

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2004

Wayne Derrick, City Clerk
Post Office Box 156
Clinton, Mississippi 39060

CITY OF CLINTON
 ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2004

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INTRODUCTORY SECTION

ALDERMEN

Tony Hisaw
Ward One

Tony M. Greer
Ward Two

Clint Brantley
Ward Three

Phil Fisher
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN

Herb Touchton
Ward Five

Sharbert K. Lott
Ward Six

Jehu Brabham
Alderman-At-Large

W. Wayne Derrick
City Clerk

March 21, 2005

The Honorable Mayor, Honorable Members of the Board of Aldermen, and
Citizens of the City of Clinton

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Clinton for the fiscal year ended September 30, 2004. State law requires that all governments publish within thirty days of completion of an audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Tann, Brown & Russ Co, LTD, a firm of licensed certified public accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2004 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, 2004 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 2004 CAFR. The CAFR provides information in three major sections:

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

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

Profile of the City

The City of Clinton, incorporated in 1830, is located in the east-central section of Hinds County. The City is located 8 miles west of Jackson, the capitol city of the state. The City currently occupies 40 square miles and serves a population in excess of 25,000.

The City operates as a code charter municipality. Policy-making and legislative 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 66 through 69. For all other governmental funds, this comparison is presented on pages 81 through 94.

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 3,600 students eight undergraduate degrees and fourteen graduate degrees and the Juris Doctor degree in law. Clinton's children are educated by the

Clinton Public School District (CPSD), which educates approximately 4,800 students with 327 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD has an annual budget of \$32.5 million for 2005. Additional quality education is provided by Mt. Salus Christian School, a private school, which offers grades K-12.

Factors Affecting Financial Condition

The City currently enjoys a favorable economic environment and local indicators point to its continued stability. The City’s primary sources of revenue are property taxes and sales taxes. At September 30, 2004 property taxes represented 54 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, 2004:

Population	25,000
Bonded debt per capita	\$ 66
Real and personal property assessed value	\$ 155,244,602
Net bonded debt (General Obligation)	\$ 1,650,384
Ratio of debt to assessed value	1.06%

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 at not less than 2 percent of the first \$7,000 paid each employee during the preceding year. Claims totaled \$3,189 for 2004. 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 reserve 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 fourteen 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.

Acknowledgements. 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,



Wayne Derrick, CMCC, CPA
City Clerk and Chief Financial Officer

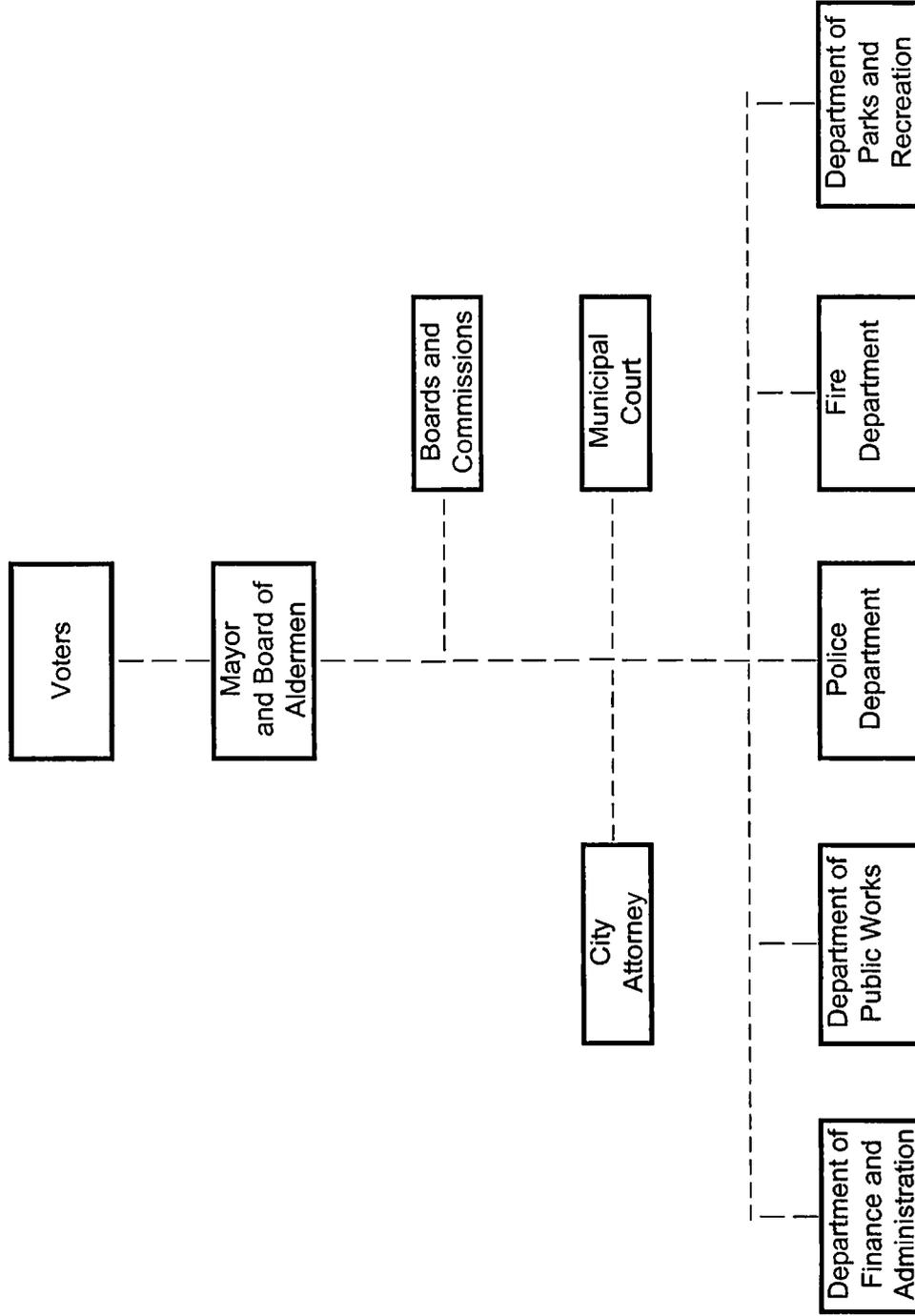


Angela Richburg
City Accountant

City of Clinton
List of Principal Officials
September 30, 2004

Title	Name
Mayor	Rosemary Aultman
Alderman at large	Jehu Brabham
Alderman, Ward 1	Tony Hisaw
Alderman, Ward 2	Tony Greer
Alderman, Ward 3	Clint Brantley
Alderman, Ward 4	Phil Fisher
Alderman, Ward 5	Herb Touchton
Alderman, Ward 6	Sharbert Lott
City Attorney	Kenneth Dreher
City Engineer	Richard Broome
Director of Finance/City Clerk	Wayne Derrick
Director of Public Works	Tim Rogers
Director of Inspections and Zoning	Gary Ward
Police Chief	Don Byington
Fire Chief	Darrell McQuirter
Director of Parks and Recreation	Ray Holloway
Director of Economic Development	Jim Powell

CITY OF CLINTON
Organizational Chart
September 30, 2004



FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
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JACKSON, MISSISSIPPI 39201
TELEPHONE (601) 354-4926
FACSIMILE (601) 354-4947

MEMBERS
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
MISSISSIPPI SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2004, and for the year then ended, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2004, 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 22, 2004 on our consideration of City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and the budgetary comparison schedule on pages 66 through 69 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.

Tann, Brown & Russ Co.

December 22, 2004

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, 2004. 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 New Assets and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

The City maintains one major governmental fund (the General Fund) and fourteen (14) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for Governmental Funds. Individual fund data on all governmental funds is provided elsewhere in this report.

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

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

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

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

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

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

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

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$42.3 million at September 30, 2004.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 8,189,723	\$ 8,656,610	\$ 4,676,084	\$ 4,966,200	\$ 12,865,807	\$ 13,622,810
Capital assets	<u>31,299,205</u>	<u>28,513,638</u>	<u>27,357,978</u>	<u>28,147,622</u>	<u>58,657,183</u>	<u>56,661,260</u>
Total assets	<u>39,488,928</u>	<u>37,170,248</u>	<u>32,034,062</u>	<u>33,113,822</u>	<u>71,522,990</u>	<u>70,284,070</u>
Long-term liabilities	6,323,152	6,753,740	14,450,568	15,035,832	20,773,720	21,789,572
Other liabilities	<u>6,787,566</u>	<u>6,194,774</u>	<u>1,645,680</u>	<u>1,560,724</u>	<u>8,433,246</u>	<u>7,755,498</u>
Total liabilities	<u>13,110,718</u>	<u>12,948,514</u>	<u>16,096,248</u>	<u>16,596,556</u>	<u>29,206,966</u>	<u>29,545,070</u>
Net assets:						
Invested in capital assets, net of related debt	26,861,069	24,091,123	12,338,192	12,569,320	39,199,261	36,660,443
Restricted	352,440	534,791	1,214,910	1,070,596	1,567,350	1,605,387
Unrestricted	<u>(835,299)</u>	<u>(404,180)</u>	<u>2,384,712</u>	<u>2,877,350</u>	<u>1,549,413</u>	<u>2,473,170</u>
Total net assets	<u>\$ 26,378,210</u>	<u>\$ 24,221,734</u>	<u>\$ 15,937,814</u>	<u>\$ 16,517,266</u>	<u>\$ 42,316,024</u>	<u>\$ 40,739,000</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, 2004 the City has positive balances in all three categories of net assets in business-type activities and in all except the unrestricted category in government activities. The negative unrestricted net assets for governmental activities at September 30, 2004 resulted primarily from certain capital projects that were started prior to year end while the related debt proceeds were received after the fiscal year end. The City's total net assets increased \$1.6 million during the current fiscal year.

City of Clinton Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 373,085	\$ 388,402	\$ 5,207,501	\$ 4,992,809	\$ 5,580,586	\$ 5,381,211
Operating grants and contributions	391,053	247,526			391,053	247,526
Capital grants and contributions	3,050,960	558,635	176,750	74,308	3,227,710	632,943
General revenues:						
Property taxes	5,794,411	5,374,262			5,794,411	5,374,262
Sales taxes	3,662,642	3,754,166			3,662,642	3,754,166
Franchise charges	648,365	632,395			648,365	632,395
Shared grants and revenues	355,449	345,307			355,449	345,307
Other	188,244	189,524	97,114	116,674	285,358	306,198
Total revenues	14,464,209	11,490,217	5,481,365	5,183,791	19,945,574	16,674,008
Expenses:						
General government	1,086,798	1,014,001			1,086,798	1,014,001
Public safety	6,443,036	5,908,854			6,443,036	5,908,854
Public works	3,060,639	2,879,876			3,060,639	2,879,876
Culture and recreation	1,219,893	1,036,787			1,219,893	1,036,787
Economic development	145,971	136,369			145,971	136,369
Interest on long-term debt	351,396	396,780			351,396	396,780
Water and sewer			5,080,824	4,970,882	5,080,824	4,970,882
Garbage			979,993	932,363	979,993	932,363
Total expenses	12,307,733	11,372,667	6,060,817	5,903,245	18,368,550	17,275,912
Increase in net assets	2,156,476	117,550	(579,452)	(719,454)	1,577,024	(601,904)
Net assets - beginning	24,221,734	24,104,184	16,517,266	17,236,720	40,739,000	41,340,904
Net assets - ending	\$ 26,378,210	\$ 24,221,734	\$ 15,937,814	\$ 16,517,266	\$ 42,316,024	\$ 40,739,000

Governmental activities. Governmental activities increased the City's net assets by \$2.2 million during the year. Capital asset additions totaled \$5.1 million in 2004, offset by depreciation expense totaling \$2.3 million. Capital grants and contributions in 2004 were significantly higher than 2003 because of \$1 million in grant revenue for the Natchez Trace

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

Visitors Center project, \$1.2 million of infrastructure assets, which were dedicated to the City by developers, and \$500 thousand of land donated to the City for a new library and a new public works facility.

Business-type activities. Business type activities decreased the City's net assets by \$579 thousand. Capital asset additions totaled \$523 thousand, offset by depreciation expense in the amount of \$1.3 million.

THE CITY'S FUNDS

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

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 2,136,840	\$ (277,823)	\$ 1,859,017
Special revenue funds	220,658	(84,640)	136,018
Debt service funds	224,243	(7,821)	216,422
Capital project funds	460,613	(486,441)	(25,828)
 Total governmental funds	 <u>\$ 3,042,354</u>	 <u>\$ (856,725)</u>	 <u>\$ 2,185,629</u>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 16,339,318	\$ (561,261)	\$ 15,778,057
Garbage collection fund	167,594	10,814	178,408
Self-funded group insurance fund	60,239	(173,094)	(112,855)
 Total proprietary funds	 <u>\$ 16,567,151</u>	 <u>\$ (723,541)</u>	 <u>\$ 15,843,610</u>

The capital projects funds had a combined decrease in fund balance as a result of costs incurred during 2004 for several new capital projects while the borrowing proceeds related to the projects were not received until after the year end.

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

CITY OF CLINTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available exceeded original budgeted funds available by \$148 thousand. This increase resulted principally from a contribution in the amount of \$166 thousand made by a developer for various street improvements provided by the City. Final budgeted expenditures were \$459 thousand more than those originally budgeted. Key elements of this increase were as follows:

- \$113,000 increase in personal services
- \$110,000 increase in operating supplies
- \$146,000 increase in other services and charges
- \$114,000 increase in capital outlay
- \$ 25,000 decrease in debt service

Actual funds available were \$1.7 million less than final budgeted. The majority of this difference consisted of (1) a reclassification of grant funds of \$1.6 million, of which \$1.2 million is associated with the Natchez Trace Visitors Center and \$200 thousand is related to the Northside Corridor Project, both of which are accounted for separately in this report as capital project funds; and (2) lower than expected receipts for sales taxes in the amount of \$31 thousand.

Actual expenditures were \$1.8 million less than those finally budgeted. The principal elements of this difference are (1) a reclassification of the Administration Department's capital outlay of \$1.1 million associated with the Visitors Center to a capital project fund; (2) a reclassification of the Street Department's capital outlay of \$188 thousand associated with the Northside Corridor to a capital project fund; (3) a reclassification of the Parks and Recreation Department's capital outlay of \$242 thousand associated with the Parks and Recreation Project to a capital project fund; and (4) net underages in all departments totaling about \$267 thousand.

For additional information, see Required Supplementary Information beginning on page 66.

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$31.3 million at September 30, 2004. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$5.1 million. Significant increases were:

- \$1.8 million - street and drainage infrastructure
- \$1.1 million - construction of the Clinton Natchez Trace Visitors Center
- \$667,000 - equipment and vehicles
- \$402,000 - land value and preliminary design costs related to the construction of the Public Works facility
- \$242,000 - land, preliminary design and engineering costs related to the construction of Brighton Park and the renovation of Traceway Park
- \$198,000 - land value of proposed Quisenberry Library
- \$192,000 - design and construction costs of signalization at Cynthia Street and Clinton Parkway

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

- \$187,000 - preliminary engineering costs associated with the construction of the Northside Corridor
- \$336,000 - various other

Depreciation expense amounted to \$2.3 million for 2004 and \$2.2 million for 2003. Accumulated depreciation at September 30, 2004 and 2003 was \$ 19.8 million and \$17.6 million, respectively.

Business-type activities. At September 30, 2004, the City's business-type net capital assets amounted to \$27.4 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Asset additions, which totaled \$523 thousand during the year, were made to (1) water and sewer systems improvements in the amount of \$287 thousand; (2) vehicles and equipment totaling \$190 thousand; and (3) construction in progress related to the construction of a raised water tank in the amount of \$46 thousand. Depreciation expense amounted to \$1.3 million for 2004 and \$1.3 million for 2003. Accumulated depreciation at September 30, 2004 and 2003 was \$ 12.7 million and \$11.4 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 4,562,351	\$ 4,173,536	\$ 163,512	\$ 171,089	\$ 4,725,863	\$ 4,344,625
Buildings	2,657,666	2,728,223	200,209	207,686	2,857,875	2,935,909
Other improvements	1,679,811	1,838,285			1,679,811	1,838,285
Water and sewer systems and improvements			26,400,619	27,164,870	26,400,619	27,164,870
Equipment and vehicles	1,827,291	1,708,894	545,692	582,139	2,372,983	2,291,033
Infrastructure	17,574,475	17,174,941			17,574,475	17,174,941
Construction in progress	2,997,611	889,759	47,946	21,838	3,045,557	911,597
Total	\$ 31,299,205	\$ 28,513,638	\$ 27,357,978	\$ 28,147,622	\$ 58,657,183	\$ 56,661,260

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 \$5.9 million. This account classification includes general obligation bonds, tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt decreased by \$399 thousand. Payments of principal and interest due within one year total \$1.3 million.

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

City of Clinton General Obligation and Revenue Bonds and Other Loans						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 2,670,000	\$ 3,280,000	\$ 1,795,000	\$ 1,930,000	\$ 4,465,000	\$ 5,210,000
Revenue bonds			972,645	1,043,499	972,645	1,043,499
Tax increment limited obligation bonds	1,705,000	1,515,000			1,705,000	1,515,000
Notes payable	767,394	843,720	12,207,162	12,607,261	12,974,556	13,450,981
Capital lease obligations	803,520	706,606	264,880	223,401	1,068,400	930,007
Total	\$ 5,945,914	\$ 6,345,326	\$ 15,239,687	\$ 15,804,161	\$ 21,185,601	\$ 22,149,487

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$15.2 million at September 30, 2004. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major portion of this debt, \$9.96 million, is associated with the City's waste water treatment facility. During the year ended September 30, 2004, debt associated with the City's business-type activities decreased by \$564 thousand. Payments of principal and interest due within one year total \$1.4 million.

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

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 2005.

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 39056.

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON

STATEMENT OF NET ASSETS

September 30, 2004

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,150,740	\$ 1,313,346	\$ 3,464,086
Receivables	5,915,484	869,745	6,785,229
Prepaid expenses	71,228	-	71,228
Internal balances	(42,691)	42,691	-
Restricted assets:			
Cash and cash equivalents	-	1,858,750	1,858,750
Capital assets:			
Land and construction in progress	7,559,962	211,458	7,771,420
Other capital assets, net of depreciation	23,739,243	27,146,520	50,885,763
Intangible assets, net of amortization	94,962	591,552	686,514
Total Assets	<u>39,488,928</u>	<u>32,034,062</u>	<u>71,522,990</u>
<u>LIABILITIES</u>			
Accounts payable	688,987	722,640	1,411,627
Accrued interest payable	110,728	68,879	179,607
Claims liability	104,579	-	104,579
Due to other governments	14,258	-	14,258
Deferred revenue	4,906,782	-	4,906,782
Long-term debt:			
Due within one year	962,232	854,161	1,816,393
Due in more than one year	4,983,682	14,385,526	19,369,208
Compensated absences payable	648,591	65,042	713,633
Net pension obligation	690,879	-	690,879
Total Liabilities	<u>13,110,718</u>	<u>16,096,248</u>	<u>29,206,966</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED

September 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	26,861,069	12,338,192	39,199,261
Restricted for:			
Capital projects	-	1,058,020	1,058,020
Debt service	216,422	156,890	373,312
Economic development	128,996	-	128,996
Public safety	7,022	-	7,022
Unrestricted	<u>(835,299)</u>	<u>2,384,712</u>	<u>1,549,413</u>
 Total Net Assets	 <u>\$ 26,378,210</u>	 <u>\$ 15,937,814</u>	 <u>\$ 42,316,024</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,086,798	\$ -	\$ -	-	\$ (1,086,798)	\$ -	\$ (1,086,798)
Public safety	6,443,036	341,573	310,009	-	(5,791,454)	-	(5,791,454)
Public works	3,060,639	980	81,044	3,050,960	72,345	-	72,345
Culture and recreation	1,219,893	30,532	-	-	(1,189,361)	-	(1,189,361)
Economic development	145,971	-	-	-	(145,971)	-	(145,971)
Interest and fiscal charges on long-term debt	351,396	-	-	-	(351,396)	-	(351,396)
Total governmental activities	12,307,733	373,085	391,053	3,050,960	(8,492,635)	-	(8,492,635)
Business-Type Activities:							
Water and sewer	5,080,824	4,219,031	-	176,750	-	(685,043)	(685,043)
Garbage collection	979,993	988,470	-	-	-	8,477	8,477
Total business-type activities	6,060,817	5,207,501	-	176,750	-	(676,566)	(676,566)
Total	\$ 18,368,550	\$ 5,580,586	\$ 391,053	\$ 3,227,710	\$ (8,492,635)	\$ (676,566)	\$ (9,169,201)

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2004

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	\$ 5,794,411	\$ -	\$ 5,794,411
Local sales tax	69,403	-	69,403
Franchise charges	648,365	-	648,365
Privilege licenses	30,950	-	30,950
Grants and contributions:			
State grants and shared revenues	3,884,441	-	3,884,441
County shared revenues	64,247	-	64,247
Interest	80,273	97,114	177,387
Miscellaneous	77,021	-	77,021
Total General Revenues	10,649,111	97,114	10,746,225
Change in Net Assets	2,156,476	(579,452)	1,577,024
Net Assets - Beginning	24,221,734	16,517,266	40,739,000
Net Assets - Ending	\$ 26,378,210	\$ 15,937,814	\$ 42,316,024

See accompanying notes to the basic financial statements.

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2004

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents	\$ 1,225,302	\$ 942,500	\$ 2,167,802
Receivables:			
Property taxes	115,892	18,548	134,440
Sales and tourism tax	266,673	7,269	273,942
City utilities tax	6,165	-	6,165
Franchise charges	197,258	-	197,258
Federal grants	61,068	134,396	195,464
Prepaid expenses	53,575	17,653	71,228
Due from other funds	<u>456,918</u>	<u>47,081</u>	<u>503,999</u>
 Total Assets	 <u>\$ 2,382,851</u>	 <u>\$ 1,167,447</u>	 <u>\$ 3,550,298</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 498,736	\$ 188,484	\$ 687,220
Deferred grant revenue	-	90,506	90,506
Due to other funds	10,840	561,845	572,685
Due to other governments	<u>14,258</u>	<u>-</u>	<u>14,258</u>
 Total Liabilities	 <u>523,834</u>	 <u>840,835</u>	 <u>1,364,669</u>
Fund balances:			
Unreserved, reported in:			
General fund	1,859,017	-	1,859,017
Special revenue funds	-	136,018	136,018
Debt service funds	-	216,422	216,422
Capital projects funds	<u>-</u>	<u>(25,828)</u>	<u>(25,828)</u>
 Total Fund Balances	 <u>1,859,017</u>	 <u>326,612</u>	 <u>2,185,629</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,382,851</u>	 <u>\$ 1,167,447</u>	 <u>\$ 3,550,298</u>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2004

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

Total Governmental Fund Balances	\$ 2,185,629
Differences:	
The portion of sales taxes receivable and certain other receivables that are not measurable at fiscal year-end are not reported in the funds.	283,153
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,299,205
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.	94,962
Interest is not recorded in the funds until the payment date.	(105,151)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(7,285,384)
The internal service fund's net assets 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>(94,204)</u>
Net Assets - Governmental Activities	<u>\$ 26,378,210</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, 2004

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 4,922,471	\$ 871,940	\$ 5,794,411
Licenses and permits	774,470	-	774,470
Intergovernmental	4,241,727	1,396,224	5,637,951
Charges for services	41,667	-	41,667
Fines	236,263	-	236,263
Interest	49,230	31,043	80,273
Contributions	186,727	-	186,727
Miscellaneous	200,672	-	200,672
	<u>10,653,227</u>	<u>2,299,207</u>	<u>12,952,434</u>
Total Revenues			
Expenditures:			
Current:			
General government	1,171,181	11,817	1,182,998
Public safety	5,839,741	18,826	5,858,567
Public works	1,521,806	12,672	1,534,478
Culture and recreation	850,225	-	850,225
Economic development	101,565	43,177	144,742
Debt service	289,632	956,852	1,246,484
Capital outlay	1,377,259	2,102,753	3,480,012
	<u>11,151,409</u>	<u>3,146,097</u>	<u>14,297,506</u>
Total Expenditures			
Excess of Expenditures Over Revenues	<u>(498,182)</u>	<u>(846,890)</u>	<u>(1,345,072)</u>
Other Financing Sources (Uses):			
Capital lease proceeds	241,740	-	241,740
Bond issue proceeds	-	250,000	250,000
Operating transfers in	70,908	94,906	165,814
Operating transfers out	(92,289)	(76,918)	(169,207)
	<u>220,359</u>	<u>267,988</u>	<u>488,347</u>
Total Other Financing Sources (Uses)			

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2004

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(277,823)	(578,902)	(856,725)
Fund Balances - Beginning	<u>2,136,840</u>	<u>905,514</u>	<u>3,042,354</u>
Fund Balances - Ending	<u>\$ 1,859,017</u>	<u>\$ 326,612</u>	<u>\$ 2,185,629</u>

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

Change in Fund Balances - Total Governmental Funds \$ (856,725)

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. 1,141,492

Governmental funds do not reflect the value of capital asset contributions received because they do not provide current financial resources. 1,644,076

Governmental funds report debt proceeds and issue costs as other financing sources (uses) and report principal payments on the debt as expenditures, while governmental activities report debt proceeds and payments as increases (decreases) in liabilities and amortize debt issue costs over the term of the debt. 404,233

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2004

Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(44,211)
Government funds report revenues when measurable and available while governmental funds report revenues when earned.	11,700
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>(144,089)</u>
Change in Net Assets - Governmental Activities	<u>\$ 2,156,476</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2004

	Enterprise Funds			Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,267,083	\$ 46,263	\$ 1,313,346	\$ -
Receivables:				
Accounts	740,418	-	740,418	-
Special assessments	35,871	-	35,871	-
Reinsurance claims	-	-	-	7,122
Claim refunds	-	-	-	1,664
Due from other funds	70,260	26,824	97,084	-
	<u>2,113,632</u>	<u>73,087</u>	<u>2,186,719</u>	<u>8,786</u>
Total Current Assets				
	<u>2,113,632</u>	<u>73,087</u>	<u>2,186,719</u>	<u>8,786</u>
Restricted Assets:				
Cash and Cash Equivalents:				
Customer deposits account	530,092	-	530,092	-
Revenue bond and interest account	331,296	-	331,296	-
Construction account	997,362	-	997,362	-
	<u>1,858,750</u>	<u>-</u>	<u>1,858,750</u>	<u>-</u>
Total Restricted Assets				
	<u>1,858,750</u>	<u>-</u>	<u>1,858,750</u>	<u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2004

	Enterprise Funds			Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Capital Assets:				
Construction in progress	47,946	-	47,946	-
Water and sewer systems and other improvements	37,809,493	-	37,809,493	-
Land	163,512	-	163,512	-
Buildings	224,317	-	224,317	-
Equipment and vehicles	<u>1,571,179</u>	<u>225,406</u>	<u>1,796,585</u>	-
	39,816,447	225,406	40,041,853	-
Less accumulated depreciation	<u>(12,566,597)</u>	<u>(117,278)</u>	<u>(12,683,875)</u>	-
Capital Assets (net)	<u>27,249,850</u>	<u>108,128</u>	<u>27,357,978</u>	-
Other Assets:				
Receivable:				
Special assessments (net of current portion)	93,456	-	93,456	-
Intangible Assets:				
Certificate of authority	456,651	-	456,651	-
Loan and bond issue costs	<u>134,901</u>	-	<u>134,901</u>	-
Total Other Assets	<u>685,008</u>	-	<u>685,008</u>	-
Total Assets	<u>31,907,240</u>	<u>181,215</u>	<u>32,088,455</u>	<u>8,786</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2004

	Enterprise Funds			Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
LIABILITIES				
Current Liabilities:				
Book overdraft in bank account	-	-	-	17,062
Accounts payable	189,740	2,807	192,547	-
Claims liability	-	-	-	104,579
Accrued interest payable	40,131	-	40,131	-
Due to other funds	35,743	-	35,743	-
Notes payable - current	575,385	-	575,385	-
Capital leases payable - current	53,776	-	53,776	-
General obligation bonds payable - current	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>-</u>
Total Current Liabilities	<u>1,034,775</u>	<u>2,807</u>	<u>1,037,582</u>	<u>121,641</u>
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	28,748	-	28,748	-
Revenue bonds payable - current	85,000	-	85,000	-
Customer deposits payable	<u>530,092</u>	<u>-</u>	<u>530,092</u>	<u>-</u>
Total Current Liabilities Payable from Restricted Assets	<u>643,840</u>	<u>-</u>	<u>643,840</u>	<u>-</u>
Noncurrent Liabilities:				
Compensated absences payable	65,042	-	65,042	-
Capital leases payable	211,104	-	211,104	-
Revenue bonds payable	887,646	-	887,646	-
General obligation bonds payable	1,655,000	-	1,655,000	-
Notes payable	<u>11,631,776</u>	<u>-</u>	<u>11,631,776</u>	<u>-</u>
Total Noncurrent Liabilities	<u>14,450,568</u>	<u>-</u>	<u>14,450,568</u>	<u>-</u>
Total Liabilities	<u>16,129,183</u>	<u>2,807</u>	<u>16,131,990</u>	<u>121,641</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2004

	Enterprise Funds			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	12,230,064	108,128	12,338,192	-
Restricted for:				
Capital projects	1,058,020	-	1,058,020	-
Debt service	156,890	-	156,890	-
Unrestricted (deficit)	<u>2,333,083</u>	<u>70,280</u>	<u>2,403,363</u>	<u>(112,855)</u>
 Total Net Assets (Deficit)	 <u>\$ 15,778,057</u>	 <u>\$ 178,408</u>	 <u>\$ 15,956,465</u>	 <u>\$ (112,855)</u>

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

Total Enterprise Funds Net Assets \$ 15,956,465

Difference:

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

(18,651)

Net Assets - Business-Type Activities

\$ 15,937,814

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, 2004

	Enterprise Funds			Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues:				
Charges For services:				
Water sales	\$ 2,146,209	\$ -	\$ 2,146,209	\$ -
Sewer service charges	1,722,230	-	1,722,230	-
Other services	302,892	-	302,892	-
Refuse collection charges	-	988,470	988,470	-
Rents	47,700	-	47,700	-
Premiums	-	-	-	907,504
	<u>4,219,031</u>	<u>988,470</u>	<u>5,207,501</u>	<u>907,504</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,072,431	-	1,072,431	-
Employee benefits	325,773	-	325,773	-
Insurance	23,900	789	24,689	221,522
Claims expense	-	-	-	810,628
Office supplies	9,986	-	9,986	-
Operating supplies:				
Gas and oil	38,347	-	38,347	-
Other	35,994	-	35,994	-
Outside services	526,962	948,847	1,475,809	51,756
Repairs and maintenance	401,411	8,853	410,264	-
Telephone	36,273	-	36,273	-
Postage	23,747	403	24,150	-
Printing	3,921	-	3,921	-
Utilities	455,202	-	455,202	-
Rentals	82,788	-	82,788	-
Depreciation	1,264,823	20,060	1,284,883	-

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2004

	Enterprise Funds			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	<u>7,676</u>	<u>-</u>	<u>7,676</u>	<u>-</u>
 Total Operating Expenses	<u>4,484,193</u>	<u>978,952</u>	<u>5,463,145</u>	<u>1,083,906</u>
 Operating Income (Loss)	<u>(265,162)</u>	<u>9,518</u>	<u>(255,644)</u>	<u>(176,402)</u>
Nonoperating Revenues (Expenses):				
Interest income	94,778	2,336	97,114	3,308
Interest and fiscal charges	<u>(567,627)</u>	<u>(1,040)</u>	<u>(568,667)</u>	<u>-</u>
 Total Nonoperating Revenues (Expenses), net	<u>(472,849)</u>	<u>1,296</u>	<u>(471,553)</u>	<u>3,308</u>
 Income (Loss) Before Contributions	(738,011)	10,814	(727,197)	(173,094)
 Capital Contributions and Grants	<u>176,750</u>	<u>-</u>	<u>176,750</u>	<u>-</u>
 Change in Net Assets	(561,261)	10,814	(550,447)	(173,094)
 Net Assets - Beginning	<u>16,339,318</u>	<u>167,594</u>	<u>16,506,912</u>	<u>60,239</u>
 Net Assets (Deficit) - Ending	<u>\$ 15,778,057</u>	<u>\$ 178,408</u>	<u>\$ 15,956,465</u>	<u>\$ (112,855)</u>

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2004

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

Change in Net Assets - Enterprise Funds	\$ (550,447)
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>(29,005)</u>
Change in Net Assets - Business-Type Activities	<u>\$ (579,452)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2004

	Enterprise Funds			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	\$ 4,209,396	\$ 966,875	\$ 5,176,271	\$ 245,398
Receipts from interfund services	-	-	-	662,106
Receipts from reinsurance	-	-	-	63,855
Payments to suppliers	(1,920,954)	(956,680)	(2,877,634)	(1,100,620)
Payments to employees	<u>(1,402,667)</u>	<u>-</u>	<u>(1,402,667)</u>	<u>-</u>
 Net Cash Provided (Used) By Operating Activities	 <u>885,775</u>	 <u>10,195</u>	 <u>895,970</u>	 <u>(129,261)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(369,701)	-	(369,701)	-
Proceeds from notes payable	126,613	-	126,613	-
Principal paid on revenue bonds	(80,000)	-	(80,000)	-
Principal paid on general obligation bonds	(135,000)	-	(135,000)	-
Principal paid on capital leases	(40,082)	(43,978)	(84,060)	-
Principal paid on notes payable	(526,716)	-	(526,716)	-
Interest and fiscal charges paid on debt	(559,058)	(1,040)	(560,098)	-
Capital contributions and grants	<u>247,740</u>	<u>-</u>	<u>247,740</u>	<u>-</u>
 Net Cash Used For Capital and Related Financing Activities	 <u>(1,336,204)</u>	 <u>(45,018)</u>	 <u>(1,381,222)</u>	 <u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2004

	Enterprise Funds			Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	94,778	2,336	97,114	3,308
Purchase of investments with original maturities in excess of three months	(190,406)	-	(190,406)	-
Sales of investments with original maturities in excess of three months	<u>392,939</u>	<u>-</u>	<u>392,939</u>	<u>-</u>
 Net Cash Provided By Investing Activities	 <u>297,311</u>	 <u>2,336</u>	 <u>299,647</u>	 <u>3,308</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (153,118)	 (32,487)	 (185,605)	 (125,953)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>3,278,951</u>	 <u>78,750</u>	 <u>3,357,701</u>	 <u>125,953</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 3,125,833</u>	 <u>\$ 46,263</u>	 <u>\$ 3,172,096</u>	 <u>\$ -</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2004

	Enterprise Funds			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)	\$ (265,162)	\$ 9,518	\$ (255,644)	\$ (176,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,264,823	20,060	1,284,883	-
Amortization	30,959	-	30,959	-
(Increase) decrease in receivables:				
Accounts	(60,114)	-	(60,114)	-
Reinsurance claims	-	-	-	(1,567)
Claim refunds	-	-	-	11,253
Special assessments	17,119	-	17,119	-
Due from other funds	(15,080)	(21,595)	(36,675)	-
Increase (decrease) in payables:				
Book overdraft in bank account	-	-	-	17,062
Accounts	33,637	2,212	35,849	-
Claims	-	-	-	20,393
Due to other funds	(149,304)	-	(149,304)	-
Customer deposits	33,360	-	33,360	-
Compensated absences	(4,463)	-	(4,463)	-
 Net Cash Provided (Used) By Operating Activities	 <u>\$ 885,775</u>	 <u>\$ 10,195</u>	 <u>\$ 895,970</u>	 <u>\$ (129,261)</u>
 NON-CASH CAPITAL FINANCING ACTIVITIES:				
Non-cash financing of capital assets through capital leases	<u>\$ 125,539</u>	<u>\$ -</u>	<u>\$ 125,539</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2004

	<u>Unemployment Compensation Fund</u>
<u>ASSETS</u>	
Cash	\$ 24,313
Due from other funds	<u>7,345</u>
Total Assets	<u>31,658</u>
 <u>NET ASSETS</u>	
Held in trust for unemployment benefits	<u>\$ 31,658</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 Year Ended September 30, 2004

	<u>Unemployment Compensation Fund</u>
ADDITIONS:	
Transfers from other funds	\$ 3,393
Interest	<u>681</u>
Total Additions	4,074
DEDUCTIONS:	
Unemployment claims	<u>3,189</u>
CHANGE IN NET ASSETS	885
NET ASSETS - BEGINNING	<u>30,773</u>
NET ASSETS - ENDING	<u><u>\$ 31,658</u></u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2004

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.

Fund Financial Statements:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

Internal Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major Funds:	
GENERAL FUND	Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
PROPRIETARY FUNDS:	
Water and Sewer Operations Fund	Accounts for the provision of water and sewer services.
Garbage Collection Fund	Accounts for the provision of refuse collection services.
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>
Nonmajor Funds:	
SPECIAL REVENUE FUNDS:	
Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
DEBT SERVICE FUNDS:	
Clinton Parkway Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 bonds.
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 <i>Bond and Interest Fund – Wal-Mart</i>	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

<u>Fund</u>	<u>Brief Description</u>
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.
Parks and Recreation Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$850,000 Public Improvement Series 1991 bonds.
 CAPITAL PROJECTS FUNDS:	
Tax Increment Financing Construction Project Fund – Wal-Mart	Accounts for the proceeds of a tax increment financing (TIF) bond issue being used for the construction of street, water and sewer improvements related to a retail development.
Parks and Recreation Project Fund	Accounts for the costs incurred for parks and recreation improvements to be funded by a subsequent debt issue.
Public Works Facility Project Fund	Accounts for the costs incurred for construction of a public works facility to be funded by a subsequent debt issue.
Northside Corridor Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.

(Continued)

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>
Community Development Block Grant Fund – Mega Plastics	Accounts for the proceeds of a Federal grant being used for the construction of street, water and sewer improvements related to an industrial development.
Tax Increment Financing Construction Project Fund – Parkway Center	Accounts for the proceeds of a tax increment financing (TIF) bond issue being used for the construction of street, water and sewer improvements related to a retail development.
Natchez Trace Visitors Center Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of a visitors center.
FIDUCIARY FUND:	
Unemployment Compensation Fund	This trust fund accounts for funds held to pay unemployment claims pursuant to State law.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.
- 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. 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.

D. **ASSETS, LIABILITIES AND EQUITY**

Cash and Investments

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

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

Interfund Receivables and Payables

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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.

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

Capital Assets

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

Government-wide Statements

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

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 payable from expendable available financial resources, 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

F. 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.

(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.

B. TAX LEVIES

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

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

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

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

C. DEFICIT FUND EQUITY

As of September 30, 2004, the Parks and Recreation Project Fund and the Public Works Facility Project Fund had deficit fund balances of \$364,230 and \$180,833, respectively. The City issued debt subsequent to September 30, 2004 to fund these projects, and the deficit fund balances 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 \$112,855 as of September 30, 2004. The City intends to adjust the premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2004, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer, with the exception of amounts held in bond trust accounts at an out-of-state bank. These bond trust accounts were insured under the Federal Deposit Insurance Corporation deposit insurance coverage applicable to accounts required by bond indentures.

NOTE 4. RECEIVABLES AND DEFERRED REVENUE

Receivables at September 30, 2004 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$ 955,419	\$ 955,419
Special assessments:			
Due within one year	-	35,871	35,871
Due in more than one year	-	192,267	192,267
Property taxes	4,950,716	-	4,950,716
Sales taxes	550,866	-	550,866
Franchise charges	197,258	-	197,258
Federal grants	195,464	-	195,464
Other	21,180	-	21,180
	<u>5,915,484</u>	<u>1,183,557</u>	<u>7,099,041</u>
Allowance for uncollectible amounts	-	(313,812)	(313,812)
Net receivables	<u>\$5,915,484</u>	<u>\$ 869,745</u>	<u>\$6,785,229</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND DEFERRED REVENUE - Continued

In addition, deferred revenue, the majority of which is related to the above receivables, consisted of the following at September 30, 2004:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred property taxes, levied for use in the subsequent year	\$4,816,276	\$ -	\$4,816,276
Deferred federal grant revenue	<u>90,506</u>	<u>-</u>	<u>90,506</u>
	<u><u>\$4,906,782</u></u>	<u><u>\$ -</u></u>	<u><u>\$4,906,782</u></u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 3,484,678	\$ 51,838	\$ -	\$ 3,536,516
Other land	688,858	336,977	-	1,025,835
Construction in progress	<u>889,759</u>	<u>2,107,852</u>	<u>-</u>	<u>2,997,611</u>
Total not being depreciated	<u>5,063,295</u>	<u>2,496,667</u>	<u>-</u>	<u>7,559,962</u>
Other capital assets:				
Buildings	4,247,986	17,685	-	4,265,671
Other improvements	4,291,744	119,161	-	4,410,905
Equipment and vehicles	5,668,836	667,402	(225,064)	6,111,174
Infrastructure	<u>26,879,143</u>	<u>1,823,172</u>	<u>-</u>	<u>28,702,315</u>
	<u>41,087,709</u>	<u>2,627,420</u>	<u>(225,064)</u>	<u>43,490,065</u>
Accumulated depreciation:				
Buildings	1,519,763	88,242	-	1,608,005
Other improvements	2,453,459	277,635	-	2,731,094
Equipment and vehicles	3,959,942	549,005	(225,064)	4,283,883
Infrastructure	<u>9,704,202</u>	<u>1,423,638</u>	<u>-</u>	<u>11,127,840</u>
	<u>17,637,366</u>	<u>2,338,520</u>	<u>(225,064)</u>	<u>19,750,822</u>
Net other capital assets	<u>23,450,343</u>	<u>288,900</u>	<u>-</u>	<u>23,739,243</u>
Capital assets, net	<u><u>\$28,513,638</u></u>	<u><u>\$2,785,567</u></u>	<u><u>\$ -</u></u>	<u><u>\$31,299,205</u></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	\$ 171,089	\$ -	\$ (7,577)	\$ 163,512
Construction in progress	21,838	45,906	(19,798)	47,946
Total not being depreciated	<u>192,927</u>	<u>45,906</u>	<u>(27,375)</u>	<u>211,458</u>
Other capital assets:				
Water and sewer systems and improvements	37,522,567	286,926	-	37,809,493
Buildings	224,317	-	-	224,317
Equipment and vehicles	1,628,219	189,782	(21,416)	1,796,585
	<u>39,375,103</u>	<u>476,708</u>	<u>(21,416)</u>	<u>39,830,395</u>
Accumulated depreciation:				
Water and sewer systems and improvements	10,357,697	1,051,177	-	11,408,874
Buildings	16,631	7,477	-	24,108
Equipment and vehicles	1,046,080	226,229	(21,416)	1,250,893
	<u>11,420,408</u>	<u>1,284,883</u>	<u>(21,416)</u>	<u>12,683,875</u>
Net other capital assets	<u>27,954,695</u>	<u>(808,175)</u>	<u>-</u>	<u>27,146,520</u>
Capital assets, net	<u>\$28,147,622</u>	<u>\$ (762,269)</u>	<u>\$ (27,375)</u>	<u>\$27,357,978</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 48,941
Public safety	416,744
Public works	1,520,662
Culture and recreation	350,944
Economic development	1,229
	<u>\$2,338,520</u>
Business-type activities:	
Water and sewer	\$1,264,823
Garbage collection	20,060
	<u>\$1,284,883</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, 2004 was as follows:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	
General Fund	\$ -	\$ 447,999	\$ 8,919	\$ 456,918
Water and Sewer Operations Fund	862	69,398	-	70,260
Garbage Collection Fund	-	-	26,824	26,824
Fiduciary Fund	7,345	-	-	7,345
Nonmajor Governmental Funds	2,633	44,448	-	47,081
Total	<u>\$ 10,840</u>	<u>\$ 561,845</u>	<u>\$ 35,743</u>	<u>\$ 608,428</u>

The majority of interfund transfers are to fund debt service or to transfer residual funds to the General Fund upon completion of a fund's purpose.

Interfund transfers during the year ended September 30, 2004 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ 70,908	\$ 70,908
Nonmajor Governmental Funds	88,896	6,010	94,906
Fiduciary Fund	3,393	-	3,393
Total	<u>\$ 92,289</u>	<u>\$ 76,918</u>	<u>\$169,207</u>

(Continued)

NOTE 7. LONG-TERM DEBT

The City issues general obligation bonds, revenue bonds or tax increment limited obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds pledge income derived from the acquired or constructed assets to pay debt service. In the case of tax increment limited obligation bonds, the City and County pledge property taxes on certain property improvements to pay debt service. General obligation bonds have been issued for both governmental and business-type activities. If general obligation bonds are expected to be repaid from revenues of business-type activities, the bonds are reported in the business-type activities. There are a number of limitations and restrictions contained in the various bond indentures. Certain restrictions relating to insurance and reporting, which are considered cost prohibitive or impractical, were not met; however, all significant limitations and restrictions have been met.

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, 2004, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$5,000,000 School Improvement – Series 1986 serial bonds dated July 1, 1986; due in annual installments of \$440,000 to \$470,000 through July 1, 2006; interest at 7.25%.	\$ 910,000
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\$3,100,000 Road Improvement – Series 1996 serial bonds dated July 1, 1996; due in annual installments of \$210,000 to \$295,000 through July 1, 2011; interest varies from 4.9% to 6.5%.	<u>1,760,000</u>
	<u>2,670,000</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

B. 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 4.7% to 5.7%. 365,000

\$1,200,000 Land Improvement – Series 2000
serial bonds dated April 1, 2000; due in annual
installments of \$40,000 to \$105,000 through
April 1, 2020; interest varies from 5.375% to 6.25%. 1,090,000

\$250,000 Land Improvement – Series 2004
serial bonds dated February 1, 2004; due in annual
installments of \$13,000 to \$20,000 through
March 1, 2019; interest at 4.25%. 250,000
1,705,000

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. 628,570

\$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. 138,824
767,394

Capital Lease Obligations:

\$649,936 equipment lease dated December
12, 2000; annual payments of \$79,669, including
interest at 5.89%; final payment due
December 10, 2010. 443,930

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Capital Lease Obligations: (Continued)

\$193,048 equipment lease dated January 15, 2003; monthly payments of \$5,673, including interest at 3.69%; final payment due November 15, 2005. 88,438

\$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. 44,960

\$241,740 equipment lease dated May 3, 2004; monthly payments of \$3,705, including interest at 3.34%; final payment due April 20, 2010. 226,192

803,520

Total Governmental Activities Long-Term Debt \$5,945,914

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2004, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,000,000 Water Improvement – Series 1995 serial bonds dated March 1, 1995; due in annual installments of \$75,000 to \$100,000 through March 1, 2010; interest at 5.5%. \$ 515,000

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$65,000 to \$120,000 through March 1, 2018; interest varies from 4.40% to 5%. 1,280,000

1,795,000

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$85,000 to \$135,000 through October 1, 2013; interest varies from 4.95% to 5.75%; secured by Water and Sewer Operations Fund revenues. 1,055,000

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; interest at 4.50%; monthly installments of \$10,872, including interest; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 1,096,872

\$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. 9,963,205

\$1,429,475 loan payable to the Mississippi Department of Health; interest at 3.5%; monthly installments of \$6,791, including interest, beginning July 1, 2004; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 1,147,085
12,207,162

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. 41,235

\$76,026 equipment lease dated September 4, 2003; monthly payments of \$1,686, including interest at 3.09%, final payment due September 4, 2007. 56,353

\$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. 51,536

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

\$53,271 equipment lease dated April 15, 2004; monthly payments of \$955, including interest at 2.89%; final payment due April 15, 2009. 49,120

\$72,268 equipment lease dated April 15, 2004; monthly payments of \$1,295, including interest at 2.89%; final payment due April 15, 2009. 66,636
264,880

Unamortized bond refunding cost and bond discount (82,355)

Total Business-Type Activities Long-Term Debt \$15,239,687

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2004, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	\$ 650,000	\$ 156,600	\$ 77,891	\$ 27,007	\$ 73,000	\$ 94,966	\$ 1,079,464
2006	695,000	114,410	81,321	23,576	78,000	90,148	1,082,455
2007	235,000	69,085	84,315	20,583	79,000	85,889	573,872
2008	250,000	57,100	87,419	17,478	89,000	81,915	582,912
2009	265,000	44,100	90,639	14,258	100,500	77,395	591,892
2010-2014	575,000	45,675	345,809	22,875	574,500	304,354	1,868,213
2015-2019	-	-	-	-	606,000	134,643	740,643
2020-2024	-	-	-	-	105,000	6,563	111,563
	<u>\$ 2,670,000</u>	<u>\$ 486,970</u>	<u>\$ 767,394</u>	<u>\$ 125,777</u>	<u>\$ 1,705,000</u>	<u>\$ 875,873</u>	<u>\$ 6,631,014</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	\$ 140,000	\$ 84,725	\$ 575,385	\$ 379,878	\$ 85,000	\$ 55,394	\$ 1,320,382
2006	140,000	77,545	594,388	360,875	85,000	51,144	1,308,952
2007	150,000	70,313	614,035	341,228	90,000	46,658	1,312,234
2008	165,000	62,410	634,350	320,913	95,000	41,800	1,319,473
2009	175,000	53,835	655,355	299,908	100,000	36,583	1,320,681
2010-2014	560,000	171,219	3,617,784	1,158,532	600,000	89,366	6,196,901
2015-2019	465,000	45,480	3,625,438	574,666	-	-	4,710,584
2020-2024	-	-	1,890,427	79,995	-	-	1,970,422
	<u>\$ 1,795,000</u>	<u>\$ 565,527</u>	<u>\$ 12,207,162</u>	<u>\$ 3,515,995</u>	<u>\$ 1,055,000</u>	<u>\$ 320,945</u>	<u>\$ 19,459,629</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, 2004, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$ 198,777	\$ 61,751
2006	153,393	61,751
2007	130,701	84,297
2008	153,763	60,732
2009	124,129	15,748
2010-2014	<u>185,274</u>	<u>-</u>
Total minimum lease payments	946,037	284,279
Less amount representing interest	<u>(142,517)</u>	<u>(19,399)</u>
Present value of future minimum lease payments	<u>\$ 803,520</u>	<u>\$ 264,880</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2004:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,197,769	\$ 315,186
Accumulated depreciation	<u>(384,374)</u>	<u>(102,602)</u>
Carrying Value	<u>\$ 813,395</u>	<u>\$ 212,584</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, 2004, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$ 3,280,000	\$ -	\$ (610,000)	\$ 2,670,000	\$ 650,000
Notes payable	843,720	-	(76,326)	767,394	77,891
Limited obligation bonds	1,515,000	250,000	(60,000)	1,705,000	73,000
Capital lease obligations	<u>706,606</u>	<u>241,740</u>	<u>(144,826)</u>	<u>803,520</u>	<u>161,341</u>
	6,345,326	491,740	(891,152)	5,945,914	962,232
Compensated absences	634,590	14,001	-	648,591	-
Net pension obligation	<u>648,884</u>	<u>41,995</u>	<u>-</u>	<u>690,879</u>	<u>-</u>
	<u>\$ 7,628,800</u>	<u>\$ 547,736</u>	<u>\$ (891,152)</u>	<u>\$ 7,285,384</u>	<u>\$ 962,232</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 1,930,000	\$ -	\$ (135,000)	\$ 1,795,000	\$ 140,000
Notes payable	12,607,261	126,613	(526,712)	12,207,162	575,385
Revenue bonds	1,135,000	-	(80,000)	1,055,000	85,000
Capital lease obligations	223,401	125,539	(84,060)	264,880	53,776
Unamortized bond refunding cost and bond discount	<u>(91,501)</u>	<u>-</u>	<u>9,146</u>	<u>(82,355)</u>	<u>-</u>
	15,804,161	252,152	(816,626)	15,239,687	854,161
Compensated absences	<u>69,505</u>	<u>-</u>	<u>(4,463)</u>	<u>65,042</u>	<u>-</u>
	<u>\$15,873,666</u>	<u>\$ 252,152</u>	<u>\$ (821,089)</u>	<u>\$15,304,729</u>	<u>\$ 854,161</u>

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

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, 2004 was \$238,500.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LEASE RENTAL REVENUE - Continued

The City receives annual lease payments of \$24,313 from the Clinton Public School District for certain park facilities. The lease term ends December 31, 2012, but the Clinton Public School District can terminate the lease after January 1, 2006.

The City also receives lease payments for providing water tower space to cellular telephone companies.

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>
2005	\$ 34,413	\$ 37,350
2006	10,100	33,900
2007	10,100	18,000
2008	10,100	-
	<u>\$ 64,713</u>	<u>\$ 89,250</u>

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>
2005	\$ 32,133	\$ 14,130
2006	30,917	14,130
2007	30,917	14,130
2008	22,800	10,930
2009	22,800	10,330
2010-2014	114,000	51,650
2015-2019	114,000	51,650
2020-2024	102,000	51,650
2025-2029	99,000	51,650
2030-2034	-	17,940
Total minimum lease payments	<u>\$ 568,567</u>	<u>\$ 288,190</u>

(Continued)

NOTE 9. OPERATING LEASE OBLIGATIONS - Continued

Rent expense during the year ended September 30, 2004 for all operating leases was as follows:

Governmental activities	\$ 61,971
Business-type activities	<u>82,788</u>
	<u>\$ 144,759</u>

NOTE 10. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

The City, through the Mississippi Public Employees Retirement System, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The compensation deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plan is administered by the board of trustees of the Public Employees Retirement System of Mississippi. The plan's assets are held in trust by the Public Employees Retirement System of Mississippi for the exclusive benefit of the participants and beneficiaries of the plan and are not subject to the general creditors of the City.

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.

(Continued)

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

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 rate is 9.75% of the annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Clinton's contributions (including amounts withheld from members' salaries) to PERS for the years ended September 30, 2004, 2003, and 2002 were \$947,062, \$857,628, and \$821,169, respectively, equal to the required contributions for each year.

C. City of Clinton Disability and Relief Fund

Plan Description: The City of Clinton contributes to the City of Clinton Disability and Relief Fund (CDRF), which provides retirement and disability benefits, annual cost-of-living adjustments (subject to certain limitations), and death benefits to plan members and beneficiaries. Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed by July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in PERS, described previously. CDRF is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan administered by PERS. Benefit provisions are 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, 2004, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.21% 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

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

Actuarial Valuation Date	September 30,		
	2003	2002	2001
Actuarial Value of Plan Assets	\$ 8,589,000	\$8,427,000	\$8,122,000
Actuarial Accrued Liability	<u>8,806,000</u>	<u>8,508,000</u>	<u>8,088,000</u>
Unfunded (Overfunded) Actuarial Liability	<u>\$ 217,000</u>	<u>\$ 81,000</u>	<u>\$ (34,000)</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	97.5%	99.0%	100.4%
Annual Covered Payroll	\$ 761,000	\$ 737,000	\$ 758,000
Ratio of Unfunded (Overfunded) Actuarial Accrued Liability to Annual Covered Payroll	28.5%	11.0%	(4.5)%

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

Fiscal Year Ended	September 30,		
	2004	2003	2002
Annual required employer contribution	\$ 76,815	\$ 63,517	\$ 54,667
Interest on net pension obligation	51,911	48,505	49,451
Adjustment to annual required contribution	<u>(57,172)</u>	<u>(53,022)</u>	<u>(53,686)</u>
Annual pension cost	71,554	59,000	50,432
Actual employer contribution	<u>(29,559)</u>	<u>(16,426)</u>	<u>(62,260)</u>
Change in net pension obligation	41,995	42,574	(11,828)
Beginning net pension obligation	<u>648,884</u>	<u>606,310</u>	<u>618,138</u>
Ending net pension obligation	<u>\$ 690,879</u>	<u>\$ 648,884</u>	<u>\$ 606,310</u>

(Continued)

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

The annual required contribution for the year ended September 30, 2004 was determined as part of the September 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include an 8% (including 3.75% price inflation) investment rate of return and projected salary increases of 6% (including 4% wage inflation) per year. The actuarial value of CDRF's assets was determined using the 5-year smoothed market method. CDRF's unfunded actuarial accrued liability is being amortized as a level dollar amount of payroll on a closed basis. The remaining amortization period at September 30, 2004 was thirty-one 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 October, 2004, and provides for a monthly charge to the City of \$10.08 per residential unit (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2006, and provides for a monthly charge to the City of \$34,032 (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.

(Continued)

NOTE 13. RISK MANAGEMENT

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

Employees of the City are covered by the City’s medical self-insurance plan (the “plan”). The City contributed approximately \$264 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 \$874,000. 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. Changes in the claims liability amounts in the current year and the prior year were as follows:

	<u>Year Ended September 30.</u>	
	<u>2004</u>	<u>2003</u>
Claims liability, October 1	\$ 84,186	\$ 23,846
Current year claims and changes in estimates	810,628	627,885
Claims paid in current year	<u>(790,235)</u>	<u>(567,545)</u>
Claims liability, September 30	<u>\$ 104,579</u>	<u>\$ 84,186</u>

NOTE 14. PRIOR PERIOD ADJUSTMENTS

Prior year capital project expenditures totaling \$141,948 were erroneously reported in the General Fund instead of being reported in capital project funds. The beginning fund balances of the General Fund and the capital project funds have been restated to properly reflect these expenditures in the appropriate capital project funds.

NOTE 15. SUBSEQUENT EVENTS

The City issued the following debt subsequent to September 30, 2004:

<u>Description</u>	<u>Purpose</u>	<u>Amount</u>	<u>Term (Years)</u>
Lease purchase	Siren system	\$ 119,223	5
Lease purchase	Pumper fire truck	400,000	10
State revolving fund loan	Sewer rehabilitation	4,000,000	20
State revolving fund loans	Water tank construction	1,250,000	20
State development bank loan funded by state bonds	Park improvements and public works facility	<u>7,750,000</u>	20
		<u>\$13,519,223</u>	

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Licenses and permits	\$ 692,000	\$ 774,000	\$ 746,672	\$ (27,328)
Intergovernmental revenues	5,722,383	5,864,894	4,225,460	(1,639,434)
Charges for services	3,000	10,000	41,667	31,667
Fines and forfeitures	315,000	229,500	236,263	6,763
Interest earned	64,000	48,000	49,230	1,230
Proceeds from lease-purchase agreements	233,000	242,000	241,740	(260)
Miscellaneous	255,975	485,259	458,307	(26,952)
Total receipts, other than taxes	7,285,358	7,653,653	5,999,339	(1,654,314)
Beginning fund balance	1,898,804	1,635,270	1,548,835	(86,435)
Total available, other than taxes	9,184,162	9,288,923	7,548,174	(1,740,749)
Ad valorem taxes to be provided by levy	4,798,950	4,842,550	4,912,022	69,472
Total Available From All Sources	<u>13,983,112</u>	<u>14,131,473</u>	<u>12,460,196</u>	<u>(1,671,277)</u>
<u>EXPENDITURES</u>				
General government:				
Administration:				
Personal services	614,613	615,787	613,858	(1,929)
Operating supplies	35,000	38,000	35,725	(2,275)
Other services and charges	289,900	317,315	385,459	68,144
Capital outlay	1,422,133	1,356,271	30,606	(1,325,665)
Total administration	<u>2,361,646</u>	<u>2,327,373</u>	<u>1,065,648</u>	<u>(1,261,725)</u>
Planning and zoning:				
Personal services	52,976	52,976	52,748	(228)
Operating supplies	2,500	2,500	2,383	(117)
Other services and charges	25,100	35,100	33,762	(1,338)
Capital outlay	-	-	1,344	1,344
Total planning and zoning	<u>80,576</u>	<u>90,576</u>	<u>90,237</u>	<u>(339)</u>
Total General Government	<u>2,442,222</u>	<u>2,417,949</u>	<u>1,155,885</u>	<u>(1,262,064)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public safety:				
Police:				
Personal services	2,503,035	2,503,035	2,477,181	(25,854)
Operating supplies	211,900	226,200	215,645	(10,555)
Other services and charges	211,150	252,850	253,799	949
Capital outlay	88,500	79,500	82,939	3,439
Debt service	68,076	68,076	68,076	-
Total police	<u>3,082,661</u>	<u>3,129,661</u>	<u>3,097,640</u>	<u>(32,021)</u>
Fire:				
Personal services	2,233,464	2,368,671	2,351,551	(17,120)
Operating supplies	162,900	235,646	232,933	(2,713)
Other services and charges	190,500	214,000	202,074	(11,926)
Capital outlay	255,500	347,745	360,447	12,702
Debt service	228,311	203,092	203,817	725
Total fire	<u>3,070,675</u>	<u>3,369,154</u>	<u>3,350,822</u>	<u>(18,332)</u>
Inspection:				
Personal services	93,801	94,901	94,378	(523)
Operating supplies	9,700	9,100	6,627	(2,473)
Other services and charges	8,300	7,800	6,508	(1,292)
Capital outlay	15,000	15,000	15,732	732
Total inspection	<u>126,801</u>	<u>126,801</u>	<u>123,245</u>	<u>(3,556)</u>
Total Public Safety	<u>6,280,137</u>	<u>6,625,616</u>	<u>6,571,707</u>	<u>(53,909)</u>
Street:				
Personal services	732,738	767,484	772,327	4,843
Operating supplies	336,600	359,600	369,654	10,054
Other services and charges	354,900	389,500	373,183	(16,317)
Capital outlay	1,094,700	1,061,077	775,302	(285,775)
Debt service	17,740	17,740	17,740	-
Total Street	<u>2,536,678</u>	<u>2,595,401</u>	<u>2,308,206</u>	<u>(287,195)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Parks and recreation:				
Personal services	613,756	554,796	531,328	(23,468)
Operating supplies	184,371	180,971	183,240	2,269
Other services and charges	126,555	136,055	126,167	(9,888)
Capital outlay	<u>211,700</u>	<u>345,525</u>	<u>133,810</u>	<u>(211,715)</u>
Total Parks and Recreation	<u>1,136,382</u>	<u>1,217,347</u>	<u>974,545</u>	<u>(242,802)</u>
Economic development:				
Operating supplies	1,800	2,300	2,023	(277)
Other services and charges	101,900	101,900	99,612	(2,288)
Capital outlay	<u>5,000</u>	<u>1,500</u>	<u>1,474</u>	<u>(26)</u>
Total Economic Development	<u>108,700</u>	<u>105,700</u>	<u>103,109</u>	<u>(2,591)</u>
Transfers and other charges	<u>134,451</u>	<u>135,951</u>	<u>135,662</u>	<u>(289)</u>
Total expenditures	12,638,570	13,097,964	11,249,114	(1,848,850)
Ending fund balance	<u>1,344,542</u>	<u>1,033,509</u>	<u>1,211,082</u>	<u>177,573</u>
Total Expenditures and Ending Fund Balance	<u>\$13,983,112</u>	<u>\$14,131,473</u>	<u>\$ 12,460,196</u>	<u>\$ (1,671,277)</u>

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2004

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	\$ 12,460,196
Differences:	
GAAP basis receivables are reflected as budgetary basis available when received	54,514
Other financing sources are included in budgetary basis available	(312,648)
Beginning fund balance is included in budgetary basis available	<u>(1,548,835)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 10,653,227</u>
Expenditures - Budgetary Comparison Schedule	\$ 11,249,114
Differences:	
GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid	(5,416)
Other financing uses are included in budgetary basis expenditures	<u>(92,289)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 11,151,409</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	312,648
Other financing uses are included in budgetary basis expenditures	<u>(92,289)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 220,359</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS

September 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 213,440	\$ 197,350	\$ 531,710	\$ 942,500
Receivables:				
Property taxes	-	18,548	-	18,548
Tourism tax	7,269	-	-	7,269
Federal grants	-	-	134,396	134,396
Prepaid expenses	-	-	17,653	17,653
Due from other funds	<u>37,139</u>	<u>2,633</u>	<u>7,309</u>	<u>47,081</u>
 Total Assets	 <u>\$257,848</u>	 <u>\$218,531</u>	 <u>\$ 691,068</u>	 <u>\$ 1,167,447</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 31,324	\$ 2,109	\$ 155,051	\$ 188,484
Deferred grant revenue	90,506	-	-	90,506
Due to other funds	<u>-</u>	<u>-</u>	<u>561,845</u>	<u>561,845</u>
 Total Liabilities	 <u>121,830</u>	 <u>2,109</u>	 <u>716,896</u>	 <u>840,835</u>
Fund Balances:				
Unreserved reported in:				
Special revenue funds	136,018	-	-	136,018
Debt service funds	-	216,422	-	216,422
Capital projects funds	<u>-</u>	<u>-</u>	<u>(25,828)</u>	<u>(25,828)</u>
 Total Fund Balance	 <u>136,018</u>	 <u>216,422</u>	 <u>(25,828)</u>	 <u>326,612</u>
 Total Liabilities and Fund Balances	 <u>\$257,848</u>	 <u>\$218,531</u>	 <u>\$ 691,068</u>	 <u>\$ 1,167,447</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 871,940	\$ -	\$ 871,940
Intergovernmental	96,108	59,609	1,240,507	1,396,224
Interest	5,929	11,311	13,803	31,043
Total Revenues	<u>102,037</u>	<u>942,860</u>	<u>1,254,310</u>	<u>2,299,207</u>
Expenditures:				
General government:				
Other services and charges	<u>-</u>	<u>11,817</u>	<u>-</u>	<u>11,817</u>
Public Safety:				
Personal services	10,363	-	-	10,363
Supplies	2,271	-	-	2,271
Other services and charges	6,192	-	-	6,192
	<u>18,826</u>	<u>-</u>	<u>-</u>	<u>18,826</u>
Public Works:				
Other services and charges	<u>-</u>	<u>-</u>	<u>12,672</u>	<u>12,672</u>
Economic Development:				
Other services and charges	<u>43,177</u>	<u>-</u>	<u>-</u>	<u>43,177</u>
Debt Service	<u>-</u>	<u>956,852</u>	<u>-</u>	<u>956,852</u>
Capital Outlay	<u>124,674</u>	<u>-</u>	<u>1,978,079</u>	<u>2,102,753</u>
Total Expenditures	<u>186,677</u>	<u>968,669</u>	<u>1,990,751</u>	<u>3,146,097</u>
Excess of Expenditures Over Revenues	<u>(84,640)</u>	<u>(25,809)</u>	<u>(736,441)</u>	<u>(846,890)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Bond issue proceeds	-	-	250,000	250,000
Operating transfers in	-	94,906	-	94,906
Operating transfers out	-	(76,918)	-	(76,918)
Total Other Financing Sources (Uses)	-	17,988	250,000	267,988
Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(84,640)	(7,821)	(486,441)	(578,902)
Fund Balances - Beginning	220,658	224,243	460,613	905,514
Fund Balances - Ending	<u>\$ 136,018</u>	<u>\$ 216,422</u>	<u>\$ (25,828)</u>	<u>\$ 326,612</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2004

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 115,741	\$ 97,699	\$ 213,440
Tourism tax receivable	7,269	-	7,269
Due from other funds	<u>37,139</u>	<u>-</u>	<u>37,139</u>
 Total Assets	 <u>\$ 160,149</u>	 <u>\$ 97,699</u>	 <u>\$ 257,848</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 31,153	\$ 171	\$ 31,324
Deferred grant revenue	<u>-</u>	<u>90,506</u>	<u>90,506</u>
 Total Liabilities	 31,153	 90,677	 121,830
Fund Balances:			
Unreserved	<u>128,996</u>	<u>7,022</u>	<u>136,018</u>
 Total Liabilities and Fund Balances	 <u>\$ 160,149</u>	 <u>\$ 97,699</u>	 <u>\$ 257,848</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2004

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 69,546	\$ -	\$ 69,546
Federal grants	-	26,562	26,562
	69,546	26,562	96,108
Interest	5,265	664	5,929
Total Revenues	<u>74,811</u>	<u>27,226</u>	<u>102,037</u>
Expenditures:			
Public Safety:			
Personal services	-	10,363	10,363
Supplies	-	2,271	2,271
Other services and charges	-	6,192	6,192
	-	18,826	18,826
Economic Development:			
Other services and charges	43,177	-	43,177
Capital Outlay	<u>106,575</u>	<u>18,099</u>	<u>124,674</u>
Total Expenditures	<u>149,752</u>	<u>36,925</u>	<u>186,677</u>
Excess of Expenditures Over Revenues	(74,941)	(9,699)	(84,640)
Fund Balances - Beginning	<u>203,937</u>	<u>16,721</u>	<u>220,658</u>
Fund Balances - Ending	<u>\$ 128,996</u>	<u>\$ 7,022</u>	<u>\$ 136,018</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2004

	Clinton Parkway Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Clinton Public School District Bond and Interest Fund	Parks and Recreation Bond and Interest Fund	Total Nonmajor Debt Service Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 106,983	\$ 261	\$ 10,251	\$ 79,855	\$ -	\$ 197,350
Property taxes receivable	7,578	-	-	10,970	-	18,548
Due from other funds	2,633	-	-	-	-	2,633
Total Assets	<u>\$ 117,194</u>	<u>\$ 261</u>	<u>\$ 10,251</u>	<u>\$ 90,825</u>	<u>\$ -</u>	<u>\$ 218,531</u>

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,109	\$ -	\$ 2,109
Fund Balances:						
Unreserved	<u>117,194</u>	<u>261</u>	<u>10,251</u>	<u>88,716</u>	<u>-</u>	<u>216,422</u>
Total Liabilities and Fund Balances	<u>\$ 117,194</u>	<u>\$ 261</u>	<u>\$ 10,251</u>	<u>\$ 90,825</u>	<u>\$ -</u>	<u>\$ 218,531</u>

CITY OF CLINTON

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

September 30, 2004

	Tax							Total Nonmajor Debt Service Funds
	Clinton Parkway Bond and Interest Fund	Increment Financing Bond and Interest Fund - United Artists	Increment Financing Bond and Interest Fund - Walmart	Clinton Public School District Bond and Interest Fund	Parks and Recreation Bond and Interest Fund			
Revenues:								
Property taxes	\$ 325,894	-	\$ -	\$ 545,996	\$ 50		\$ 871,940	
Intergovernmental:								
State shared revenues	5,583	-	-	-	-		5,583	
County shared revenues	-	19,026	35,000	-	-		54,026	
	5,583	19,026	35,000	-	-		59,609	
Interest	4,229	155	581	5,210	1,136		11,311	
Total Revenues	335,706	19,181	35,581	551,206	1,186		942,860	
Expenditures:								
General government:								
Other services and charges	4,733	-	-	7,084	-		11,817	
Debt service	301,611	40,547	106,885	507,809	-		956,852	
Total Expenditures	306,344	40,547	106,885	514,893	-		968,669	
Excess (Deficiency) of Revenues Over Expenditures	29,362	(21,366)	(71,304)	36,313	1,186		(25,809)	

(Continued)

CITY OF CLINTON

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

September 30, 2004

	Clinton Parkway Bond and Interest Fund	Clinton Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Clinton Public School District Bond and Interest Fund	Parks and Recreation Bond and Interest Fund	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):						
Operating transfers in	-	21,521	73,385	-	-	94,906
Operating transfers out	(6,010)	-	-	-	(70,908)	(76,918)
Total Other Financing Sources (Uses)	(6,010)	21,521	73,385	-	(70,908)	17,988
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	23,352	155	2,081	36,313	(69,722)	(7,821)
Fund Balances - Beginning	93,842	106	8,170	52,403	69,722	224,243
Fund Balances - Ending	\$ 117,194	\$ 261	\$ 10,251	\$ 88,716	\$ -	\$ 216,422

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2004

	Tax Increment Financing Construction Project Fund - Walmart	Parks and Recreation Project Fund	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 486,945	-	\$ -	\$ 4,665	\$ 40,100	\$ -	\$ -	\$ 531,710
Federal grants receivable	-	-	-	-	-	73,399	60,997	134,396
Prepaid expenses	-	-	-	-	-	17,653	-	17,653
Due from other funds	-	-	-	-	-	7,309	-	7,309
Total Assets	\$ 486,945	\$ -	\$ -	\$ 4,665	\$ 40,100	\$ 98,361	\$ 60,997	\$ 691,068
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 4,926	\$ -	\$ 51,103	\$ -	\$ 18,455	\$ 80,567	\$ -	\$ 155,051
Due to other funds	-	364,230	129,730	6,040	848	-	60,997	561,845
Total Liabilities	4,926	364,230	180,833	6,040	19,303	80,567	60,997	716,896
Fund Balances:								
Unreserved	482,019	(364,230)	(180,833)	(1,375)	20,797	17,794	-	(25,828)
Total Liabilities and Fund Balances	\$ 486,945	\$ -	\$ -	\$ 4,665	\$ 40,100	\$ 98,361	\$ 60,997	\$ 691,068

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 NONMAJOR CAPITAL PROJECTS FUNDS
 Year Ended September 30, 2004

	Tax Increment Financing Construction Project Fund - Walmart	Parks and Recreation Project Fund	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Revenues:								
Intergovernmental:								
Federal grants	\$ -	\$ -	\$ -	\$ 32,088	\$ -	\$ 1,020,792	\$ 187,627	\$ 1,240,507
Interest	13,766	-	-	14	23	-	-	13,803
Total Revenues	13,766	-	-	32,102	23	1,020,792	187,627	1,254,310
Expenditures:								
Public Works:								
Other services and charges	-	-	-	-	12,672	-	-	12,672
Capital Outlay	44,418	242,080	161,035	32,463	191,774	1,118,682	187,627	1,978,079
Total Expenditures	44,418	242,080	161,035	32,463	204,446	1,118,682	187,627	1,990,751
Excess of Expenditures Over Revenues	(30,652)	(242,080)	(161,035)	(361)	(204,423)	(97,890)	-	(736,441)
Other Financing Sources (Uses):								
Bond issue proceeds	-	-	-	-	250,000	-	-	250,000

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 NONMAJOR CAPITAL PROJECTS FUNDS - CONTINUED
 Year Ended September 30, 2004

	Tax Increment Financing Construction Project Fund - Walmart	Parks and Recreation Project Fund	Public Works Facility Project Fund	Community Development Block Grant Fund - Mega Plastics	Tax Increment Financing Construction Project Fund - Parkway Center	Natchez Trace Visitors Center Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(30,652)	(242,080)	(161,035)	(361)	45,577	(97,890)	-	(486,441)
Fund Balances - Beginning	512,671	(122,150)	(19,798)	(1,014)	(24,780)	115,684	-	460,613
Fund Balances - Ending	\$ 482,019	\$ (364,230)	\$ (180,833)	\$ (1,375)	\$ 20,797	\$ 17,794	\$ -	\$ (25,828)

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 80,000	\$ 80,000	\$ 68,202	\$ (11,798)
Interest earned	<u>4,000</u>	<u>4,000</u>	<u>5,265</u>	<u>1,265</u>
Total Receipts	84,000	84,000	73,467	(10,533)
Beginning fund balance	<u>203,293</u>	<u>203,293</u>	<u>198,012</u>	<u>(5,281)</u>
Total Available From All Sources	<u>\$ 287,293</u>	<u>\$ 287,293</u>	<u>\$ 271,479</u>	<u>\$ (15,814)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 166,000	\$ 166,000	\$ 43,177	\$ (122,823)
Capital outlay	<u>-</u>	<u>-</u>	<u>106,575</u>	<u>106,575</u>
Total Expenditures	166,000	166,000	149,752	(16,248)
Ending fund balance	<u>121,293</u>	<u>121,293</u>	<u>121,727</u>	<u>434</u>
Total Expenditures and Ending Fund Balance	<u>\$ 287,293</u>	<u>\$ 287,293</u>	<u>\$ 271,479</u>	<u>\$ (15,814)</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	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	\$ 107,800	\$ 118,145	\$ 10,345
Other receipts	300	-	664	664
Total Receipts	10,300	107,800	118,809	11,009
Beginning fund balance	4,639	17,532	15,644	(1,888)
Total Available From All Sources	<u>\$ 14,939</u>	<u>\$ 125,332</u>	<u>\$ 134,453</u>	<u>\$ 9,121</u>
<u>EXPENDITURES</u>				
Personal services	\$ -	\$ -	\$ 10,363	\$ 10,363
Operating supplies	10,000	30,000	2,271	(27,729)
Other services and charges	-	-	6,192	6,192
Capital outlay	-	-	18,099	18,099
Total Expenditures	10,000	30,000	36,925	6,925
Ending fund balance	4,939	95,332	97,528	2,196
Total Expenditures and Ending Fund Balance	<u>\$ 14,939</u>	<u>\$ 125,332</u>	<u>\$ 134,453</u>	<u>\$ 9,121</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ 6,000	\$ 6,000	\$ 5,583	\$ (417)
Interest earned	<u>4,000</u>	<u>4,000</u>	<u>4,229</u>	<u>229</u>
Total receipts, other than taxes	10,000	10,000	9,812	(188)
Beginning fund balance	<u>81,752</u>	<u>81,752</u>	<u>86,639</u>	<u>4,887</u>
Total available, other than taxes	91,752	91,752	96,451	4,699
Ad valorem taxes to be provided by levy	<u>320,912</u>	<u>320,912</u>	<u>325,519</u>	<u>4,607</u>
Total Available From All Sources	<u>\$ 412,664</u>	<u>\$ 412,664</u>	<u>\$ 421,970</u>	<u>\$ 9,306</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 4,733	\$ 4,733
Debt service	302,025	302,025	301,611	(414)
Transfers to other funds	<u>5,912</u>	<u>5,912</u>	<u>6,010</u>	<u>98</u>
Total Expenditures	307,937	307,937	312,354	4,417
Ending fund balance	<u>104,727</u>	<u>104,727</u>	<u>109,616</u>	<u>4,889</u>
Total Expenditures and Ending Fund Balance	<u>\$ 412,664</u>	<u>\$ 412,664</u>	<u>\$ 421,970</u>	<u>\$ 9,306</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 21,478	\$ 21,478	\$ 21,521	\$ 43
Receipt from Hinds County	19,571	19,571	19,026	(545)
Interest earned	-	-	155	155
Total Receipts	<u>41,049</u>	<u>41,049</u>	<u>40,702</u>	<u>(347)</u>
Beginning fund balance	<u>946</u>	<u>946</u>	<u>106</u>	<u>(840)</u>
Total Available From All Sources	<u>\$ 41,995</u>	<u>\$ 41,995</u>	<u>\$ 40,808</u>	<u>\$ (1,187)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 41,050	\$ 41,050	\$ 40,547	\$ (503)
Total Expenditures	<u>41,050</u>	<u>41,050</u>	<u>40,547</u>	<u>(503)</u>
Ending fund balance	<u>945</u>	<u>945</u>	<u>261</u>	<u>(684)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 41,995</u>	<u>\$ 41,995</u>	<u>\$ 40,808</u>	<u>\$ (1,187)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	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	\$ 73,385	\$ 1,500
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	581	581
Total Receipts	106,885	106,885	108,966	2,081
Beginning fund balance	4,925	4,925	8,170	3,245
Total Available From All Sources	<u>\$ 111,810</u>	<u>\$ 111,810</u>	<u>\$ 117,136</u>	<u>\$ 5,326</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 108,385</u>	<u>\$ 108,385</u>	<u>\$ 106,885</u>	<u>\$ (1,500)</u>
Total Expenditures	108,385	108,385	106,885	(1,500)
Ending fund balance	3,425	3,425	10,251	6,826
Total Expenditures and Ending Fund Balance	<u>\$ 111,810</u>	<u>\$ 111,810</u>	<u>\$ 117,136</u>	<u>\$ 5,326</u>

CITY OF CLINTON

CLINTON PUBLIC SCHOOL DISTRICT BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Total receipts, other than taxes	\$ 5,000	\$ 5,000	\$ 5,210	\$ 210
Beginning fund balance	<u>64,630</u>	<u>64,630</u>	<u>43,693</u>	<u>(20,937)</u>
Total available, other than taxes	69,630	69,630	48,903	(20,727)
Ad valorem taxes to be provided by levy	<u>521,865</u>	<u>521,865</u>	<u>543,736</u>	<u>21,871</u>
Total Available From All Sources	<u>\$ 591,495</u>	<u>\$ 591,495</u>	<u>\$ 592,639</u>	<u>\$ 1,144</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ -	\$ 7,084	\$ 7,084
Debt service	<u>508,700</u>	<u>508,700</u>	<u>507,809</u>	<u>(891)</u>
Total Expenditures	508,700	508,700	514,893	6,193
Ending fund balance	<u>82,795</u>	<u>82,795</u>	<u>77,746</u>	<u>(5,049)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 591,495</u>	<u>\$ 591,495</u>	<u>\$ 592,639</u>	<u>\$ 1,144</u>

CITY OF CLINTON

PARKS AND RECREATION BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ 2,000	\$ 1,186	\$ 1,136	\$ (50)
Prior year's taxes	-	-	50	50
Total Receipts	2,000	1,186	1,186	-
Beginning fund balance	68,598	69,722	69,722	-
Total Available From All Sources	<u>\$ 70,598</u>	<u>\$ 70,908</u>	<u>\$ 70,908</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 70,908	\$ 70,908	\$ -
Total expenditures	-	70,908	70,908	-
Ending fund balance	70,598	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 70,598</u>	<u>\$ 70,908</u>	<u>\$ 70,908</u>	<u>\$ -</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ 7,000	\$ 12,000	\$ 13,766	\$ 1,766
Total Receipts	7,000	12,000	13,766	1,766
Beginning fund balance	499,510	513,421	512,671	(750)
Total Available From All Sources	<u>\$ 506,510</u>	<u>\$ 525,421</u>	<u>\$ 526,437</u>	<u>\$ 1,016</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 400,000	\$ 96,200	\$ -	\$ (96,200)
Capital outlay	-	-	44,418	44,418
Total Expenditures	400,000	96,200	44,418	(51,782)
Ending fund balance	106,510	429,221	482,019	52,798
Total Expenditures and Ending Fund Balance	<u>\$ 506,510</u>	<u>\$ 525,421</u>	<u>\$ 526,437</u>	<u>\$ 1,016</u>

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Total Receipts	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	(122,150)	(122,150)
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,150)</u>	<u>\$ (122,150)</u>
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 242,080	\$ 242,080
Total Expenditures	-	-	242,080	242,080
Ending fund balance	-	-	(364,230)	(364,230)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,150)</u>	<u>\$ (122,150)</u>

CITY OF CLINTON

PUBLIC WORKS FACILITY PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Total Receipts	\$ -	\$ -	\$ -	\$ -
Beginning fund balance	-	-	(19,798)	(19,798)
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,798)</u>	<u>\$ (19,798)</u>
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 109,932	\$ 109,932
Total expenditures	-	-	109,932	109,932
Ending fund balance	-	-	(129,730)	(129,730)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,798)</u>	<u>\$ (19,798)</u>

CITY OF CLINTON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - MEGA PLASTICS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 266,360	\$ 44,947	\$ 32,088	\$ (12,859)
Interest earned	<u>200</u>	<u>-</u>	<u>14</u>	<u>14</u>
Total Receipts	266,560	44,947	32,102	(12,845)
Beginning fund balance	<u>-</u>	<u>2,796</u>	<u>(1,014)</u>	<u>(3,810)</u>
Total Available From All Sources	<u>\$ 266,560</u>	<u>\$ 47,743</u>	<u>\$ 31,088</u>	<u>\$ (16,655)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 266,360	\$ 44,947	\$ -	\$ (44,947)
Capital outlay	<u>-</u>	<u>-</u>	<u>32,463</u>	<u>32,463</u>
Total Expenditures	266,360	44,947	32,463	(12,484)
Ending fund balance	<u>200</u>	<u>2,796</u>	<u>(1,375)</u>	<u>(4,171)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 266,560</u>	<u>\$ 47,743</u>	<u>\$ 31,088</u>	<u>\$ (16,655)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING CONSTRUCTION PROJECT FUND -
 PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Sale of bonds	\$ 180,000	\$ 240,000	\$ 255,578	\$ 15,578
Interest earned	-	-	22	22
Total Receipts	180,000	240,000	255,600	15,600
Beginning fund balance	-	-	(24,780)	(24,780)
Total Available From All Sources	<u>\$ 180,000</u>	<u>\$ 240,000</u>	<u>\$ 230,820</u>	<u>\$ (9,180)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 13,000	\$ 21,000	\$ -	\$ (21,000)
Capital outlay	150,000	219,000	191,774	(27,226)
Total Expenditures	163,000	240,000	191,774	(48,226)
Ending fund balance	17,000	-	39,046	39,046
Total Expenditures and Ending Fund Balance	<u>\$ 180,000</u>	<u>\$ 240,000</u>	<u>\$ 230,820</u>	<u>\$ (9,180)</u>

CITY OF CLINTON

NATCHEZ TRACE VISITORS CENTER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ 1,158,907	\$ 1,158,907
Total Receipts	-	-	1,158,907	1,158,907
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ -	\$ 1,158,907	\$ 1,158,907
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 1,151,598	\$ 1,151,598
Total Expenditures	-	-	1,151,598	1,151,598
Ending fund balance	-	-	7,309	7,309
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 1,158,907	\$ 1,158,907

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ -	\$ 194,746	\$ 194,746
Total Receipts	-	-	194,746	194,746
Beginning fund balance	-	-	(68,116)	(68,116)
Total Available From All Sources	\$ -	\$ -	\$ 126,630	\$ 126,630
<u>EXPENDITURES</u>				
Capital outlay	\$ -	\$ -	\$ 187,627	\$ 187,627
Total Expenditures	-	-	187,627	187,627
Ending fund balance	-	-	(60,997)	(60,997)
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 126,630	\$ 126,630

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2004

Name	Position	Surety	Bond Amount
Rosemary Aultman	Mayor	United States Fidelity & Guaranty Company	\$ 100,000
Jehu Brabham	Alderman-at-Large	United States Fidelity & Guaranty Company	\$ 100,000
William Hisaw	Alderman, Ward 1	United States Fidelity & Guaranty Company	\$ 100,000
Tony Greer	Alderman, Ward 2	United States Fidelity & Guaranty Company	\$ 100,000
Clinton Brantley, Jr.	Alderman, Ward 3	United States Fidelity & Guaranty Company	\$ 100,000
Phillip Fisher	Alderman, Ward 4	United States Fidelity & Guaranty Company	\$ 100,000
Herbert Touchton	Alderman, Ward 5	United States Fidelity & Guaranty Company	\$ 100,000
Sharbert Lott	Alderman, Ward 6	United States Fidelity & Guaranty Company	\$ 100,000
Wayne Derrick	City Clerk & Tax Assessor & Collector	Western Surety Company	\$ 50,000
Don Byington	Police Chief	Western Surety Company	\$ 50,000
Blanket Position Bond	All employees	Western Surety Company	\$ 25,000

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2004

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2003	Receipts	Receivable (Deferred) at September 30, 2004	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/ Community Development Block Grants/Entitlement Grants	14.218	1120-03-147-ED-01	\$ 387,264	\$ -	\$ 32,088	\$ -	\$ 32,088
U.S. DEPARTMENT OF JUSTICE/ Direct: Drug Enforcement Administration State and Local Task Force Program	16.XXX	N/A	-	1,077	15,193	-	14,116
Federal Equitable Sharing Program	16.XXX	MS0250300	-	-	117,068	(90,506)	26,562
Bulletproof Vest Partnership Program	16.607	N/A	-	-	2,213	-	2,213
Total U.S. Department of Justice			-	1,077	134,474	(90,506)	42,891
U.S. DEPARTMENT OF TRANSPORTATION/ Passed Through Mississippi Department of Transportation: Transportation and Community and System Preservation Pilot Program	20.XXX	TCSP-7306-0(02)/ 10410210-1000	500,000	68,116	194,747	60,997	187,628
Highway Planning and Construction	20.205	STP-0049-00(013)A	1,575,350	211,514	1,158,907	73,399	1,020,792
Passed Through Mississippi Department of Wildlife, Fisheries & Parks: Recreational Trails Program	20.219	28-RT0044	40,000	40,000	-	40,000	-
Passed Through Mississippi Department of Public Safety: State and Community Highway Safety	20.666	3TA2061	42,842	40	40	-	-
Total U.S. Department of Transportation			2,158,192	319,670	1,353,694	174,396	1,208,420

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 Year Ended September 30, 2004

Federal CFDA Number	Pass-Through Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2003	Receipts	Receivable (Deferred) at September 30, 2004	Expenditures
66.468	DWI-H280088-01	<u>1,429,475</u>	<u>59,031</u>	<u>185,644</u>	-	<u>126,613</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY/ Capitalization Grants for Drinking Water State Revolving Funds						
94.004	3SSG-3080	40,000	-	-	21,068	21,068
94.004	3SJP-55	16,800	-	16,800	-	16,800
97.036	049-14420-00	44,858	-	43,176	-	43,176
Direct:						
97.044	EMW-2003-FG-12178	149,760	-	149,760	-	149,760
		<u>\$ 251,418</u>	-	<u>209,736</u>	<u>21,068</u>	<u>230,804</u>
	Grant Total - All Programs		<u>\$ 379,778</u>	<u>\$ 1,915,636</u>	<u>\$ 104,958</u>	<u>\$ 1,640,816</u>

Reconciliation of federal awards schedule to financial statements:

Expenditures of federal awards per schedule	\$ 1,640,816
Loan proceeds reflected as a liability in financial statements	<u>(126,613)</u>
Federal grant revenue per financial statements	<u>\$ 1,514,203</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., LTD.
CERTIFIED PUBLIC ACCOUNTANTS
415 E. CAPITOL
JACKSON, MISSISSIPPI 39201
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated December 22, 2004.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated December 22, 2004.

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 & Rupp Co.

December 22, 2004

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

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

Compliance

We have audited the compliance of the City of Clinton (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2004. 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, 2004.

(Continued)

Internal Control Over Compliance

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

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

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

Tamm, Brown & Russ Co.

December 22, 2004

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

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

We have audited the financial statements of the City of Clinton, Mississippi (the City), as of and for the year ended September 30, 2004, and have issued our report thereon dated December 22, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

The results of those procedures and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated December 22, 2004.

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 22, 2004

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2004

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>
20.205	U.S. Department of Transportation – Highway Planning and Construction
66.468	U.S. Environmental Protection Agency - Capitalization Grants for Drinking 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

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended September 30, 2004

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, 2004

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2003.

STATISTICAL SECTION

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

Fiscal Year	General Government	Public Safety	Streets	Culture and Recreation		Economic Development	Other	Debt Service (3)		Total
				Recreation	Economic Development			Service (3)	Total	
2004	\$ 2,341,698	\$ 6,335,784	\$ 2,894,634	\$ 1,332,690	\$ 146,216	\$ 0	\$ 731,591	\$ 13,782,613		
2003	1,764,295	5,701,432	2,204,164	927,085	136,146	0	718,215	11,451,337		
2002	1,066,226	5,595,099	2,059,786	870,808	194,596	65,651	779,791	10,631,957		
2001	846,255	5,584,546	7,042,278	701,182	188,170	52,238	776,808	15,191,477		
2000	857,687	4,946,640	8,169,372	819,573	112,744	36,852	681,117	15,623,985		
1999	797,805	4,418,495	2,018,161	575,133	99,257	27,605	640,089	8,576,545		
1998	730,484	4,951,989	2,400,266	653,055	103,538	19,393	634,586	9,493,311		
1997	655,050	4,545,048	1,992,043	512,852	106,111	19,330	559,058	8,389,492		
1996	594,957	3,544,978	2,435,407	514,371	96,697	17,229	219,540	7,423,179		
1995	610,371	3,303,615	1,596,054	886,500	81,091	23,157	213,678	6,714,466		

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

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

Fiscal Year	Property Taxes	Licenses & Permits	Inter-Governmental Revenue	Charges for Services	Fines & Forfeitures	Interest Earned on Investments	Other Revenue		Total
2004	\$ 5,248,415	\$ 774,470	\$ 5,637,951	\$ 41,667	\$ 236,263	\$ 75,063	\$ 387,399	\$ 12,401,228	
2003	4,976,827	742,239	4,879,358	16,580	292,447	98,177	197,067	11,202,695	
2002	4,575,637	691,101	4,029,531	20,860	348,818	57,901	207,742	9,931,590	
2001	4,300,690	742,144	7,719,466	10,542	259,239	150,044	180,526	13,362,651	
2000	4,206,144	622,042	9,303,123	7,638	289,691	133,695	433,025	14,995,358	
1999	4,060,913	609,619	3,544,116	8,048	311,968	170,932	194,144	8,899,740	
1998	3,818,323	580,680	3,292,628	9,597	374,939	187,204	185,582	8,448,953	
1997	3,557,712	604,841	3,065,463	6,497	243,951	200,215	217,527	7,896,206	
1996	3,042,478	573,981	2,735,364	4,867	226,454	84,935	184,297	6,852,376	
1995	2,624,732	524,462	2,626,946	6,155	192,618	45,461	170,969	6,191,343	

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

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

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

Fiscal Year	Total Tax Levy (2)		Current Tax Collections (3)	Percent of Levy Collected	Delinquent Tax Collections		Total Tax Collections		Total Collections as a % of Current Levy
	Levy	Tax			Levy	Tax	Levy	Tax	
2004	\$ 5,167,135	\$	5,139,047	99.5%	\$ 34,502	\$	5,173,549	100.1%	
2003	5,001,308		4,944,411	98.9%	32,415		4,976,826	99.5%	
2002	4,602,709		4,547,684	98.8%	37,854		4,585,538	99.6%	
2001	4,302,807		4,260,669	99.0%	40,313		4,300,982	100.0%	
2000	4,237,610		4,202,672	99.2%	12,241		4,214,913	99.5%	
1999	4,068,090		4,060,287	99.8%	48,616		4,108,903	101.0%	
1998	3,836,711		3,818,323	99.5%	40,390		3,858,713	100.6%	
1997	3,569,540		3,557,712	99.7%	44,989		3,602,701	100.9%	
1996	3,050,436		3,042,478	99.7%	45,575		3,088,053	101.2%	
1995	2,618,114		2,624,732	100.3%	47,980		2,672,712	102.1%	

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

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

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

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

Fiscal Year	Real Property		Personal Property (2)		Total		Ratio of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	\$ 94,356,810	\$ 805,481,717	\$ 60,887,792	\$ 253,448,243	\$ 155,244,602	\$ 1,058,929,960	10%, 15% and 30%
2003	90,302,155	773,085,010	60,054,794	246,901,230	150,356,949	1,019,986,240	10%, 15% and 30%
2002	77,003,254	658,187,837	60,172,528	258,464,033	137,175,782	916,651,870	10%, 15% and 30%
2001	73,459,329	630,838,617	55,078,244	229,950,403	128,537,573	860,789,020	10%, 15% and 30%
2000	71,807,463	615,414,083	53,045,601	217,946,957	124,853,064	833,361,040	10%, 15% and 30%
1999	70,116,502	601,439,473	49,775,522	200,777,307	119,892,024	802,216,780	10%, 15% and 30%
1998	65,970,669	571,101,997	47,129,012	191,137,993	113,099,681	762,239,990	10%, 15% and 30%
1997	62,511,116	541,349,893	42,807,094	169,247,160	105,318,210	710,597,053	10%, 15% and 30%
1996	57,400,931	495,549,683	42,380,428	171,670,417	99,781,359	667,220,100	10%, 15% and 30%
1995	56,117,236	485,007,863	38,085,043	152,817,003	94,202,279	637,824,867	10%, 15% and 30%

(1) Source: Hinds County Tax Assessor.
 (2) Includes automobiles and and public utilities.

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

Fiscal Year	City of Clinton				Clinton Public School District	Hinds County (1)	Total
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Total			
2004	33.28	2.25	0.21	35.74	54.57	39.12	129.43
2003	33.28	2.35	0.11	35.74	51.82	37.41	124.97
2002	32.90	2.35	0.49	35.74	52.22	37.41	125.37
2001	31.55	3.70	0.49	35.74	52.82	35.41	123.97
2000	31.55	3.70	0.97	36.22	53.32	35.41	124.95
1999	31.24	3.70	1.28	36.22	53.32	35.41	124.95
1998	30.12	4.34	1.76	36.22	52.60	34.81	123.63
1997	30.12	4.84	1.26	36.22	54.60	34.81	125.63
1996	30.12	1.24	1.26	32.62	56.94	33.09	122.65
1995	27.15	1.24	1.26	29.65	56.94	33.09	119.68

(1) Source: Hinds County Chancery Clerk.

Table VI
 CITY OF CLINTON
 Principal Taxpayers
 September 30, 2004

<u>Name of Taxpayer</u>	<u>Type Business</u>	<u>2003 Assessed Property Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Entergy	Public utility	\$ 7,133,081	5.98%
MCI, Inc.	Telecommunications	5,685,616	4.77%
Delphi Automotive Systems	Manufacturer	5,203,792	4.36%
Wal-Mart Stores	Retail	3,553,878	2.98%
EDS Information Systems	Data processing	2,542,673	2.13%
BellSouth	Telephone services	1,846,289	1.55%
Reserve at Woodchase	Apartments	1,777,817	1.49%
Gulf States Cannery	Beverages	1,615,347	1.35%
Clinton Assisted Living	Healthcare	1,058,122	0.89%
AKO Nobel Coatings	Manufacturer	<u>887,652</u>	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers		31,304,267	26.24%
Total taxable assessed value of remaining taxpayers		<u>87,991,093</u>	<u>73.76%</u>
Total taxable assessed value of all taxpayers		<u><u>\$ 119,295,360</u></u>	<u><u>100.00%</u></u>

(1) Taxes on assessed property values shown above were collected in Fiscal Year 2004. Value does not include automobile valuations.

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

Fiscal Year	Current Assessments Due	Assessments Collected (1)	Ratio of Collections To Amount Due (1)	Total Outstanding Assessments (2)
2004	\$ 9,941	\$ 17,120	172.2%	\$ 201,215
2003	13,832	43,181	576.8%	218,335
2002	7,486	42,361	565.9%	261,516
2001	7,486	7,486	100.0%	303,877
2000	7,105	12,003	168.9%	51,447
1999	8,702	11,667	134.1%	63,450
1998	10,338	14,640	141.6%	75,117
1997	10,599	13,039	123.0%	89,757
1996	9,769	10,779	110.3%	102,796
1995	11,986	23,589	196.8%	113,575

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

Table VIII
 CITY OF CLINTON
 Computation of Legal Debt Margin (1)
 September 30, 2004

AUTHORIZED DEBT LIMIT UNDER 15 PERCENT RULE:

Assessed value of taxable property		\$ 155,244,602	
Less homestead exemption		<u>(10,668,923)</u>	
Net assessed value		\$ <u>144,575,679</u>	
Debt limitation - 15% of net assessed value		\$ 21,686,352	
Less subject indebtedness:			
General obligation bond	\$ 1,760,000		
Tax increment limited obligation bonds	<u>1,705,000</u>	<u>(3,465,000)</u>	
Legal debt margin under 15 percent rule		\$ <u>18,221,352</u>	

AUTHORIZED DEBT LIMIT UNDER 20 PERCENT RULE:

Assessed value of taxable property		\$ 155,244,602	
Less homestead exemption		<u>(10,668,923)</u>	
Net assessed value		\$ <u>144,575,679</u>	
Debt limitation - 20% of assessed value		\$ 28,915,136	
Less subject indebtedness:			
General obligation bonds	\$ 3,555,000		
Tax incentive obligation bonds	1,705,000		
Other	<u>14,045,036</u>	<u>(19,305,036)</u>	
Legal debt margin under 20 percent rule		\$ <u>9,610,100</u>	

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

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3, 5)	Less Debt Service Fund (4)	Less Water and Sewer Operations Fund Debt (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004 *	25,000	\$ 155,244,602	\$ 3,555,000	\$ 109,616	\$ 1,795,000	\$ 1,650,384	1.06%	\$ 66
2003	23,347	150,356,949	3,890,000	163,564	1,930,000	1,796,436	1.19%	77
2002	23,347	137,175,782	4,200,000	136,890	2,050,000	2,013,110	1.47%	86
2001	23,347	128,537,573	4,545,000	138,006	2,165,000	2,241,994	1.74%	96
2000	23,347	124,853,064	5,180,000	110,704	2,470,000	2,599,296	2.08%	111
1999	21,847	119,892,024	5,795,000	99,639	2,775,000	2,920,361	2.44%	134
1998	21,847	113,099,681	6,390,000	108,591	3,070,000	3,211,409	2.84%	147
1997	21,847	105,318,210	5,305,000	189,773	1,705,000	3,410,227	3.24%	156
1996	21,847	99,781,359	5,795,000	40,652	1,930,000	3,824,348	3.83%	175
1995	21,847	94,202,279	3,030,000	11,386	2,150,000	868,614	0.92%	40

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

(1) Source: United States Census Bureau.

(2) From Table IV.

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

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

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

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

Fiscal Year	Payments (2)		Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest			
2004	\$ 200,000	\$ 101,611	\$ 301,611	\$ 13,782,613	2.19%
2003	190,000	114,375	304,375	11,451,337	2.66%
2002	230,000	129,467	359,467	10,631,957	3.38%
2001	330,000	150,945	480,945	15,191,477	3.17%
2000	310,000	170,065	480,065	15,623,985	3.07%
1999	300,000	188,404	488,404	8,576,545	5.69%
1998	280,000	205,398	485,398	9,493,311	5.11%
1997	265,000	221,752	486,752	8,389,492	5.80%
1996	115,000	51,326	166,326	7,423,179	2.24%
1995	112,000	58,290	170,290	6,714,466	2.54%

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

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

Table XI
 CITY OF CLINTON
 Computation of Direct and Overlapping Debt
 September 30, 2004

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton</u>	<u>Amount Applicable to City of Clinton</u>
Direct:			
City of Clinton	\$ 1,760,000 (1)	100.0%	\$ 1,760,000
Overlapping:			
Clinton Separate School District	9,685,000 (2)	73.2%	7,088,849
Hinds County	24,510,000 (3)	9.9%	<u>2,433,508</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,282,357</u></u>

- (1) Excludes general obligation bonds to be repaid by the Water and Sewer Operations Fund.
 (2) Source: Clinton Separate School District.
 (3) Source: Hinds County Chancery Clerk.

Table XIII
 CITY OF CLINTON
 Demographic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (4) **	Median Age (2)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (4)
2004 *	25,000 \$	31,054	33.1	14.1	4,835	5.0%
2003	23,347	28,965	33.1	14.1	4,956	3.7%
2002	23,347	28,013	33.1	14.1	4,847	5.1%
2001	23,347	27,197	33.1	14.1	4,887	4.2%
2000	23,347	26,290	33.1	14.1	4,940	3.4%
1999	21,847	25,253	32.2	***	5,054	3.8%
1998	21,847	24,578	32.2	***	5,099	2.0%
1997	21,847	23,174	32.2	***	5,249	2.0%
1996	21,847	22,315	32.2	***	5,204	2.0%
1995	21,847	21,745	32.2	***	5,253	2.2%

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

** Applicable to Hinds County.

*** Information not available prior to 2000.

(1) Source: United States Census Bureau.

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

(3) Source: Clinton Public School District.

(4) Source: Mississippi Employment Security Commission.

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

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

(1) Source: City of Clinton Public Works Department.
 (2) Source: Federal Deposit Insurance Corporation.
 (3) From Table IV.

Table XV
City of Clinton
Miscellaneous Statistics
September 30, 2004

Date of incorporation	1830
Form of government	Mayor/Aldermen
Number employees (excluding police and fire):	
Non-exempt	79
Exempt	17
Area in square miles	40.4
City of Clinton facilities and services:	
Miles of streets	159
Number of street lights	2,195
Culture and recreation:	
Parks	4
Park acreage	160
Tennis courts	2
Fire protection:	
Number of stations	3
Number of fire personnel and officers	47
Number of calls answered	1,848
Number of inspections conducted	172
Police protection:	
Number of stations	1
Number of police personnel and officers	72
Number of patrol units	32
Number of law violations:	
Physical arrests	1,016
Traffic violations	2,428
Parking violations	134
Sewerage system:	
Miles of sanitary sewers	99
Miles of storm sewers	66
Number of treatment plants	4
Number of service connections	7,252
Daily average treatment in gallons (in millions)	3.2
Maximum daily capacity of treatment plant in gallons (in millions)	4.7
Water system:	
Miles of water mains	152
Number of service connections	7,994
Number of fire hydrants	1,311
Daily average consumption in gallons (in millions)	3.5
Maximum daily pumping capacity in gallons (in millions)	10.3
Facilities and services not included in primary government:	
Cable television system:	
Miles of service	164
Education:	
Number of elementary schools	5
Number of elementary school instructors	200
Number of secondary schools	2
Number of secondary school instructors	127