530
2012	48,581	13,530
2013	48,581	13,530
2014-2018	242,904	67,650
2019-2023	236,064	64,450
2024-2028	233,644	51,650
2029-2033	<u>107,522</u>	<u>34,250</u>
Total minimum lease payments	<u>\$1,065,237</u>	<u>\$ 285,650</u>

Rent expense during the year ended September 30, 2008 for all operating leases was as follows:

Governmental activities	\$ 54,324
Business-type activities	<u>23,523</u>
	<u>\$ 77,847</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 \$73,000 to the plan for the year ended September 30, 2008. 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. 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, 2008, 2007, and 2006 were \$1,273,714, \$1,262,219, and \$1,161,306, 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, 2008, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.87 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)

**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,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial Value of Plan Assets	\$ 8,789,000	\$8,484,000	\$ 8,252,000
Actuarial Accrued Liability	<u>9,690,000</u>	<u>9,428,000</u>	<u>9,175,000</u>
Unfunded Actuarial Liability	<u>\$ 901,000</u>	<u>\$ 944,000</u>	<u>\$ 923,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	90.7%	90.0%	89.9%
Annual Covered Payroll	\$ 302,000	\$ 337,000	\$ 505,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	298.3%	280.1%	182.8%

These valuation dates are prior to the significant investment market declines that occurred in 2008. Accordingly, the unfunded actuarial liability reflected may be impacted and, if so, would be considered in future valuations.

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

Fiscal Year Ended	September 30,		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual required employer contribution	\$ 132,267	\$ 140,306	\$ 156,368
Interest on net pension obligation	66,271	64,719	59,968
Adjustment to annual required contribution	<u>(75,755)</u>	<u>(73,204)</u>	<u>(67,179)</u>
Annual pension cost	122,783	131,821	149,157
Actual employer contribution	<u>(132,666)</u>	<u>(112,420)</u>	<u>(89,782)</u>
Change in net pension obligation	(9,883)	19,401	59,375
Beginning net pension obligation	<u>828,391</u>	<u>808,990</u>	<u>749,615</u>
Ending net pension obligation	<u>\$ 818,508</u>	<u>\$ 828,391</u>	<u>\$ 808,990</u>
Percentage of annual pension cost contributed	108.05%	85.28%	60.19%

(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, 2008 was determined as part of the September 30, 2007 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, 2008 was 27 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 \$55,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current policy year was approximately \$988,000. 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>2008</u>	<u>2007</u>
Claims liability, October 1	\$ 196,747	\$ 110,665
Current year claims and changes in estimates	1,039,123	1,110,272
Claims paid in current year	<u>(1,008,147)</u>	<u>(1,024,190)</u>
Claims liability, September 30	<u>\$ 227,723</u>	<u>\$ 196,747</u>

**NOTE 15. NON-CASH CAPITAL CONTRIBUTIONS**

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 \$1,221,089. The contributed utility assets consist of water and sewer distribution lines with an estimated value of \$267,973.

**NOTE 16. SUBSEQUENT IMPLEMENTATION OF GASB PRONOUNCEMENT**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51 "Accounting and Financial Reporting for Intangible Assets", which is effective for financial statement periods beginning after June 15, 2009. The City will be required to implement GASB Statement No. 51 for its fiscal year ending September 30, 2010, and this implementation will result in a \$423,349 retroactive increase in the September 30, 2008 balance of capital assets and net assets in the government-wide business-type activities and the Water and Sewer Operations Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Licenses and permits	\$ 980,000	\$ 980,000	\$ 885,552	\$ (94,448)
Intergovernmental revenues	5,840,854	5,428,054	5,362,535	(65,519)
Charges for services	34,000	34,000	104,259	70,259
Fines and forfeitures	510,000	510,000	565,827	55,827
Interest earned	80,000	80,000	32,730	(47,270)
Miscellaneous	502,100	476,110	511,714	35,604
Total receipts, other than taxes	7,946,954	7,508,164	7,462,617	(45,547)
Beginning fund balance	849,471	776,585	173,573	(603,012)
Total available, other than taxes	8,796,425	8,284,749	7,636,190	(648,559)
Ad valorem taxes to be provided by levy	5,470,551	5,482,551	5,411,070	(71,481)
Total Available From All Sources	14,266,976	13,767,300	13,047,260	(720,040)
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	280,316	267,866	266,485	(1,381)
Supplies	6,160	7,660	6,959	(701)
Other services and charges	15,766	34,216	35,593	1,377
Total elected officials	302,242	309,742	309,037	(705)
Court services:				
Personal services	140,097	126,897	126,649	(248)
Supplies	6,300	3,800	3,195	(605)
Other services and charges	81,360	134,560	138,244	3,684
Total court services	227,757	265,257	268,088	2,831
Administration:				
Personal services	308,329	314,129	313,658	(471)
Supplies	16,800	21,400	20,400	(1,000)
Other services and charges	207,304	224,604	223,875	(729)
Capital outlay	15,000	-	-	-
Total administration	547,433	560,133	557,933	(2,200)
Community development:				
Personal services	114,370	104,370	92,835	(11,535)
Supplies	3,290	12,140	11,613	(527)
Other services and charges	43,753	43,753	31,000	(12,753)
Total community development	161,413	160,263	135,448	(24,815)
Total General Government	1,238,845	1,295,395	1,270,506	(24,889)

(Continued)

CITY OF CLINTON  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CONTINUED  
Year Ended September 30, 2008

	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	3,044,464	2,989,464	2,873,136	(116,328)
Supplies	258,680	365,880	360,139	(5,741)
Other services and charges	235,343	282,342	284,267	1,925
Debt service	34,815	34,815	29,442	(5,373)
Total law enforcement	<u>3,573,302</u>	<u>3,672,501</u>	<u>3,546,984</u>	<u>(125,517)</u>
Fire protection:				
Personal services	2,670,026	2,587,576	2,581,631	(5,945)
Supplies	136,260	204,210	202,696	(1,514)
Other services and charges	218,234	232,734	232,113	(621)
Debt service	299,778	299,778	299,778	-
Total fire protection	<u>3,324,298</u>	<u>3,324,298</u>	<u>3,316,218</u>	<u>(8,080)</u>
Inspection:				
Personal services	101,379	101,379	100,449	(930)
Supplies	8,400	8,400	6,105	(2,295)
Other services and charges	9,901	9,901	7,876	(2,025)
Total inspection	<u>119,680</u>	<u>119,680</u>	<u>114,430</u>	<u>(5,250)</u>
Total Public Safety	<u>7,017,280</u>	<u>7,116,479</u>	<u>6,977,632</u>	<u>(138,847)</u>
Street:				
Personal services	939,138	1,013,238	1,011,070	(2,168)
Supplies	287,345	310,345	306,267	(4,078)
Other services and charges	460,024	523,024	504,223	(18,801)
Capital outlay	1,470,606	896,606	902,191	5,585
Debt service	120,945	120,945	115,858	(5,087)
Total Street	<u>3,278,058</u>	<u>2,864,158</u>	<u>2,839,609</u>	<u>(24,549)</u>

(Continued)

CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2008

	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	700,372	727,372	726,793	(579)
Supplies	147,176	234,526	232,208	(2,318)
Other services and charges	196,952	206,952	205,619	(1,333)
Capital outlay	-	44,000	43,654	(346)
Debt service	<u>368,780</u>	<u>370,780</u>	<u>370,730</u>	<u>(50)</u>
Total Parks and Recreation	<u>1,413,280</u>	<u>1,583,630</u>	<u>1,579,004</u>	<u>(4,626)</u>
4 C's:				
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Economic development:				
Supplies	3,920	3,920	2,124	(1,796)
Other services and charges	<u>131,944</u>	<u>131,944</u>	<u>108,671</u>	<u>(23,273)</u>
Total Economic Development	<u>135,864</u>	<u>135,864</u>	<u>110,795</u>	<u>(25,069)</u>
Main Street:				
Personal services	49,356	49,356	49,228	(128)
Supplies	5,600	5,600	2,033	(3,567)
Other services and charges	<u>12,200</u>	<u>13,690</u>	<u>12,786</u>	<u>(904)</u>
Total Main Street	<u>67,156</u>	<u>68,646</u>	<u>64,047</u>	<u>(4,599)</u>
Transfers and other charges	<u>380,175</u>	<u>380,175</u>	<u>345,064</u>	<u>(35,111)</u>
Total expenditures	13,550,658	13,464,347	13,206,657	(257,690)
Ending fund balance	<u>716,318</u>	<u>302,953</u>	<u>(159,397)</u>	<u>(462,350)</u>
Total Expenditures and Ending Fund Balance	<u>\$14,266,976</u>	<u>\$13,767,300</u>	<u>\$ 13,047,260</u>	<u>\$ (720,040)</u>

CITY OF CLINTON  
GENERAL FUND  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2008

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	\$ 13,047,260
Differences:	
GAAP basis receivables and deferred revenues are reflected as budgetary basis available in the year received	219,116
Other financing sources are included in budgetary basis available	(166,970)
Beginning fund balance is included in budgetary basis available	<u>(173,573)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,925,833</u>
Expenditures - Budgetary Comparison Schedule	\$ 13,206,657
Differences:	
GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid	31,892
Other financing uses are included in budgetary basis expenditures	<u>(345,195)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,893,354</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	166,970
Other financing uses are included in budgetary basis expenditures	<u>(345,195)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (178,225)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS  
September 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$234,134	\$ 539,776	\$ 428,416	\$ 1,202,326
Receivables:				
Property taxes	-	1,078,645	-	1,078,645
Tourism tax	25,118	-	-	25,118
Federal grants	13,179	-	297,474	310,653
Special assessments	-	540,750	-	540,750
Due from other funds	-	-	5,215	5,215
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$272,431</u>	<u>\$2,159,171</u>	<u>\$ 731,105</u>	<u>\$ 3,162,707</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 39,862	\$ -	\$ 68,888	\$ 108,750
Deferred property taxes	-	1,066,812	-	1,066,812
Deferred grant revenue	71,528	-	-	71,528
Deferred special assessments	-	540,750	-	540,750
Due to other funds	121	81,689	5,215	87,025
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>111,511</u>	<u>1,689,251</u>	<u>74,103</u>	<u>1,874,865</u>
Fund Balances:				
Unreserved reported in:				
Special revenue funds	160,920	-	-	160,920
Debt service funds	-	469,920	-	469,920
Capital projects funds	-	-	657,002	657,002
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>160,920</u>	<u>469,920</u>	<u>657,002</u>	<u>1,287,842</u>
Total Liabilities and Fund Balances	<u>\$272,431</u>	<u>\$2,159,171</u>	<u>\$ 731,105</u>	<u>\$ 3,162,707</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
Year Ended September 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 795,863	\$ -	\$ 795,863
Intergovernmental	146,202	70,660	379,502	596,364
Charges for services	22,878	-	-	22,878
Fines and forfeitures	31,402	-	-	31,402
Interest	10,094	20,880	42,500	73,474
Contributions	4,100	-	921	5,021
<b>Total Revenues</b>	<b>214,676</b>	<b>887,403</b>	<b>422,923</b>	<b>1,525,002</b>
Expenditures:				
Current:				
General government	-	10,353	-	10,353
Public Safety	52,391	-	-	52,391
Culture and Recreation	87,335	-	-	87,335
Economic Development	56,497	-	-	56,497
Debt Service	-	794,837	-	794,837
Capital Outlay	-	-	390,578	390,578
<b>Total Expenditures</b>	<b>196,223</b>	<b>805,190</b>	<b>390,578</b>	<b>1,391,991</b>
Excess of Revenues Over Expenditures	18,453	82,213	32,345	133,011

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED  
 Year Ended September 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other Financing Sources (Uses):				
Transfers in	-	352,265	247,803	600,068
Transfers out	<u>-</u>	<u>(10,104)</u>	<u>(484,769)</u>	<u>(494,873)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>342,161</u>	<u>(236,966)</u>	<u>105,195</u>
Net Change in Fund Balances	18,453	424,374	(204,621)	238,206
Fund Balances - Beginning	<u>142,467</u>	<u>45,546</u>	<u>861,623</u>	<u>1,049,636</u>
Fund Balances - Ending	<u>\$ 160,920</u>	<u>\$ 469,920</u>	<u>\$ 657,002</u>	<u>\$ 1,287,842</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2008

	Tourism Tax Fund	Katrina CDBG Grant Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 160,662	\$ -	\$ 73,472	\$ 234,134
Tourism tax receivable	25,118	-	-	25,118
Federal grants receivable	-	13,179	-	13,179
 Total Assets	 <u>\$ 185,780</u>	 <u>\$ 13,179</u>	 <u>\$ 73,472</u>	 <u>\$ 272,431</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 24,739	\$ 13,179	\$ 1,944	\$ 39,862
Deferred grant revenue	-	-	71,528	71,528
Due to other funds	121	-	-	121
 Total Liabilities	 24,860	 13,179	 73,472	 111,511
Fund Balances:				
Unreserved	160,920	-	-	160,920
 Total Liabilities and Fund Balances	 <u>\$ 185,780</u>	 <u>\$ 13,179</u>	 <u>\$ 73,472</u>	 <u>\$ 272,431</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended September 30, 2008

	Tourism Tax Fund	Katrina CDBG Grant Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Tourism tax	\$ 118,467	\$ -	\$ -	\$ 118,467
Federal grants	-	13,179	14,556	27,735
	<u>118,467</u>	<u>13,179</u>	<u>14,556</u>	<u>146,202</u>
Charges for services	22,878	-	-	22,878
Fines and forfeitures	-	-	31,402	31,402
Interest	6,422	-	3,672	10,094
Contributions	1,339	-	2,761	4,100
Total Revenues	<u>149,106</u>	<u>13,179</u>	<u>52,391</u>	<u>214,676</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Supplies	-	-	44,013	44,013
Other services and charges	-	-	8,378	8,378
	<u>-</u>	<u>-</u>	<u>52,391</u>	<u>52,391</u>
<b>Culture and Recreation:</b>				
Personal services	35,506	-	-	35,506
Supplies	23,267	-	-	23,267
Other services and charges	28,562	-	-	28,562
	<u>87,335</u>	<u>-</u>	<u>-</u>	<u>87,335</u>
<b>Economic Development:</b>				
Other services and charges	43,318	13,179	-	56,497
Total Expenditures	<u>130,653</u>	<u>13,179</u>	<u>52,391</u>	<u>196,223</u>
Net Change in Fund Balances	18,453	-	-	18,453
Fund Balances - Beginning	<u>142,467</u>	<u>-</u>	<u>-</u>	<u>142,467</u>
Fund Balances - Ending	<u>\$ 160,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,920</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2008

	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	Total Nonmajor Debt Service Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 49,986	\$ 182	\$ 480,928	\$ 438	\$ 3,162	\$ 936	\$ 4,144	\$ 539,776
Property taxes receivable	272,314	254,761	551,570	-	-	-	-	1,078,645
Special assessments receivable	-	540,750	-	-	-	-	-	540,750
<b>Total Assets</b>	<b><u>\$322,300</u></b>	<b><u>\$ 795,693</u></b>	<b><u>\$1,032,498</u></b>	<b><u>\$ 438</u></b>	<b><u>\$ 3,162</u></b>	<b><u>\$ 936</u></b>	<b><u>\$ 4,144</u></b>	<b><u>\$ 2,159,171</u></b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Deferred property taxes	\$267,499	\$ 254,761	\$ 544,552	\$ -	\$ -	\$ -	\$ -	\$ 1,066,812
Deferred special assessments	-	540,750	-	-	-	-	-	540,750
Due to other funds	-	81,689	-	-	-	-	-	81,689
<b>Total Liabilities</b>	<b>267,499</b>	<b>877,200</b>	<b>544,552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,689,251</b>
Fund Balances:								
Unreserved	<u>54,801</u>	<u>(81,507)</u>	<u>487,946</u>	<u>438</u>	<u>3,162</u>	<u>936</u>	<u>4,144</u>	<u>469,920</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$322,300</u></b>	<b><u>\$ 795,693</u></b>	<b><u>\$1,032,498</u></b>	<b><u>\$ 438</u></b>	<b><u>\$ 3,162</u></b>	<b><u>\$ 936</u></b>	<b><u>\$ 4,144</u></b>	<b><u>\$ 2,159,171</u></b>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2008

	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	Total Nonmajor Debt Service Funds
Revenues:								
Property taxes	\$324,396	\$ -	\$ 471,467	\$ -	\$ -	\$ -	\$ -	\$ 795,863
Intergovernmental:								
State shared revenues	6,569	-	9,613	-	-	-	-	16,182
County shared revenues	-	-	-	19,478	35,000	-	-	54,478
	<u>6,569</u>	<u>-</u>	<u>9,613</u>	<u>19,478</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>70,660</u>
Interest	<u>5,067</u>	<u>2,653</u>	<u>12,698</u>	<u>202</u>	<u>154</u>	<u>54</u>	<u>52</u>	<u>20,880</u>
Total Revenues	<u>336,032</u>	<u>2,653</u>	<u>493,778</u>	<u>19,680</u>	<u>35,154</u>	<u>54</u>	<u>52</u>	<u>887,403</u>
Expenditures:								
General government:								
Other services and charges	4,521	-	5,832	-	-	-	-	10,353
Debt service	<u>308,344</u>	<u>260,771</u>	<u>-</u>	<u>41,774</u>	<u>106,710</u>	<u>22,925</u>	<u>54,313</u>	<u>794,837</u>
Total Expenditures	<u>312,865</u>	<u>260,771</u>	<u>5,832</u>	<u>41,774</u>	<u>106,710</u>	<u>22,925</u>	<u>54,313</u>	<u>805,190</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>23,167</u>	<u>(258,118)</u>	<u>487,946</u>	<u>(22,094)</u>	<u>(71,556)</u>	<u>(22,871)</u>	<u>(54,261)</u>	<u>82,213</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
 September 30, 2008

	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	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):								
Transfers in	-	176,611	-	21,520	73,210	22,925	57,999	352,265
Transfers out	<u>(10,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,104)</u>
Total Other Financing Sources (Uses)	<u>(10,104)</u>	<u>176,611</u>	<u>-</u>	<u>21,520</u>	<u>73,210</u>	<u>22,925</u>	<u>57,999</u>	<u>342,161</u>
Net Change in Fund Balances	13,063	(81,507)	487,946	(574)	1,654	54	3,738	424,374
Fund Balances - Beginning	<u>41,738</u>	<u>-</u>	<u>-</u>	<u>1,012</u>	<u>1,508</u>	<u>882</u>	<u>406</u>	<u>45,546</u>
Fund Balances - Ending	<u>\$ 54,801</u>	<u>\$ (81,507)</u>	<u>\$ 487,946</u>	<u>\$ 438</u>	<u>\$ 3,162</u>	<u>\$ 936</u>	<u>\$ 4,144</u>	<u>\$ 469,920</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
September 30, 2008

	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Community Development Block Grant Fund - Mega Plastics	Northside Corridor Project Fund	Tax Increment Financing Construction Project Fund - Prugon	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 345,754	\$ 77,743	\$ -	\$ 3,886	\$ 1,033	\$ 428,416
Federal grants receivable	-	-	-	297,474	-	297,474
Due from other funds	-	5,215	-	-	-	5,215
<b>Total Assets</b>	<b>\$ 345,754</b>	<b>\$ 82,958</b>	<b>\$ -</b>	<b>\$ 301,360</b>	<b>\$ 1,033</b>	<b>\$ 731,105</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 67,855	\$ 1,033	\$ 68,888
Due to other funds	-	-	-	5,215	-	5,215
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,070</b>	<b>1,033</b>	<b>74,103</b>
<b>Fund Balances:</b>						
Unreserved	345,754	82,958	-	228,290	-	657,002
<b>Total Liabilities and Fund Balances</b>	<b>\$ 345,754</b>	<b>\$ 82,958</b>	<b>\$ -</b>	<b>\$ 301,360</b>	<b>\$ 1,033</b>	<b>\$ 731,105</b>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
NONMAJOR CAPITAL PROJECT FUNDS  
Year Ended September 30, 2008

	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Community Development Block Grant Fund - Mega Plastics	Northside Corridor Project Fund	Tax Increment Financing Construction Project Fund - Prugon	Total Nonmajor Capital Projects Funds
Revenues:						
Intergovernmental:						
Federal grants	\$ -	\$ -	\$ 2,500	\$ 377,002	\$ -	\$ 379,502
Interest	35,277	4,972	22	2,001	228	42,500
Contributions	-	-	921	-	-	921
Total Revenues	<u>35,277</u>	<u>4,972</u>	<u>3,443</u>	<u>379,003</u>	<u>228</u>	<u>422,923</u>
Expenditures:						
Capital Outlay	-	3,111	2,500	384,967	-	390,578
Total Expenditures	<u>-</u>	<u>3,111</u>	<u>2,500</u>	<u>384,967</u>	<u>-</u>	<u>390,578</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,277</u>	<u>1,861</u>	<u>943</u>	<u>(5,964)</u>	<u>228</u>	<u>32,345</u>
Other Financing Sources (Uses):						
Transfers in	-	-	7,003	240,800	-	247,803
Transfers out	<u>(480,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,969)</u>	<u>(484,769)</u>
Total Other Financing Sources (Uses)	<u>(480,800)</u>	<u>-</u>	<u>7,003</u>	<u>240,800</u>	<u>(3,969)</u>	<u>(236,966)</u>
Net Change in Fund Balances	(445,523)	1,861	7,946	234,836	(3,741)	(204,621)
Fund Balances - Beginning	<u>791,277</u>	<u>81,097</u>	<u>(7,946)</u>	<u>(6,546)</u>	<u>3,741</u>	<u>861,623</u>
Fund Balances - Ending	<u>\$ 345,754</u>	<u>\$ 82,958</u>	<u>\$ -</u>	<u>\$ 228,290</u>	<u>\$ -</u>	<u>\$ 657,002</u>

CITY OF CLINTON  
 TOURISM TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 110,000	\$ 94,000	\$ 108,742	\$ 14,742
Interest earned	2,000	2,000	6,422	4,422
Rental income	1,000	1,000	591	(409)
Donations - private sources	1,500	1,500	1,339	(161)
Sales	<u>30,000</u>	<u>30,000</u>	<u>22,287</u>	<u>(7,713)</u>
Total Receipts	144,500	128,500	139,381	10,881
Beginning fund balance	<u>63,447</u>	<u>112,356</u>	<u>127,756</u>	<u>15,400</u>
Total Available From All Sources	<u>\$ 207,947</u>	<u>\$ 240,856</u>	<u>\$ 267,137</u>	<u>\$ 26,281</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 35,597	\$ 35,597	\$ 35,506	\$ (91)
Supplies:				
Cost of sales	20,000	20,000	15,484	(4,516)
Other	7,050	9,050	7,783	(1,267)
Other services and charges	<u>35,519</u>	<u>33,519</u>	<u>28,598</u>	<u>(4,921)</u>
Total visitor center	98,166	98,166	87,371	(10,795)
Tourism promotion:				
Other services and charges	<u>65,500</u>	<u>65,500</u>	<u>43,318</u>	<u>(22,182)</u>
Total Expenditures	163,666	163,666	130,689	(32,977)
Ending fund balance	<u>44,281</u>	<u>77,190</u>	<u>136,448</u>	<u>59,258</u>
Total Expenditures and Ending Fund Balance	<u>\$ 207,947</u>	<u>\$ 240,856</u>	<u>\$ 267,137</u>	<u>\$ 26,281</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Participation receipts from U.S. Justice Department	\$ 15,000	\$ 15,000	\$ 9,652	\$ (5,348)
Interest earned	-	-	3,672	3,672
Other receipts	<u>1,000</u>	<u>1,000</u>	<u>34,163</u>	<u>33,163</u>
Total Receipts	16,000	16,000	47,487	31,487
Beginning fund balance	<u>63,653</u>	<u>103,225</u>	<u>76,432</u>	<u>(26,793)</u>
Total Available From All Sources	<u>\$ 79,653</u>	<u>\$ 119,225</u>	<u>\$ 123,919</u>	<u>\$ 4,694</u>
<u>EXPENDITURES</u>				
Supplies	\$ 40,000	\$ 44,500	\$ 44,013	\$ (487)
Other services and charges	<u>4,500</u>	<u>8,500</u>	<u>8,378</u>	<u>(122)</u>
Total Expenditures	44,500	53,000	52,391	(609)
Ending fund balance	<u>35,153</u>	<u>66,225</u>	<u>71,528</u>	<u>5,303</u>
Total Expenditures and Ending Fund Balance	<u>\$ 79,653</u>	<u>\$ 119,225</u>	<u>\$ 123,919</u>	<u>\$ 4,694</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ 4,000	\$ 4,000	\$ 6,569	\$ 2,569
Interest earned	<u>4,000</u>	<u>4,000</u>	<u>5,067</u>	<u>1,067</u>
Total receipts, other than taxes	8,000	8,000	11,636	3,636
Beginning fund balance	<u>39,413</u>	<u>35,580</u>	<u>35,580</u>	<u>-</u>
Total available, other than taxes	47,413	43,580	47,216	3,636
Ad valorem taxes to be provided by levy	<u>326,710</u>	<u>326,710</u>	<u>325,739</u>	<u>(971)</u>
Total Available From All Sources	<u>\$ 374,123</u>	<u>\$ 370,290</u>	<u>\$ 372,955</u>	<u>\$ 2,665</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,444	\$ 4,544	\$ 4,521	\$ (23)
Debt service	308,600	308,500	308,344	(156)
Transfers to other funds	<u>10,104</u>	<u>10,104</u>	<u>10,104</u>	<u>-</u>
Total Expenditures	323,148	323,148	322,969	(179)
Ending fund balance	<u>50,975</u>	<u>47,142</u>	<u>49,986</u>	<u>2,844</u>
Total Expenditures and Ending Fund Balance	<u>\$ 374,123</u>	<u>\$ 370,290</u>	<u>\$ 372,955</u>	<u>\$ 2,665</u>

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 298,294	\$ 298,294	\$ 176,611	\$ (121,683)
Interest earned	-	-	2,653	2,653
Total receipts	298,294	298,294	179,264	(119,030)
Beginning fund balance	-	5,072	-	(5,072)
Total Available From All Sources	<u>\$ 298,294</u>	<u>\$ 303,366</u>	<u>\$ 179,264</u>	<u>\$ (124,102)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 296,694	\$ 296,694	\$ 260,771	\$ (35,923)
Total Expenditures	296,694	296,694	260,771	(35,923)
Ending fund balance	1,600	6,672	(81,507)	(88,179)
Total Expenditures and Ending Fund Balance	<u>\$ 298,294</u>	<u>\$ 303,366</u>	<u>\$ 179,264</u>	<u>\$ (124,102)</u>

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ 1,000	\$ 1,000	\$ 9,613	\$ 8,613
Interest earned	-	-	12,698	12,698
Total receipts, other than taxes	1,000	1,000	22,311	21,311
Beginning fund balance	-	-	-	-
Total available, other than taxes	1,000	1,000	22,311	21,311
Ad valorem taxes to be provided by levy	478,112	478,112	464,449	(13,663)
Total Available From All Sources	<u>\$ 479,112</u>	<u>\$ 479,112</u>	<u>\$ 486,760</u>	<u>\$ 7,648</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 6,503	\$ 6,503	\$ 5,832	\$ (671)
Debt service	432,213	-	-	-
Transfers to other funds	-	472,609	-	(472,609)
Total Expenditures	438,716	479,112	5,832	(473,280)
Ending fund balance	40,396	-	480,928	480,928
Total Expenditures and Ending Fund Balance	<u>\$ 479,112</u>	<u>\$ 479,112</u>	<u>\$ 486,760</u>	<u>\$ 7,648</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 21,520	\$ 21,520	\$ 21,520	\$ -
Receipt from Hinds County	20,322	20,322	19,478	(844)
Interest earned	-	-	201	201
Total Receipts	<u>41,842</u>	<u>41,842</u>	<u>41,199</u>	<u>(643)</u>
Beginning fund balance	<u>805</u>	<u>1,012</u>	<u>1,012</u>	<u>-</u>
Total Available From All Sources	<u>\$ 42,647</u>	<u>\$ 42,854</u>	<u>\$ 42,211</u>	<u>\$ (643)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 41,773	\$ 41,773	\$ 41,773	\$ -
Total Expenditures	<u>41,773</u>	<u>41,773</u>	<u>41,773</u>	<u>-</u>
Ending fund balance	<u>874</u>	<u>1,081</u>	<u>438</u>	<u>(643)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 42,647</u>	<u>\$ 42,854</u>	<u>\$ 42,211</u>	<u>\$ (643)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 73,210	\$ 73,210	\$ 73,210	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	154	154
Total Receipts	108,210	108,210	108,364	154
Beginning fund balance	1,432	1,508	1,508	-
Total Available From All Sources	<u>\$ 109,642</u>	<u>\$ 109,718</u>	<u>\$ 109,872</u>	<u>\$ 154</u>
<u>EXPENDITURES</u>				
Debt service	\$ 106,710	\$ 106,710	\$ 106,710	\$ -
Total Expenditures	106,710	106,710	106,710	-
Ending fund balance	2,932	3,008	3,162	154
Total Expenditures and Ending Fund Balance	<u>\$ 109,642</u>	<u>\$ 109,718</u>	<u>\$ 109,872</u>	<u>\$ 154</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 22,925	\$ 22,925	\$ 22,925	\$ -
Interest earned	-	-	54	54
Total Receipts	22,925	22,925	22,979	54
Beginning fund balance	756	882	882	-
Total Available From All Sources	<u>\$ 23,681</u>	<u>\$ 23,807</u>	<u>\$ 23,861</u>	<u>\$ 54</u>
<u>EXPENDITURES</u>				
Debt service	\$ 22,925	\$ 22,925	\$ 22,925	\$ -
Total Expenditures	22,925	22,925	22,925	-
Ending fund balance	756	882	936	54
Total Expenditures and Ending Fund Balance	<u>\$ 23,681</u>	<u>\$ 23,807</u>	<u>\$ 23,861</u>	<u>\$ 54</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 54,030	\$ 54,030	\$ 57,999	\$ 3,969
Interest earned	-	-	52	52
Total receipts	54,030	54,030	58,051	4,021
Beginning fund balance	-	406	406	-
Total Available From All Sources	<u>\$ 54,030</u>	<u>\$ 54,436</u>	<u>\$ 58,457</u>	<u>\$ 4,021</u>
<u>EXPENDITURES</u>				
Debt service	\$ 54,030	\$ 54,330	\$ 54,313	\$ (17)
Total Expenditures	54,030	54,330	54,313	(17)
Ending fund balance	-	106	4,144	4,038
Total Expenditures and Ending Fund Balance	<u>\$ 54,030</u>	<u>\$ 54,436</u>	<u>\$ 58,457</u>	<u>\$ 4,021</u>

CITY OF CLINTON  
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 35,277	\$ 35,277
Total Receipts	-	-	35,277	35,277
Beginning fund balance	434,674	822,861	791,277	(31,584)
Total Available From All Sources	<u>\$ 434,674</u>	<u>\$ 822,861</u>	<u>\$ 826,554</u>	<u>\$ 3,693</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 193,874	\$ -	\$ -	\$ -
Transfers to other funds	240,800	480,800	480,800	-
Total Expenditures	434,674	480,800	480,800	-
Ending fund balance	-	342,061	345,754	3,693
Total Expenditures and Ending Fund Balance	<u>\$ 434,674</u>	<u>\$ 822,861</u>	<u>\$ 826,554</u>	<u>\$ 3,693</u>

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 4,972	\$ 4,972
Total Receipts	-	-	4,972	4,972
Beginning fund balance	-	84,677	81,097	(3,580)
Total Available From All Sources	\$ -	\$ 84,677	\$ 86,069	\$ 1,392
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 3,258	\$ -	\$ (3,258)
Capital outlay	-	-	3,111	3,111
Total Expenditures	-	3,258	3,111	(147)
Ending fund balance	-	81,419	82,958	1,539
Total Expenditures and Ending Fund Balance	\$ -	\$ 84,677	\$ 86,069	\$ 1,392

CITY OF CLINTON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - MEGA PLASTICS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 20,500	\$ 20,313	\$ (187)
Transfers from other funds	-	-	7,003	7,003
Interest earned	-	30	22	(8)
Other receipts	-	1,000	921	(79)
Total Receipts	-	21,530	28,259	6,729
Beginning fund balance	-	92	(25,759)	(25,851)
Total Available From All Sources	\$ -	\$ 21,622	\$ 2,500	\$ (19,122)
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 21,622	\$ -	\$ (21,622)
Capital outlay	-	-	2,500	2,500
Total Expenditures	-	21,622	2,500	(19,122)
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ -	\$ 21,622	\$ 2,500	\$ (19,122)

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 500,000	\$ 500,000	\$ 273,881	\$ (226,119)
Transfers from other funds	-	240,800	240,800	-
Interest earned	-	-	2,001	2,001
Total Receipts	500,000	740,800	516,682	(224,118)
Beginning fund balance	-	11,096	4,375	(6,721)
Total Available From All Sources	<u>\$ 500,000</u>	<u>\$ 751,896</u>	<u>\$ 521,057</u>	<u>\$ (230,839)</u>
<u>EXPENDITURES</u>				
Supplies	\$ -	\$ 100,000	\$ -	\$ (100,000)
Other services and charges	500,000	496,000	-	(496,000)
Capital outlay	-	-	563,667	563,667
Total Expenditures	500,000	596,000	563,667	(32,333)
Ending fund balance	-	155,896	(42,610)	(198,506)
Total Expenditures and Ending Fund Balance	<u>\$ 500,000</u>	<u>\$ 751,896</u>	<u>\$ 521,057</u>	<u>\$ (230,839)</u>

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ -	\$ 712,609	\$ 240,000	\$ (472,609)
Proceeds from borrowings	5,500,000	8,000,000	8,000,000	-
Interest earned	-	-	19,232	19,232
Total Receipts	<u>5,500,000</u>	<u>8,712,609</u>	<u>8,259,232</u>	<u>(453,377)</u>
Beginning fund balance	<u>-</u>	<u>-</u>	<u>(126,166)</u>	<u>(126,166)</u>
Total Available From All Sources	<u>\$ 5,500,000</u>	<u>\$ 8,712,609</u>	<u>\$ 8,133,066</u>	<u>\$ (579,543)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 5,357,000	\$ 312,000	\$ -	\$ (312,000)
Debt service	60,000	120,000	98,163	(21,837)
Capital outlay	-	-	467,038	467,038
Transfers to other funds	<u>83,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,500,000</u>	<u>432,000</u>	<u>565,201</u>	<u>133,201</u>
Ending fund balance	<u>-</u>	<u>8,280,609</u>	<u>7,567,865</u>	<u>(712,744)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 5,500,000</u>	<u>\$ 8,712,609</u>	<u>\$ 8,133,066</u>	<u>\$ (579,543)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND - PRUGON  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 228	\$ 228
Total Receipts	-	-	228	228
Beginning fund balance	-	3,741	3,741	-
Total Available From All Sources	\$ -	\$ 3,741	\$ 3,969	\$ 228
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ -	\$ 3,969	\$ 3,969
Total Expenditures	-	-	3,969	3,969
Ending fund balance	-	3,741	-	(3,741)
Total Expenditures and Ending Fund Balance	\$ -	\$ 3,741	\$ 3,969	\$ 228

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2008

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Rosemary Aultman	Mayor	United States Fidelity and Guaranty Company	\$ 100,000
Jehu Brabham	Alderman-at-Large	United States Fidelity and Guaranty Company	\$ 100,000
William Hisaw	Alderman, Ward 1	United States Fidelity and Guaranty Company	\$ 100,000
Tony Greer	Alderman, Ward 2	United States Fidelity and Guaranty Company	\$ 100,000
J. Michael Bishop	Alderman, Ward 3	United States Fidelity and Guaranty Company	\$ 100,000
V. Kathy Peace	Alderman, Ward 4	United States Fidelity and Guaranty Company	\$ 100,000
J. Michael Morgan	Alderman, Ward 5	United States Fidelity and Guaranty Company	\$ 100,000
William Barnett	Alderman, Ward 6	United States Fidelity and Guaranty Company	\$ 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, 2008

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2007	Receipts	Receivable (Deferred) at September 30, 2008	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Emergency Watershed Protection Program: Direct	10.923	68-4423-7-1739	\$ 130,814	\$ -	\$ 130,814	\$ -	\$ 130,814
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Passed Through Mississippi Development Authority: Community Development Block Grants/Entitlement Grants	14.218	1120-03-147-ED-01	437,264	17,813	20,313	-	2,500
Community Development Block Grants/State's Program	14.228	R-103-147-01-KED	1,240,000	-	-	13,179	13,179
<b>Total U.S. Department of Housing and Urban Development</b>				<u>17,813</u>	<u>20,313</u>	<u>13,179</u>	<u>15,679</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Drug Enforcement Administration State and Local Task Force Program: Direct	16.Unknown	N/A	-	-	13,604	1,011	14,615
Federal Equitable Sharing Program: Direct	16.MS0250300	N/A	-	(76,432)	9,652	(71,528)	14,556
Bulletproof Vest Partnership Program: Direct	16.607	N/A	-	-	2,471	-	2,471
<b>Total U.S. Department of Justice</b>				<u>(76,432)</u>	<u>25,727</u>	<u>(70,517)</u>	<u>31,642</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Passed Through Mississippi Department of Transportation: Highway Planning and Construction	20.205	STPD-7306-00(004) 104102-80100	2,475,000	24,093	142,752	120,587	239,246
	20.205	TCSP-7306-00(002) 104102-701000	2,612,067	170,260	131,129	176,887	137,756
	20.205	STP-0049-00(016) 104915-701000	700,500	-	-	172,510	172,510
<b>Total U.S. Department of Transportation</b>				<u>194,353</u>	<u>273,881</u>	<u>469,984</u>	<u>549,512</u>

(Continued)  
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CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
Year Ended September 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Deferred) at October 1, 2007</u>	<u>Receipts</u>	<u>Receivable (Deferred) at September 30, 2008</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	049-14420-00	548,102	1,387	342	1,030	(15)
Passed Through Mississippi Department of Public Safety:							
Homeland Security Grant Program	97.067	S4HS147	8,448	-	8,448	-	8,448
	97.067	06HS147	138,953	-	26,453	9,477	35,930
	97.067	05LE147	99,246	28,665	28,665	-	-
				<u>28,665</u>	<u>63,566</u>	<u>9,477</u>	<u>44,378</u>
Total U.S. Department of Homeland Security				<u>30,052</u>	<u>63,908</u>	<u>10,507</u>	<u>44,363</u>
Grand Total - All Programs				<u>\$ 165,786</u>	<u>\$ 514,643</u>	<u>\$ 423,153</u>	<u>\$ 772,010</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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	104 – 108
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property taxes.	109 – 112
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	113 – 117
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	118 – 119
<b>Operating Information</b>	
These schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	120 – 122

**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 Six Fiscal Years  
(accrual basis of accounting)**

	<b>Fiscal Year</b>					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$53,845,605	\$54,470,872	\$30,967,159	\$27,169,774	\$26,861,069	\$24,091,123
Restricted for:						
Capital projects	-	-	-	-	-	89,890
Debt service	924,770	27,463	104,783	117,890	216,422	224,243
Economic development	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	7,022	16,721
Unrestricted	(810,946)	(725,237)	434,830	207,107	(835,299)	(404,180)
<b>Total governmental activities net assets</b>	<u>54,120,349</u>	<u>53,915,595</u>	<u>31,613,253</u>	<u>27,592,406</u>	<u>26,378,210</u>	<u>24,221,734</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$11,664,293	\$11,293,312	\$11,030,740	\$11,860,162	\$12,814,843	\$13,065,971
Restricted for:						
Capital projects	724,163	707,078	709,116	737,121	1,058,020	912,779
Debt service	148,252	153,187	153,507	158,313	156,890	157,817
Unrestricted	2,004,915	1,776,539	1,317,923	1,517,795	1,908,061	2,380,699
<b>Total business-type activities net assets</b>	<u>\$ 14,541,623</u>	<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>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 65,509,898	\$ 65,764,184	\$ 41,997,899	\$ 39,029,936	\$ 39,675,912	\$ 37,157,094
Restricted for:						
Capital projects	724,163	707,078	709,116	737,121	1,058,020	1,002,669
Debt service	1,073,022	180,650	258,290	276,203	373,312	382,060
Economic development	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	7,022	16,721
Unrestricted	1,193,969	1,051,302	1,752,753	1,724,902	1,072,762	1,976,519
<b>Total primary government net assets</b>	<u>\$ 68,661,972</u>	<u>\$ 67,845,711</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 Six Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>						
<b>Governmental activities:</b>						
General government	\$ 1,201,743	\$ 1,249,825	\$ 1,172,479	\$ 1,161,010	\$ 1,086,798	\$ 1,014,001
Public safety	7,134,969	7,431,687	7,080,151	6,847,513	6,443,036	5,908,854
Public works	4,685,385	3,836,761	3,452,165	3,255,356	3,060,639	2,879,876
Culture and recreation	1,926,502	1,787,511	1,676,823	1,414,397	1,219,893	1,036,787
Economic development	234,758	837,315	135,868	148,948	145,971	136,369
Interest and fiscal charges on long term debt	685,012	686,384	611,831	596,185	351,396	396,780
<b>Total governmental activities expenses</b>	<b>15,868,369</b>	<b>15,829,483</b>	<b>14,129,317</b>	<b>13,423,409</b>	<b>12,307,733</b>	<b>11,372,667</b>
<b>Business-type activities:</b>						
Water	2,523,630	2,561,141	2,502,614	-	-	-
Sewer	3,098,919	2,964,712	2,974,735	-	-	-
<b>Total Water and sewer</b>	<b>5,622,549</b>	<b>5,525,853</b>	<b>5,477,349</b>	<b>5,260,282</b>	<b>5,080,824</b>	<b>4,970,882</b>
Garbage collection	1,372,285	1,203,390	1,157,350	1,078,549	979,993	932,363
<b>Total business-type activities expenses</b>	<b>6,994,834</b>	<b>6,729,243</b>	<b>6,634,699</b>	<b>6,338,831</b>	<b>6,060,817</b>	<b>5,903,245</b>
<b>Total primary government expenses</b>	<b>\$ 22,863,203</b>	<b>\$ 22,558,726</b>	<b>\$ 20,764,016</b>	<b>\$ 19,762,240</b>	<b>\$ 18,368,550</b>	<b>\$ 17,275,912</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
<b>Charges for Services:</b>						
General government	\$ 41,853	\$ 53,398	\$ 66,944	\$ -	\$ -	\$ -
Public safety	728,753	615,543	644,333	474,684	341,573	376,717
Public works	-	2,701	-	4,180	980	540
Culture and recreation	92,264	74,893	73,856	50,624	30,532	11,145
Operating grants and contributions	186,256	371,603	232,944	596,968	391,053	247,526
Capital grants and contributions	2,808,410	25,759,946	4,272,198	1,110,098	3,050,960	558,635
<b>Total governmental activities program revenues</b>	<b>3,857,536</b>	<b>26,878,084</b>	<b>5,290,275</b>	<b>2,236,554</b>	<b>3,815,098</b>	<b>1,194,563</b>
<b>Business-type activities:</b>						
<b>Charges for services:</b>						
Water	3,127,139	2,974,619	2,595,539	-	-	-
Sewer	2,564,094	2,327,178	2,014,796	-	-	-
<b>Total Water and sewer</b>	<b>5,691,233</b>	<b>5,301,797</b>	<b>4,610,335</b>	<b>4,368,760</b>	<b>4,219,031</b>	<b>4,135,457</b>
Garbage collection	1,466,542	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	267,973	312,490	376,928	61,917	176,750	74,308
<b>Total business-type activities program revenues</b>	<b>7,425,748</b>	<b>7,123,719</b>	<b>6,397,096</b>	<b>5,565,821</b>	<b>5,384,251</b>	<b>5,067,117</b>
<b>Total primary government program revenues</b>	<b>\$ 11,283,284</b>	<b>\$ 34,001,803</b>	<b>\$ 11,687,371</b>	<b>\$ 7,802,375</b>	<b>\$ 9,199,349</b>	<b>\$ 6,261,680</b>

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (12,010,833)	\$ 11,048,601	\$ (8,839,042)	\$ (11,186,855)	\$ (8,492,635)	\$ (10,178,104)
Business-type activities	430,914	394,476	(237,603)	(773,010)	(676,566)	(836,128)
<b>Total primary government net expense</b>	<b>\$ (11,579,919)</b>	<b>\$ 11,443,077</b>	<b>\$ (9,076,645)</b>	<b>\$ (11,959,865)</b>	<b>\$ (9,169,201)</b>	<b>\$ (11,014,232)</b>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 6,180,192	\$ 5,592,005	\$ 6,140,450	\$ 6,333,652	\$ 5,794,411	\$ 5,374,262
Local sales tax	118,467	103,974	109,364	90,723	69,403	81,288
Franchise charges based on gross receipts	791,583	716,451	856,104	727,125	679,315	662,865
Grants and contributions						
State grants and shared revenues	4,896,394	4,767,196	4,694,966	3,997,194	3,884,441	3,953,387
County shared revenues	89,871	70,215	69,465	65,213	64,247	64,798
Interest	125,437	181,607	104,738	140,371	80,273	108,062
Miscellaneous	13,673	12,644	6,642	85,258	77,021	51,196
Transfers	-	(190,381)	878,160	961,515	-	(204)
<b>Total governmental activities</b>	<b>12,215,617</b>	<b>11,253,711</b>	<b>12,859,889</b>	<b>12,401,051</b>	<b>10,649,111</b>	<b>10,295,654</b>
Business-type activities:						
Interest	151,627	123,259	53,658	70,102	97,114	116,470
Miscellaneous	28,966	10,714	-	-	-	-
Transfers	-	190,381	(878,160)	(961,515)	-	204
<b>Total business-type activities</b>	<b>180,593</b>	<b>324,354</b>	<b>(824,502)</b>	<b>(891,413)</b>	<b>97,114</b>	<b>116,674</b>
<b>Total primary government</b>	<b>\$ 12,396,210</b>	<b>\$ 11,578,065</b>	<b>\$ 12,035,387</b>	<b>\$ 11,509,638</b>	<b>\$ 10,746,225</b>	<b>\$ 10,412,328</b>
<b>Change in Net Assets</b>						
Governmental activities	\$ 204,784	\$ 22,302,312	\$ 4,020,847	\$ 1,214,196	\$ 2,156,476	\$ 117,550
Business-type activities	611,507	718,830	(1,062,105)	(1,664,423)	(579,452)	(719,454)
<b>Total primary government</b>	<b>\$ 816,291</b>	<b>\$ 23,021,142</b>	<b>\$ 2,958,742</b>	<b>\$ (450,227)</b>	<b>\$ 1,577,024</b>	<b>\$ (601,904)</b>

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved for encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,749	\$ -
Unreserved	1,032,351	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
<b>Total general fund</b>	<b>\$ 1,032,351</b>	<b>\$ 1,178,097</b>	<b>\$ 2,163,452</b>	<b>\$ 1,659,269</b>	<b>\$ 1,859,017</b>	<b>\$ 1,994,892</b>	<b>\$ 2,330,866</b>	<b>\$ 2,970,518</b>	<b>\$ 2,725,286</b>	<b>\$ 1,965,424</b>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	160,920	142,467	106,463	97,635	136,018	220,658	136,325	155,088	158,340	102,932
Debt service funds	469,920	45,546	125,103	236,469	216,422	224,243	298,845	334,231	271,953	234,177
Capital projects fund	8,217,203	735,457	2,321,412	3,397,029	(25,828)	602,561	377,504	409,202	1,863,732	1,975,443
<b>Total all other governmental funds</b>	<b>\$ 8,848,043</b>	<b>\$ 923,470</b>	<b>\$ 2,552,978</b>	<b>\$ 3,731,133</b>	<b>\$ 326,612</b>	<b>\$ 1,047,462</b>	<b>\$ 812,674</b>	<b>\$ 898,521</b>	<b>\$ 2,294,025</b>	<b>\$ 2,312,552</b>

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues</b>										
Property taxes	\$ 6,180,193	\$ 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
Licenses and permits	926,357	858,179	1,038,820	888,356	774,470	742,239	691,101	742,144	622,042	609,619
Intergovernmental	6,168,178	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
Charges for services	122,907	117,205	87,287	66,869	41,667	16,580	20,860	10,542	7,638	8,048
Fines and forfeitures	597,229	469,583	481,673	301,558	236,263	292,447	348,818	259,239	289,691	311,968
Interest	125,436	181,606	104,738	140,371	80,273	104,734	62,345	160,595	144,735	179,804
Contributions	170,301	74,521	10,363	36,163	186,727	-	-	-	-	-
Miscellaneous	179,466	184,570	235,656	183,002	200,672	197,067	207,742	180,526	433,025	194,144
<b>Total revenues</b>	<b>14,470,067</b>	<b>13,298,650</b>	<b>16,048,031</b>	<b>12,939,218</b>	<b>12,952,434</b>	<b>11,606,688</b>	<b>10,389,575</b>	<b>13,901,117</b>	<b>15,524,635</b>	<b>9,416,570</b>
<b>Expenditures</b>										
General government	1,278,437	1,324,171	1,259,455	1,248,345	1,182,998	1,086,016	939,228	833,165	848,115	774,887
Public safety	6,708,614	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
Public works	1,821,997	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
Culture and recreation	1,271,219	1,255,120	1,116,715	999,511	850,225	701,510	676,953	646,000	572,333	535,013
Economic development	231,360	381,262	147,232	148,190	144,742	135,315	125,034	158,261	110,387	98,551
Miscellaneous	-	-	-	-	-	-	65,651	52,238	36,852	27,605
Debt service: Principal	941,078	1,213,184	1,058,352	1,448,231	891,152	820,284	823,129	819,086	739,711	646,661
Interest and fiscal charges	767,730	284,171	792,319	561,584	355,332	404,965	450,412	466,144	443,949	482,695
Capital outlay	1,837,775	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
<b>Total expenditures</b>	<b>14,858,210</b>	<b>16,258,383</b>	<b>21,806,534</b>	<b>19,504,421</b>	<b>14,297,506</b>	<b>11,958,371</b>	<b>11,125,707</b>	<b>15,699,899</b>	<b>16,126,528</b>	<b>9,065,812</b>
Excess of revenues over (under) expenditures	(388,143)	(2,959,733)	(5,758,503)	(6,565,203)	(1,345,072)	(351,683)	(736,132)	(1,798,782)	(601,893)	350,758
<b>Other Financing Sources (Uses)</b>										
Capital lease proceeds	166,970	-	-	1,058,461	241,740	244,593	-	646,442	191,570	11,735
Loan proceeds	-	-	-	7,750,000	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	10,060	11,285	-	8,017	7,187
Bond issue proceeds	8,000,000	485,000	3,870,000	-	250,000	-	-	-	1,200,000	-
Bond issue costs	-	-	-	-	-	-	-	-	(56,105)	-
Operating transfers in	840,068	830,297	1,335,930	1,065,140	165,814	540,502	163,036	151,756	194,217	75,657
Operating transfers out	(840,068)	(970,427)	(457,770)	(103,625)	(169,207)	(544,658)	(163,036)	(148,873)	(189,466)	(75,657)
<b>Total other financing sources (uses)</b>	<b>8,166,970</b>	<b>344,870</b>	<b>4,748,160</b>	<b>9,769,976</b>	<b>488,347</b>	<b>250,497</b>	<b>11,285</b>	<b>649,325</b>	<b>1,348,233</b>	<b>18,922</b>
<b>Net change in fund balance</b>	<b>\$ 7,778,827</b>	<b>\$ (2,614,863)</b>	<b>\$ (1,010,343)</b>	<b>\$ 3,204,773</b>	<b>\$ (856,725)</b>	<b>\$ (101,186)</b>	<b>\$ (724,847)</b>	<b>\$ (1,149,457)</b>	<b>\$ 746,340</b>	<b>\$ 369,680</b>
Debit service as a percentage of noncapital expenditures	13.1%	11.3%	14.4%	16.2%	11.5%	12.4%	13.4%	14.6%	14.1%	13.7%

**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>
2008	\$ 59,165,987	\$ 44,886,013	\$ 19,591,360	\$ 46,949,701	\$ 11,912,549	\$ 158,680,512	38.74	1,058,882,537
2007	57,797,679	44,014,707	17,810,025	50,433,045	11,577,107	158,478,349	35.74	1,042,480,750
2006	63,525,005	46,639,628	16,710,810	47,487,431	11,782,303	162,580,571	35.74	1,098,054,710
2005	61,364,882	47,867,460	15,884,613	45,539,653	12,869,729	157,786,879	35.74	1,061,764,193
2004	65,593,266	41,425,915	15,146,681	45,741,111	12,662,371	155,244,602	35.74	1,058,929,960
2003	63,584,907	38,980,962	16,086,360	43,968,434	12,263,714	150,356,949	35.74	1,026,888,857
2002	54,638,448	33,553,411	17,366,682	42,805,846	11,188,605	137,175,782	35.74	916,651,870
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

(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				Overlapping Rates (a)		
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Total	Clinton Public School District	Hinds County (1)	Total
2008	32.82	5.05	0.87	38.74	54.57	39.12	132.43
2007	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2006	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2005	33.54	1.90	0.30	35.74	54.57	39.12	129.43
2004	33.28	2.25	0.21	35.74	54.57	39.12	129.43
2003	33.28	2.35	0.11	35.74	51.82	37.41	124.97
2002	32.90	2.35	0.49	35.74	52.22	37.41	125.37
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

(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 Four Years Ago**

Name of Taxpayer	2007 Assessed		Percentage	2003 Assessed		Percentage
	Property	Rank	of Total	Property	Rank	of Total
	Valuation		Assessed	Valuation		Assessed
			Valuation			Valuation
Entergy	10,641,609	1	40.68%	7,133,081	1	5.98%
SCClinton MS LLC	2,865,290	3	10.95%	0	0	0.00%
Delphi Automotive Systems	3,102,017	2	11.86%	5,203,792	3	4.36%
BellSouth	1,605,731	6	6.14%	1,846,289	6	1.55%
Reserve at Woodchase	2,090,316	4	7.99%	1,777,817	7	1.49%
Wal-Mart Stores	1,684,723	5	6.44%	3,553,878	4	2.98%
Clinton Assisted Living	1,145,832	7	4.38%	1,058,122	9	0.89%
Home Depot, USA	949,461	9	3.63%	0	0	0.00%
Leon V Ghetti	0		0.00%	887,652	10	0.74%
CA New Plan Venture	1,030,021	8	3.94%	0		
United Artists Theatre Circuit	514,949	10	1.97%	0		0.00%
Gulf States Canners	529,604		2.02%	1,615,347	8	1.35%
MCI, Inc.	0		0.00%	5,685,616	2	4.77%
EDS Information Systems	0		0.00%	2,542,673	5	2.13%
Total taxable assessed value of ten largest taxpayers	26,159,553		21.07%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	98,008,781		78.93%	87,991,093		73.76%
Total taxable assessed value of all taxpayers	124,168,334		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.

Total taxable assessed value excludes automobiles.

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

<b>Fiscal Year</b>	<b>Total Tax Levy (2)</b>	<b>Current Tax Collections (3)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Total Collections as a % of Current Levy</b>
2008	\$ 6,147,283	\$ 6,058,013	98.5%	\$ 59,657	\$ 6,117,670	99.5%
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%

- (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			
2008	\$ 12,054,092	\$ 1,841,000	\$ 7,973,665	\$ 746,743	\$ 1,610,908	\$ 700,000	\$ 14,371,561	\$ 229,294	\$ 39,527,263	3.97%	\$ 1,497
2007	4,414,923	1,960,000	8,191,085	823,600	1,790,077	795,000	15,216,424	260,044	33,451,153	3.36%	1,267
2006	5,195,000	1,554,000	8,357,834	1,010,958	1,515,000	885,000	15,811,793	304,235	34,633,820	3.48%	1,312
2005	1,550,000	1,632,000	8,439,154	1,214,990	1,655,000	970,000	13,859,057	275,194	29,595,395	2.98%	1,184
2004	1,760,000	1,705,000	767,394	803,520	1,795,000	1,055,000	12,207,162	264,880	20,357,956	2.05%	814
2003	1,960,000	1,515,000	843,720	706,606	1,930,000	1,135,000	12,607,261	223,401	20,920,988	2.10%	896
2002	2,150,000	1,570,000	916,854	584,163	1,400,000	1,210,000	12,241,507	136,831	20,209,355	2.03%	866
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	2.11%	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	1.85%	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	1.06%	484

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

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

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

See Schedule 14 for personal income and population data.

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

<b>Fiscal Year</b>	<b>Popula- tion (1)</b>	<b>Estimated Actual Value of Taxable Property (2)</b>	<b>General Obligation Bonds (3, 4)</b>	<b>Ratio of Bonded Debt to Estimated Actual Value</b>	<b>Bonded Debt per Capita (5)</b>	
2008	**	26,400	\$ 1,058,882,537	\$ 13,665,000	\$ 1.29%	\$ 518
2007	**	26,400	1,042,480,750	6,205,000	0.60%	235
2006	**	26,400	1,098,054,710	6,710,000	0.61%	254
2005	*	25,000	1,061,764,193	3,205,000	0.30%	128
2004	*	25,000	1,058,929,960	3,555,000	0.34%	142
2003		23,347	1,026,888,857	3,890,000	0.38%	167
2002		23,347	916,651,870	4,200,000	0.46%	180
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

- \* Includes 1,653 additional individuals in area annexed June 16, 2004.
- \*\* Estimated by the Central Mississippi Planning and Development District
- (1) Source: United States Census Bureau.
- (2) See Schedule 5
- (3) Amounts do not include special assessment bonds and revenue bonds.
- (4) Amounts include general obligation bonds that are being repaid from the Water and Sewer Operations Fund.
- (5) See Schedule 14

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

**Schedule 11  
City of Clinton  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2008**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton (1)</u>	<u>Amount Applicable to City of Clinton</u>
Overlapping:			
Clinton Separate School District	\$ 21,005,000	83.3% (1)	17,491,930
Hinds County	\$ 51,955,000	11.4% (1)	5,919,760
			<u>23,411,690</u>
Direct:			
City of Clinton	\$ 12,054,092 *	100.0%	\$ <u>12,054,092</u>
<b>Total Direct and Overlapping Debt</b>			<b>\$ <u><u>35,465,782</u></u></b>

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

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

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

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>AUTHORIZED DEBT LIMIT 15% RULE</b>										
Assessed value of taxable property	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538	\$ 124,853	\$ 119,892
Debt limitation - 15% of net assessed value	25,589	25,508	26,154	25,599	23,286	22,978	20,576	19,281	18,728	17,984
Less subject indebtedness:										
General obligation bond	12,054	4,415	5,195	1,550	1,760	1,960	2,150	2,380	2,710	3,020
Tax increment limited obligation bonds	1,841	1,960	1,554	1,632	1,705	1,515	1,570	1,620	1,635	445
Legal debt margin under 15 percent rule	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821	\$ 19,503	\$ 16,856	\$ 15,281	\$ 14,383	\$ 14,519
<b>AUTHORIZED DEBT LIMIT 20% RULE</b>										
Assessed value of taxable property	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538	\$ 124,853	\$ 119,892
Debt limitation - 20% of net assessed value	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049	\$ 30,638	\$ 27,435	\$ 25,708	\$ 24,971	\$ 23,978
Less subject indebtedness:										
General obligation bond	13,665	6,205	6,710	3,205	3,555	3,890	4,200	4,545	5,180	5,795
Tax increment limited obligation bonds	1,841	1,960	1,554	1,632	1,705	1,515	1,570	1,620	1,635	445
Other	976	1,084	1,315	1,490	1,068	930	720	952	365	339
Legal debt margin under 20 percent rule	\$ 17,637	\$ 24,762	\$ 25,294	\$ 27,804	\$ 24,721	\$ 24,303	\$ 20,945	\$ 18,591	\$ 17,791	\$ 17,399
Total net debt applicable to the limit as a percentage of debt limit 15% rule	54.30%	24.99%	25.80%	12.43%	14.88%	15.12%	18.08%	20.75%	23.20%	19.27%
Total net debt applicable to the limit as a percentage of debt limit 20% rule	48.31%	27.19%	27.47%	18.54%	20.38%	20.68%	23.66%	27.68%	28.75%	27.44%

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

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

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

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

Fiscal Year	Water and Sewer Revenue Bonds						Tax Increment Financing Bonds				Notes Payable to State of Mississippi			
	Operating Revenues	Less: Expenses (1)	Net Available Revenue	Debt Service		Coverage	Incremental Property Taxes Collected (2)	Debt Service		Coverage	Sales Tax (3)	Debt Service		Coverage
				Principal	Interest			Principal	Interest			Principal	Interest	
2008	\$ 5,769	\$ 4,217	1,552	\$ 95	\$ 42	11.33	\$ 230	\$ 120	\$ 106	1.02	\$ 4,305	\$ 1,062	\$ 741	2.39
2007	5,341	4,127	1,214	90	47	8.86	165	79	86	1.00	4,152	897	730	2.55
2006	4,638	4,111	527	85	51	3.88	169	78	91	1.00	4,017	726	881	2.50
2005	4,435	3,888	547	85	55	3.91	154	73	90	0.94	3,337	653	410	3.14
2004	4,314	3,696	618	80	59	4.45	149	60	87	1.01	3,294	603	166	4.28
2003	4,247	3,575	672	75	63	4.87	147	55	91	1.01	3,341	573	87	5.06
2002	4,162	3,605	557	70	67	4.07	145	50	94	1.01	3,083	282	93	8.22
2001	3,934	3,124	810	65	70	6.00	111	15	91	1.05	3,214	136	98	13.74
2000	4,224	2,700	1,524	60	72	11.55	34	10	24	1.00	3,109	130	104	13.29
1999	4,089	2,267	1,822	60	176	7.72	34	10	25	0.97	2,415	127	109	10.23

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

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

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

<b>Fiscal Year</b>	<b>Popula- tion (1)</b>	<b>Per Capita Income (4) **</b>	<b>Total Personal Income</b>	<b>Median Age (2)</b>	<b>Education Level in Years of Formal Schooling (1)</b>	<b>School Enrollment (3)</b>	<b>Unemploy- ment Rate (4)</b>
2008	26,400	\$ 37,679	994,725,600	33.1	14.1	4,718	4.1%
2007	26,400	\$ 36,292	958,108,800	33.1	14.1	4,752	5.3%
2006	26,400	\$ 33,579	886,485,600	33.1	14.1	4,859	5.0%
2005 *	25,000	\$ 33,579	839,475,000	33.1	14.1	4,956	7.2%
2004 *	25,000	\$ 31,054	776,350,000	33.1	14.1	4,835	5.0%
2003	23,347	28,965	676,256,174	33.1	14.1	4,956	3.7%
2002	23,347	28,013	654,017,410	33.1	14.1	4,847	5.1%
2001	23,347	27,197	634,968,359	33.1	14.1	4,887	4.2%
2000	23,347	26,290	613,792,630	33.1	14.1	4,940	3.4%
1999	21,847	25,253	551,702,291	32.2	***	5,054	3.8%

(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 Three Years Ago**

<u>Employer</u>	<u>2008</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Delphi Corporation	560	4.15%	1135	8.12%
MCI/Skytel		0.00%	1148	8.21%
Clinton Public School District	550	4.07%	600	4.29%
Wal-Mart SuperCenter	526	3.89%	500	3.58%
Mississippi College	465	3.44%	450	3.22%
Entergy	338	2.50%		Not available
Verizon	242	1.79%		0.00%
City of Clinton	218	1.61%	201	1.44%
FEMA	175	1.30%		0.00%
Home Depot	143	1.06%		0.00%
Kroger	138	1.02%	130	0.93%
Winn-Dixie Stores, Inc.		0.00%	110	0.79%
<b>Total</b>	<b>3,355</b>	<b>24.83%</b>	<b>4,274</b>	<b>30.57%</b>

Source: City of Clinton Economic Development Department

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

Information for this schedule was not available prior to 2005.

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of September 30</u>						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government							
Mayor and Alderman	9	9	9	9	9	9	9
Administration	6	7	7	7	7	7	7
Court	3	3	3	2	2	2	2
Planning/Zoning and Inspections	4	4	4	3	3	3	3
Police							
Officers	48	50	52	49	45	39	43
Civilians	14	14	15	14	15	13	14
Fire							
Fire fighters and Officers	47	45	45	44	49	47	45
Civilians	1	1	1	1	1	1	1
Public Works							
Street	24	25	23	22	21	21	20
Water	19	18	20	16	16	18	17
Wastewater	11	11	14	15	15	15	16
Parks and Recreation	17	15	16	18	16	13	11
Total	203	202	209	200	199	188	188

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  
Last Five Years**

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
General government					
Building permits issued	97	112	162	176	141
Police					
Physical arrests	1240	1647	1451	1042	1016
Parking violations	683	2898	3706	3529	2428
Traffic violations	525	613	317	113	134
Fire					
Emergency responses	2065	1884	1918	2086	1848
Fires extinguished	87	103			
Inspections	438	300	40	147	172
Water					
New connections	154	168	162	176	141
Total connections	8644	8867	8908	8200	7994
Average daily consumption (millions of gallons)	3.3	3.3	3.5	3.5	3.5
Peak daily consumption (millions of gallons)	4.1	4.1	4.7	4.7	4.7
Wastewater					
Total connections	7763	8851	8088	7458	7252
Average daily consumption (millions of gallons)	2.6	2.6	3.2	3.2	3.2
Peak daily consumption (millions of gallons)	10.1	10.1	10.3	10.3	10.3

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

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Police</b>					
Stations	1	1	1	1	1
Patrol units	30	33	33	32	32
<b>Fire</b>					
Fire stations	3	3	3	3	3
<b>Streets</b>					
Miles of Streets	174	174	160	159	159
Streetlights	2382	2362	2346	2310	2195
Traffic signals	26	23	22	21	19
<b>Water</b>					
Miles of water mains	156	156	101	156	152
Number of fire hydrants	1439	1425	1364	1361	1311
<b>Wastewater</b>					
Miles of sanitary sewers	106	105	83	104	99
Miles of storm sewers	85	84	74	84	66
Number of treatment plants	4	4	4	4	4
<b>Parks and recreation</b>					
Parks	5	5	4	3	3
Acreage	210	210	189	160	160
Playgrounds	5	5	4	3	3
Baseball/Softball diamonds	14	14	14	14	14
Soccer fields	11	10	9	9	11
Tennis courts	10	9	9	3	3
Basketball courts	3	3	3	3	3
Volleyball courts	2	2	0	0	0
Community Centers	1	1	1	1	0
Walking Trails	6	5	4	3	3

**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, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2009. 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 13, 2009.

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 13, 2009

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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, 2008. 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, 2008.

(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 & Russell Co.*

March 13, 2009

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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, 2008, and have issued our report thereon dated March 13, 2009. 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 13, 2009.

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 13, 2009

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2008

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
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(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
Year Ended September 30, 2008

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, 2008

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2007.