

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2006

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

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

CITY OF CLINTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS - CONTINUED

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS - CONTINUED

| | <u>PAGE</u> |
|--|-------------|
| OTHER SUPPLEMENTARY INFORMATION – Continued | |
| Other Schedules: | |
| Schedule of Surety Bonds for Municipal Officials and Other Employees | 99 |
| Schedule of Expenditures of Federal Awards | 100-101 |
| | |
| <u>INDEPENDENT AUDITORS' REPORTS ON COMPLIANCE AND INTERNAL CONTROL</u> | |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 102-103 |
| Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 | 104-105 |
| Independent Auditors' Report on Compliance with State Laws and Regulations | 106 |
| | |
| <u>SCHEDULES OF FINDINGS AND QUESTIONED COSTS</u> | |
| Schedule of Findings and Questioned Costs | 107-108 |
| Summary Schedule of Prior Audit Findings | 109 |
| | |
| <u>STATISTICAL SECTION</u> | |
| Introduction | 110 |
| Net Assets by Component | 111 |
| Changes in Net Assets | 112-113 |
| Fund Balances, Governmental Funds | 114 |
| Changes in Fund Balances, Governmental Funds | 115 |
| Assessed Value and Estimated Actual Value of Taxable Property | 116 |
| Direct and Overlapping Property Tax Rates | 117 |
| Principal Property Tax Payers | 118 |

CITY OF CLINTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS - CONTINUED

| | <u>PAGE</u> |
|---|-------------|
| <u>STATISTICAL SECTION – Continued</u> | |
| Property Tax Levies and Collections | 119 |
| Ratios of Outstanding Debt by Type | 120 |
| Ratio of General Bonded Debt Outstanding | 121 |
| Direct and Overlapping Governmental Activities Debt | 122 |
| Legal Debt Margin Information | 123 |
| Pledged-Revenue Coverage | 124 |
| Demographic and Economic Statistics | 125 |
| Principal Employers | 126 |
| Full-Time Equivalent City Government Employees by Function/Program | 127 |
| Operating Indicators by Function/Program | 128 |
| Capital Asset Statistics by Function/Program | 129 |

INTRODUCTORY SECTION

ALDERMEN
Tony Hisaw
Ward One

Tony M. Greer
Ward Two

Mike Bishop
Ward Three

Phil Fisher
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN
Mike Morgan
Ward Five

William Barnett
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 9, 2007

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, 2006. 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, 2006 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, 2006 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 2006 CAFR. The CAFR provides information in three major sections:

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

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

Profile of the City

The City of Clinton, incorporated in 1830, is located in the east-central section of Hinds County. The City is located 8 miles west of Jackson, the capitol city of the state. The City currently occupies 40 square miles and serves a population in excess of 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 98.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in

1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 3,800 students eight undergraduate degrees and fourteen graduate degrees and the Juris Doctor degree in law. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,900 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD has an annual budget of \$35.7 million for 2006. Additional quality education is provided by Mt. Salus Christian School, a private school, which offers grades K-12.

Factors Affecting Financial Condition

The City currently enjoys a favorable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2006 property taxes represented 51 percent of the City's general revenues while sales taxes represented 34 percent. City property owners pay property taxes for city, county and schools totaling \$129.43 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

Bonded debt. The City enjoys a low bonded debt per capita. The ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita provide useful information regarding the City's debt position. The following are data at September 30, 2006:

| | | |
|--|----|-------------|
| Population | | 26,400 |
| Bonded debt per capita | \$ | 193 |
| Real and personal property assessed value | \$ | 162,580,571 |
| Net bonded debt (General Obligation, excluding debt of the enterprise funds) | \$ | 5,086,187 |
| Ratio of debt to assessed value | | 3.13% |

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 \$5,544 for 2006. 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 10 to the Basic Financial Statements.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the second 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

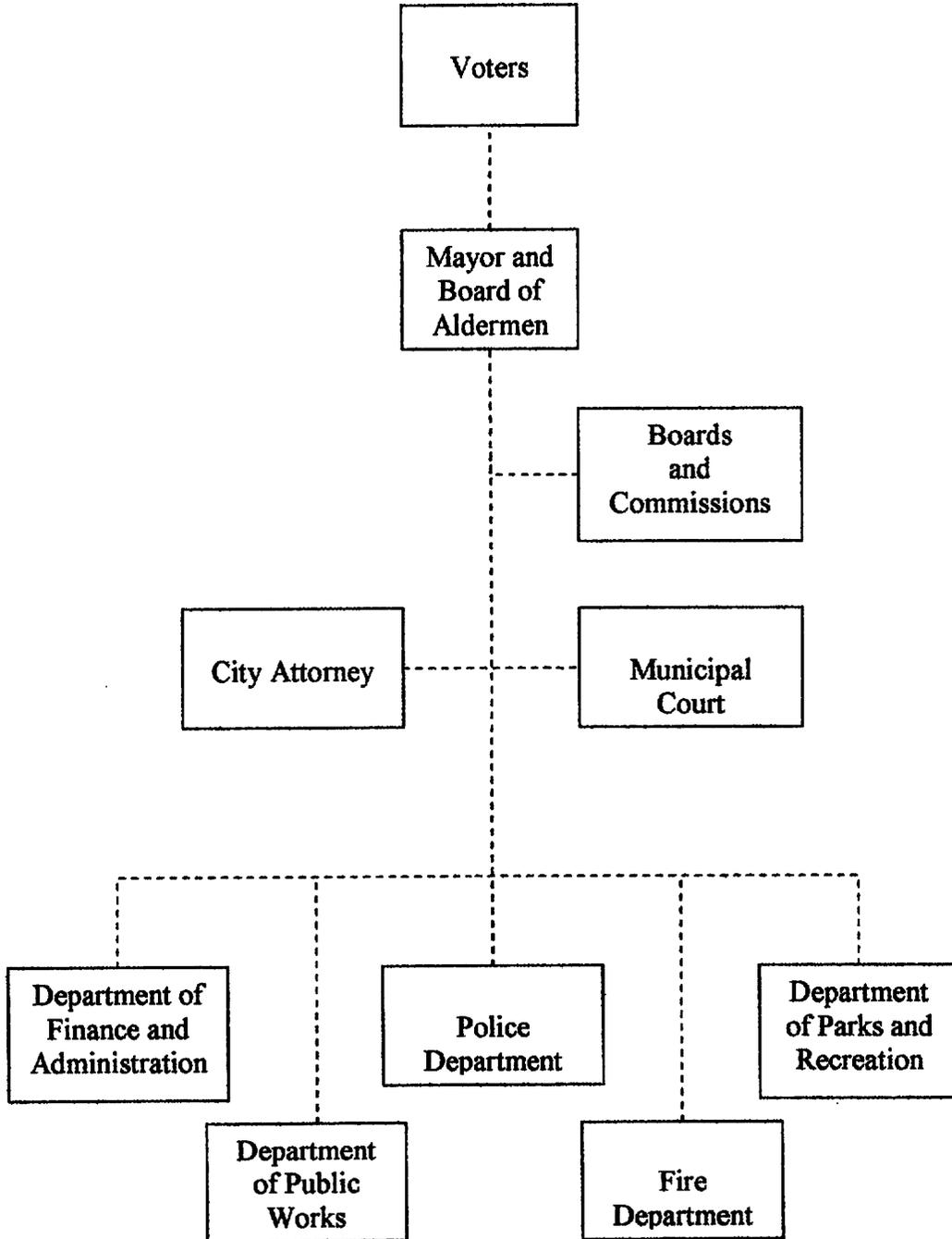


Angela Richburg
Deputy City Clerk Finance

**CITY OF CLINTON
List of Principal Officials
September 30 2006**

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

CITY OF CLINTON
Organizational Chart
September 30, 2006



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, 2005

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.



President

Executive Director

FINANCIAL SECTION

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MEMBERS
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
MISSISSIPPI SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of and for the year ended September 30, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2006 on our consideration of City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Tama, Brown & Root Co.

December 12, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CLINTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The City of Clinton's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2006. Please read it in conjunction with the City's financial statements that begin on page 11.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City's Funds Fund Financial Statements

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

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

The City maintains four major governmental funds (the General Fund, Parks and Recreation Project Fund, Northside Corridor Project Fund, and the Construction Project Fund-Wal-Mart/Hampstead Blvd Fund) and twelve (12) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for Governmental Funds. Individual fund data on all governmental funds is provided elsewhere in this report.

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

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

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

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

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

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

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

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$44.8 million at September 30, 2006.

| City of Clinton Net Assets | | | | | | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$ 12,173,336 | \$ 12,888,077 | \$ 3,871,687 | \$ 4,051,539 | \$ 16,045,023 | \$ 16,939,616 |
| Capital assets | 44,302,523 | 36,271,828 | 28,843,079 | 27,880,617 | 73,145,602 | 64,152,445 |
| Total assets | <u>56,475,859</u> | <u>49,159,905</u> | <u>32,714,766</u> | <u>31,932,156</u> | <u>89,190,625</u> | <u>81,092,061</u> |
| Long-term liabilities | 16,366,485 | 13,385,407 | 17,351,391 | 15,787,310 | 33,717,876 | 29,172,717 |
| Other liabilities | 8,496,121 | 8,182,092 | 2,152,089 | 1,871,455 | 10,648,210 | 10,053,547 |
| Total liabilities | <u>24,862,606</u> | <u>21,567,499</u> | <u>19,503,480</u> | <u>17,658,765</u> | <u>44,366,086</u> | <u>39,226,264</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 30,967,159 | 27,169,774 | 10,594,089 | 11,403,511 | 41,561,248 | 38,573,285 |
| Restricted | 211,264 | 215,525 | 862,623 | 895,434 | 1,073,887 | 1,110,959 |
| Unrestricted | <u>434,830</u> | <u>207,107</u> | <u>1,754,574</u> | <u>1,974,446</u> | <u>2,189,404</u> | <u>2,181,553</u> |
| Total net assets | <u>\$ 31,613,253</u> | <u>\$ 27,592,406</u> | <u>\$ 13,211,286</u> | <u>\$ 14,273,391</u> | <u>\$ 44,824,539</u> | <u>\$ 41,865,797</u> |

The largest portion of the City's net assets (93 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, 2006 the City has positive balances in all three categories of net assets in business-type activities and in all three categories in governmental activities. The City's total net assets increased \$2.9 million during the current fiscal year.

| City of Clinton Changes in Net Assets | | | | | | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 785,133 | \$ 529,488 | \$ 5,937,078 | \$ 5,503,904 | \$ 6,722,211 | \$ 6,033,392 |
| Operating grants and contributions | 232,944 | 596,968 | 83,090 | | 316,034 | 596,968 |
| Capital grants and contributions | 4,272,198 | 1,110,098 | 376,928 | 61,917 | 4,649,126 | 1,172,015 |
| General revenues: | | | | | | |
| Property taxes | 6,140,450 | 6,333,652 | | | 6,140,450 | 6,333,652 |
| Sales taxes | 4,433,306 | 3,729,668 | | | 4,433,306 | 3,729,668 |
| Franchise charges | 856,104 | 696,984 | | | 856,104 | 696,984 |
| Shared grants and revenues | 440,489 | 423,462 | | | 440,489 | 423,462 |
| Other | 111,380 | 255,770 | 53,658 | 70,102 | 165,038 | 325,872 |
| Total revenues | 17,272,004 | 13,676,090 | 6,450,754 | 5,635,923 | 23,722,758 | 19,312,013 |
| Expenses: | | | | | | |
| General government | 1,172,479 | 1,161,010 | | | 1,172,479 | 1,161,010 |
| Public safety | 7,080,151 | 6,847,513 | | | 7,080,151 | 6,847,513 |
| Public works | 3,452,165 | 3,255,356 | | | 3,452,165 | 3,255,356 |
| Culture and recreation | 1,676,823 | 1,414,397 | | | 1,676,823 | 1,414,397 |
| Economic development | 135,868 | 148,948 | | | 135,868 | 148,948 |
| Interest on long-term debt | 611,831 | 596,185 | | | 611,831 | 596,185 |
| Water and sewer | | | 5,477,349 | 5,260,282 | 5,477,349 | 5,260,282 |
| Garbage | | | 1,157,350 | 1,078,549 | 1,157,350 | 1,078,549 |
| Total expenses | 14,129,317 | 13,423,409 | 6,634,699 | 6,338,831 | 20,764,016 | 19,762,240 |
| Change in net assets before transfers | 3,142,687 | 252,681 | (183,945) | (702,908) | 2,958,742 | (450,227) |
| Transfers | 878,160 | 961,515 | (878,160) | (961,515) | | |
| Change in net assets | 4,020,847 | 1,214,196 | (1,062,105) | (1,664,423) | 2,958,742 | (450,227) |
| Net assets - beginning | 27,592,406 | 26,378,210 | 14,273,391 | 15,937,814 | 41,865,797 | 42,316,024 |
| Net assets - ending | \$ 31,613,253 | \$ 27,592,406 | \$ 13,211,286 | \$ 14,273,391 | \$ 44,824,539 | \$ 41,865,797 |

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

Governmental activities. Governmental activities increased the City's net assets by \$4.0 million during the year. Capital asset additions totaled \$8.0 million in 2006, offset by depreciation expense totaling \$2.7 million. The City issued General Obligation bonds totaling \$3.8 million for the construction of Hampstead Boulevard and other capital improvement projects. Capital grants and contributions increased in 2006 as a result of grants received for the Northside Corridor construction project and contributions of streets and drainage infrastructure from developers.

Business-type activities. Business type activities decreased the City's net assets by \$1.0 million. Long-term liability additions in 2006 totaled \$2.5 million because of a loan made for the rehabilitation of the City's sewer lines. Additionally, capital assets were increased by \$1.0 million for infrastructure improvements that extended the life of the sewer lines.

THE CITY'S FUNDS

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

| | Beginning Fund Balance | Increase (Decrease) | Ending Fund Balance |
|---|---------------------------|------------------------|------------------------|
| General fund | \$ 1,984,273 | \$ 179,179 | \$ 2,163,452 |
| Special revenue funds | 109,002 | (2,539) | 106,463 |
| Debt service funds | 236,469 | (111,366) | 125,103 |
| Parks and recreation project fund | 2,899,046 | (2,490,078) | 408,968 |
| Northside corridor project fund | (9,063) | 9,063 | 0 |
| Construction project fund-Walmart/ Hampstead Blvd. | 181,643 | 1,856,475 | 2,038,118 |
| Non-major capital project funds | 325,403 | (451,077) | (125,674) |
| Total governmental funds | \$ 5,726,773 | \$ (1,010,343) | \$ 4,716,430 |
| | Beginning Net Assets | Increase (Decrease) | Ending Net Assets |
| Water and sewer operations fund | \$ 14,043,246 | \$ (1,241,977) | \$ 12,801,269 |
| Garbage collection fund | 238,368 | 176,601 | 414,969 |
| Self-funded group insurance fund | (47,137) | 20,580 | (26,557) |
| Total proprietary funds | \$ 14,234,477 | \$ (1,044,796) | \$ 13,189,681 |

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 2005 was higher than expected. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available exceeded original budgeted funds available by \$568 thousand. This increase resulted principally from the increase in sales taxes collected of \$184 thousand, the receipt of grant proceeds from Homeland Security of \$147 thousand for the police department, and \$195 thousand for the increase in court fines collected during the current year. Final budgeted expenditures were \$452 thousand more than those originally budgeted. Key elements of this increase were as follows:

- \$ 130,000 increase in personal services
- \$ 182,000 increase in operating supplies
- \$ 67,000 increase in other services and charges
- \$ 73,000 increase in capital outlay

Actual funds available were \$189 thousand more than final budgeted. The majority of this difference consisted of a \$117 thousand increase in sales taxes collected, and \$42 thousand in proceeds from insurance claims.

Actual expenditures were \$204 thousand more than those finally budgeted. The majority of this difference was due to increased expense of \$88 thousand for vehicle repairs and \$59 thousand for utility costs for the police, fire and public works 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 \$44.3 million at September 30, 2006. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$17.0 million. Significant increases were:

- \$3.3 million – for Public Works Building
- \$3.2 million – for Brighton Park land and improvements
- \$2.4 million – construction of Northside Corridor
- \$1.7 million - construction of Hampstead Boulevard
- \$1.6 million – street and drainage infrastructure
- \$1.4 million – construction of Public Works Building
- \$1.3 million – construction and renovation of Traceway Park

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

- \$1.0 million – construction of Brighton Park
- \$500 thousand – Street overlay and striping
- \$400 thousand – construction of Mega Plastics rail spur
- \$200 thousand – various other

Depreciation expense amounted to \$2.7 million for 2006 and \$2.6 million for 2005. Accumulated depreciation at September 30, 2006 and 2005 was \$ 24.3 million and \$21.6 million, respectively.

Business-type activities. At September 30, 2006, the City's business-type net capital assets amounted to \$28.8 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$2.3 million were made to water and sewer system improvements during 2006. Depreciation expense amounted to \$1.3 million for 2006 and \$1.3 million for 2005. Accumulated depreciation at September 30, 2006 and 2005 was \$ 14.9 million and \$13.6 million, respectively.

| City of Clinton Capital Assets (Net of Depreciation) | | | | | | |
|---|------------------------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 4,857,640 | \$ 4,767,686 | \$ 177,512 | \$ 177,512 | \$ 5,035,152 | \$ 4,945,198 |
| Buildings | 7,476,496 | 4,440,041 | 216,611 | 222,030 | 7,693,107 | 4,662,071 |
| Other improvements | 3,833,221 | 1,282,132 | | | 3,833,221 | 1,282,132 |
| Water and sewer systems and improvements | | | 28,062,412 | 26,946,996 | 28,062,412 | 26,946,996 |
| Equipment and vehicles | 1,725,527 | 2,200,554 | 381,544 | 534,079 | 2,107,071 | 2,734,633 |
| Infrastructure | 18,371,558 | 17,666,428 | | | 18,371,558 | 17,666,428 |
| Construction in progress | 8,038,081 | 5,914,987 | 5,000 | 0 | 8,043,081 | 5,914,987 |
| Total | \$ 44,302,523 | \$ 36,271,828 | \$ 28,843,079 | \$ 27,880,617 | \$ 73,145,602 | \$ 64,152,445 |

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 \$16.1 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 \$2.8 million. This increase was due primarily to the issuance of \$3.8 million in general obligation bonds for the construction of Hampstead Boulevard and other public works projects. Payments of principal and interest due within one year total \$1.4 million.

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

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$18.4 million at September 30, 2006. 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, 2006, debt associated with the City's business-type activities increased by \$1.8 million. This increase was due primarily to debt of \$2.5 million which was associated with the construction of the public works facility and the sewer rehabilitation project. Payments of principal and interest due within one year total \$1.6 million.

For additional information, see Note 7 to the Basic Financial Statements.

| City of Clinton General Obligation and Revenue Bonds and Other Loans | | | | | | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General obligation bonds | \$ 5,195,000 | \$ 2,020,000 | \$ 1,515,000 | \$ 1,655,000 | \$ 6,710,000 | \$ 3,675,000 |
| Revenue bonds | | | 820,946 | 896,796 | 820,946 | 896,796 |
| Tax increment limited obligation bonds | 1,554,000 | 1,632,000 | | | 1,554,000 | 1,632,000 |
| Notes payable | 8,357,834 | 8,439,154 | 15,811,793 | 13,859,057 | 24,169,627 | 22,298,211 |
| Capital lease obligations | 1,010,958 | 1,214,990 | 304,235 | 275,194 | 1,315,193 | 1,490,184 |
| Total | \$ 16,117,792 | \$ 13,306,144 | \$ 18,451,974 | \$ 16,686,047 | \$ 34,569,766 | \$ 29,992,191 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to increase moderately during the next fiscal year. Expenditures are expected to follow suit, with increased costs resulting in providing services to the citizens residing in the newly annexed area of the City. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2007.

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, 2006

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 5,511,282 | \$ 523,924 | \$ 6,035,206 |
| Receivables | 6,294,595 | 1,181,510 | 7,476,105 |
| Prepaid expenses | 92,987 | - | 92,987 |
| Internal balances | (60,870) | 56,567 | (4,303) |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 1,580,052 | 1,580,052 |
| Capital assets: | | | |
| Land and construction in progress | 12,895,721 | 182,512 | 13,078,233 |
| Other capital assets, net of depreciation | 31,406,802 | 28,660,567 | 60,067,369 |
| Intangible assets, net of amortization | 335,342 | 529,634 | 864,976 |
| Total Assets | 56,475,859 | 32,714,766 | 89,190,625 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 2,575,139 | 315,886 | 2,891,025 |
| Accrued interest payable | 247,293 | 57,227 | 304,520 |
| Claims liability | 110,665 | - | 110,665 |
| Due to other governments | 41,277 | - | 41,277 |
| Deferred revenue | 4,395,423 | - | 4,395,423 |
| Customer deposits | - | 602,830 | 602,830 |
| Long-term debt: | | | |
| Due within one year | 790,324 | 1,116,146 | 1,906,470 |
| Due in more than one year | 15,327,468 | 17,335,828 | 32,663,296 |
| Compensated absences payable: | | | |
| Due within one year | 336,000 | 60,000 | 396,000 |
| Due in more than one year | 230,027 | 15,563 | 245,590 |
| Net pension obligation | 808,990 | - | 808,990 |
| Total Liabilities | 24,862,606 | 19,503,480 | 44,366,086 |

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED
September 30, 2006

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------------|
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 30,967,159 | 10,594,089 | 41,561,248 |
| Restricted for: | | | |
| Capital projects | - | 709,116 | 709,116 |
| Debt service | 104,783 | 153,507 | 258,290 |
| Economic development (restricted by enabling legislation) | 106,481 | - | 106,481 |
| Unrestricted | <u>434,830</u> | <u>1,754,574</u> | <u>2,189,404</u> |
| Total Net Assets | <u>\$ 31,613,253</u> | <u>\$ 13,211,286</u> | <u>\$ 44,824,539</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2006

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|--|---------------------|---------------------------------|---|----------------------------------|--|-------------------------------------|--------------------|
| | | <u>Charges for Services</u> | <u>Grants and Contributions Operating</u> | <u>Contributions Capital</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| Governmental Activities: | | | | | | | |
| General government | \$ 1,172,479 | \$ 66,944 | \$ - | \$ 10,363 | \$ (1,095,172) | \$ - | \$ (1,095,172) |
| Public safety | 7,080,151 | 644,333 | 176,925 | 80,828 | (6,178,065) | - | (6,178,065) |
| Public works | 3,452,165 | - | 56,019 | 4,176,840 | 780,694 | - | 780,694 |
| Culture and recreation | 1,676,823 | 73,856 | - | 4,167 | (1,598,800) | - | (1,598,800) |
| Economic development | 135,868 | - | - | - | (135,868) | - | (135,868) |
| Interest and fiscal charges on long-term debt | <u>611,831</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(611,831)</u> | <u>-</u> | <u>(611,831)</u> |
| Total governmental activities | <u>14,129,317</u> | <u>785,133</u> | <u>232,944</u> | <u>4,272,198</u> | <u>(8,839,042)</u> | <u>-</u> | <u>(8,839,042)</u> |
| Business-Type Activities: | | | | | | | |
| Water | 2,502,614 | 2,595,539 | 83,090 | 151,769 | - | 327,784 | 327,784 |
| Sewer | 2,974,735 | 2,014,796 | - | 225,159 | - | (734,780) | (734,780) |
| Garbage collection | <u>1,157,350</u> | <u>1,326,743</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>169,393</u> | <u>169,393</u> |
| Total business-type activities | <u>6,634,699</u> | <u>5,937,078</u> | <u>83,090</u> | <u>376,928</u> | <u>-</u> | <u>(237,603)</u> | <u>(237,603)</u> |
| Total | <u>\$20,764,016</u> | <u>\$6,722,211</u> | <u>\$ 316,034</u> | <u>\$4,649,126</u> | <u>(8,839,042)</u> | <u>(237,603)</u> | <u>(9,076,645)</u> |

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2006

| | Net (Expense) Revenue and Changes in Net Assets | | |
|--|--|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| General Revenues: | | | |
| Taxes: | | | |
| Property taxes | 6,140,450 | - | 6,140,450 |
| Local sales tax | 109,364 | - | 109,364 |
| Franchise charges based on gross receipts | 856,104 | - | 856,104 |
| Grants and contributions not restricted to specific programs: | | | |
| State grants and shared revenues | 4,694,966 | - | 4,694,966 |
| County shared revenues | 69,465 | - | 69,465 |
| Interest | 104,738 | 53,658 | 158,396 |
| Miscellaneous | 6,642 | - | 6,642 |
| Transfers | 878,160 | (878,160) | - |
| Total General Revenues and Transfers | <u>12,859,889</u> | <u>(824,502)</u> | <u>12,035,387</u> |
| Change in Net Assets | 4,020,847 | (1,062,105) | 2,958,742 |
| Net Assets - Beginning | <u>27,592,406</u> | <u>14,273,391</u> | <u>41,865,797</u> |
| Net Assets - Ending | <u>\$ 31,613,253</u> | <u>\$ 13,211,286</u> | <u>\$ 44,824,539</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2006

| | General Fund | Parks and Recreation Project Fund | Northside Corridor Project Fund | Construction Project Fund-Walmart/ Hampstead Blvd. | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------------|--|--|--|------------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | | |
| Assets: | | | | | | |
| Cash and cash equivalents | \$1,702,218 | \$ 573,028 | \$ 271 | \$ 2,813,985 | \$ 390,144 | \$ 5,479,646 |
| Receivables: | | | | | | |
| Property taxes | 4,238,925 | - | - | - | 194,809 | 4,433,734 |
| Sales and tourism tax | 683,595 | - | - | - | 17,884 | 701,479 |
| City utilities tax | 11,387 | - | - | - | - | 11,387 |
| Franchise charges | 218,923 | - | - | - | - | 218,923 |
| Federal grants | 100,014 | - | 608,668 | - | 145,305 | 853,987 |
| Other | 10,613 | - | - | - | - | 10,613 |
| Prepaid grant matching | - | - | 77,383 | - | 15,604 | 92,987 |
| Due from other funds | 200,470 | 137,909 | - | - | 44,468 | 382,847 |
| Total Assets | <u>\$7,166,145</u> | <u>\$ 710,937</u> | <u>\$ 686,322</u> | <u>\$ 2,813,985</u> | <u>\$ 808,214</u> | <u>\$12,185,603</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 814,269 | \$ 301,969 | \$ 655,769 | \$ 719,384 | \$ 83,748 | \$ 2,575,139 |
| Accrued interest payable | - | - | - | - | 8,665 | 8,665 |
| Deferred property taxes | 4,131,643 | - | - | - | 181,001 | 4,312,644 |
| Deferred grant revenue | - | - | - | - | 82,779 | 82,779 |
| Due to other funds | 15,504 | - | 30,553 | 56,483 | 346,129 | 448,669 |
| Due to other governments | 41,277 | - | - | - | - | 41,277 |
| Total Liabilities | <u>5,002,693</u> | <u>301,969</u> | <u>686,322</u> | <u>775,867</u> | <u>702,322</u> | <u>7,469,173</u> |
| Fund balances: | | | | | | |
| Unreserved, reported in: | | | | | | |
| General fund | 2,163,452 | - | - | - | - | 2,163,452 |
| Special revenue funds | - | - | - | - | 106,463 | 106,463 |
| Debt service funds | - | - | - | - | 125,103 | 125,103 |
| Capital projects funds | - | 408,968 | - | 2,038,118 | (125,674) | 2,321,412 |
| Total Fund Balances | <u>2,163,452</u> | <u>408,968</u> | <u>-</u> | <u>2,038,118</u> | <u>105,892</u> | <u>4,716,430</u> |
| Total Liabilities and Fund Balances | <u>\$7,166,145</u> | <u>\$ 710,937</u> | <u>\$ 686,322</u> | <u>\$ 2,813,985</u> | <u>\$ 808,214</u> | <u>\$12,185,603</u> |

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2006

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

| | |
|--|----------------------|
| Total Governmental Fund Balances | \$ 4,716,430 |
| Differences: | |
| Prepaid expenses are not financial resources and therefore are not reported in the funds as assets. | 12,000 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 44,302,523 |
| Bond issue costs are reflected as expenditures in the fund statements when paid but are amortized over the term of the bonds by the governmental activities. | 335,342 |
| Interest is not recorded as an expenditure in the funds until the payment date. | (238,628) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (17,492,809) |
| 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>(21,605)</u> |
| Net Assets - Governmental Activities | <u>\$ 31,613,253</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, 2006

| | General Fund | Parks and Recreation Project Fund | Northside Corridor Project Fund | Construction Project Fund-Walmart/ Hampstead Blvd. | Non-Major Governmental Funds | Total Governmental Funds |
|--|-------------------|--|--|--|------------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Property taxes | \$5,431,761 | \$ - | \$ - | \$ - | \$ 708,690 | \$ 6,140,451 |
| Licenses and permits | 1,038,820 | - | - | - | - | 1,038,820 |
| Intergovernmental | 5,407,415 | - | 1,988,893 | - | 552,735 | 7,949,043 |
| Charges for services | 61,182 | - | - | - | 26,105 | 87,287 |
| Fines and forfeitures | 477,355 | - | - | - | 4,318 | 481,673 |
| Interest | 34,326 | 34,548 | 443 | 22,169 | 13,252 | 104,738 |
| Contributions | 8,808 | - | - | - | 1,555 | 10,363 |
| Miscellaneous | 235,656 | - | - | - | - | 235,656 |
| Total Revenues | <u>12,695,323</u> | <u>34,548</u> | <u>1,989,336</u> | <u>22,169</u> | <u>1,306,655</u> | <u>16,048,031</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 1,247,965 | - | - | - | 11,490 | 1,259,455 |
| Public safety | 6,669,060 | - | - | - | 9,901 | 6,678,961 |
| Public works | 1,766,389 | - | - | - | - | 1,766,389 |
| Culture and recreation | 1,032,377 | - | - | - | 84,338 | 1,116,715 |
| Economic development | 90,830 | - | - | - | 56,402 | 147,232 |
| Debt service | 814,185 | - | - | 53,172 | 983,314 | 1,850,671 |
| Capital outlay | 626,372 | 2,341,463 | 2,404,334 | 1,717,522 | 1,897,420 | 8,987,111 |
| Total Expenditures | <u>12,247,178</u> | <u>2,341,463</u> | <u>2,404,334</u> | <u>1,770,694</u> | <u>3,042,865</u> | <u>21,806,534</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>448,145</u> | <u>(2,306,915)</u> | <u>(414,998)</u> | <u>(1,748,525)</u> | <u>(1,736,210)</u> | <u>(5,758,503)</u> |
| Other Financing Sources (Uses): | | | | | | |
| Bond issuance | - | - | 265,000 | 3,605,000 | - | 3,870,000 |
| Transfers in | - | - | 159,061 | - | 1,176,869 | 1,335,930 |
| Transfers out | (268,966) | (183,163) | - | - | (5,641) | (457,770) |
| Total Other Financing Sources (Uses) | <u>(268,966)</u> | <u>(183,163)</u> | <u>424,061</u> | <u>3,605,000</u> | <u>1,171,228</u> | <u>4,748,160</u> |

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2006

| | General Fund | Parks and Recreation Project Fund | Northside Corridor Project Fund | Construction Project Fund-Walmart/ Hampstead Blvd. | Non-Major Governmental Funds | Total Governmental Funds |
|-----------------------------|--------------------|--|--|--|------------------------------------|--------------------------------|
| Net Change in Fund Balances | 179,179 | (2,490,078) | 9,063 | 1,856,475 | (564,982) | (1,010,343) |
| Fund Balances - Beginning | <u>1,984,273</u> | <u>2,899,046</u> | <u>(9,063)</u> | <u>181,643</u> | <u>670,874</u> | <u>5,726,773</u> |
| Fund Balances - Ending | <u>\$2,163,452</u> | <u>\$ 408,968</u> | <u>\$ -</u> | <u>\$ 2,038,118</u> | <u>\$ 105,892</u> | <u>\$ 4,716,430</u> |

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,010,343)

Differences:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period. 6,269,125

Governmental funds do not reflect the value of capital asset contributions received because they do not provide current financial resources. 1,761,570

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. (2,778,301)

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2006

| | |
|--|---------------------|
| Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred. | 124,564 |
| Governmental funds report prepayments as expenditures when paid while governmental activities report prepayments as expenses when the related services are received. | 12,000 |
| Government funds report revenues when measurable and available while governmental funds report revenues when earned. | (375,077) |
| 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>17,309</u> |
| Change in Net Assets - Governmental Activities | <u>\$ 4,020,847</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2006

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---------------------------------------|--|-------------------------------|------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 83,504 | \$ 440,420 | \$ 523,924 | \$ 19,636 |
| Receivables: | | | | |
| Accounts | 791,467 | - | 791,467 | - |
| Special assessments | 3,800 | - | 3,800 | - |
| Reinsurance claims | - | - | - | 39,096 |
| Claim refunds | - | - | - | 25,376 |
| Federal grants | 286,583 | - | 286,583 | - |
| Due from other funds | 61,519 | 912 | 62,431 | - |
| Restricted Cash and Cash Equivalents: | | | | |
| Customer deposits account | 602,930 | - | 602,930 | - |
| Revenue bond and interest account | 268,006 | - | 268,006 | - |
| | | | | |
| Total Current Assets | <u>2,097,809</u> | <u>441,332</u> | <u>2,539,141</u> | <u>84,108</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2006

| | 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 | 41,320,619 | - | 41,320,619 | - |
| Land | 177,512 | - | 177,512 | - |
| Buildings | 259,646 | - | 259,646 | - |
| Equipment and vehicles | 1,597,188 | 338,066 | 1,935,254 | - |
| Construction in progress | 5,000 | - | 5,000 | - |
| | <u>43,359,965</u> | <u>338,066</u> | <u>43,698,031</u> | - |
| Less accumulated depreciation | <u>(14,679,201)</u> | <u>(175,750)</u> | <u>(14,854,951)</u> | - |
| Capital Assets (net) | 28,680,764 | 162,316 | 28,843,080 | - |
| Restricted cash and cash equivalents: | | | | |
| Construction account | 709,116 | - | 709,116 | - |
| Receivable: | | | | |
| Special assessments (net of current portion) | 99,660 | - | 99,660 | - |
| Intangible Assets: | | | | |
| Certificate of authority | 416,651 | - | 416,651 | - |
| Loan and bond issue costs | 112,983 | - | 112,983 | - |
| | <u>30,019,174</u> | <u>162,316</u> | <u>30,181,490</u> | - |
| Total Noncurrent Assets | <u>30,019,174</u> | <u>162,316</u> | <u>30,181,490</u> | - |
| Total Assets | <u>32,116,983</u> | <u>603,648</u> | <u>32,720,631</u> | <u>84,108</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2006

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|--|--|-------------------------------|-------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 224,628 | 91,259 | 315,887 | - |
| Claims liability | - | - | | 110,665 |
| Accrued interest payable | 32,556 | 172 | 32,728 | - |
| Due to other funds | 912 | - | 912 | - |
| Compensated absences payable - current | 60,000 | - | 60,000 | - |
| Notes payable - current | 764,705 | - | 764,705 | - |
| Capital leases payable - current | 93,930 | 17,511 | 111,441 | - |
| General obligation bonds payable - current | 150,000 | - | 150,000 | - |
| Current Liabilities Payable from Restricted Assets: | | | | |
| Accrued interest payable - revenue bonds | 24,499 | - | 24,499 | - |
| Revenue bonds payable - current | 90,000 | - | 90,000 | - |
| Customer deposits payable | 602,830 | - | 602,830 | - |
| Total Current Liabilities | 2,044,060 | 108,942 | 2,153,002 | 110,665 |
| Noncurrent Liabilities: | | | | |
| Compensated absences payable | 15,563 | - | 15,563 | - |
| Capital leases payable | 113,057 | 79,737 | 192,794 | - |
| Revenue bonds payable | 730,946 | - | 730,946 | - |
| General obligation bonds payable | 1,365,000 | - | 1,365,000 | - |
| Notes payable | 15,047,088 | - | 15,047,088 | - |
| Total Noncurrent Liabilities | 17,271,654 | 79,737 | 17,351,391 | - |
| Total Liabilities | 19,315,714 | 188,679 | 19,504,393 | 110,665 |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2006

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---|--|-------------------------------|----------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 10,529,021 | 65,068 | 10,594,089 | - |
| Restricted for: | | | | |
| Capital projects | 709,116 | - | 709,116 | - |
| Debt service | 153,507 | - | 153,507 | - |
| Unrestricted (deficit) | 1,409,625 | 349,901 | 1,759,526 | (26,557) |
| Total Net Assets (Deficit) | <u>\$ 12,801,269</u> | <u>\$ 414,969</u> | <u>\$ 13,216,238</u> | <u>\$ (26,557)</u> |

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

| | |
|--|----------------------|
| Total Enterprise Funds Net Assets | \$ 13,216,238 |
| Difference: | |
| The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities. | (4,952) |
| Net Assets - Business-Type Activities | <u>\$ 13,211,286</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, 2006

| | 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 | \$ 2,290,838 | \$ - | \$ 2,290,838 | \$ - |
| Sewer service charges | 1,925,621 | - | 1,925,621 | - |
| Other services | 325,352 | - | 325,352 | - |
| Refuse collection charges | - | 1,326,743 | 1,326,743 | - |
| Rents | 49,800 | - | 49,800 | - |
| Premiums | - | - | - | 1,105,295 |
| Total Operating Revenues | 4,591,611 | 1,326,743 | 5,918,354 | 1,105,295 |
| Operating Expenses: | | | | |
| Salaries | 1,124,142 | - | 1,124,142 | - |
| Employee benefits | 357,043 | - | 357,043 | - |
| Insurance | 19,482 | 566 | 20,048 | 198,454 |
| Claims expense | - | - | - | 831,841 |
| Office supplies | 10,284 | - | 10,284 | - |
| Operating supplies: | | | | |
| Gas and oil | 66,203 | - | 66,203 | - |
| Other | 63,066 | - | 63,066 | - |
| Outside services | 666,219 | 1,114,873 | 1,781,092 | 55,626 |
| Repairs and maintenance | 462,730 | 8,385 | 471,115 | - |
| Telephone | 26,225 | - | 26,225 | - |
| Postage | 22,202 | - | 22,202 | - |
| Printing | 6,188 | - | 6,188 | - |
| Utilities | 625,826 | - | 625,826 | - |
| Rentals | 17,456 | - | 17,456 | - |
| Depreciation | 1,268,491 | 29,236 | 1,297,727 | - |

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2006

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---|--|-------------------------------|----------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| Operating Expenses (Continued): | | | | |
| Amortization | 30,959 | - | 30,959 | - |
| Pro rata overhead to General Fund | 144,000 | - | 144,000 | - |
| Other | 16,734 | - | 16,734 | - |
| | <u>4,927,250</u> | <u>1,153,060</u> | <u>6,080,310</u> | <u>1,085,921</u> |
| Total Operating Expenses | | | | |
| | <u>4,927,250</u> | <u>1,153,060</u> | <u>6,080,310</u> | <u>1,085,921</u> |
| Operating Income (Loss) | <u>(335,639)</u> | <u>173,683</u> | <u>(161,956)</u> | <u>19,374</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Federal grants | 83,090 | - | 83,090 | - |
| Interest income | 46,451 | 7,208 | 53,659 | 1,206 |
| Interest and fiscal charges | (534,647) | (4,290) | (538,937) | - |
| | <u>(405,106)</u> | <u>2,918</u> | <u>(402,188)</u> | <u>1,206</u> |
| Total Nonoperating Revenues (Expenses), net | | | | |
| | <u>(405,106)</u> | <u>2,918</u> | <u>(402,188)</u> | <u>1,206</u> |
| Income (Loss) Before Contributions and Transfers | (740,745) | 176,601 | (564,144) | 20,580 |
| Capital Contributions and Grants | 376,928 | - | 376,928 | - |
| Transfers out | (878,160) | - | (878,160) | - |
| Change in Net Assets | (1,241,977) | 176,601 | (1,065,376) | 20,580 |
| Net Assets (Deficit) - Beginning | <u>14,043,246</u> | <u>238,368</u> | <u>14,281,614</u> | <u>(47,137)</u> |
| Net Assets (Deficit) - Ending | <u>\$ 12,801,269</u> | <u>\$ 414,969</u> | <u>\$ 13,216,238</u> | <u>\$ (26,557)</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2006

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

| | |
|---|----------------|
| Change in Net Assets - Enterprise Funds | \$ (1,065,376) |
|---|----------------|

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>3,271</u> |
|--------------|

| | |
|---|-----------------------|
| Change in Net Assets - Business-Type Activities | <u>\$ (1,062,105)</u> |
|---|-----------------------|

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2006

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---|--|-------------------------------|------------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers and users | \$ 4,681,442 | \$ 1,326,421 | \$ 6,007,863 | \$ 281,316 |
| Receipts from interfund services | - | - | - | 823,979 |
| Receipts from reinsurance | - | - | - | 56,753 |
| Payments to suppliers | (1,961,483) | (1,126,581) | (3,088,064) | (1,144,132) |
| Payments to employees | (1,479,349) | - | (1,479,349) | - |
| Payments for interfund services | (144,000) | - | (144,000) | - |
| Net Cash Provided By Operating Activities | <u>1,096,610</u> | <u>199,840</u> | <u>1,296,450</u> | <u>17,916</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Federal grants | <u>61,620</u> | <u>-</u> | <u>61,620</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of capital assets | (2,260,190) | - | (2,260,190) | - |
| Transfers to capital project funds | (878,160) | - | (878,160) | - |
| Proceeds from notes payable | 2,332,223 | - | 2,332,223 | - |
| Proceeds from capital lease | - | 112,660 | 112,660 | - |
| Principal paid on revenue bonds | (85,000) | - | (85,000) | - |
| Principal paid on general obligation bonds | (140,000) | - | (140,000) | - |
| Principal paid on capital leases | (68,207) | (15,412) | (83,619) | - |
| Principal paid on notes payable | (644,600) | - | (644,600) | - |
| Interest and fiscal charges paid on debt | (544,385) | (4,118) | (548,503) | - |
| Capital contributions and grants | <u>376,928</u> | <u>-</u> | <u>376,928</u> | <u>-</u> |
| Net Cash Provided (Used) By Capital and Related Financing Activities | <u>(1,911,391)</u> | <u>93,130</u> | <u>(1,818,261)</u> | <u>-</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2006

| | 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>46,451</u> | <u>7,208</u> | <u>53,659</u> | <u>1,206</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (706,710) | 300,178 | (406,532) | 19,122 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>2,370,266</u> | <u>140,242</u> | <u>2,510,508</u> | <u>514</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 1,663,556</u> | <u>\$ 440,420</u> | <u>\$ 2,103,976</u> | <u>\$ 19,636</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2006

| | 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 BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (335,639) | \$ 173,683 | \$ (161,956) | \$ 19,374 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 1,268,491 | 29,236 | 1,297,727 | - |
| Amortization | 30,959 | - | 30,959 | - |
| (Increase) decrease in receivables: | | | | |
| Accounts | 33,791 | - | 33,791 | - |
| Reinsurance claims | - | - | - | (6,542) |
| Claim refunds | - | - | - | (25,289) |
| Special assessments | 21,035 | - | 21,035 | - |
| Due from other funds | (22,611) | (322) | (22,933) | - |
| Increase (decrease) in payables: | | | | |
| Accounts | 63,421 | (2,757) | 60,664 | - |
| Claims | - | - | - | 30,373 |
| Due to other funds | 322 | - | 322 | - |
| Customer deposits | 35,005 | - | 35,005 | - |
| Compensated absences | 1,836 | - | 1,836 | - |
| Net Cash Provided By Operating Activities | <u>\$ 1,096,610</u> | <u>\$ 199,840</u> | <u>\$ 1,296,450</u> | <u>\$ 17,916</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2006

| | <u>Unemployment Compensation Benefit Fund</u> |
|---|---|
| <u>ASSETS</u> | |
| Cash | \$ 32,424 |
| Due from other funds | <u>4,303</u> |
| Total Assets | 36,727 |
| <u>LIABILITIES</u> | |
| Accounts payable | <u>3,233</u> |
| <u>NET ASSETS</u> | |
| Held in trust for City employees' unemployment benefits | <u>\$ 33,494</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended September 30, 2006

| | <u>Unemployment Compensation Benefit Fund</u> |
|--------------------------------|---|
| ADDITIONS: | |
| Contributions from other funds | \$ 4,303 |
| Interest | <u>676</u> |
| Total Additions | 4,979 |
| DEDUCTIONS: | |
| Unemployment claims | <u>5,544</u> |
| CHANGE IN NET ASSETS | (565) |
| NET ASSETS - BEGINNING | <u>34,059</u> |
| NET ASSETS - ENDING | <u>\$ 33,494</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

Internal Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

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

Fund

Brief Description

Major Funds:

GENERAL FUND

Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CAPITAL PROJECT FUNDS:

**Parks and Recreation
Project Fund**

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

**Northside Corridor
Project Fund**

Accounts for the proceeds of a Federal grant being used for the construction of street improvements.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

| <u>Fund</u> | <u>Brief Description</u> |
|---|---|
| CAPITAL PROJECT FUNDS: | |
| Construction Project Fund - Walmart/Hampstead Blvd. | Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development. |
| 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. |
| Nonmajor Funds: | |
| SPECIAL REVENUE FUNDS: | |
| Tourism Tax Fund | Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development. |
| Special Law Enforcement Fund | Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets. |

(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> |
|---|--|
| DEBT SERVICE FUNDS: | |
| Clinton Parkway Bond and Interest Fund | Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 bonds. |
| Hampstead Blvd. Bond and Interest Fund | Accumulates funds for payment of a general obligation bond issue - \$3,870,000 Public Improvement Series 2006 bonds. |
| Tax Increment Financing Bond and Interest Fund – United Artists | Accumulates funds for payment of a limited obligation bond issue - \$465,000 Land Improvement Series 1996 bonds. |
| Tax Increment Financing Bond and Interest Fund – Walmart | Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds. |
| Tax Increment Financing Bond and Interest Fund – Parkway Center | Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds. |
| Clinton Public School District Bond and Interest Fund | Accumulates funds for payment of a general obligation bond issue - \$5,000,000 School Improvement Series 1986 bonds. |

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- b. The proprietary funds and the fiduciary fund utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund and fiduciary fund equity is classified as net assets.

Basis of Accounting

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

Cash and cash equivalents consist of amounts on deposit with financial institutions, cash held by trustees, petty cash, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Cash equivalents and investments are stated at cost which approximates fair market value.

The City may invest in interest-bearing time certificates of deposit or any bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality, or school district of Mississippi, provided certain provisions have been met.

Interfund Receivables and Payables

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

Receivables

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

Prepaid Expenses

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

Capital Assets

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

Government-wide Statements

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

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

Fund Financial Statements

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

Restricted Assets

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

Intangible Assets, Bond Discounts and Refunding Costs

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

Long-Term Debt

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

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

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

Compensated Absences

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. REVENUES, EXPENDITURES AND EXPENSES - Continued

Grant Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund – By Operating and Nonoperating

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

Interfund Transfers

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

The City's budget is prepared by fund, department and purpose. In September, the proposed budget is presented to the Mayor and Board of Aldermen for review. The Board of Aldermen hold public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the accounting department. The budget must be adopted on or before September 15th.

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

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

Significant expenditures in excess of the budget for the year ended September 30, 2006 were as follows:

| | <u>Final Budget</u> | <u>Actual Expenditures</u> | <u>Excess</u> |
|---|-------------------------|--------------------------------|---------------|
| GENERAL FUND: | | | |
| Law Enforcement: | | | |
| Supplies | \$ 340,688 | \$ 408,371 | \$ 67,683 |
| Other services and charges | 237,650 | 283,514 | 45,864 |
| Fire Protection: | | | |
| Personal services | 2,551,898 | 2,555,885 | 3,987 |
| Supplies | 202,300 | 215,673 | 13,373 |
| Other services and charges | 212,500 | 235,895 | 23,395 |
| Street: | | | |
| Personal services | 890,180 | 909,558 | 19,378 |
| Supplies | 423,500 | 442,700 | 19,200 |
| Other services and charges | 422,400 | 433,562 | 11,162 |
| WATER AND SEWER OPERATIONS FUND: | | | |
| Water: | | | |
| Personal services | 755,787 | 872,242 | 116,455 |
| Other services and charges | 484,280 | 672,360 | 188,080 |
| Sewer: | | | |
| Other services and charges | 839,150 | 896,561 | 57,411 |
| GARBAGE COLLECTION FUND: | | | |
| Other services and charges | 1,055,772 | 1,130,852 | 75,080 |

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.

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

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

C. DEFICIT FUND EQUITY

As of September 30, 2006, the Library Construction Project Fund had a deficit fund balance of \$121,082. The City intends to issue debt subsequent to September 30, 2006 to fund this project, and the deficit fund balance occurred because some project costs were incurred prior to the issuance of the debt.

The Self-Funded Group Insurance Fund had a deficit fund equity of \$26,557 as of September 30, 2006. The City intends to adjust the premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2006, 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.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 3. DEPOSITS AND INVESTMENTS – Continued

Investments. As of September 30, 2006, the City owned shares valued at \$184,161 of the Goldman Sachs Financial Square Treasury Instruments Fund, which is a money market mutual fund that invests in U.S. Treasury bills with an average maturity of approximately one month. The money market mutual fund shares are reflected as cash equivalents in the accompanying financial statements.

NOTE 4. RECEIVABLES AND DEFERRED REVENUE

Receivables at September 30, 2006 consisted of the following:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| Water, sewer and garbage collection charges | \$ - | \$1,034,467 | \$1,034,467 |
| Special assessments: | | | |
| Due within one year | - | 3,800 | 3,800 |
| Due in more than one year | - | 189,195 | 189,195 |
| Property taxes | 4,676,675 | - | 4,676,675 |
| Sales taxes | 701,479 | - | 701,479 |
| Franchise charges | 218,923 | - | 218,923 |
| Federal grants | 853,987 | 286,583 | 1,140,570 |
| Other | <u>86,472</u> | <u>-</u> | <u>86,472</u> |
| | 6,537,536 | 1,514,045 | 8,051,581 |
| Allowance for uncollectible amounts | <u>(242,941)</u> | <u>(332,535)</u> | <u>(575,476)</u> |
| Net receivables | <u>\$6,294,595</u> | <u>\$1,181,510</u> | <u>\$7,476,105</u> |

In addition, deferred revenue, the majority of which is related to the above receivables, consisted of the following at September 30, 2006:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------|
| Deferred property taxes, levied for use in the subsequent year | \$4,312,644 | \$ - | \$4,312,644 |
| Deferred federal grant revenue | <u>82,779</u> | <u>-</u> | <u>82,779</u> |
| | <u>\$4,395,423</u> | <u>\$ -</u> | <u>\$4,395,423</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated: | | | | |
| Land: | | | | |
| Right-of-way | \$ 3,562,462 | \$ 81,628 | \$ - | \$ 3,644,090 |
| Other land | 1,205,224 | 8,326 | - | 1,213,550 |
| Construction in progress | <u>5,914,987</u> | <u>8,360,739</u> | <u>(6,237,645)</u> | <u>8,038,081</u> |
| Total not being depreciated | <u>10,682,673</u> | <u>8,450,693</u> | <u>(6,237,645)</u> | <u>12,895,721</u> |
| Other capital assets: | | | | |
| Buildings | 6,241,441 | 3,260,502 | - | 9,501,943 |
| Other improvements | 4,233,650 | 2,973,074 | - | 7,206,724 |
| Equipment and vehicles | 6,406,500 | 97,641 | - | 6,504,141 |
| Infrastructure | <u>30,267,375</u> | <u>2,204,416</u> | <u>-</u> | <u>32,471,791</u> |
| | <u>47,148,966</u> | <u>8,535,633</u> | <u>-</u> | <u>55,684,599</u> |
| Accumulated depreciation: | | | | |
| Buildings | 1,801,400 | 224,047 | - | 2,025,447 |
| Other improvements | 2,951,518 | 421,985 | - | 3,373,503 |
| Equipment and vehicles | 4,205,946 | 572,668 | - | 4,778,614 |
| Infrastructure | <u>12,600,947</u> | <u>1,499,286</u> | <u>-</u> | <u>14,100,233</u> |
| | <u>21,559,811</u> | <u>2,717,986</u> | <u>-</u> | <u>24,277,797</u> |
| Net other capital assets | <u>25,589,155</u> | <u>5,817,647</u> | <u>-</u> | <u>31,406,802</u> |
| Capital assets, net | <u>\$ 36,271,828</u> | <u>\$ 14,268,340</u> | <u>\$ (6,237,645)</u> | <u>\$ 44,302,523</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS – Continued

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------------|-------------|----------------------|
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 177,512 | \$ - | \$ - | \$ 177,512 |
| Construction in progress | - | 5,000 | - | 5,000 |
| Total not being depreciated | <u>177,512</u> | <u>5,000</u> | <u>-</u> | <u>182,512</u> |
| Other capital assets: | | | | |
| Water and sewer systems and improvements | 39,084,839 | 2,235,779 | - | 41,320,618 |
| Buildings | 255,389 | 4,257 | - | 259,646 |
| Equipment and vehicles | 1,920,101 | 15,153 | - | 1,935,254 |
| | <u>41,260,329</u> | <u>2,255,189</u> | <u>-</u> | <u>43,515,518</u> |
| Accumulated depreciation: | | | | |
| Water and sewer systems and improvements | 12,137,843 | 1,120,363 | - | 13,258,206 |
| Buildings | 33,359 | 9,676 | - | 43,035 |
| Equipment and vehicles | 1,386,022 | 167,688 | - | 1,553,710 |
| | <u>13,557,224</u> | <u>1,297,727</u> | <u>-</u> | <u>14,854,951</u> |
| Net other capital assets | <u>27,703,105</u> | <u>957,462</u> | <u>-</u> | <u>28,660,567</u> |
| Capital assets, net | <u>\$ 27,880,617</u> | <u>\$ 962,462</u> | <u>\$ -</u> | <u>\$ 28,843,079</u> |

Depreciation expense was charged to functions as follows:

| | |
|---------------------------|--------------------|
| Governmental activities: | |
| General government | \$ 35,497 |
| Public safety | 427,301 |
| Public works | 1,691,676 |
| Culture and recreation | 562,876 |
| Economic development | 636 |
| | <u>\$2,717,986</u> |
| Business-type activities: | |
| Water | \$ 431,586 |
| Sewer | 836,905 |
| Garbage collection | 29,236 |
| | <u>\$1,297,727</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES

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

The composition of interfund balances as of September 30, 2006 was as follows:

| <u>Due To</u> | <u>Due From</u> | | | | | <u>Total</u> |
|--|---------------------|--|--|------------------------------------|--|-------------------|
| | <u>General Fund</u> | <u>Northside Corridor Project Fund</u> | <u>Construction Project Fund - Walmart/Hampstead Blvd.</u> | <u>Nonmajor Governmental Funds</u> | <u>Water and Sewer Operations Fund</u> | |
| General Fund | \$ - | \$ 30,553 | \$ - | \$ 169,917 | \$ - | \$ 200,470 |
| Parks and Recreation Project Fund | - | - | - | 137,909 | - | 137,909 |
| Water and Sewer Operations Fund | 11,201 | - | 47,818 | 2,500 | - | 61,519 |
| Garbage Collection Fund | - | - | - | - | 912 | 912 |
| Nonmajor Governmental Funds | - | - | 8,665 | 35,803 | - | 44,468 |
| Unemployment Compensation Benefit Fund | 4,303 | - | - | - | - | 4,303 |
| Total | \$ 15,504 | \$ 30,553 | \$ 56,483 | \$ 346,129 | \$ 912 | \$ 449,581 |

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

Interfund transfers during the year ended September 30, 2006 were as follows:

| <u>Transfer To</u> | <u>Transfer From</u> | | | | <u>Total</u> |
|---------------------------------|----------------------|--|------------------------------------|--|---------------------|
| | <u>General Fund</u> | <u>Parks and Recreation Project Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Water and Sewer Operations Fund</u> | |
| Northside Corridor Project Fund | \$ 159,061 | \$ - | \$ - | \$ - | \$ 159,061 |
| Nonmajor Governmental Funds | 109,905 | 183,163 | 5,641 | 878,160 | 1,176,869 |
| Total | \$ 268,966 | \$ 183,163 | \$ 5,641 | \$ 878,160 | \$ 1,335,930 |

(Continued)

NOTE 7. LONG-TERM DEBT

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

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

A. GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2006, 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 \$235,000 to \$295,000 through July 1, 2011; interest varies from 5.1% to 5.25%. | \$1,325,000 |
| \$3,870,000 Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$120,000 to \$285,000 through July 1, 2026; interest varies from 4.0% to 5.625%. | 3,870,000 |
| | <u>5,195,000</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT - Continued

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$20,000 to \$40,000 through March 1, 2016; interest varies from 4.8% to 5.7%. 325,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$45,000 to \$105,000 through April 1, 2020; interest varies from 5.375% to 6.25%. 1,005,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$14,000 to \$20,000 through March 1, 2019; interest at 4.25%. 224,000
1,554,000

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. 496,695

\$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. 111,139

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$85,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.500% and is payable semiannually; secured by the City's share of sales tax collected by the state. 7,750,000
8,357,834

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Capital Lease Obligations:

| | |
|---|---------------------|
| \$471,969 equipment lease dated December 21, 2004; monthly payments of \$6,525, including interest at 3.05%; final payment due August 15, 2011. | 357,079 |
| \$51,545 equipment lease dated April 15, 2003; monthly payments of \$548, including interest at 3.37%, with a balloon payment of \$25,800 at the May, 2008 maturity date. | 34,512 |
| \$241,740 equipment lease dated May 3, 2004; monthly payments of \$3,705, including interest at 3.34%; final payment due April 20, 2010. | 149,960 |
| \$119,223 equipment lease dated November 30, 2004; monthly payments of \$2,158, including interest at 3.3%; final payment due December 15, 2009. | 79,710 |
| \$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014. | 338,117 |
| \$67,269 equipment lease dated June 20, 2005; monthly payments of \$1,228, including interest at 3.64%; final payment due June 15, 2010. | 51,580 |
| | <u>1,010,958</u> |
| Total Governmental Activities Long-Term Debt | <u>\$16,117,792</u> |

(Continued)

NOTE 7. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2006, 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 \$80,000 to \$100,000 through March 1, 2010; interest at 5.5%. \$ 365,000

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$70,000 to \$120,000 through March 1, 2018; interest varies from 4.4% to 4.8%. 1,150,000
1,515,000

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$90,000 to \$135,000 through October 1, 2013; interest varies from 5.2% to 5.75%; secured by Water and Sewer Operations Fund revenues. 885,000

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. 927,473

\$10,936,501 loan payable to the Mississippi Department of Environmental Quality; interest at 3%; monthly installments of \$61,942, including interest; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 9,048,349

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$1,157,361 loan payable to the Mississippi Department of Health; interest at 3.5%; monthly installments of \$6,791, including interest; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 1,057,872

\$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. 479,459

\$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. 240,735

\$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. 473,375

Loan payable to the Mississippi Department of Environmental Quality; maximum of \$3,843,682 available; interest at 2%; based on the outstanding loan balance, monthly installments of \$18,320, including interest, are due beginning February 2007 with final payment due October 2026; secured by the City's share of sales tax collected by the State. 3,584,530
15,811,793

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

Capital Lease Obligations:

| | |
|---|---------------------------------|
| \$54,444 equipment lease dated November 20, 2001; monthly payments of \$577, including interest at 4.69%, with a balloon payment of \$30,000 at the December, 2006 maturity date. | 30,798 |
| \$76,026 equipment lease dated September 4, 2003; monthly payments of \$1,686, including interest at 3.09%, final payment due September 4, 2007. | 18,260 |
| \$59,177 equipment lease dated April 15, 2003; monthly payments of \$634, including interest at 3.37%, with a balloon payment of \$29,300 at the May, 2008 maturity date. | 39,412 |
| \$53,271 equipment lease dated April 15, 2004; monthly payments of \$955, including interest at 2.89%; final payment due April 15, 2009. | 28,482 |
| \$72,268 equipment lease dated April 15, 2004; monthly payments of \$1,295, including interest at 2.89%; final payment due April 15, 2009. | 38,639 |
| \$67,200 equipment lease dated February 15, 2005; monthly payments of \$1,214, including interest at 3.21%; final payment due June 15, 2010. | 51,396 |
| \$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011. | <u>97,248</u> <u>304,235</u> |
| Unamortized bond refunding cost and bond discount | <u>(64,054)</u> |
| Total Business-Type Activities Long-Term Debt | <u>\$18,451,974</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2006, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

| | General Obligation Bonds | | Notes Payable | | Limited Obligation Bonds | | Totals |
|-----------|--------------------------|---------------------|---------------------|---------------------|--------------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2007 | \$ 355,000 | \$ 242,379 | \$ 168,966 | \$ 332,464 | \$ 79,000 | \$ 85,889 | \$ 1,263,698 |
| 2008 | 375,000 | 223,794 | 217,419 | 324,173 | 89,000 | 81,915 | 1,311,301 |
| 2009 | 395,000 | 203,919 | 340,639 | 312,403 | 100,500 | 77,395 | 1,429,856 |
| 2010 | 420,000 | 182,857 | 363,978 | 297,365 | 101,000 | 72,266 | 1,437,466 |
| 2011 | 440,000 | 160,282 | 407,441 | 280,852 | 106,000 | 67,031 | 1,461,606 |
| 2012-2016 | 840,000 | 595,313 | 1,969,391 | 1,161,818 | 640,500 | 240,229 | 5,447,251 |
| 2017-2021 | 1,050,000 | 394,000 | 2,365,000 | 777,093 | 438,000 | 66,033 | 5,090,126 |
| 2022-2026 | 1,320,000 | 162,800 | 2,525,000 | 223,068 | - | - | 4,230,868 |
| | <u>\$ 5,195,000</u> | <u>\$ 2,165,344</u> | <u>\$ 8,357,834</u> | <u>\$ 3,709,236</u> | <u>\$ 1,554,000</u> | <u>\$ 690,758</u> | <u>\$ 21,672,172</u> |

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

| | General Obligation Bonds | | Notes Payable | | Revenue Bonds | | Totals |
|-----------|--------------------------|-------------------|----------------------|---------------------|-------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2007 | \$ 150,000 | \$ 70,313 | \$ 764,705 | \$ 414,080 | \$ 90,000 | \$ 46,658 | \$ 1,535,756 |
| 2008 | 165,000 | 62,410 | 838,333 | 413,734 | 95,000 | 41,800 | 1,616,277 |
| 2009 | 175,000 | 53,836 | 863,558 | 388,508 | 100,000 | 36,583 | 1,617,485 |
| 2010 | 185,000 | 44,718 | 889,586 | 362,479 | 105,000 | 30,995 | 1,617,778 |
| 2011 | 85,000 | 38,058 | 916,445 | 335,620 | 115,000 | 24,888 | 1,515,011 |
| 2012-2016 | 515,000 | 122,404 | 4,825,724 | 1,249,784 | 380,000 | 33,484 | 7,126,396 |
| 2017-2021 | 240,000 | 11,520 | 5,051,595 | 556,418 | - | - | 5,859,533 |
| 2022-2026 | - | - | 1,643,561 | 77,523 | - | - | 1,721,084 |
| 2027-2031 | - | - | 18,286 | 31 | - | - | 18,317 |
| | <u>\$ 1,515,000</u> | <u>\$ 403,259</u> | <u>\$ 15,811,793</u> | <u>\$ 3,798,177</u> | <u>\$ 885,000</u> | <u>\$ 214,408</u> | <u>\$ 22,627,637</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS - Continued

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2006, are as follows:

| <u>Fiscal Year(s)</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| 2007 | \$ 216,189 | \$ 120,168 |
| 2008 | 239,250 | 96,603 |
| 2009 | 209,616 | 51,618 |
| 2010 | 167,984 | 32,229 |
| 2011 | 117,998 | 21,305 |
| 2012-2016 | <u>150,226</u> | <u>1,775</u> |
| Total minimum lease payments | 1,101,263 | 323,698 |
| Less amount representing interest | <u>(90,305)</u> | <u>(19,463)</u> |
| Present value of future minimum lease payments | <u>\$1,010,958</u> | <u>\$ 304,235</u> |

The following is an analysis of equipment leased under capital leases as of September 30, 2006:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--------------------------|------------------------------------|-------------------------------------|
| Equipment cost | \$1,529,712 | \$ 495,046 |
| Accumulated depreciation | <u>(493,303)</u> | <u>(260,171)</u> |
| Carrying Value | <u>\$1,036,409</u> | <u>\$ 234,875</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2006, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------------|--------------------|----------------------|---------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| General obligation bonds | \$ 2,020,000 | \$3,870,000 | \$ (695,000) | \$ 5,195,000 | \$ 355,000 |
| Notes payable | 8,439,154 | - | (81,320) | 8,357,834 | 168,966 |
| Limited obligation bonds | 1,632,000 | - | (78,000) | 1,554,000 | 79,000 |
| Capital lease obligations | 1,214,990 | - | (204,032) | 1,010,958 | 187,358 |
| | <u>13,306,144</u> | <u>3,870,000</u> | <u>(1,058,352)</u> | <u>16,117,792</u> | <u>790,324</u> |
| Compensated absences | 622,651 | 279,523 | (336,147) | 566,027 | 336,000 |
| Net pension obligation | 749,615 | 149,157 | (89,782) | 808,990 | - |
| | <u>\$14,678,410</u> | <u>\$4,298,680</u> | <u>\$(1,484,281)</u> | <u>\$17,492,809</u> | <u>\$1,126,324</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| General obligation bonds | \$ 1,655,000 | \$ - | \$ (140,000) | \$ 1,515,000 | \$ 150,000 |
| Notes payable | 13,859,057 | 2,597,336 | (644,600) | 15,811,793 | 764,705 |
| Revenue bonds | 970,000 | - | (85,000) | 885,000 | 90,000 |
| Capital lease obligations | 275,194 | 112,660 | (83,619) | 304,235 | 111,441 |
| Unamortized bond refunding cost and bond discount | <u>(73,204)</u> | <u>-</u> | <u>9,150</u> | <u>(64,054)</u> | <u>-</u> |
| | <u>16,686,047</u> | <u>2,709,996</u> | <u>(944,069)</u> | <u>18,451,974</u> | <u>1,116,146</u> |
| Compensated absences | <u>73,727</u> | <u>61,596</u> | <u>(59,760)</u> | <u>75,563</u> | <u>60,000</u> |
| | <u>\$16,759,774</u> | <u>\$2,771,592</u> | <u>\$(1,003,829)</u> | <u>\$18,527,537</u> | <u>\$1,176,146</u> |

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

(Continued)

NOTE 8. LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2006 was as follows:

| | <u>Governmental Activities</u> |
|--------------------------|------------------------------------|
| Property cost | \$ 955,000 |
| Accumulated depreciation | <u>(753,600)</u> |
| Carrying value | <u>\$ 201,400</u> |

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

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

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

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--------------------|------------------------------------|-------------------------------------|
| 2007 | \$ 10,100 | \$ 33,900 |
| 2008 | <u>10,100</u> | <u>3,975</u> |
| | <u>\$ 20,200</u> | <u>\$ 37,875</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 9. OPERATING LEASE OBLIGATIONS

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

| <u>Fiscal Year(s)</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---------------------------------|------------------------------------|-------------------------------------|
| 2007 | \$ 36,662 | \$ 14,130 |
| 2008 | 28,545 | 10,930 |
| 2009 | 26,975 | 10,330 |
| 2010 | 26,661 | 10,330 |
| 2011 | 29,661 | 10,330 |
| 2012-2016 | 148,305 | 51,650 |
| 2017-2021 | 145,305 | 51,650 |
| 2022-2026 | 133,305 | 51,650 |
| 2027-2031 | 92,489 | 42,950 |
| 2032-2036 | <u>-</u> | <u>5,980</u> |
| Total minimum lease payments | <u>\$ 667,908</u> | <u>\$ 259,930</u> |

Rent expense during the year ended September 30, 2006 for all operating leases was as follows:

| | |
|--------------------------|-------------------|
| Governmental activities | \$ 82,626 |
| Business-type activities | <u>17,457</u> |
| | <u>\$ 100,083</u> |

NOTE 10. 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 10. 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 \$60,000 to the plan for the year ended September 30, 2006. 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 11.3% of the annual covered payroll and was increased from the previous 10.75% rate as of July 1, 2006. 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, 2006, 2005, and 2004 were \$1,161,306, \$1,036,030, and \$947,062, respectively, equal to 100% of the required contributions for each year.

(Continued)

NOTE 10. 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, 2006, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.57 mill tax levy. The contribution requirements for CDRF are established, and may only be amended, by the State of Mississippi Legislature. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to ½ mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a .35 mill general fund tax levy for the years ending September 30, 2005 through 2020, if needed to maintain the actuarial soundness of the CDRF.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 10. 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, | | |
|--|-------------------|-------------------|-------------------|
| | 2005 | 2004 | 2003 |
| Actuarial Value of Plan Assets | \$ 8,252,000 | \$8,484,000 | \$ 8,589,000 |
| Actuarial Accrued Liability | <u>9,175,000</u> | <u>9,190,000</u> | <u>8,806,000</u> |
| Unfunded Actuarial Liability | <u>\$ 923,000</u> | <u>\$ 706,000</u> | <u>\$ 217,000</u> |
| Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability | 89.9% | 92.3% | 97.5% |
| Annual Covered Payroll | \$ 505,000 | \$ 673,000 | \$ 761,000 |
| Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll | 182.8% | 104.9% | 28.5% |

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

| Fiscal Year Ended | September 30, | | |
|---|-------------------|-------------------|-------------------|
| | 2006 | 2005 | 2004 |
| Annual required employer contribution | \$ 156,368 | \$ 112,568 | \$ 76,815 |
| Interest on net pension obligation | 59,968 | 55,271 | 51,911 |
| Adjustment to annual required contribution | <u>(67,179)</u> | <u>(61,369)</u> | <u>(57,172)</u> |
| Annual pension cost | 149,157 | 106,470 | 71,554 |
| Actual employer contribution | <u>(89,782)</u> | <u>(47,734)</u> | <u>(29,559)</u> |
| Change in net pension obligation | 59,375 | 58,736 | 41,995 |
| Beginning net pension obligation | <u>749,615</u> | <u>690,879</u> | <u>648,884</u> |
| Ending net pension obligation | <u>\$ 808,990</u> | <u>\$ 749,615</u> | <u>\$ 690,879</u> |
| Percentage of annual pension cost contributed | 60.19% | 44.83% | 41.31% |

(Continued)

NOTE 10. 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, 2006 was determined as part of the September 30, 2005 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, 2006 was 29 years.

NOTE 11. COMMITMENTS

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through November, 2008, and provides for a monthly charge to the City of \$11.98 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 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 12. CONTINGENT LIABILITIES

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

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

NOTE 13. RISK MANAGEMENT

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

(Continued)

NOTE 13. 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 \$352 per month per employee to the plan, and employees had the option of authorizing payroll withholdings to fund contributions for spouses and dependents. Claims are paid by a third party administrator acting on behalf of the City.

The City's medical self-insurance plan was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage was in effect for individual claims exceeding \$35,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current year was approximately \$1,067,000. 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 13. RISK MANAGEMENT - Continued

| | <u>Year Ended September 30,</u> | |
|---|---------------------------------|------------------|
| | <u>2006</u> | <u>2005</u> |
| Claims liability, October 1 | \$ 80,292 | \$ 104,579 |
| Current year claims and changes in estimates | 831,841 | 789,930 |
| Claims paid in current year | <u>(801,468)</u> | <u>(814,217)</u> |
| Claims liability, September 30 | <u>\$ 110,665</u> | <u>\$ 80,292</u> |

NOTE 14. CORRECTION AND CHANGE IN ACCOUNTING ESTIMATE

The beginning fund balances in the General Fund and Tourism Tax Fund in the accompanying financial statements have been restated (increased) by \$325,004 and \$11,367, respectively, to reflect receivables from sales and utilities taxes at the time the underlying transactions occur. These amounts were previously recorded at the time the State of Mississippi was provided information from taxpayers and collected this revenue. The net change in fund balance for the year ended September 30, 2005 was not materially affected for either of these funds as a result of this correction.

Beginning with the year ended September 30, 2006, the City increased its capital asset capitalization threshold from the previous \$500 threshold to the \$5,000 minimum threshold recommended by the Mississippi State Auditor's Office. Items below \$5,000 that were capitalized in previous years will remain in the capital assets balance until the items either become worthless or are sold.

NOTE 15. SUBSEQUENT EVENTS

The City issued lease purchase debt of \$69,761 subsequent to September 30, 2006 to finance the purchase of equipment. The debt will be repaid by the Water and Sewer Operations Fund over a five-year term at 4.26% interest.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis, See Note A) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|--|---|
| | Original | Final | | |
| AVAILABLE | | | | |
| Licenses and permits | \$ 865,000 | \$ 1,015,000 | \$ 1,023,957 | \$ 8,957 |
| Intergovernmental revenues | 4,391,053 | 4,794,117 | 5,415,576 | 621,459 |
| Charges for services | 13,000 | 13,000 | 61,182 | 48,182 |
| Fines and forfeitures | 269,000 | 464,000 | 477,355 | 13,355 |
| Interest earned | 41,000 | 41,000 | 34,326 | (6,674) |
| Miscellaneous | 285,273 | 285,273 | 235,052 | (50,221) |
| Total receipts, other than taxes | 5,864,326 | 6,612,390 | 7,247,448 | 635,058 |
| Beginning fund balance | 1,494,712 | 1,223,248 | 1,005,638 | (217,610) |
| Total available, other than taxes | 7,359,038 | 7,835,638 | 8,253,086 | 417,448 |
| Ad valorem taxes to be provided by levy | 5,580,617 | 5,671,880 | 5,444,019 | (227,861) |
| Total Available From All Sources | <u>12,939,655</u> | <u>13,507,518</u> | <u>13,697,105</u> | <u>189,587</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Elected officials: | | | | |
| Personal services | 252,809 | 232,809 | 211,465 | (21,344) |
| Supplies | 8,300 | 9,800 | 8,488 | (1,312) |
| Other services and charges | 17,600 | 20,600 | 21,585 | 985 |
| Total elected officials | <u>278,709</u> | <u>263,209</u> | <u>241,538</u> | <u>(21,671)</u> |
| Court services: | | | | |
| Personal services | 97,316 | 97,816 | 94,230 | (3,586) |
| Supplies | 7,000 | 16,000 | 15,963 | (37) |
| Other services and charges | 74,100 | 100,000 | 107,263 | 7,263 |
| Total court services | <u>178,416</u> | <u>213,816</u> | <u>217,456</u> | <u>3,640</u> |
| Administration: | | | | |
| Personal services | 331,568 | 388,000 | 386,258 | (1,742) |
| Supplies | 35,000 | 35,000 | 32,594 | (2,406) |
| Other services and charges | 139,000 | 205,000 | 201,439 | (3,561) |
| Capital outlay | - | - | 4,257 | 4,257 |
| Total administration | <u>505,568</u> | <u>628,000</u> | <u>624,548</u> | <u>(3,452)</u> |
| Community development: | | | | |
| Personal services | 102,255 | 97,255 | 96,080 | (1,175) |
| Supplies | 3,900 | 6,500 | 4,818 | (1,682) |
| Other services and charges | 46,100 | 35,000 | 21,709 | (13,291) |
| Capital outlay | - | - | 725 | 725 |
| Total community development | <u>152,255</u> | <u>138,755</u> | <u>123,332</u> | <u>(15,423)</u> |
| Total General Government | <u>1,114,948</u> | <u>1,243,780</u> | <u>1,206,874</u> | <u>(36,906)</u> |

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis, See Note A) | Variance with Final Budget - Over (Under) |
|---------------------------------|-------------------------|------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>EXPENDITURES - Continued</u> | | | | |
| Public safety: | | | | |
| Law enforcement: | | | | |
| Personal services | 2,903,615 | 2,929,215 | 2,890,407 | (38,808) |
| Supplies | 292,688 | 340,688 | 408,371 | 67,683 |
| Other services and charges | 252,650 | 237,650 | 283,514 | 45,864 |
| Capital outlay | - | 73,000 | 72,891 | (109) |
| Debt service | 22,692 | 22,692 | 22,692 | - |
| Total law enforcement | <u>3,471,645</u> | <u>3,603,245</u> | <u>3,677,875</u> | <u>74,630</u> |
| Fire protection: | | | | |
| Personal services | 2,495,898 | 2,551,898 | 2,555,885 | 3,987 |
| Supplies | 153,800 | 202,300 | 215,673 | 13,373 |
| Other services and charges | 217,500 | 212,500 | 235,895 | 23,395 |
| Debt service | 299,778 | 299,778 | 300,018 | 240 |
| Total fire protection | <u>3,166,976</u> | <u>3,266,476</u> | <u>3,307,471</u> | <u>40,995</u> |
| Inspection: | | | | |
| Personal services | 93,197 | 93,197 | 93,023 | (174) |
| Supplies | 12,000 | 11,000 | 9,958 | (1,042) |
| Other services and charges | 9,100 | 7,100 | 6,963 | (137) |
| Total inspection | <u>114,297</u> | <u>111,297</u> | <u>109,944</u> | <u>(1,353)</u> |
| Total Public Safety | <u>6,752,918</u> | <u>6,981,018</u> | <u>7,095,290</u> | <u>114,272</u> |
| Street: | | | | |
| Personal services | 848,180 | 890,180 | 909,558 | 19,378 |
| Supplies | 377,500 | 423,500 | 442,700 | 19,200 |
| Other services and charges | 405,900 | 422,400 | 433,562 | 11,162 |
| Capital outlay | 524,000 | 524,000 | 523,860 | (140) |
| Debt service | 97,622 | 97,622 | 96,939 | (683) |
| Total Street | <u>2,253,202</u> | <u>2,357,702</u> | <u>2,406,619</u> | <u>48,917</u> |

(Continued)

CITY OF CLINTON

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - CONTINUED
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis, See Note A) | Variance with Final Budget - Over (Under) |
|--|---------------------|---------------------|--|---|
| | Original | Final | | |
| EXPENDITURES - Continued | | | | |
| Parks and recreation: | | | | |
| Personal services | 701,904 | 676,904 | 660,521 | (16,383) |
| Supplies | 170,500 | 198,000 | 203,150 | 5,150 |
| Other services and charges | 135,650 | 183,650 | 183,967 | 317 |
| Capital outlay | - | - | 18,750 | 18,750 |
| Debt service | 396,854 | 396,854 | 394,536 | (2,318) |
| Total Parks and Recreation | <u>1,404,908</u> | <u>1,455,408</u> | <u>1,460,924</u> | <u>5,516</u> |
| Economic development: | | | | |
| Supplies | 3,300 | 3,300 | 3,353 | 53 |
| Other services and charges | 154,500 | 94,900 | 87,737 | (7,163) |
| Total Economic Development | <u>157,800</u> | <u>98,200</u> | <u>91,090</u> | <u>(7,110)</u> |
| Transfers and other charges | <u>236,955</u> | <u>236,955</u> | <u>316,050</u> | <u>79,095</u> |
| Total expenditures | 11,920,731 | 12,373,063 | 12,576,847 | 203,784 |
| Ending fund balance | <u>1,018,924</u> | <u>1,134,455</u> | <u>1,120,258</u> | <u>(14,197)</u> |
| Total Expenditures and Ending Fund Balance | <u>\$12,939,655</u> | <u>\$13,507,518</u> | <u>\$ 13,697,105</u> | <u>\$ 189,587</u> |

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2006

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 | \$ 13,697,105 |
| Differences: | |
| GAAP basis receivables are reflected as budgetary basis available in the year received | 3,856 |
| Beginning fund balance is included in budgetary basis available | <u>(1,005,638)</u> |
| Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ 12,695,323</u> |
| | |
| Expenditures - Budgetary Comparison Schedule | \$ 12,576,847 |
| Differences: | |
| GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid | (60,703) |
| Other financing uses are included in budgetary basis expenditures | <u>(268,966)</u> |
| Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ 12,247,178</u> |
| | |
| Other Financing Sources (Uses) - Budgetary Comparison Schedule | \$ - |
| Differences: | |
| Other financing uses are included in budgetary basis expenditures | <u>(268,966)</u> |
| Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ (268,966)</u> |

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2006

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|--------------------------|-----------------------------|--|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 147,311 | \$ 113,255 | \$ 129,578 | \$ 390,144 |
| Receivables: | | | | |
| Property taxes | - | 194,809 | - | 194,809 |
| Tourism tax | 17,884 | - | - | 17,884 |
| Federal grants | - | - | 145,305 | 145,305 |
| Prepaid grant matching | - | - | 15,604 | 15,604 |
| Due from other funds | <u>35,800</u> | <u>8,668</u> | <u>-</u> | <u>44,468</u> |
| Total Assets | <u>\$ 200,995</u> | <u>\$ 316,732</u> | <u>\$ 290,487</u> | <u>\$ 808,214</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 11,729 | \$ 1,963 | \$ 70,056 | \$ 83,748 |
| Accrued interest payable | - | 8,665 | - | 8,665 |
| Deferred property taxes | - | 181,001 | - | 181,001 |
| Deferred grant revenue | 82,779 | - | - | 82,779 |
| Due to other funds | <u>24</u> | <u>-</u> | <u>346,105</u> | <u>346,129</u> |
| Total Liabilities | <u>94,532</u> | <u>191,629</u> | <u>416,161</u> | <u>702,322</u> |
| Fund Balances: | | | | |
| Unreserved reported in: | | | | |
| Special revenue funds | 106,463 | - | - | 106,463 |
| Debt service funds | - | 125,103 | - | 125,103 |
| Capital projects funds | <u>-</u> | <u>-</u> | <u>(125,674)</u> | <u>(125,674)</u> |
| Total Fund Balance | <u>106,463</u> | <u>125,103</u> | <u>(125,674)</u> | <u>105,892</u> |
| Total Liabilities and Fund Balances | <u>\$ 200,995</u> | <u>\$ 316,732</u> | <u>\$ 290,487</u> | <u>\$ 808,214</u> |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2006

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|--------------------------|-----------------------------|--|
| Revenues: | | | | |
| Property taxes | \$ - | \$ 708,690 | \$ - | \$ 708,690 |
| Intergovernmental | 113,802 | 58,388 | 380,545 | 552,735 |
| Charges for services | 26,105 | - | - | 26,105 |
| Fines and forfeitures | 4,318 | - | - | 4,318 |
| Interest | 2,322 | 6,455 | 4,475 | 13,252 |
| Contributions | 1,555 | - | - | 1,555 |
| | <u>148,102</u> | <u>773,533</u> | <u>385,020</u> | <u>1,306,655</u> |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 11,490 | - | 11,490 |
| Public Safety | 9,901 | - | - | 9,901 |
| Culture and Recreation | 84,338 | - | - | 84,338 |
| Economic Development | 56,402 | - | - | 56,402 |
| Debt Service | - | 983,314 | - | 983,314 |
| Capital Outlay | - | - | 1,897,420 | 1,897,420 |
| | <u>150,641</u> | <u>994,804</u> | <u>1,897,420</u> | <u>3,042,865</u> |
| Total Expenditures | | | | |
| Excess of Expenditures Over Revenues | <u>(2,539)</u> | <u>(221,271)</u> | <u>(1,512,400)</u> | <u>(1,736,210)</u> |

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2006

| | 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 | - | 115,546 | 1,061,323 | 1,176,869 |
| Transfers out | <u>-</u> | <u>(5,641)</u> | <u>-</u> | <u>(5,641)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>109,905</u> | <u>1,061,323</u> | <u>1,171,228</u> |
| Net Change in Fund Balances | (2,539) | (111,366) | (451,077) | (564,982) |
| Fund Balances - Beginning | <u>109,002</u> | <u>236,469</u> | <u>325,403</u> | <u>670,874</u> |
| Fund Balances - Ending | <u>\$ 106,463</u> | <u>\$ 125,103</u> | <u>\$ (125,674)</u> | <u>\$ 105,892</u> |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2006

| | Tourism Tax Fund | Special Law Enforcement Fund | Total Nonmajor Special Revenue Funds |
|---|------------------------|---------------------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 62,558 | \$ 84,753 | \$ 147,311 |
| Tourism tax receivable | 17,884 | - | 17,884 |
| Due from other funds | <u>35,800</u> | <u>-</u> | <u>35,800</u> |
| Total Assets | <u>\$ 116,242</u> | <u>\$ 84,753</u> | <u>\$ 200,995</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 9,737 | \$ 1,992 | \$ 11,729 |
| Deferred grant revenue | - | 82,779 | 82,779 |
| Due to other funds | <u>24</u> | <u>-</u> | <u>24</u> |
| Total Liabilities | 9,761 | 84,771 | 94,532 |
| Fund Balances: | | | |
| Unreserved | <u>106,481</u> | <u>(18)</u> | <u>106,463</u> |
| Total Liabilities and Fund Balances | <u>\$ 116,242</u> | <u>\$ 84,753</u> | <u>\$ 200,995</u> |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2006

| | Tourism Tax Fund | Special Law Enforcement Fund | Total Nonmajor Special Revenue Funds |
|------------------------------------|------------------------|---------------------------------------|---|
| Revenues: | | | |
| Intergovernmental: | | | |
| Tourism tax | \$ 109,364 | \$ - | \$ 109,364 |
| Federal grants | - | 4,438 | 4,438 |
| | <u>109,364</u> | <u>4,438</u> | <u>113,802</u> |
| Charges for services: | | | |
| Visitors Center sales | 26,105 | - | 26,105 |
| Fines and forfeitures | - | 4,318 | 4,318 |
| Interest | 1,195 | 1,127 | 2,322 |
| Contributions | 1,555 | - | 1,555 |
| Total Revenues | <u>138,219</u> | <u>9,883</u> | <u>148,102</u> |
| Expenditures: | | | |
| Public Safety: | | | |
| Supplies | - | 6,217 | 6,217 |
| Other services and charges | - | 3,684 | 3,684 |
| | <u>-</u> | <u>9,901</u> | <u>9,901</u> |
| Culture and Recreation: | | | |
| Supplies | 27,676 | - | 27,676 |
| Other services and charges | 56,662 | - | 56,662 |
| | <u>84,338</u> | <u>-</u> | <u>84,338</u> |
| Economic Development: | | | |
| Other services and charges | 56,402 | - | 56,402 |
| | <u>56,402</u> | <u>-</u> | <u>56,402</u> |
| Total Expenditures | <u>140,740</u> | <u>9,901</u> | <u>150,641</u> |
| Net Change in Fund Balances | (2,521) | (18) | (2,539) |
| Fund Balances - Beginning | <u>109,002</u> | <u>-</u> | <u>109,002</u> |
| Fund Balances - Ending | <u>\$ 106,481</u> | <u>\$ (18)</u> | <u>\$ 106,463</u> |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2006

| | Clinton Parkway Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Clinton Public School District Bond and Interest Fund | Total Nonmajor Debt Service Funds |
|--|--|--|--|--|--|---|--|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 38,033 | \$ - | \$ 837 | \$ 1,433 | \$ 776 | \$ 72,176 | \$ 113,255 |
| Property taxes receivable | 185,578 | - | - | - | - | 9,231 | 194,809 |
| Due from other funds | - | 8,665 | - | - | 3 | - | 8,668 |
| Total Assets | \$223,611 | \$ 8,665 | \$ 837 | \$ 1,433 | \$ 779 | \$ 81,407 | \$ 316,732 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,963 | \$ 1,963 |
| Accrued interest payable | - | 8,665 | - | - | - | - | 8,665 |
| Deferred property taxes | 181,001 | - | - | - | - | - | 181,001 |
| Total Liabilities | 181,001 | 8,665 | - | - | - | 1,963 | 191,629 |
| Fund Balances: | | | | | | | |
| Unreserved | 42,610 | - | 837 | 1,433 | 779 | 79,444 | 125,103 |
| Total Liabilities and Fund Balances | \$223,611 | \$ 8,665 | \$ 837 | \$ 1,433 | \$ 779 | \$ 81,407 | \$ 316,732 |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2006

| | Clinton Parkway Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Clinton Public School District Bond and Interest Fund | Total Nonmajor Debt Service Funds |
|---|--|--|--|--|--|---|--|
| Revenues: | | | | | | | |
| Property taxes | \$ 236,234 | \$ - | \$ - | \$ - | \$ - | \$ 472,456 | \$ 708,690 |
| Intergovernmental: | | | | | | | |
| State shared revenues | 4,637 | - | - | - | - | - | 4,637 |
| County shared revenues | - | - | 18,751 | 35,000 | - | - | 53,751 |
| | <u>4,637</u> | <u>-</u> | <u>18,751</u> | <u>35,000</u> | <u>-</u> | <u>-</u> | <u>58,388</u> |
| Interest | <u>2,440</u> | <u>-</u> | <u>32</u> | <u>29</u> | <u>4</u> | <u>3,950</u> | <u>6,455</u> |
| Total Revenues | <u>243,311</u> | <u>-</u> | <u>18,783</u> | <u>35,029</u> | <u>4</u> | <u>476,406</u> | <u>773,533</u> |
| Expenditures: | | | | | | | |
| General government: | | | | | | | |
| Other services and charges | 3,777 | - | - | 194 | - | 7,519 | 11,490 |
| Debt service | <u>306,648</u> | <u>-</u> | <u>38,687</u> | <u>106,885</u> | <u>23,072</u> | <u>508,022</u> | <u>983,314</u> |
| Total Expenditures | <u>310,425</u> | <u>-</u> | <u>38,687</u> | <u>107,079</u> | <u>23,072</u> | <u>515,541</u> | <u>994,804</u> |
| Excess of Expenditures Over Revenues | <u>(67,114)</u> | <u>-</u> | <u>(19,904)</u> | <u>(72,050)</u> | <u>(23,068)</u> | <u>(39,135)</u> | <u>(221,271)</u> |

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
 September 30, 2006

| | Clinton Parkway Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Clinton Public School District Bond and Interest Fund | Total Nonmajor Debt Service Funds |
|--------------------------------------|--|--|--|--|--|---|--|
| Other Financing Sources (Uses): | | | | | | | |
| Transfers in | - | - | 19,936 | 71,885 | 23,725 | - | 115,546 |
| Transfers out | <u>(5,641)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,641)</u> |
| Total Other Financing Sources (Uses) | <u>(5,641)</u> | <u>-</u> | <u>19,936</u> | <u>71,885</u> | <u>23,725</u> | <u>-</u> | <u>109,905</u> |
| Net Change in Fund Balances | (72,755) | - | 32 | (165) | 657 | (39,135) | (111,366) |
| Fund Balances - Beginning | <u>115,365</u> | <u>-</u> | <u>805</u> | <u>1,598</u> | <u>122</u> | <u>118,579</u> | <u>236,469</u> |
| Fund Balances - Ending | <u>\$ 42,610</u> | <u>\$ -</u> | <u>\$ 837</u> | <u>\$ 1,433</u> | <u>\$ 779</u> | <u>\$ 79,444</u> | <u>\$ 125,103</u> |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2006

| | Public Works Facility Project Fund | Community Development Block Grant Fund - Mega Plastics | Natchez Trace Visitors Center Project Fund | Library Construction Project Fund | Total Nonmajor Capital Projects Funds |
|--|--|--|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 129,197 | \$ 381 | \$ - | \$ - | \$ 129,578 |
| Federal grants receivable | 8,712 | 59,909 | 76,684 | - | 145,305 |
| Prepaid grant matching | - | - | 15,604 | - | 15,604 |
| Total Assets | \$ 137,909 | \$ 60,290 | \$ 92,288 | \$ - | \$ 290,487 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 58,330 | \$ 11,726 | \$ - | \$ 70,056 |
| Due to other funds | 137,909 | 13,861 | 73,253 | 121,082 | 346,105 |
| Total Liabilities | 137,909 | 72,191 | 84,979 | 121,082 | 416,161 |
| Fund Balances: | | | | | |
| Unreserved | - | (11,901) | 7,309 | (121,082) | (125,674) |
| Total Liabilities and Fund Balances | \$ 137,909 | \$ 60,290 | \$ 92,288 | \$ - | \$ 290,487 |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2006

| | Public Works Facility Project Fund | Community Development Block Grant Fund - Mega Plastics | Natchez Trace Visitors Center Project Fund | Library Construction Project Fund | Total Nonmajor Capital Projects Funds |
|---|--|--|--|---|---|
| Revenues: | | | | | |
| Intergovernmental: | | | | | |
| Federal grants | \$ - | \$ 376,378 | \$ 4,167 | \$ - | \$ 380,545 |
| Interest | <u>4,089</u> | <u>386</u> | <u>-</u> | <u>-</u> | <u>4,475</u> |
| Total Revenues | <u>4,089</u> | <u>376,764</u> | <u>4,167</u> | <u>-</u> | <u>385,020</u> |
| Expenditures: | | | | | |
| Capital Outlay | <u>1,416,818</u> | <u>386,094</u> | <u>11,726</u> | <u>82,782</u> | <u>1,897,420</u> |
| Excess of Expenditures Over Revenues | <u>(1,412,729)</u> | <u>(9,330)</u> | <u>(7,559)</u> | <u>(82,782)</u> | <u>(1,512,400)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | <u>1,061,323</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,061,323</u> |
| Net Change in Fund Balances | (351,406) | (9,330) | (7,559) | (82,782) | (451,077) |
| Fund Balances - Beginning | <u>351,406</u> | <u>(2,571)</u> | <u>14,868</u> | <u>(38,300)</u> | <u>325,403</u> |
| Fund Balances - Ending | <u>\$ -</u> | <u>\$ (11,901)</u> | <u>\$ 7,309</u> | <u>\$ (121,082)</u> | <u>\$ (125,674)</u> |

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Tourism taxes | \$ 84,000 | \$ 84,000 | \$ 112,715 | \$ 28,715 |
| Interest earned | 1,600 | 1,600 | 1,195 | (405) |
| Donations - private sources | 3,000 | 3,000 | 1,555 | (1,445) |
| Sales | <u>27,000</u> | <u>27,000</u> | <u>26,105</u> | <u>(895)</u> |
| Total Receipts | 115,600 | 115,600 | 141,570 | 25,970 |
| Beginning fund balance | <u>47,060</u> | <u>57,590</u> | <u>88,584</u> | <u>30,994</u> |
| Total Available From All Sources | <u>\$ 162,660</u> | <u>\$ 173,190</u> | <u>\$ 230,154</u> | <u>\$ 56,964</u> |
| <u>EXPENDITURES</u> | | | | |
| Visitor center: | | | | |
| Supplies: | | | | |
| Cost of sales | \$ 17,050 | \$ 17,050 | \$ 19,874 | \$ 2,824 |
| Other | 5,150 | 9,000 | 8,607 | (393) |
| Other services and charges | 56,000 | 56,000 | 55,780 | (220) |
| Capital outlay | <u>5,595</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total visitor center | 83,795 | 82,050 | 84,261 | 2,211 |
| Tourism promotion: | | | | |
| Other services and charges | 48,000 | 54,000 | 56,402 | 2,402 |
| Transfers to other funds | <u>30,000</u> | <u>30,000</u> | <u>-</u> | <u>(30,000)</u> |
| Total Expenditures | 161,795 | 166,050 | 140,663 | (25,387) |
| Ending fund balance | <u>865</u> | <u>7,140</u> | <u>89,491</u> | <u>82,351</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 162,660</u> | <u>\$ 173,190</u> | <u>\$ 230,154</u> | <u>\$ 56,964</u> |

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Participation receipts from U.S. | | | | |
| Justice Department | \$ 10,000 | \$ 37,000 | \$ 59,495 | \$ 22,495 |
| Other receipts | 500 | 500 | 5,445 | 4,945 |
| Total Receipts | 10,500 | 37,500 | 64,940 | 27,440 |
| Beginning fund balance | - | 29,922 | 27,722 | (2,200) |
| Total Available From All Sources | <u>\$ 10,500</u> | <u>\$ 67,422</u> | <u>\$ 92,662</u> | <u>\$ 25,240</u> |
| <u>EXPENDITURES</u> | | | | |
| Supplies | \$ - | \$ 5,000 | \$ 6,217 | \$ 1,217 |
| Other services and charges | - | - | 3,684 | 3,684 |
| Capital outlay | 10,000 | 15,000 | - | (15,000) |
| Total Expenditures | 10,000 | 20,000 | 9,901 | (10,099) |
| Ending fund balance | 500 | 47,422 | 82,761 | 35,339 |
| Total Expenditures and Ending Fund Balance | <u>\$ 10,500</u> | <u>\$ 67,422</u> | <u>\$ 92,662</u> | <u>\$ 25,240</u> |

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|--|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Homestead exemption reimbursement | \$ 7,000 | \$ 4,000 | \$ 4,637 | \$ 637 |
| Interest earned | - | 3,000 | 2,440 | (560) |
| Total receipts, other than taxes | 7,000 | 7,000 | 7,077 | 77 |
| Beginning fund balance | 103,053 | 106,180 | 108,813 | 2,633 |
| Total available, other than taxes | 110,053 | 113,180 | 115,890 | 2,710 |
| Ad valorem taxes to be provided by levy | 243,542 | 246,971 | 238,209 | (8,762) |
| Total Available From All Sources | <u>\$ 353,595</u> | <u>\$ 360,151</u> | <u>\$ 354,099</u> | <u>\$ (6,052)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ - | \$ 4,429 | \$ 3,777 | \$ (652) |
| Debt service | 307,135 | 307,135 | 306,648 | (487) |
| Transfers to other funds | 5,419 | 5,419 | 5,641 | 222 |
| Total Expenditures | 312,554 | 316,983 | 316,066 | (917) |
| Ending fund balance | 41,041 | 43,168 | 38,033 | (5,135) |
| Total Expenditures and Ending Fund Balance | <u>\$ 353,595</u> | <u>\$ 360,151</u> | <u>\$ 354,099</u> | <u>\$ (6,052)</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 19,989 | \$ 19,989 | \$ 19,936 | \$ (53) |
| Receipt from Hinds County | 18,801 | 18,801 | 18,751 | (50) |
| Interest earned | - | - | 32 | 32 |
| Total Receipts | <u>38,790</u> | <u>38,790</u> | <u>38,719</u> | <u>(71)</u> |
| Beginning fund balance | <u>131</u> | <u>805</u> | <u>805</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 38,921</u> | <u>\$ 39,595</u> | <u>\$ 39,524</u> | <u>\$ (71)</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 38,790 | \$ 38,790 | \$ 38,687 | \$ (103) |
| Total Expenditures | <u>38,790</u> | <u>38,790</u> | <u>38,687</u> | <u>(103)</u> |
| Ending fund balance | <u>131</u> | <u>805</u> | <u>837</u> | <u>32</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 38,921</u> | <u>\$ 39,595</u> | <u>\$ 39,524</u> | <u>\$ (71)</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 71,885 | \$ 71,885 | \$ 71,885 | \$ - |
| Receipt from Hinds County | 35,000 | 35,000 | 35,000 | - |
| Interest earned | - | - | 29 | 29 |
| Total Receipts | 106,885 | 106,885 | 106,914 | 29 |
| Beginning fund balance | 11,151 | 1,598 | 1,598 | - |
| Total Available From All Sources | <u>\$ 118,036</u> | <u>\$ 108,483</u> | <u>\$ 108,512</u> | <u>\$ 29</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ - | \$ - | \$ 194 | \$ 194 |
| Debt service | 108,385 | 108,385 | 106,885 | (1,500) |
| Total Expenditures | 108,385 | 108,385 | 107,079 | (1,306) |
| Ending fund balance | 9,651 | 98 | 1,433 | 1,335 |
| Total Expenditures and Ending Fund Balance | <u>\$ 118,036</u> | <u>\$ 108,483</u> | <u>\$ 108,512</u> | <u>\$ 29</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 23,500 | \$ 23,500 | \$ 23,725 | \$ 225 |
| Interest earned | - | - | 4 | 4 |
| Total Receipts | <u>23,500</u> | <u>23,500</u> | <u>23,729</u> | <u>229</u> |
| Beginning fund balance | <u>-</u> | <u>122</u> | <u>122</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 23,500</u> | <u>\$ 23,622</u> | <u>\$ 23,851</u> | <u>\$ 229</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 23,073 | \$ 23,073 | \$ 23,072 | \$ (1) |
| Total Expenditures | <u>23,073</u> | <u>23,073</u> | <u>23,072</u> | <u>(1)</u> |
| Ending fund balance | <u>427</u> | <u>549</u> | <u>779</u> | <u>230</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 23,500</u> | <u>\$ 23,622</u> | <u>\$ 23,851</u> | <u>\$ 229</u> |

CITY OF CLINTON

CLINTON PUBLIC SCHOOL DISTRICT BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Interest earned | \$ 4,000 | \$ 4,000 | \$ 3,950 | \$ (50) |
| Total receipts, other than taxes | 4,000 | 4,000 | 3,950 | (50) |
| Beginning fund balance | <u>108,307</u> | <u>107,429</u> | <u>107,429</u> | <u>-</u> |
| Total available, other than taxes | 112,307 | 111,429 | 111,379 | (50) |
| Ad valorem taxes to be provided by levy | <u>485,580</u> | <u>492,443</u> | <u>474,375</u> | <u>(18,068)</u> |
| Total Available From All Sources | <u>\$ 597,887</u> | <u>\$ 603,872</u> | <u>\$ 585,754</u> | <u>\$ (18,118)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ - | \$ 6,863 | \$ 7,519 | \$ 656 |
| Debt service | <u>507,075</u> | <u>507,075</u> | <u>508,022</u> | <u>947</u> |
| Total Expenditures | 507,075 | 513,938 | 515,541 | 1,603 |
| Ending fund balance | <u>90,812</u> | <u>89,934</u> | <u>70,213</u> | <u>(19,721)</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 597,887</u> | <u>\$ 603,872</u> | <u>\$ 585,754</u> | <u>\$ (18,118)</u> |

CITY OF CLINTON

CONSTRUCTION PROJECT FUND - WALMART/HAMPSTEAD BLVD.
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Sale of bonds | \$ - | \$ 3,816,828 | \$ 3,605,000 | \$ (211,828) |
| Interest earned | - | 13,000 | 22,169 | 9,169 |
| Total Receipts | - | 3,829,828 | 3,627,169 | (202,659) |
| Beginning fund balance | 186,019 | 198,914 | 185,145 | (13,769) |
| Total Available From All Sources | <u>\$ 186,019</u> | <u>\$ 4,028,742</u> | <u>\$ 3,812,314</u> | <u>\$ (216,428)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 120,000 | \$ 1,461,000 | \$ 53,172 | \$ (1,407,828) |
| Capital outlay | - | - | 1,645,272 | 1,645,272 |
| Transfers to other funds | - | 265,000 | - | (265,000) |
| Total Expenditures | 120,000 | 1,726,000 | 1,698,444 | (27,556) |
| Ending fund balance | 66,019 | 2,302,742 | 2,113,870 | (188,872) |
| Total Expenditures and Ending Fund Balance | <u>\$ 186,019</u> | <u>\$ 4,028,742</u> | <u>\$ 3,812,314</u> | <u>\$ (216,428)</u> |

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|---------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Interest earned | \$ - | \$ - | \$ 34,548 | \$ 34,548 |
| Total Receipts | - | - | 34,548 | 34,548 |
| Beginning fund balance | <u>3,435,770</u> | <u>3,729,266</u> | <u>3,093,317</u> | <u>(635,949)</u> |
| Total Available From All Sources | <u>\$ 3,435,770</u> | <u>\$ 3,729,266</u> | <u>\$ 3,127,865</u> | <u>\$ (601,401)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 2,982,000 | \$ 2,982,000 | \$ - | \$ (2,982,000) |
| Capital outlay | - | - | 2,369,364 | 2,369,364 |
| Transfers to other funds | - | - | 183,163 | 183,163 |
| Total Expenditures | <u>2,982,000</u> | <u>2,982,000</u> | <u>2,552,527</u> | <u>(429,473)</u> |
| Ending fund balance | <u>453,770</u> | <u>747,266</u> | <u>575,338</u> | <u>(171,928)</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 3,435,770</u> | <u>\$ 3,729,266</u> | <u>\$ 3,127,865</u> | <u>\$ (601,401)</u> |

CITY OF CLINTON

PUBLIC WORKS FACILITY PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|--|---------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Proceeds from borrowings | \$ - | \$ 1,065,270 | \$ - | \$ (1,065,270) |
| Transfer from other funds | - | 277,000 | 1,229,477 | 952,477 |
| Interest earned | - | 4,000 | 4,089 | 89 |
| Total Receipts | - | 1,346,270 | 1,233,566 | (112,704) |
| Beginning fund balance | 1,346,270 | 262,030 | 123,923 | (138,107) |
| Total Available From All Sources | <u>\$ 1,346,270</u> | <u>\$ 1,608,300</u> | <u>\$ 1,357,489</u> | <u>\$ (250,811)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 1,346,270 | \$ 1,608,300 | \$ - | \$ (1,608,300) |
| Capital outlay | - | - | 1,497,619 | 1,497,619 |
| Total Expenditures | 1,346,270 | 1,608,300 | 1,497,619 | (110,681) |
| Ending fund balance | - | - | (140,130) | (140,130) |
| Total Expenditures and Ending Fund Balance | <u>\$ 1,346,270</u> | <u>\$ 1,608,300</u> | <u>\$ 1,357,489</u> | <u>\$ (250,811)</u> |

CITY OF CLINTON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - MEGA PLASTICS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 400,000 | \$ 400,000 | \$ 327,528 | \$ (72,472) |
| Interest earned | - | - | 385 | 385 |
| Total Receipts | 400,000 | 400,000 | 327,913 | (72,087) |
| Beginning fund balance | 4,665 | 7,916 | (8,100) | (16,016) |
| Total Available From All Sources | <u>\$ 404,665</u> | <u>\$ 407,916</u> | <u>\$ 319,813</u> | <u>\$ (88,103)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 400,000 | \$ 407,916 | \$ - | \$ (407,916) |
| Capital outlay | - | - | 333,293 | 333,293 |
| Total Expenditures | 400,000 | 407,916 | 333,293 | (74,623) |
| Ending fund balance | 4,665 | - | (13,480) | (13,480) |
| Total Expenditures and Ending Fund Balance | <u>\$ 404,665</u> | <u>\$ 407,916</u> | <u>\$ 319,813</u> | <u>\$ (88,103)</u> |

CITY OF CLINTON

NATCHEZ TRACE VISITORS CENTER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

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

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|---------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 2,000,000 | \$ 2,231,712 | \$ 1,385,425 | \$ (846,287) |
| Proceeds from borrowings | 265,000 | 265,000 | 265,000 | - |
| Transfers from other funds | - | - | 159,061 | 159,061 |
| Interest earned | - | - | 443 | 443 |
| Total Receipts | <u>2,265,000</u> | <u>2,496,712</u> | <u>1,809,929</u> | <u>(686,783)</u> |
| Beginning fund balance | <u>-</u> | <u>3,377</u> | <u>(14,263)</u> | <u>(17,640)</u> |
| Total Available From All Sources | <u>\$ 2,265,000</u> | <u>\$ 2,500,089</u> | <u>\$ 1,795,666</u> | <u>\$ (704,423)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 2,265,000 | \$ 2,382,000 | \$ - | \$ (2,382,000) |
| Capital outlay | - | - | 2,037,304 | 2,037,304 |
| Total Expenditures | <u>2,265,000</u> | <u>2,382,000</u> | <u>2,037,304</u> | <u>(344,696)</u> |
| Ending fund balance | <u>-</u> | <u>118,089</u> | <u>(241,638)</u> | <u>(359,727)</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 2,265,000</u> | <u>\$ 2,500,089</u> | <u>\$ 1,795,666</u> | <u>\$ (704,423)</u> |

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 110,000 | \$ 110,000 | \$ - | \$ (110,000) |
| Total Receipts | 110,000 | 110,000 | - | (110,000) |
| Beginning fund balance | - | - | (38,300) | (38,300) |
| Total Available From All Sources | <u>\$ 110,000</u> | <u>\$ 110,000</u> | <u>\$ (38,300)</u> | <u>\$ (148,300)</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 110,000 | \$ 110,000 | \$ - | \$ (110,000) |
| Capital outlay | - | - | 82,782 | 82,782 |
| Total Expenditures | 110,000 | 110,000 | 82,782 | (27,218) |
| Ending fund balance | - | - | (121,082) | (121,082) |
| Total Expenditures and Ending Fund Balance | <u>\$ 110,000</u> | <u>\$ 110,000</u> | <u>\$ (38,300)</u> | <u>\$ (148,300)</u> |

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2006

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

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2006

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass- Through Grant Number | Program or Award Amount | Receivable (Deferred) at October 1, 2005 | Receipts | Receivable (Deferred) at September 30, 2006 | Expenditures |
|--|---------------------------|-------------------------------------|-------------------------------|---|------------|--|--------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Direct: | | | | | | | |
| Watershed Protection and Flood Prevention | 10.904 | N/A | \$ 107,455 | \$ 107,455 | \$ 107,455 | \$ - | \$ - |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | |
| Passed Through Mississippi Development Authority: | | | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | 1120-03-147-ED-01 | 437,264 | 11,059 | 327,527 | 59,909 | 376,377 |
| U.S. DEPARTMENT OF JUSTICE | | | | | | | |
| Direct: | | | | | | | |
| Drug Enforcement Administration State and Local Task Force Program | 16.Unknown | N/A | - | - | 14,545 | - | 14,545 |
| Federal Equitable Sharing Program | 16.MS0250300 | N/A | - | (27,722) | 59,495 | (82,779) | 4,438 |
| Bulletproof Vest Partnership Program | 16.607 | N/A | - | - | 316 | 1,285 | 1,601 |
| Total U.S. Department of Justice | | | | (27,722) | 74,356 | (81,494) | 20,584 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Passed Through Mississippi Department of Transportation: | | | | | | | |
| Transportation, Community and System Preservation Program | 20.Unknown | TCSP-7306-0(02)/ 10410210-1000 | 2,950,108 | 5,200 | 1,385,425 | 608,668 | 1,988,893 |
| Highway Planning and Construction | 20.205 | STP-0049-00(013)A | 1,492,242 | 72,517 | - | 76,684 | 4,167 |
| Total U.S. Department of Transportation | | | | 77,717 | 1,385,425 | 685,352 | 1,993,060 |

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2006

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass- Through Grant Number | Program or Award Amount | Receivable (Deferred) at October 1, 2005 | Receipts | Receivable (Deferred) at September 30, 2006 | Expenditures |
|---|---------------------------|-------------------------------------|-------------------------------|---|---------------------|--|---------------------|
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | | | |
| Passed Through Mississippi Department of Environmental Quality: | | | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | SRF-C280805-03-0 | 3,843,682 | <u>308,284</u> | <u>2,356,353</u> | <u>549,267</u> | <u>2,597,336</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 | 481,148 | <u>342,039</u> | <u>360,949</u> | <u>120,199</u> | <u>139,109</u> |
| Passed Through Mississippi Department of Public Safety: | | | | | | | |
| State Homeland Security Program | 97.073 | 04HS147 | 18,800 | 18,800 | 18,800 | - | - |
| State Homeland Security Program | 97.073 | 04HS147B | 199,987 | <u>5,089</u> | <u>82,180</u> | - | <u>77,091</u> |
| | | | | <u>23,889</u> | <u>100,980</u> | - | <u>77,091</u> |
| Law Enforcement Terrorism Prevention Program | 97.074 | 04LE147 | 42,600 | 42,600 | 42,600 | - | - |
| Law Enforcement Terrorism Prevention Program | 97.074 | 05LE147 | 108,879 | - | - | - | - |
| | | | | <u>42,600</u> | <u>42,600</u> | - | - |
| Total U.S. Department of Homeland Security | | | | <u>408,528</u> | <u>504,529</u> | <u>120,199</u> | <u>216,200</u> |
| Grant Total - All Programs | | | | <u>\$ 885,321</u> | <u>\$ 4,755,645</u> | <u>\$ 1,333,233</u> | <u>\$ 5,203,557</u> |

Reconciliation of federal awards schedule to financial statements:

| | |
|--|---------------------|
| Expenditures of federal awards per schedule | \$ 5,203,557 |
| Loan proceeds reflected as a liability in financial statements | <u>(2,597,336)</u> |
| Federal grant revenue per financial statements | <u>\$ 2,606,221</u> |

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

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

TANN, BROWN & RUSS CO., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
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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 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 (the City) as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated December 12, 2006.

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 & Root Co.

December 12, 2006

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

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

Compliance

We have audited the compliance of the City of Clinton, 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 each of its major federal programs for the year ended September 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

(Continued)

Internal Control Over Compliance

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

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

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

Tanna, Brown & Reed Co.

December 12, 2006

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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, 2006, and have issued our report thereon dated December 12, 2006. 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 December 12, 2006.

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

Tann, Brown & Russ Co.

December 12, 2006

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2006

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

| | |
|---|-------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Reportable condition(s) identified not considered to be material weaknesses? | No |
| Type of auditors' report issued on compliance for major programs? | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? | No |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 14.218 | Community Development Block Grants/Entitlement Grants |
| 20.Unknown | Transportation, Community and System Preservation Program |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

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

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended September 30, 2006

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, 2006

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2005.

STATISTICAL SECTION

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | 111 – 115 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes. | 116 – 119 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. | 120 – 124 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments. | 125 – 126 |
| Operating Information | |
| These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs. | 127 – 129 |

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 Four Fiscal Years
(accrual basis of accounting)**

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

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 Four Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,172,479 | \$ 1,161,010 | \$ 1,086,798 | \$ 1,014,001 |
| Public safety | 7,080,151 | 6,847,513 | 6,443,036 | 5,908,854 |
| Public works | 3,452,165 | 3,255,356 | 3,060,639 | 2,879,876 |
| Culture and recreation | 1,676,823 | 1,414,397 | 1,219,893 | 1,036,787 |
| Economic development | 135,868 | 148,948 | 145,971 | 136,369 |
| Interest and fiscal charges on long term debt | 611,831 | 596,185 | 351,396 | 396,780 |
| Total governmental activities expenses | 14,129,317 | 13,423,409 | 12,307,733 | 11,372,667 |
| Business-type activities: | | | | |
| Water | 2,502,614 | | | |
| Sewer | 2,974,735 | | | |
| Total Water and sewer | 5,477,349 | 5,260,282 | 5,080,824 | 4,970,882 |
| Garbage collection | 1,157,350 | 1,078,549 | 979,993 | 932,363 |
| Total business-type activities expenses | 6,634,699 | 6,338,831 | 6,060,817 | 5,903,245 |
| Total primary government expenses | \$ 20,764,016 | \$ 19,762,240 | \$ 18,368,550 | \$ 17,275,912 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for Services: | | | | |
| General government | \$ 66,944 | \$ - | \$ - | \$ - |
| Public safety | 644,333 | 474,684 | 341,573 | 376,717 |
| Public works | - | 4,180 | 980 | 540 |
| Culture and recreation | 73,856 | 50,624 | 30,532 | 11,145 |
| Operating grants and contributions | 232,944 | 596,968 | 391,053 | 247,526 |
| Capital grants and contributions | 4,272,198 | 1,110,098 | 3,050,960 | 558,635 |
| Total governmental activities program revenues | 5,290,275 | 2,236,554 | 3,815,098 | 1,194,563 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 2,595,539 | | | |
| Sewer | 2,014,796 | | | |
| Total Water and sewer | 4,610,335 | 4,368,760 | 4,219,031 | 4,135,457 |
| Garbage collection | 1,326,743 | 1,135,144 | 988,470 | 857,352 |
| Operating grants and contributions | 83,090 | - | - | - |
| Capital grants and contributions | 376,928 | 61,917 | 176,750 | 74,308 |
| Total business-type activities program revenues | 6,397,096 | 5,565,821 | 5,384,251 | 5,067,117 |
| Total primary government program revenues | \$ 11,687,371 | \$ 7,802,375 | \$ 9,199,349 | \$ 6,261,680 |

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
| General Fund | | | | | | | | | | |
| Reserved for encumbrances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 81,749 | \$ - | \$ 180,003 | \$ - |
| Unreserved | 2,163,452 | 1,659,269 | 1,859,017 | 1,994,892 | 2,330,866 | 2,970,518 | 2,643,537 | 1,965,424 | 1,151,961 | 1,061,520 |
| Total general fund | \$ 2,163,452 | \$ 1,659,269 | \$ 1,859,017 | \$ 1,994,892 | \$ 2,330,866 | \$ 2,970,518 | \$ 2,725,286 | \$ 1,965,424 | \$ 1,331,964 | \$ 1,061,520 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 106,463 | 97,635 | 136,018 | 220,658 | 136,325 | 155,088 | 158,340 | 102,932 | 71,455 | 61,305 |
| Debt service funds | 125,103 | 236,469 | 216,422 | 224,243 | 298,845 | 334,231 | 271,953 | 234,177 | 215,576 | 321,270 |
| Capital projects fund | 2,321,412 | 3,397,029 | (25,828) | 602,561 | 377,504 | 409,202 | 1,863,732 | 1,975,443 | 2,289,821 | 2,672,637 |
| Total all other governmental funds | \$ 2,552,978 | \$ 3,731,133 | \$ 326,612 | \$ 1,047,462 | \$ 812,674 | \$ 898,521 | \$ 2,294,025 | \$ 2,312,552 | \$ 2,576,852 | \$ 3,055,212 |

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|
| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 6,140,451 | \$ 6,333,652 | \$ 5,794,411 | \$ 5,374,263 | \$ 5,029,178 | \$ 4,828,605 | \$ 4,724,381 | \$ 4,568,871 | \$ 4,274,204 | \$ 3,989,047 |
| Licenses and permits | 1,038,820 | 888,356 | 774,470 | 742,239 | 691,101 | 742,144 | 622,042 | 609,619 | 580,680 | 604,841 |
| Intergovernmental | 7,949,043 | 4,989,247 | 5,637,951 | 4,879,358 | 4,029,531 | 7,719,466 | 9,303,123 | 3,544,116 | 3,292,628 | 3,065,463 |
| Charges for services | 87,287 | 66,869 | 41,667 | 16,580 | 20,860 | 10,542 | 7,638 | 8,048 | 9,597 | 6,497 |
| Fines and forfeitures | 481,673 | 301,558 | 236,263 | 292,447 | 348,818 | 259,239 | 289,691 | 311,968 | 374,939 | 243,951 |
| Interest | 104,738 | 140,371 | 80,273 | 104,734 | 62,345 | 160,595 | 144,735 | 179,804 | 194,309 | 209,216 |
| Contributions | 10,363 | 36,163 | 186,727 | - | - | - | - | - | - | - |
| Miscellaneous | 235,656 | 183,002 | 200,672 | 197,067 | 207,742 | 180,526 | 433,025 | 194,144 | 185,582 | 217,527 |
| Total revenues | 16,048,031 | 12,939,218 | 12,952,434 | 11,606,688 | 10,389,575 | 13,901,117 | 15,524,635 | 9,416,570 | 8,911,939 | 8,336,542 |
| Expenditures | | | | | | | | | | |
| General government | 1,259,455 | 1,248,345 | 1,182,998 | 1,086,016 | 939,228 | 833,165 | 848,115 | 774,887 | 726,650 | 648,657 |
| Public safety | 6,678,961 | 6,327,787 | 5,858,567 | 5,315,644 | 5,172,978 | 4,761,558 | 4,617,024 | 4,235,477 | 4,064,304 | 3,856,967 |
| Public works | 1,766,389 | 1,670,618 | 1,534,478 | 1,435,214 | 1,260,670 | 1,070,560 | 1,037,720 | 1,441,468 | 1,153,399 | 1,856,435 |
| Culture and recreation | 1,116,715 | 999,511 | 850,225 | 701,510 | 676,953 | 646,000 | 572,333 | 535,013 | 535,807 | 453,266 |
| Economic development | 147,232 | 148,190 | 144,742 | 135,315 | 125,034 | 158,261 | 110,387 | 98,551 | 100,943 | 106,111 |
| Miscellaneous | - | - | - | - | 65,651 | 52,238 | 36,852 | 27,605 | 19,393 | 19,330 |
| Debt service: Principal | 1,058,352 | 1,448,231 | 891,152 | 820,284 | 823,129 | 819,086 | 739,711 | 646,661 | 613,817 | 547,233 |
| Interest and fiscal charges | 792,319 | 561,584 | 355,332 | 404,965 | 450,412 | 466,144 | 443,949 | 482,695 | 508,372 | 506,461 |
| Capital outlay | 8,987,111 | 7,100,155 | 3,480,012 | 2,059,423 | 1,611,652 | 6,892,887 | 7,720,437 | 823,455 | 2,258,229 | 889,668 |
| Total expenditures | 21,806,534 | 19,504,421 | 14,297,506 | 11,958,371 | 11,125,707 | 15,699,899 | 16,126,528 | 9,065,812 | 9,980,914 | 8,884,128 |
| Excess of revenues over (under) expenditures | (5,758,503) | (6,565,203) | (1,345,072) | (351,683) | (736,132) | (1,798,782) | (601,893) | 350,758 | (1,068,975) | (547,586) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital lease proceeds | - | 1,058,461 | 241,740 | 244,593 | - | 646,442 | 191,570 | 11,735 | - | - |
| Loan proceeds | - | 7,750,000 | - | - | - | - | - | - | 815,787 | 304,696 |
| Proceeds from sale of fixed assets | - | - | - | 10,080 | 11,285 | - | 8,017 | 7,187 | 424 | 8,004 |
| Bond issue proceeds | 3,870,000 | - | 250,000 | - | - | - | 1,200,000 | - | - | - |
| Bond issue costs | - | - | - | - | - | - | (56,105) | - | - | - |
| Operating transfers in | 1,335,930 | 1,065,140 | 165,814 | 540,502 | 163,036 | 151,756 | 194,217 | 75,657 | 195,461 | 176,535 |
| Operating transfers out | (457,770) | (103,625) | (169,207) | (544,658) | (163,036) | (148,873) | (189,466) | (75,657) | (195,461) | (176,535) |
| Total other financing sources (uses) | 4,748,160 | 9,769,976 | 488,347 | 250,497 | 11,285 | 649,325 | 1,348,233 | 18,922 | 816,211 | 312,700 |
| Net change in fund balance | \$ (1,010,343) | \$ 3,204,773 | \$ (856,725) | \$ (101,186) | \$ (724,847) | \$ (1,149,457) | \$ 746,340 | \$ 369,680 | \$ (252,764) | \$ (234,886) |
| Debit service as a percentage of noncapital expenditures | 14.4% | 16.2% | 11.5% | 12.4% | 13.4% | 14.6% | 14.1% | 13.7% | 14.5% | 13.2% |

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

| Fiscal Year | Residential Property | Commercial Property | Personal Property | Public Utilities And Automobiles | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate (2) | Estimated Actual Value of Taxable Property |
|--------------------|-----------------------------|----------------------------|--------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|
| 2006 | \$ 63,525,005 | \$ 46,639,628 | \$ 16,710,810 | \$ 47,487,431 | \$ 11,782,303 | \$ 162,580,571 | 35.74 | 1,098,054,710 |
| 2005 | 61,364,882 | 47,867,460 | 15,884,613 | 45,539,653 | 12,869,729 | 157,786,879 | 35.74 | 1,061,764,193 |
| 2004 | 65,593,266 | 41,425,915 | 15,146,681 | 45,741,111 | 12,662,371 | 155,244,602 | 35.74 | 1,058,929,960 |
| 2003 | 63,584,907 | 38,980,962 | 16,086,360 | 43,968,434 | 12,263,714 | 150,356,949 | 35.74 | 1,026,888,857 |
| 2002 | 54,638,448 | 33,553,411 | 17,366,682 | 42,805,846 | 11,188,605 | 137,175,782 | 35.74 | 916,651,870 |
| 2001 | 52,816,966 | 31,126,402 | 13,906,877 | 41,171,367 | 10,484,039 | 128,537,573 | 35.74 | 860,789,020 |
| 2000 | 51,192,814 | 30,798,164 | 12,338,486 | 40,707,115 | 10,183,515 | 124,853,064 | 36.22 | 833,361,040 |
| 1999 | 49,977,711 | 29,917,664 | 10,457,670 | 39,317,852 | 9,778,873 | 119,892,024 | 36.22 | 802,216,780 |
| 1998 | 48,614,123 | 26,581,408 | 10,212,386 | 36,916,626 | 9,224,862 | 113,099,681 | 36.22 | 762,239,990 |
| 1997 | 45,972,910 | 25,128,380 | 7,967,054 | 34,840,040 | 8,590,174 | 105,318,210 | 36.22 | 710,597,053 |

(1) Source: Hinds County Tax Assessor.

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

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

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

| Fiscal Year | City of Clinton | | | Total | Overlapping Rates (a) | | Total |
|-------------|-----------------|-------------------|----------------------------|-------|--------------------------------|------------------|--------|
| | General Fund | Debt Service Fund | Fire & Police Pension Fund | | Clinton Public School District | Hinds County (1) | |
| 2006 | 33.67 | 1.50 | 0.57 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2005 | 33.54 | 1.90 | 0.30 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2004 | 33.28 | 2.25 | 0.21 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2003 | 33.28 | 2.35 | 0.11 | 35.74 | 51.82 | 37.41 | 124.97 |
| 2002 | 32.90 | 2.35 | 0.49 | 35.74 | 52.22 | 37.41 | 125.37 |
| 2001 | 31.55 | 3.70 | 0.49 | 35.74 | 52.82 | 35.41 | 123.97 |
| 2000 | 31.55 | 3.70 | 0.97 | 36.22 | 53.32 | 35.41 | 124.95 |
| 1999 | 31.24 | 3.70 | 1.28 | 36.22 | 53.32 | 35.41 | 124.95 |
| 1998 | 30.12 | 4.34 | 1.76 | 36.22 | 52.60 | 34.81 | 123.63 |
| 1997 | 30.12 | 4.84 | 1.26 | 36.22 | 54.60 | 34.81 | 125.63 |

(1) Source: Hinds County Chancery Clerk.

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

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

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

| Name of Taxpayer | 2005 Assessed Property Valuation (1) | Rank | Percentage of Total Assessed Valuation | 2003 Assessed Property Valuation (1) | Rank | Percentage of Total Assessed Valuation |
|---|---|-------------|---|---|-------------|---|
| Entergy | 9,542,278 | 1 | 8.74% | 7,133,081 | 1 | 5.98% |
| MCI, Inc. | 5,312,105 | 2 | 4.87% | 5,685,616 | 2 | 4.77% |
| Delphi Automotive Systems | 2,743,676 | 3 | 2.51% | 5,203,792 | 3 | 4.36% |
| BellSouth | 1,885,330 | 4 | 1.73% | 1,846,289 | 6 | 1.55% |
| Reserve at Woodchase | 1,777,817 | 5 | 1.63% | 1,777,817 | 7 | 1.49% |
| Wal-Mart Stores | 1,667,357 | 6 | 1.53% | 3,553,878 | 4 | 2.98% |
| Clinton Assisted Living | 1,058,122 | 7 | 0.97% | 1,058,122 | 9 | 0.89% |
| Leon V Ghatti | 887,549 | 8 | 0.81% | 887,652 | 10 | 0.74% |
| United Artists Theatre Circuit | 485,843 | 9 | 0.44% | | | 0.00% |
| Gulf States Cannery | 469,321 | 10 | 0.43% | 1,615,347 | 8 | 1.35% |
| EDS Information Systems | <u>0</u> | | <u>0.00%</u> | <u>2,542,673</u> | 5 | <u>2.13%</u> |
| Total taxable assessed value of ten largest taxpayers | 25,829,398 | | 23.66% | 31,304,267 | | 26.24% |
| Total taxable assessed value of remaining taxpayers | <u>83,357,443</u> | | <u>76.34%</u> | <u>87,991,093</u> | | <u>73.76%</u> |
| Total taxable assessed value of all taxpayers | <u><u>109,186,841</u></u> | | <u><u>100.00%</u></u> | <u><u>119,295,360</u></u> | | <u><u>100.00%</u></u> |

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

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

| Fiscal Year | Total Tax Levy (2) | Current Tax Collections (3) | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Collections as a % of Current Levy |
|--------------------|---------------------------|------------------------------------|----------------------------------|-----------------------------------|------------------------------|---|
| 2006 | \$ 5,794,159 | \$ 5,559,586 | 96.0% | \$ 42,935 | \$ 5,602,521 | 96.7% |
| 2005 | 5,776,372 | 5,675,721 | 98.3% | 39,568 | 5,715,289 | 98.9% |
| 2004 | 5,167,135 | 5,139,047 | 99.5% | 34,502 | 5,173,549 | 100.1% |
| 2003 | 5,001,308 | 4,944,411 | 98.9% | 32,415 | 4,976,826 | 99.5% |
| 2002 | 4,602,709 | 4,547,684 | 98.8% | 37,854 | 4,585,538 | 99.6% |
| 2001 | 4,302,807 | 4,260,669 | 99.0% | 40,313 | 4,300,982 | 100.0% |
| 2000 | 4,237,610 | 4,202,672 | 99.2% | 12,241 | 4,214,913 | 99.5% |
| 1999 | 4,068,090 | 4,060,287 | 99.8% | 48,616 | 4,108,903 | 101.0% |
| 1998 | 3,836,711 | 3,818,323 | 99.5% | 40,390 | 3,858,713 | 100.6% |
| 1997 | 3,569,540 | 3,557,712 | 99.7% | 44,989 | 3,602,701 | 100.9% |

(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 | | | |
| 2006 | \$ 5,195,000 | \$ 1,554,000 | \$ 8,357,834 | \$ 1,010,958 | \$ 1,515,000 | \$ 885,000 | \$ 15,811,793 | \$ 304,235 | \$ 34,633,820 | 3.91% | \$ 1,312 |
| 2005 | 1,550,000 | 1,632,000 | 8,439,154 | 1,214,990 | 1,655,000 | 970,000 | 13,859,057 | 275,194 | 29,595,395 | 3.53% | 1,184 |
| 2004 | 1,760,000 | 1,705,000 | 767,394 | 803,520 | 1,795,000 | 1,055,000 | 12,207,162 | 264,880 | 20,357,956 | 2.62% | 814 |
| 2003 | 1,960,000 | 1,515,000 | 843,720 | 706,606 | 1,930,000 | 1,135,000 | 12,607,261 | 223,401 | 20,920,988 | 3.09% | 896 |
| 2002 | 2,150,000 | 1,570,000 | 916,854 | 584,163 | 1,400,000 | 1,210,000 | 12,241,507 | 136,831 | 20,209,355 | 3.09% | 866 |
| 2001 | 2,380,000 | 1,620,000 | 987,432 | 716,714 | 2,165,000 | 1,280,000 | 11,644,775 | 235,085 | 21,029,006 | 3.31% | 901 |
| 2000 | 2,710,000 | 1,635,000 | 1,054,679 | 147,110 | 2,470,000 | 1,345,000 | 8,869,878 | 218,259 | 18,449,926 | 3.01% | 790 |
| 1999 | 3,020,000 | 445,000 | 1,120,315 | 9,615 | 2,775,000 | 1,405,000 | 1,459,402 | 329,256 | 10,563,588 | 1.91% | 484 |
| 1998 | 3,320,000 | 455,000 | 1,183,416 | 1,440 | 3,070,000 | 1,465,000 | 1,522,640 | 386,142 | 11,403,638 | 2.12% | 522 |
| 1997 | 3,600,000 | 465,000 | 396,960 | 45,926 | 1,705,000 | 1,520,000 | 1,595,667 | 489,786 | 9,818,339 | 1.94% | 449 |

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 acyivities.

See Schedule 14 for personal income and population data.

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

| Fiscal Year | Popula- tion (1) | Estimated Actual Value of Taxable Property (2) | General Obligation Bonds (3, 4) | Ratio of Bonded Debt to Estimated Actual Value | Bonded Debt per Capita (5) |
|--------------------|-----------------------------|---|--|---|---|
| 2006 | ** 26,400 | \$ 1,098,054,710 | \$ 6,710,000 | 0.61% | \$ 254 |
| 2005 | * 25,000 | 1,061,764,193 | 3,205,000 | 0.30% | 128 |
| 2004 | * 25,000 | 1,058,929,960 | 3,555,000 | 0.34% | 142 |
| 2003 | 23,347 | 1,026,888,857 | 3,890,000 | 0.38% | 167 |
| 2002 | 23,347 | 916,651,870 | 4,200,000 | 0.46% | 180 |
| 2001 | 23,347 | 860,789,020 | 4,545,000 | 0.53% | 195 |
| 2000 | 23,347 | 833,361,040 | 5,180,000 | 0.62% | 222 |
| 1999 | 21,847 | 802,216,780 | 5,795,000 | 0.72% | 265 |
| 1998 | 21,847 | 762,239,990 | 6,390,000 | 0.84% | 292 |
| 1997 | 21,847 | 710,597,053 | 5,305,000 | 0.75% | 243 |

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

** Estimated by the Central Mississippi Planning and Development District

(1) Source: United States Census Bureau.

(2) See Schedule 5

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

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

(5) See Schedule 14

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

**Schedule 11
City of Clinton
Direct and Overlapping Governmental Activities Debt
As of September 30, 2006**

| <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 | \$ 23,665,000 | 77.0% | 18,223,805 |
| Hinds County | \$ 27,055,000 | 10.5% | 2,850,585 |
| | | | <u>21,074,390</u> |
| Direct: | | | |
| City of Clinton | \$ 1,325,000 * | 100.0% | \$ <u>1,325,000</u> |
| Total Direct and Overlapping Debt | | | \$ <u><u>22,399,390</u></u> |

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| AUTHORIZED DEBT LIMIT 15% RULE | | | | | | | | | | |
| Assessed value of taxable property | \$ 174,363 | \$ 170,657 | \$ 155,243 | \$ 153,189 | \$ 137,176 | \$ 128,538 | \$ 124,853 | \$ 119,892 | \$ 113,100 | \$ 105,318 |
| Debt limitation - 15% of net assessed value | 26,154 | 25,599 | 23,286 | 22,978 | 20,576 | 19,281 | 18,728 | 17,984 | 16,965 | 15,798 |
| Less subject indebtedness: | | | | | | | | | | |
| General obligation bond | 5,195 | 1,550 | 1,760 | 1,960 | 2,150 | 2,380 | 2,710 | 3,020 | 3,320 | 3,600 |
| Tax increment limited obligation bonds | 1,554 | 1,632 | 1,705 | 1,515 | 1,570 | 1,620 | 1,635 | 445 | 455 | 465 |
| Legal debt margin under 15 percent rule | \$ 19,405 | \$ 22,417 | \$ 19,821 | \$ 19,503 | \$ 16,856 | \$ 15,281 | \$ 14,383 | \$ 14,519 | \$ 13,190 | \$ 11,733 |
| AUTHORIZED DEBT LIMIT 20% RULE | | | | | | | | | | |
| Assessed value of taxable property | \$ 174,363 | \$ 170,657 | \$ 155,243 | \$ 153,189 | \$ 137,176 | \$ 128,538 | \$ 124,853 | \$ 119,892 | \$ 113,100 | \$ 105,318 |
| Debt limitation - 20% of net assessed value | \$ 34,873 | \$ 34,131 | \$ 31,049 | \$ 30,638 | \$ 27,435 | \$ 25,708 | \$ 24,971 | \$ 23,978 | \$ 22,620 | \$ 21,064 |
| Less subject indebtedness: | | | | | | | | | | |
| General obligation bond | 6,710 | 3,205 | 3,555 | 3,890 | 4,200 | 4,545 | 5,180 | 5,795 | 6,390 | 5,305 |
| Tax increment limited obligation bonds | 1,554 | 1,632 | 1,705 | 1,515 | 1,570 | 1,620 | 1,635 | 445 | 455 | 465 |
| Other | 1,315 | 1,490 | 1,068 | 930 | 720 | 952 | 365 | 339 | 388 | 536 |
| Legal debt margin under 20 percent rule | \$ 26,609 | \$ 29,294 | \$ 25,789 | \$ 25,233 | \$ 21,665 | \$ 19,543 | \$ 18,156 | \$ 17,738 | \$ 15,775 | \$ 15,294 |
| Total net debt applicable to the limit as a percentage of debit limit 15% rule | 34.78% | 14.19% | 17.48% | 17.82% | 22.07% | 26.18% | 30.21% | 23.87% | 28.62% | 34.65% |
| Total net debt applicable to the limit as a percentage of debit limit 20% rule | 36.00% | 21.60% | 24.54% | 25.11% | 29.96% | 36.42% | 39.55% | 37.09% | 45.85% | 41.23% |

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

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

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

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

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

- (1) Expenses do not include revenue bond interest, depreciation, or amortization expenses.
- (2) Incremental property taxes include the portions received from the county as well as the transfers from the city's other funds.

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

| Fiscal Year | | Popula- tion (1) | Total Personal Income (5) | Per Capita Income (4) ** | Median Age (2) | Education Level in Years of Formal Schooling (1) | School Enrollment (3) | Unemploy- ment Rate (4) |
|--------------------|---|-----------------------------|--|---|---------------------------|---|--------------------------------------|--|
| 2006 | 2 | 26,400 | \$ 886,485,600 | \$ 33,579 | 33.1 | 14.1 | 4,859 | 5.0% |
| 2005 | * | 25,000 | 839,475,000 | 33,579 | 33.1 | 14.1 | 4,956 | 7.2% |
| 2004 | * | 25,000 | 776,350,000 | 31,054 | 33.1 | 14.1 | 4,835 | 5.0% |
| 2003 | | 23,347 | 676,256,174 | 28,965 | 33.1 | 14.1 | 4,956 | 3.7% |
| 2002 | | 23,347 | 654,017,410 | 28,013 | 33.1 | 14.1 | 4,847 | 5.1% |
| 2001 | | 23,347 | 634,968,359 | 27,197 | 33.1 | 14.1 | 4,887 | 4.2% |
| 2000 | | 23,347 | 613,792,630 | 26,290 | 33.1 | 14.1 | 4,940 | 3.4% |
| 1999 | | 21,847 | 551,702,291 | 25,253 | 32.2 | *** | 5,054 | 3.8% |
| 1998 | | 21,847 | 536,955,566 | 24,578 | 32.2 | *** | 5,099 | 2.0% |
| 1997 | | 21,847 | 506,282,378 | 23,174 | 32.2 | *** | 5,249 | 2.0% |
| 1996 | | 21,847 | 487,515,805 | 22,315 | 32.2 | *** | 5,204 | 2.0% |

(1) Source: United States Census Bureau.

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

(3) Source: Clinton Public School District.

(4) Source: Mississippi Employment Security Commission.

(5) Computed as population times per capita income.

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 One Year Ago**

| <u>Employer</u> | <u>2006</u> | | <u>2005</u> | |
|--------------------------------|------------------|--|------------------|--|
| | <u>Employees</u> | <u>Percentage of Total County Employment</u> | <u>Employees</u> | <u>Percentage of Total County Employment</u> |
| Delphi Corporation | 1,077 | 0.92% | 1135 | 0.96% |
| MCI/Skytel | 762 | 0.65% | 1148 | 0.97% |
| Clinton Public School District | 575 | 0.49% | 600 | 0.51% |
| Wal-Mart SuperCenter | 520 | 0.44% | 500 | 0.42% |
| Mississippi College | 450 | 0.38% | 450 | 0.38% |
| Entergy | 338 | 0.29% | Not available | |
| City of Clinton | 215 | 0.18% | 201 | 0.17% |
| Kroger | 130 | 0.11% | 130 | 0.11% |
| Winn-Dixie Stores, Inc. | | 0.00% | 110 | 0.09% |
| Total | 4,067 | 3.48% | 4,274 | 3.61% |

Source: City of Clinton Economic Development Department

Notes: Principal employer information was only available for the past two years. The employed amount for the city is not available, therefore the employed amount for Hinds county was used for the percentage of employment amounts.

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

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

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

Source: City Clerk Office

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

Information prior to 2001 was not readily available for this schedule.

Schedule 17
City of Clinton
Operating Indicators by Function/Program
Current Year and Two Years Ago

| <u>Function/Program</u> | <u>Fiscal Year</u> | | |
|---|--------------------|-------------|-------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| General government | | | |
| Building permits issued | 162 | 176 | 141 |
| Police | | | |
| Physical arrests | 1451 | 1042 | 1016 |
| Parking violations | 3706 | 3529 | 2428 |
| Traffic violations | 317 | 113 | 134 |
| Fire | | | |
| Emergency responses | 1918 | 2086 | 1848 |
| Inspections | 40 | 147 | 172 |
| Water | | | |
| New connections | 162 | 176 | 141 |
| Total connections | 8908 | 8200 | 7994 |
| Average daily consumption (millions of gallons) | 3.5 | 3.5 | 3.5 |
| Peak daily consumption (millions of gallons) | 10.3 | 10.3 | 10.3 |
| Wastewater | | | |
| Total connections | 8088 | 7458 | 7252 |
| Average daily consumption (millions of gallons) | 3.2 | 3.2 | 3.2 |
| Peak daily consumption (millions of gallons) | 4.7 | 4.7 | 4.7 |

Sources: Various city departments

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

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | |
|-----------------------------|--------------------|-------------|-------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Police | | | |
| Stations | 1 | 1 | 1 |
| Patrol units | 45 | 45 | 32 |
| Fire | | | |
| Fire stations | 3 | 3 | 3 |
| Streets | | | |
| Miles of Streets | 160 | 159 | 159 |
| Streetlights | 2346 | 2310 | 2195 |
| Traffic signals | 22 | 21 | 19 |
| Water | | | |
| Miles of water mains | 156 | 156 | 152 |
| Number of fire hydrants | 1364 | 1361 | 1311 |
| Wastewater | | | |
| Miles of sanitary sewers | 104 | 104 | 99 |
| Miles of storm sewers | 84 | 84 | 66 |
| Number of treatment plants | 4 | 4 | 4 |
| Parks and recreation | | | |
| Parks | 4 | 3 | 3 |
| Acreage | 189 | 160 | 160 |
| Playgrounds | 4 | 3 | 3 |
| Baseball/Softball diamonds | 14 | 14 | 14 |
| Soccer fields | 9 | 9 | 11 |
| Tennis courts | 9 | 3 | 3 |
| Community Centers | 1 | 1 | 0 |

Sources: Various city departments

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