

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2010

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INTRODUCTORY SECTION

ALDERMEN
Tony Hisaw
Ward One

Tony M. Greer
Ward Two

William O. Barnett
Ward Three

Kathy Peace
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN
Mike Morgan
Ward Five

Mike Cashion
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 15, 2011

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, 2010. State law requires that all governments publish within thirty days of completion of an audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Tann, Brown & Russ Co, PLLC, a firm of licensed certified public accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2010 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, 2010 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 2010 CAFR.

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

Profile of the City

The City of Clinton, incorporated in 1830, is located in the east-central section of Hinds County. The City is located 8 miles west of Jackson, the capitol city of the state. The City currently occupies 40 square miles and serves a population of approximately 25,216.

The City operates as a code charter municipality. Policy-making and legislature authority are vested in the governing body consisting of the mayor and seven aldermen. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and appointing and hiring the government's officers and attorney. Municipal government is comprised of the mayor, who is elected at large, and a board of seven aldermen, six of whom are elected by ward and one of whom is elected at large. The mayor and aldermen serve four-year terms.

The City of Clinton provides a comprehensive range of municipal services to its citizens including public safety, street maintenance, water, sewer, and sanitation services, recreational activities, cultural events and general administration. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of the City.

The annual budget serves as the foundation for the city's financial planning and control. All funds of the City are required to submit requests for appropriation to the City's Chief Financial Officer (CFO) on or before August 1 each year. These requests are used by the CFO as the beginning point for the development of a preliminary budget. The CFO then presents the preliminary budget to the Mayor for further review and the preparation of a proposed budget for review by the Board of Aldermen prior to September 1. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget on or before September 15. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 71 through 73. For all other governmental funds, this comparison is presented on pages 85 through 101.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in 1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 5,008 students' with more than 80 areas of study, 14 graduate degree programs, a doctor of jurisprudence degree, and a doctor of education leadership degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,509 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD had an annual budget of \$43.4 million for 2010. Additional

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

Factors Affecting Financial Condition

The City currently enjoys a stable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2010 property taxes represented 56 percent of the City's general revenues while sales taxes represented 31 percent. City property owners pay property taxes for city, county and schools totaling \$130.64 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

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

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

Relevant financial policies. The City is required by Section 21-35-25 of the Mississippi Code to make revisions to the budget no later than the July board meeting if it appears at that time that collections of anticipated annual revenues will be less than expected and a deficit is thereby indicated. During the current year increases to budgeted general fund revenues were made totaling \$97 thousand dollars. As a consequence increases of \$36 thousand were made to budgeted general fund expenditures. It is anticipated that based on the current economy and the less than expected collections in sales tax and franchise fees a reduction in budgeted general fund revenues will be made during fiscal year 2011.

Major initiatives. The Quisenberry Library was opened in May 2010 and has been well received by the public. This 26,000 square foot glass and stone structure is set well off Northside Drive on approximately 20 wooded acres north of a pond that can be viewed from both the adult and children's areas. This facility not only provides traditional access to books and periodicals but also has 30 computer stations with access to the internet.

In January of 2011 the City completed the \$4 million biosolids treatment facility at the Southside Wastewater Treatment facility. This is a "Green Project" that relies in a large part on solar energy to produce exceptional quality Class A Biosolids. This finished product will look like compost and can be used as a soil amendment thus being completely recycled. Fifty percent (50%) of this project was funded with an ARRA (American Recovery and Reinvestment Act) grant provided through the Mississippi Department of Environmental Quality.

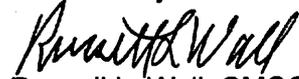
Also, with the assistance of ARRA funds the \$2.5 million project to replace approximately 9,000 existing manually read water meters with radio read meters was completed in September of 2010. Accurately and timely reading of this volume of meters manually on a monthly basis has become an almost impossible task. With the completion of this project the City can expect more accurate readings with a more consistent billing period.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

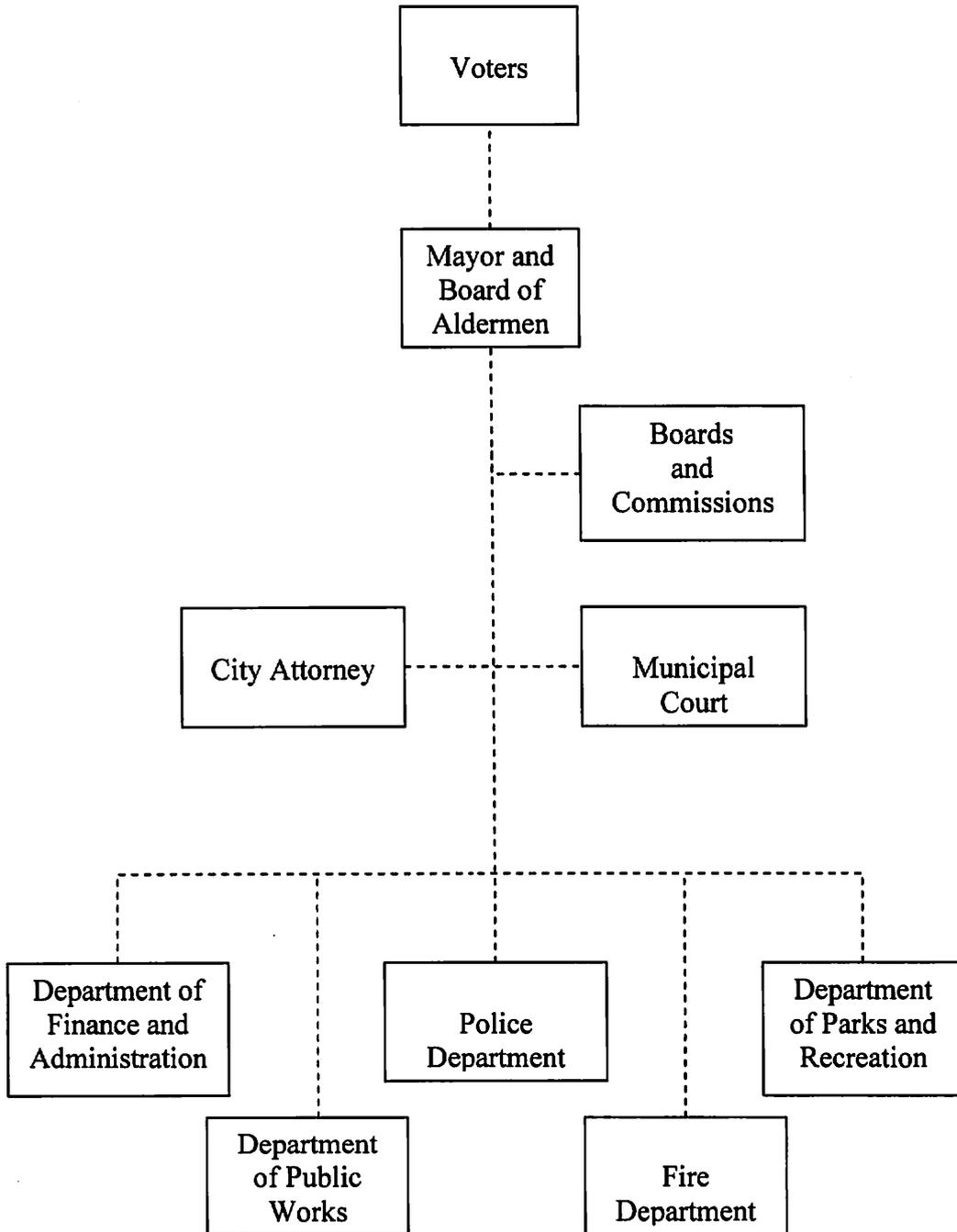


Russell L. Wall, CMCC, CPA
City Clerk and Chief Financial Officer

CITY OF CLINTON
List of Principal Officials
September 30 2010

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

CITY OF CLINTON
Organizational Chart
September 30, 2010



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clinton
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
415 E. CAPITOL
JACKSON, MISSISSIPPI 39201
TELEPHONE (601) 354-4926
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MEMBERS
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
MISSISSIPPI SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011 on our consideration of City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Tamm, Bram + Rouse Co.

March 15, 2011

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, 2010. Please read it in conjunction with the City's financial statements that begin on page 11.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

CITY OF CLINTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City's Funds Fund Financial Statements

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

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

The City maintains two major governmental funds (the General Fund and the ARRA – Solid Waste Removal Project Fund) and sixteen (16) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data on all governmental funds is provided elsewhere in this report.

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

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

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

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

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$73 million, at September 30, 2010.

City of Clinton Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 10,714,401	\$ 12,572,900	\$ 6,325,829	\$ 4,939,872	\$ 17,040,230	\$ 17,512,772
Capital assets	72,596,782	71,192,655	31,738,517	27,806,137	104,335,299	98,998,792
Total assets	<u>83,311,183</u>	<u>83,765,555</u>	<u>38,064,346</u>	<u>32,746,009</u>	<u>121,375,529</u>	<u>116,511,564</u>
Long-term liabilities	20,058,397	21,061,771	16,354,685	14,627,934	36,413,082	35,689,705
Other liabilities	9,127,256	9,401,640	2,752,216	2,468,243	11,879,472	11,869,883
Total liabilities	<u>29,185,653</u>	<u>30,463,411</u>	<u>19,106,901</u>	<u>17,096,177</u>	<u>48,292,554</u>	<u>47,559,588</u>
Net assets:						
Invested in capital assets, net of related debt	53,347,815	52,779,694	15,086,377	12,044,591	68,434,192	64,824,285
Restricted	1,251,223	1,195,455	974,355	957,456	2,225,578	2,152,911
Unrestricted	<u>(473,508)</u>	<u>(673,005)</u>	<u>2,896,713</u>	<u>2,647,785</u>	<u>2,423,205</u>	<u>1,974,780</u>
Total net assets	<u>\$ 54,125,530</u>	<u>\$ 53,302,144</u>	<u>\$ 18,957,445</u>	<u>\$ 15,649,832</u>	<u>\$ 73,082,975</u>	<u>\$ 68,951,976</u>

The largest portion of the City's net assets (94 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, 2010 the City has positive balances in all three categories of net assets in business-type activities and in two categories in governmental activities. The negative unrestricted net assets for governmental activities decreased by \$200 thousand. This decrease resulted from an increase in revenues for capital grants contributions. Also contributing to this decrease in the negative balance was decreases in expenses for administrative and recreation salaries, commissions on taxes collected, and promotion expense. The City's total net assets increased \$4.1 million during the current fiscal year.

City of Clinton Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 725,432	\$ 720,059	\$ 7,791,474	\$ 7,405,292	\$ 8,516,906	\$ 8,125,351
Operating grants and contributions	227,641	415,524			227,641	415,524
Capital grants and contributions	3,040,032	957,001	2,087,111		5,127,143	957,001
General revenues:						
Property taxes	7,429,214	7,408,761			7,429,214	7,408,761
Sales taxes	4,189,641	4,279,515			4,189,641	4,279,515
Franchise charges	725,911	731,353			725,911	731,353
Shared grants and revenues	612,256	628,045			612,256	628,045
Other	240,890	331,204	136,041	94,625	376,931	425,829
Total revenues	17,191,017	15,469,462	10,014,626	7,499,917	27,205,643	22,969,379
Expenses:						
General government	1,197,270	1,228,162			1,197,270	1,228,162
Public safety	7,315,429	7,073,641			7,315,429	7,073,641
Public works	4,888,047	4,833,401			4,888,047	4,833,401
Culture and recreation	1,762,446	1,879,882			1,762,446	1,879,882
Economic development	316,451	344,131			316,451	344,131
Interest on long-term debt	887,988	928,450			887,988	928,450
Water and sewer			5,243,105	5,355,904	5,243,105	5,355,904
Garbage			1,463,908	1,459,153	1,463,908	1,459,153
Total expenses	16,367,631	16,287,667	6,707,013	6,815,057	23,074,644	23,102,724
Change in net assets before transfers	823,386	(818,205)	3,307,613	684,860	4,130,999	(133,345)
Transfers						
Change in net assets	823,386	(818,205)	3,307,613	684,860	4,130,999	(133,345)
Net assets - beginning	53,302,144	54,120,349	15,649,832	14,964,972	68,951,976	69,085,321
Net assets - ending	\$ 54,125,530	\$ 53,302,144	\$ 18,957,445	\$ 15,649,832	\$ 73,082,975	\$ 68,951,976

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

Governmental activities. Governmental activities increased the City's net assets by \$823 thousand during the year. Current and other assets decreased by \$1.9 million in 2010. This was offset by capital assets increases of \$1.4 million. The increase in capital assets is primarily due to the capitalization of costs associated with the construction of a public library and the capitalization of costs related to infrastructure improvements. The decrease in current and other assets is due to the reduction of cash used to pay for the construction of the public library. Long-term liabilities decreased by \$1.0 million in 2010. The decrease in 2010 long term liabilities was primarily due to the repayment of principal on debt.

Business-type activities. Business-type activities increased the City's net assets by \$3.3 million. Current and other assets increases consisted of increases in federal assistance receivable in relation to capital projects. Long-term liabilities increases consisted of increases in notes payable for the construction of a solid waste removal system and the installation of radio read water meters.

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	\$ 913,471	\$ 448,060	\$ 1,361,531
Special revenue funds	132,199	(16,075)	116,124
Debt service funds	624,053	95,821	719,874
Capital project funds	<u>2,637,480</u>	<u>(1,832,403)</u>	<u>805,077</u>
Total governmental funds	<u>\$ 4,307,203</u>	<u>\$ (1,304,597)</u>	<u>\$ 3,002,606</u>
	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
Water and sewer operations fund	\$ 14,842,353	\$ 3,282,368	\$ 18,124,721
Garbage collection fund	819,813	59,532	879,345
Self-funded group insurance fund	<u>(85,605)</u>	<u>(225,241)</u>	<u>(310,846)</u>
Total proprietary funds	<u>\$ 15,576,561</u>	<u>\$ 3,116,659</u>	<u>\$ 18,693,220</u>

The Capital projects funds had a decrease in fund balance due to bond proceeds for the construction of a public library which were received in a prior year and spent in the current year.

The Self-Funded Group Insurance Fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with negative net assets because the cost of claims incurred in 2009 was higher than expected, and claims continued to exceed expectations in 2010. 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 were greater than original budgeted funds available by \$97 thousand. This increase resulted principally from an increase of \$437 thousand from the proceeds of a lease/purchase for a fire truck and \$66 thousand from the sale of city owned land. These increases were offset by a \$35 thousand decrease in ad valorem taxes collected, \$107 thousand decrease in the beginning fund balance available, \$221 thousand decrease in sales taxes collected, and a \$44 thousand decrease in prior years taxes collected. Final budgeted expenditures were \$36 thousand greater than those originally budgeted. Key elements of this decrease were as follows:

- \$264,000 decrease in personal services
- \$340,000 increase in operating supplies
- \$ 88,000 increase in other services and charges
- \$ 64,000 decrease in capital outlay
- \$ 1,000 increase in debt service
- \$ 65,000 decrease in transfers and other charges

Actual funds available were \$56 thousand greater than final budgeted. The majority of this difference consisted of a \$20,000 decrease in licenses and permits collections, \$65,000 decrease in state grants received, \$106,000 increase in sales taxes collected, \$58,000 increase in recreation fees collected, and a \$20,000 decrease ad valorem taxes collected.

Actual expenditures were \$162 thousand less than those finally budgeted. The majority of this difference consisted of a \$78 thousand decrease in personnel services in the Fire Department.

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

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$72.6 million at September 30, 2010. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$5.3 million. Significant increases were:

- \$2.7 million – for street and drainage infrastructure
- \$1.8 million – for construction of a public library
- \$757 thousand – for fire department vehicles
- \$ 43 thousand – various other

Depreciation expense amounted to \$4.0 million for 2010 and \$4.0 million for 2009. Accumulated depreciation at September 30, 2010 and 2009 was \$ 36.4 million and \$32.5 million, respectively.

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

Business-type activities. At September 30, 2010, the City's business-type net capital assets amounted to \$31.7 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$2.9 million were made for the construction of a solid waste removal system and \$2.0 million were made for the installation of radio read water meters. Depreciation expense amounted to \$1.3 million for 2010 and \$1.3 million for 2009. Accumulated depreciation at September 30, 2010 and 2009 was \$19.7 million and \$18.5 million, respectively.

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 7,458,924	\$ 7,306,814	\$ 177,512	\$ 177,512	\$ 7,636,436	\$ 7,484,326
Buildings	14,109,886	6,821,985	186,500	197,450	14,296,386	7,019,435
Other improvements	5,000,125	5,331,546			5,000,125	5,331,546
Water and sewer systems and improvements			24,872,117	25,912,871	24,872,117	25,912,871
Certificate of authority			800,000	800,000	800,000	800,000
Equipment and vehicles	2,249,111	1,207,826	516,097	516,689	2,765,208	1,724,315
Infrastructure	43,352,651	43,701,311			43,352,651	43,701,311
Construction in progress	426,085	6,823,373	5,186,291	201,615	5,612,376	7,024,988
Total	\$ 72,596,782	\$ 71,192,655	\$ 31,738,517	\$ 27,806,137	\$ 104,335,299	\$ 98,998,792

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 \$20.4 million. This account classification includes general obligation bonds, tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt decreased by \$1.0 million. This decrease was due primarily to \$1.4 million in payment of long term debt offset by \$437 thousand increase for capital lease obligations for the purchase of a fire truck. Payments of principal and interest due within one year total \$2.3 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$17.5 million at September 30, 2010. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2010, debt associated with the City's business-type activities increased by \$1.7 million. This increase was due primarily to the \$1.2 million in payment of the long term debt offset by an increase of \$2.9 million related to the construction of a solid waste removal system and the installation of the radio read water meters. Payments of principal and interest due within one year total \$1.7 million.

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

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

City of Clinton General Obligation and Revenue Bonds and Other Loans						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 10,759,698	\$ 11,423,829	\$ 1,220,302	\$ 1,421,171	\$ 11,980,000	\$ 12,845,000
Revenue bonds			467,546	563,395	467,546	563,395
Tax increment limited obligation bonds	1,569,500	1,705,500			1,569,500	1,705,500
Notes payable	7,266,217	7,633,026	15,771,033	13,691,741	23,037,250	21,324,767
Capital lease obligations	823,658	683,292	118,775	165,345	942,433	848,637
Total	\$ 20,419,073	\$ 21,445,647	\$ 17,577,656	\$ 15,841,652	\$ 37,996,729	\$ 37,287,299

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to decrease during the next fiscal year. Expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives and spends. If you have questions about this report or need additional information, you may contact the City Clerk, Post Office Box 156, Clinton, MS 39060.

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON

STATEMENT OF NET ASSETS

September 30, 2010

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,338,349	\$ 1,784,479	\$ 4,122,828
Receivables	7,945,813	2,939,372	10,885,185
Internal balances	65,210	(65,210)	-
Restricted cash and cash equivalents	-	1,597,279	1,597,279
Deferred charges, net of amortization	365,029	69,909	434,938
Capital assets:			
Capital assets not being depreciated	7,885,009	6,163,803	14,048,812
Other capital assets, net of depreciation	<u>64,711,773</u>	<u>25,574,714</u>	<u>90,286,487</u>
 Total Assets	 <u>83,311,183</u>	 <u>38,064,346</u>	 <u>121,375,529</u>
<u>LIABILITIES</u>			
Accounts payable	763,530	793,876	1,557,406
Accrued interest payable	230,147	41,315	271,462
Claims liability	339,652	-	339,652
Unearned revenue	6,021,134	-	6,021,134
Customer deposits	-	608,870	608,870
Long-term debt:			
Due within one year	1,472,793	1,251,655	2,724,448
Due in more than one year	18,946,280	16,326,001	35,272,281
Compensated absences payable:			
Due within one year	300,000	56,500	356,500
Due in more than one year	257,160	28,684	285,844
Net pension obligation:			
Due in more than one year	<u>854,957</u>	<u>-</u>	<u>854,957</u>
 Total Liabilities	 <u>29,185,653</u>	 <u>19,106,901</u>	 <u>48,292,554</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET ASSETS - CONTINUED

September 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	53,347,815	15,086,377	68,434,192
Restricted for:			
Capital projects	-	711,851	711,851
Debt service	1,135,099	262,504	1,397,603
Economic development (restricted by enabling legislation)	116,124	-	116,124
Unrestricted net assets (deficit)	<u>(473,508)</u>	<u>2,896,713</u>	<u>2,423,205</u>
 Total Net Assets	 <u>\$ 54,125,530</u>	 <u>\$ 18,957,445</u>	 <u>\$ 73,082,975</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,197,270	\$ 42,062	\$ -	\$ -	\$ (1,155,208)	\$ -	\$ (1,155,208)
Public safety	7,315,429	611,768	202,013	348,393	(6,153,255)	-	(6,153,255)
Public works	4,888,047	-	23,028	2,654,464	(2,210,555)	-	(2,210,555)
Culture and recreation	1,762,446	71,602	-	37,175	(1,653,669)	-	(1,653,669)
Economic development	316,451	-	2,600	-	(313,851)	-	(313,851)
Interest and fiscal charges on long-term debt	887,988	-	-	-	(887,988)	-	(887,988)
Total governmental activities	16,367,631	725,432	227,641	3,040,032	(12,374,526)	-	(12,374,526)
Business-Type Activities:							
Water	2,297,458	3,453,702	-	136,586	-	1,292,830	1,292,830
Sewer	2,945,647	2,835,891	-	1,950,525	-	1,840,769	1,840,769
Garbage collection	1,463,908	1,501,881	-	-	-	37,973	37,973
Total business-type activities	6,707,013	7,791,474	-	2,087,111	-	3,171,572	3,171,572
Total	\$ 23,074,644	\$ 8,516,906	\$ 227,641	\$ 5,127,143	(12,374,526)	3,171,572	(9,202,954)

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2010

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,429,214	-	7,429,214
Local sales tax	112,078	-	112,078
Franchise charges based on gross receipts	725,911	-	725,911
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,599,824	-	4,599,824
County shared revenues	89,995	-	89,995
Interest	109,541	117,071	226,612
Miscellaneous	131,349	18,970	150,319
Total General Revenues	<u>13,197,912</u>	<u>136,041</u>	<u>13,333,953</u>
Change in Net Assets	823,386	3,307,613	4,130,999
Net Assets - Beginning	<u>53,302,144</u>	<u>15,649,832</u>	<u>68,951,976</u>
Net Assets - Ending	<u>\$ 54,125,530</u>	<u>\$ 18,957,445</u>	<u>\$ 73,082,975</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2010

	General Fund	ARRA - Solid Waste Removal Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 704,990	\$ -	\$ 1,642,438	\$ 2,347,428
Receivables:				
Property taxes	5,125,089	-	991,256	6,116,345
Sales and tourism tax	636,051	-	16,719	652,770
City utilities tax	8,183	-	-	8,183
Franchise charges	216,302	-	-	216,302
Federal assistance	26,777	413,976	607,242	1,047,995
Special assessments	-	-	486,675	486,675
Other	3,484	-	-	3,484
Due from other funds	313,322	-	34,775	348,097
Total Assets	\$ 7,034,198	\$ 413,976	\$ 3,779,105	\$ 11,227,279
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 574,805	\$ -	\$ 287,470	\$ 862,275
Deferred revenue:				
Unearned property taxes	5,023,422	-	971,876	5,995,298
Unearned grants	4,057	-	21,779	25,836
Unavailable special assessments	-	-	486,675	486,675
Due to other funds	9,986	413,976	370,230	794,192
Due to other governments	60,397	-	-	60,397
Total Liabilities	5,672,667	413,976	2,138,030	8,224,673
Fund balances:				
Unreserved, reported in:				
General fund	1,361,531	-	-	1,361,531
Special revenue funds	-	-	116,124	116,124
Debt service funds	-	-	719,874	719,874
Capital projects funds	-	-	805,077	805,077
Total Fund Balances	1,361,531	-	1,641,075	3,002,606
Total Liabilities and Fund Balances	\$ 7,034,198	\$ 413,976	\$ 3,779,105	\$ 11,227,279

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2010

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

Total Governmental Fund Balances	\$ 3,002,606
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	72,596,782
Deferred charges are not financial resources and therefore are not reported in the funds.	365,029
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	486,675
Interest is not recorded as an expenditure in the funds until the payment date.	(230,147)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(21,831,190)
The internal service fund's net assets (deficit) is included in the governmental activities to the extent attributable to governmental activities, but the internal service fund is not classified as a governmental fund.	<u>(264,225)</u>
Net Assets - Governmental Activities	<u>\$ 54,125,530</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, 2010

	General Fund	ARRA - Solid Waste Removal Project Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 6,233,424	\$ -	\$ 1,195,791	\$ 7,429,215
Licenses and permits	845,985	-	-	845,985
Intergovernmental	5,273,137	1,900,000	1,981,597	9,154,734
Charges for services	73,336	-	20,014	93,350
Fines and forfeitures	508,806	-	-	508,806
Special assessments	-	-	27,037	27,037
Interest	38,349	-	71,193	109,542
Contributions	14,672	-	22,503	37,175
Miscellaneous	63,023	-	-	63,023
Total Revenues	13,050,732	1,900,000	3,318,135	18,268,867
Expenditures:				
Current:				
General government	1,108,518	-	12,833	1,121,351
Public safety	6,725,655	-	37,896	6,763,551
Public works	1,826,058	-	-	1,826,058
Culture and recreation	1,137,827	-	81,964	1,219,791
Economic development	242,035	-	72,033	314,068
Debt service	994,554	-	1,366,963	2,361,517
Capital outlay	932,017	1,900,000	5,381,936	8,213,953
Total Expenditures	12,966,664	1,900,000	6,953,625	21,820,289
Excess (Deficiency) of Revenues Over Expenditures	84,068	-	(3,635,490)	(3,551,422)
Other Financing Sources (Uses):				
Loan proceeds	-	-	1,735,152	1,735,152
Capital leases	437,082	-	-	437,082
Sale of capital assets	74,591	-	-	74,591
Transfers in	-	-	176,709	176,709
Transfers out	(147,681)	-	(29,028)	(176,709)
Total Other Financing Sources (Uses)	363,992	-	1,882,833	2,246,825
Net Change in Fund Balances	448,060	-	(1,752,657)	(1,304,597)
Fund Balances - Beginning	913,471	-	3,393,732	4,307,203
Fund Balances - Ending	\$ 1,361,531	\$ -	\$ 1,641,075	\$ 3,002,606

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2010

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,304,597)
Differences:	
Governmental funds report capital asset purchases as expenditures.	8,213,953
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets.	(3,952,337)
Governmental funds do not report the receipt of contributed capital assets.	858,449
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,037)
Governmental funds report debt issuances as other financing sources.	(2,172,234)
Governmental funds report principal payment on debt as expenditures.	1,463,656
Governmental activities report amortization expense to allocate debt issue costs over the life of the debt.	(30,177)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(54,550)
Capital project funds are classified as governmental funds but are not included in governmental activities if the capital projects relate to a business-type activity.	(1,980,786)
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>(190,954)</u>
Change in Net Assets - Governmental Activities	<u>\$ 823,386</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,227,641	\$ 547,598	\$ 1,775,239	\$ 161
Receivables:				
Accounts	1,028,928	-	1,028,928	-
Federal assistance	1,064,881	-	1,064,881	-
Special assessments	4,631	-	4,631	-
Claim refunds and reinsurance	-	-	-	181,145
Due from other funds	628,620	127,709	756,329	-
Restricted cash and cash equivalents:				
Customer deposits account	608,870	-	608,870	-
Revenue bond and interest account	<u>276,558</u>	<u>-</u>	<u>276,558</u>	<u>-</u>
 Total Current Assets	 <u>4,840,129</u>	 <u>675,307</u>	 <u>5,515,436</u>	 <u>181,306</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Noncurrent Assets:				
Restricted cash and cash equivalents:				
Construction account	711,851	-	711,851	-
Receivable:				
Special assessments (net of current portion)	73,847	-	73,847	-
Deferred charges:				
Loan and bond issue costs	<u>69,909</u>	<u>-</u>	<u>69,909</u>	<u>-</u>
	<u>855,607</u>	<u>-</u>	<u>855,607</u>	<u>-</u>
Capital Assets:				
Water and sewer systems and other improvements	42,691,435	-	42,691,435	-
Land	177,512	-	177,512	-
Buildings	272,380	-	272,380	-
Equipment and vehicles	1,782,893	559,792	2,342,685	-
Construction in progress	5,186,291	-	5,186,291	-
Certificate of authority	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
	50,910,511	559,792	51,470,303	-
Less accumulated depreciation	<u>19,514,447</u>	<u>217,339</u>	<u>19,731,786</u>	<u>-</u>
Capital Assets (net)	<u>31,396,064</u>	<u>342,453</u>	<u>31,738,517</u>	<u>-</u>
Total Noncurrent Assets	<u>32,251,671</u>	<u>342,453</u>	<u>32,594,124</u>	<u>-</u>
Total Assets	<u>37,091,800</u>	<u>1,017,760</u>	<u>38,109,560</u>	<u>181,306</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
LIABILITIES				
Current Liabilities:				
Accounts payable	518,878	115,857	634,735	-
Claims liability	-	-	-	339,652
Accrued interest payable	27,221	40	27,261	-
Due to other funds	157,734	-	157,734	152,500
Compensated absences payable - current	56,500	-	56,500	-
Notes payable - current	997,962	-	997,962	-
Capital leases payable - current	16,508	20,749	37,257	-
General obligation bonds payable - current	101,436	-	101,436	-
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	14,054	-	14,054	-
Revenue bonds payable - current	115,000	-	115,000	-
Customer deposits payable	608,870	-	608,870	-
Total Current Liabilities	<u>2,614,163</u>	<u>136,646</u>	<u>2,750,809</u>	<u>492,152</u>
Noncurrent Liabilities:				
Compensated absences payable	28,684	-	28,684	-
Capital leases payable	79,749	1,769	81,518	-
Revenue bonds payable	352,546	-	352,546	-
General obligation bonds payable	1,118,866	-	1,118,866	-
Notes payable	14,773,071	-	14,773,071	-
Total Noncurrent Liabilities	<u>16,352,916</u>	<u>1,769</u>	<u>16,354,685</u>	<u>-</u>
Total Liabilities	<u>18,967,079</u>	<u>138,415</u>	<u>19,105,494</u>	<u>492,152</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
NET ASSETS				
Invested in capital assets, net of related debt	14,766,442	319,935	15,086,377	-
Restricted for:				
Capital projects	711,851	-	711,851	-
Debt service	262,504	-	262,504	-
Unrestricted (deficit)	<u>2,383,924</u>	<u>559,410</u>	<u>2,943,334</u>	<u>(310,846)</u>
 Total Net Assets (Deficit)	 <u>\$ 18,124,721</u>	 <u>\$ 879,345</u>	 <u>\$ 19,004,066</u>	 <u>\$ (310,846)</u>

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

Total Enterprise Funds Net Assets	\$ 19,004,066
Difference:	
The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities.	<u>(46,621)</u>
Net Assets - Business-Type Activities	<u>\$ 18,957,445</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
Year Ended September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Revenues:				
Charges For services:				
Water sales	\$ 3,123,900	\$ -	\$ 3,123,900	\$ -
Sewer service charges	2,797,916	-	2,797,916	-
Other services	206,644	-	206,644	-
Refuse collection charges	-	1,501,881	1,501,881	-
Rents	81,670	-	81,670	-
Premiums	-	-	-	1,216,610
	<u>6,210,130</u>	<u>1,501,881</u>	<u>7,712,011</u>	<u>1,216,610</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,083,895	-	1,083,895	-
Employee benefits	387,007	-	387,007	-
Insurance	29,244	929	30,173	207,877
Claims expense	-	-	-	1,175,190
Office supplies	3,089	-	3,089	-
Operating supplies:				
Gas and oil	71,234	19,082	90,316	-
Other	44,962	-	44,962	-
Outside services	702,301	1,364,895	2,067,196	59,183
Repairs and maintenance	450,630	20,726	471,356	-
Telephone	13,042	-	13,042	-
Postage	26,797	-	26,797	-
Printing	5,426	-	5,426	-
Utilities	418,958	-	418,958	-
Rentals	20,684	-	20,684	-
Depreciation	1,243,997	55,837	1,299,834	-

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Amortization	10,197	-	10,197	-
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	2,811	1,057	3,868	-
	<u>4,658,274</u>	<u>1,462,526</u>	<u>6,120,800</u>	<u>1,442,250</u>
Total Operating Expenses				
	<u>4,658,274</u>	<u>1,462,526</u>	<u>6,120,800</u>	<u>1,442,250</u>
Operating Income (Loss)	<u>1,551,856</u>	<u>39,355</u>	<u>1,591,211</u>	<u>(225,640)</u>
Nonoperating Revenues (Expenses):				
Interest income	99,813	17,258	117,071	399
Interest and fiscal charges	(471,082)	(1,381)	(472,463)	-
Gain on capital asset disposals	14,670	4,300	18,970	-
	<u>(356,599)</u>	<u>20,177</u>	<u>(336,422)</u>	<u>399</u>
Total Nonoperating Revenues (Expenses), net				
	<u>(356,599)</u>	<u>20,177</u>	<u>(336,422)</u>	<u>399</u>
Income Before Capital Contributions	1,195,257	59,532	1,254,789	(225,241)
Capital Contributions and Grants	<u>2,087,111</u>	<u>-</u>	<u>2,087,111</u>	<u>-</u>
Change in Net Assets	3,282,368	59,532	3,341,900	(225,241)
Net Assets (Deficit) - Beginning	<u>14,842,353</u>	<u>819,813</u>	<u>15,662,166</u>	<u>(85,605)</u>
Net Assets (Deficit) - Ending	<u>\$ 18,124,721</u>	<u>\$ 879,345</u>	<u>\$ 19,004,066</u>	<u>\$ (310,846)</u>

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2010

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

Change in Net Assets - Enterprise Funds	\$3,341,900
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>(34,287)</u>
Change in Net Assets - Business-Type Activities	<u>\$3,307,613</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 6,006,149	\$ 1,499,973	\$ 7,506,122	\$ 250,516
Receipts from interfund services	-	-	-	966,094
Receipts from reinsurance	-	-	-	325,813
Payments to suppliers	(1,587,392)	(1,407,924)	(2,995,316)	(1,697,699)
Payments to employees	(1,324,114)	-	(1,324,114)	-
Payments for interfund services	(290,708)	-	(290,708)	-
Net Cash Provided (Used) By Operating Activities	<u>2,803,935</u>	<u>92,049</u>	<u>2,895,984</u>	<u>(155,276)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances to other funds	(557,367)	-	(557,367)	-
Advances from other funds	33,175	-	33,175	152,500
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(524,192)</u>	<u>-</u>	<u>(524,192)</u>	<u>152,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,344,208)	(65,743)	(1,409,951)	-
Proceeds from capital asset disposals	14,670	4,300	18,970	-
Proceeds from notes payable	366,044	-	366,044	-
Principal paid on revenue bonds	(105,000)	-	(105,000)	-
Principal paid on general obligation bonds	(200,869)	-	(200,869)	-
Principal paid on capital leases	(26,682)	(19,888)	(46,570)	-
Principal paid on notes payable	(896,385)	-	(896,385)	-
Interest and fiscal charges paid on debt	(467,562)	(1,416)	(468,978)	-
Net Cash Used By Capital and Related Financing Activities	<u>(2,659,992)</u>	<u>(82,747)</u>	<u>(2,742,739)</u>	<u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	99,813	17,258	117,071	399
Proceeds from investment maturities	578,176	-	578,176	-
Purchase of investments	<u>(313,312)</u>	<u>-</u>	<u>(313,312)</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>364,677</u>	<u>17,258</u>	<u>381,935</u>	<u>399</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,572)	26,560	10,988	(2,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,840,492</u>	<u>521,038</u>	<u>3,361,530</u>	<u>2,538</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,824,920</u>	<u>\$ 547,598</u>	<u>\$ 3,372,518</u>	<u>\$ 161</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:				
Federal loan proceeds receivable	<u>\$ 1,064,881</u>	<u>\$ -</u>	<u>\$ 1,064,881</u>	<u>\$ -</u>
Capital assets contributed by:				
Capital project funds	\$ 3,715,938	\$ -	\$ 3,715,938	\$ -
Developers	<u>106,325</u>	<u>-</u>	<u>106,325</u>	<u>-</u>
	3,822,263	-	3,822,263	-
Debt transferred from capital project funds	<u>(1,735,152)</u>	<u>-</u>	<u>(1,735,152)</u>	<u>-</u>
Capital contributions, net	<u>\$ 2,087,111</u>	<u>\$ -</u>	<u>\$ 2,087,111</u>	<u>\$ -</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2010

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,551,856	\$ 39,355	\$ 1,591,211	\$ (225,640)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,243,997	55,837	1,299,834	-
Amortization	10,197	-	10,197	-
(Increase) decrease in receivables:				
Accounts	(120,266)	-	(120,266)	-
Claim refunds and reinsurance	-	-	-	(144,263)
Due from other funds	-	(1,908)	(1,908)	-
Special assessments	(3,087)	-	(3,087)	-
Increase (decrease) in payables:				
Accounts	201,786	(1,235)	200,551	-
Claims	-	-	-	214,627
Due to other funds	(1,242)	-	(1,242)	-
Customer deposits	(79,386)	-	(79,386)	-
Compensated absences	80	-	80	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,803,935</u>	<u>\$ 92,049</u>	<u>\$ 2,895,984</u>	<u>\$ (155,276)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2010

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	\$ 30,075
<u>LIABILITIES</u>	
Accounts payable	<u>555</u>
<u>NET ASSETS</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 29,520</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended September 30, 2010

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Contributions from other funds	\$ 6,501
Interest	<u>915</u>
Total Additions	7,416
DEDUCTIONS:	
Unemployment claims	<u>7,024</u>
CHANGE IN NET ASSETS	392
NET ASSETS - BEGINNING	<u>29,128</u>
NET ASSETS - ENDING	<u>\$ 29,520</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

Internal Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

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

Fund

Brief Description

Major Funds:

GENERAL FUND

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

CAPITAL PROJECT FUND:

ARRA - Solid Waste Removal Project Fund

Accounts for the proceeds of a federal grant being used to construct a solid waste removal facility for the Water and Sewer Operations Fund.

PROPRIETARY FUNDS:

Water and Sewer Operations Fund

Accounts for the provision of water and sewer services.

Garbage Collection Fund

Accounts for the provision of refuse collection services.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

<u>Fund</u>	<u>Brief Description</u>
Nonmajor Funds:	
SPECIAL REVENUE FUNDS:	
Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
Katrina CDBG Grant Fund	Accounts for the proceeds of a Federal grant being used for economic development.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
DEBT SERVICE FUNDS:	
Clinton Parkway Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 bonds.
Hampstead Blvd. Bond and Interest Fund	Accumulates funds for payment of a \$3,431,321 portion of a general obligation bond issue – \$3,870,000 Public Improvement Series 2006 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

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

(Continued)

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>
CAPITAL PROJECT FUNDS:	
ARRA - Bridge Replacement Project Fund	Accounts for the proceeds of a Federal grant being used to replace certain bridges.
ARRA - Radio Read Meter Project Fund	Accounts for the proceeds of a Federal grant and loan being used to implement a radio read water meter system for the Water and Sewer Operations Fund.
Library Construction Project Fund	Accounts for the proceeds of a bond issue being used for the construction of a library facility.
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.
Parks and Recreation Project Fund	Accounts for the costs incurred for parks and recreation improvements funded by a loan from the Mississippi Development Bank.
Northside Corridor Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
PROPRIETARY FUND:	
Self-Funded Group Insurance Fund	This internal service fund accounts for the operations of the City's self-insured group medical plan. Funding is provided by premiums collected from City employees and other City funds.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

FIDUCIARY FUND:

**Unemployment Compensation
Benefit Fund**

This benefit trust fund accounts for funds required to be held to pay City employees' unemployment claims. State law requires the City to maintain the fund balance at 2% of the first \$6,000 of compensation paid to each employee during the previous calendar year, and the fund balance is not available for other uses by the City.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

- 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

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

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

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

D. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Long-term interfund loans (noncurrent portion) are reported as “advances from/to other funds.” All other outstanding balances between funds are reported as “due to/from other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Receivables

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

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

Capital Assets

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Government-wide Statements

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

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

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

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

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Deferred Charges, Bond Discounts and Refunding Costs

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

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

Long-Term Debt

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

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

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

Compensated Absences

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. REVENUES, EXPENDITURES AND EXPENSES - Continued

Grant Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund – By Operating and Nonoperating

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

Interfund Transfers

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

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

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

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

B. TAX LEVIES

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

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

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

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

C. DEFICIT FUND EQUITY

The Self-Funded Group Insurance Fund had a deficit fund equity of \$310,846 as of September 30, 2010. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2010, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer, with the exception of amounts held in bond trust accounts at an out-of-state bank. These bond trust accounts were insured under the Federal Deposit Insurance Corporation deposit insurance coverage applicable to accounts required by bond indentures.

Investments. During the year ended September 30, 2010, the City invested in U.S. Treasury Bills, which were held by a bank within trust accounts in the City's name. However, no investments were owned at year end,

NOTE 4. RECEIVABLES AND UNEARNED REVENUE

Receivables at September 30, 2010 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,246,928	\$ 1,246,928
Special assessments:			
Due within one year	27,037	4,631	31,668
Due in more than one year	459,638	162,035	621,673
Property taxes	6,116,345	-	6,116,345
Sales and tourism taxes	652,770	-	652,770
Franchise charges	216,302	-	216,302
Federal assistance	280,910	1,831,966	2,112,876
Other	192,811	-	192,811
	<u>7,945,813</u>	<u>3,245,560</u>	<u>11,191,373</u>
Allowance for uncollectible amounts	-	(306,188)	(306,188)
Net receivables	<u>\$7,945,813</u>	<u>\$2,939,372</u>	<u>\$10,885,185</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND UNEARNED REVENUE - Continued

In addition, unearned revenue, the majority of which is related to the receivables, consisted of the following at September 30, 2010:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Unearned property taxes, levied for use in the subsequent year	\$5,995,298	\$ -	\$5,995,298
Unearned grant revenue	<u>25,836</u>	<u>-</u>	<u>25,836</u>
	<u>\$6,021,134</u>	<u>\$ -</u>	<u>\$6,021,134</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,093,264	\$ 152,110	\$ -	\$ 6,245,374
Other land	1,213,550	-	-	1,213,550
Construction in progress	<u>6,823,373</u>	<u>3,877,572</u>	<u>(10,274,860)</u>	<u>426,085</u>
Total not being depreciated	<u>14,130,187</u>	<u>4,029,682</u>	<u>(10,274,860)</u>	<u>7,885,009</u>
Other capital assets:				
Buildings	9,505,269	7,503,904	-	17,009,173
Other improvements	10,087,027	67,168	-	10,154,195
Equipment and vehicles	6,556,301	1,453,273	(27,793)	7,981,781
Infrastructure	<u>63,385,716</u>	<u>2,577,297</u>	<u>-</u>	<u>65,963,013</u>
	<u>89,534,313</u>	<u>11,601,642</u>	<u>(27,793)</u>	<u>101,108,162</u>
Accumulated depreciation:				
Buildings	2,683,284	216,003	-	2,899,287
Other improvements	4,755,481	398,589	-	5,154,070
Equipment and vehicles	5,348,675	411,788	(27,793)	5,732,670
Infrastructure	<u>19,684,405</u>	<u>2,925,957</u>	<u>-</u>	<u>22,610,362</u>
	<u>32,471,845</u>	<u>3,952,337</u>	<u>(27,793)</u>	<u>36,396,389</u>
Net other capital assets	<u>57,062,468</u>	<u>7,649,305</u>	<u>-</u>	<u>64,711,773</u>
Capital assets, net	<u>\$ 71,192,655</u>	<u>\$ 11,678,987</u>	<u>\$ (10,274,860)</u>	<u>\$ 72,596,782</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS – Continued

	Beginning Balance	Increases	Decreases	Ending Balance
<u>BUSINESS-TYPE ACTIVITIES</u>				
Capital assets not being depreciated:				
Land	\$ 177,512	\$ -	\$ -	\$ 177,512
Construction in progress	201,615	4,984,676	-	5,186,291
Certificate of authority	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total not being depreciated	<u>1,179,127</u>	<u>4,984,676</u>	<u>-</u>	<u>6,163,803</u>
Other capital assets:				
Water and sewer systems and improvements	42,585,110	106,325	-	42,691,435
Buildings	272,380	-	-	272,380
Equipment and vehicles	<u>2,243,921</u>	<u>141,213</u>	<u>(42,449)</u>	<u>2,342,685</u>
	<u>45,101,411</u>	<u>247,538</u>	<u>(42,449)</u>	<u>45,306,500</u>
Accumulated depreciation:				
Water and sewer systems and improvements	16,672,239	1,147,079	-	17,819,318
Buildings	74,930	10,950	-	85,880
Equipment and vehicles	<u>1,727,232</u>	<u>141,805</u>	<u>(42,449)</u>	<u>1,826,588</u>
	<u>18,474,401</u>	<u>1,299,834</u>	<u>(42,449)</u>	<u>19,731,786</u>
Net other capital assets	<u>26,627,010</u>	<u>(1,052,296)</u>	<u>-</u>	<u>25,574,714</u>
Capital assets, net	<u>\$ 27,806,137</u>	<u>\$ 3,932,380</u>	<u>\$ -</u>	<u>\$ 31,738,517</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 27,105
Public safety	357,341
Public works	3,048,945
Culture and recreation	518,946
	<u>\$3,952,337</u>
Business-type activities:	
Water	\$ 412,567
Sewer	831,430
Garbage collection	55,837
	<u>\$1,299,834</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES

The majority of interfund balances result from garbage collection customer billings by the Water and Sewer Operations Fund and from temporary advances for debt service, capital projects, and self-insurance claims. These advances are typically repaid upon collection of related receivables. The composition of interfund balances as of September 30, 2010 was as follows:

<u>Due To</u>	Due From					Total
	General Fund	AARA - Solid Waste Removal Project Fund	Nonmajor Governmental Funds	Water and Sewer Operations Fund	Nonmajor Internal Service Fund	
General Fund	\$ -	\$ -	\$ 167,022	\$ -	\$ 146,300	\$ 313,322
Water and Sewer Operations Fund	5,236	413,976	203,208	-	6,200	628,620
Garbage Collection Fund	3,150	-	-	124,559	-	127,709
Nonmajor Governmental Funds	1,600	-	-	33,175	-	34,775
Total	<u>\$ 9,986</u>	<u>\$ 413,976</u>	<u>\$ 370,230</u>	<u>\$ 157,734</u>	<u>\$ 152,500</u>	<u>\$ 1,104,426</u>

The majority of interfund transfers were to fund debt service. Interfund transfers during the year ended September 30, 2010 were as follows:

<u>Transfer To</u>	Transfer From		
	General Fund	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds	<u>\$ 147,681</u>	<u>\$ 29,028</u>	<u>\$ 176,709</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. ACCOUNTS PAYABLE

Accounts payable at September 30, 2010 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 408,630	\$ 793,876	\$1,202,506
Cash bonds and evidence held	157,481	-	157,481
Payroll withholdings and employee benefits	<u>197,419</u>	<u>-</u>	<u>197,419</u>
Total	<u>\$ 763,530</u>	<u>\$ 793,876</u>	<u>\$1,557,406</u>

NOTE 8. LONG-TERM DEBT

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

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

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2010, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$3,100,000 Public Improvement – Series 1996 serial bonds dated July 1, 1996; due July 1, 2011; interest at 5.25%. \$ 295,000

\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$128,564 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%. 2,974,698

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$275,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 7,490,000
10,759,698

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$30,000 to \$40,000 through March 1, 2016; interest varies from 5.2% to 5.7%. 220,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$60,000 to \$105,000 through April 1, 2020; interest varies from 5.6% to 6.25%. 800,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$16,000 to \$20,000 through March 1, 2019; interest at 4.25%. 164,500

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$35,000 to \$50,000 through March 15, 2019; interest at 4.8%. 385,000
1,569,500

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Notes Payable:

\$1,000,000 loan payable to the Mississippi Development Authority; monthly installments of \$7,272, including interest at 3.75%, with the final payment due March 1, 2013; secured by the City's share of sales tax collected by the State. 201,031

\$212,747 loan payable to the Mississippi Development Authority; monthly installments of \$1,469, including interest at 3%, with the final payment due October 1, 2013; secured by the City's share of sales tax collected by the State. 50,186

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$310,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.500% and is payable semiannually; secured by the City's share of sales tax collected by the State. 7,015,000
7,266,217

Capital Lease Obligations:

\$471,969 equipment lease dated December 21, 2004; monthly payments of \$6,525, including interest at 3.05%; final payment due August 15, 2011. 70,692

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$400,000 equipment lease dated December 21, 2004; monthly payments of \$3,852, including interest at 2.95%; final payment due December 15, 2014.	184,421
\$97,810 equipment lease dated November 15, 2007; monthly payments of \$2,901, including interest at 4.31%; final payment due November 15, 2010.	5,771
\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%; with a balloon payment of \$30,900 at the September, 2013 maturity date.	53,288
\$19,568 equipment lease dated May 12, 2009; monthly payments of \$571, including interest at 3.23%; final payment due March 12, 2012.	10,561
\$18,945 equipment lease dated May 12, 2009; monthly payments of \$553, including interest at 3.23%; final payment due March 12, 2012.	10,225
\$19,266 equipment lease dated April 15, 2009; monthly payments of \$562, including interest at 3.23%; final payment due April 15, 2012.	10,400
\$105,585 equipment lease dated June 16, 2009; monthly payments of \$3,080, including interest at 3.20%; final payment due June 16, 2012.	62,818

(Continued)

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$23,893 equipment lease dated July 1, 2009; monthly payments of \$697, including interest at 3.19%; final payment due July 1, 2012. 14,872

\$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019. 400,610
823,658

Total Governmental Activities Long-Term Debt \$20,419,073

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2010, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$85,000 to \$120,000 through March 1, 2018; interest varies from 4.6% to 4.8%. \$ 840,000

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$16,436 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%. 380,302
1,220,302

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$115,000 to \$135,000 through October 1, 2013; interest varies from 5.6% to 5.75%; secured by Water and Sewer Operations Fund revenues. 495,000

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$10,872, including interest at 4.5%; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 539,412

\$10,963,501 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$61,942, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2021. 7,045,653

\$1,157,361 loan payable to the Mississippi Department of Health; monthly installments of \$6,791, including interest at 3.5%; secured by the City's share of sales tax collected by the State; final payment due February 1, 2024. 867,257

\$500,000 loan payable to the Mississippi Development Authority; monthly installments of \$2,529, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 393,064

\$250,000 loan payable to the Mississippi Development Authority; monthly installments of \$1,386, including interest at 3%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 200,773

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$493,655 loan payable to the Mississippi Development Authority; monthly installments of \$2,497, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due October 1, 2025. 388,076

\$3,719,450 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$19,142, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026. 3,170,720

\$1,900,000 maximum loan available from the Mississippi Department of Environmental Quality with \$1,255,282 proceeds utilized; 237 monthly installments of \$6,290 (based on proceeds utilized), including interest at 1.75%, beginning January, 2011; secured by the City's share of sales tax collected by the State; final payment due September, 2030. 1,255,282

\$2,015,311 maximum loan available from the Mississippi Department of Health with \$1,910,796 proceeds utilized; 237 monthly installments of \$9,727 (based on proceeds utilized), including interest at 1.95%, beginning April, 2011; secured by the City's share of sales tax collected by the State; final payment due December, 2030. 1,910,796
15,771,033

Capital Lease Obligations:

\$69,761 equipment lease dated May 15, 2007; monthly payments of \$872, including interest at 4.26%, with a balloon payment of \$28,180 at the June, 2012 maturity date. 42,969

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%, with a balloon payment of \$30,900 at the September, 2013 maturity date. 53,288

\$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011. 22,518
118,775

Unamortized bond refunding cost and bond discount (27,454)

Total Business-Type Activities Long-Term Debt \$17,577,656

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2010, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)

	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 698,564	\$ 438,353	\$ 406,826	\$ 281,467	\$ 141,000	\$ 85,511	\$ 2,051,721
2012	422,430	404,633	431,032	262,861	152,000	78,231	1,751,187
2013	441,863	385,503	398,359	244,958	162,000	70,269	1,702,952
2014	466,297	365,523	360,000	231,005	168,500	61,676	1,653,001
2015	490,163	344,494	380,000	218,375	179,000	52,640	1,664,672
2016-2020	2,786,079	1,416,136	2,205,000	863,717	767,000	123,125	8,161,057
2021-2025	3,501,608	822,666	3,085,000	341,062	-	-	7,750,336
2026-2028	1,952,694	147,708	-	-	-	-	2,100,402
	<u>\$ 10,759,698</u>	<u>\$ 4,325,016</u>	<u>\$ 7,266,217</u>	<u>\$ 2,443,445</u>	<u>\$ 1,569,500</u>	<u>\$ 471,452</u>	<u>\$ 26,835,328</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)

	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 101,436	\$ 54,470	\$ 997,962	\$ 378,935	\$ 115,000	\$ 24,888	\$ 1,672,691
2012	107,570	49,476	1,086,758	367,374	120,000	18,278	1,749,456
2013	113,137	44,116	1,118,059	336,070	125,000	11,325	1,747,707
2014	123,703	38,320	1,150,331	303,801	135,000	3,881	1,755,036
2015	129,837	32,108	1,128,836	270,937	-	-	1,561,718
2016-2020	468,921	75,018	5,710,720	874,598	-	-	7,129,257
2021-2025	143,392	24,190	3,370,548	262,620	-	-	3,800,750
2026-2030	32,306	1,292	1,178,732	50,295	-	-	1,262,625
2031	-	-	29,087	95	-	-	29,182
	<u>\$ 1,220,302</u>	<u>\$ 318,990</u>	<u>\$ 15,771,033</u>	<u>\$ 2,844,725</u>	<u>\$ 495,000</u>	<u>\$ 58,372</u>	<u>\$ 20,708,422</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS - Continued

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2010, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 251,463	\$ 41,051
2012	154,815	46,212
2013	137,685	38,633
2014	99,052	-
2015	64,385	-
2016-2019	<u>211,317</u>	<u>-</u>
Total minimum lease payments	918,717	125,896
Less amount representing interest	<u>(95,059)</u>	<u>(7,121)</u>
Present value of future minimum lease payments	<u>\$ 823,658</u>	<u>\$ 118,775</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2010:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,841,195	\$ 251,581
Accumulated depreciation	<u>(857,808)</u>	<u>(148,704)</u>
Carrying Value	<u>\$ 983,387</u>	<u>\$ 102,877</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2010, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$11,423,829	\$ -	\$ (664,131)	\$10,759,698	\$ 698,564
Notes payable	7,633,026	-	(366,809)	7,266,217	406,826
Limited obligation bonds	1,705,500	-	(136,000)	1,569,500	141,000
Capital lease obligations	<u>683,292</u>	<u>437,082</u>	<u>(296,716)</u>	<u>823,658</u>	<u>226,403</u>
	21,445,647	437,082	(1,463,656)	20,419,073	1,472,793
Compensated absences	560,371	296,890	(300,101)	557,160	300,000
Net pension obligation	<u>787,321</u>	<u>165,367</u>	<u>(97,731)</u>	<u>854,957</u>	<u>-</u>
	<u>\$22,793,339</u>	<u>\$ 899,339</u>	<u>\$(1,861,488)</u>	<u>\$21,831,190</u>	<u>\$1,772,793</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 1,421,171	\$ -	\$ (200,869)	\$ 1,220,302	\$ 101,436
Notes payable	13,691,741	2,975,677	(896,385)	15,771,033	997,962
Revenue bonds	600,000	-	(105,000)	495,000	115,000
Capital lease obligations	165,345	-	(46,570)	118,775	37,257
Unamortized bond refunding cost and bond discount	<u>(36,605)</u>	<u>-</u>	<u>9,151</u>	<u>(27,454)</u>	<u>-</u>
	15,841,652	2,975,677	(1,239,673)	17,577,656	1,251,655
Compensated absences	<u>85,104</u>	<u>56,585</u>	<u>(56,505)</u>	<u>85,184</u>	<u>56,500</u>
	<u>\$15,926,756</u>	<u>\$3,032,262</u>	<u>\$(1,296,178)</u>	<u>\$17,662,840</u>	<u>\$1,308,155</u>

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

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES -Continued

Interest and fiscal charges incurred on long-term debt during the year ended September 30, 2010 were as follows:

Governmental activities	<u>\$ 887,988</u>
Business-type activities:	
Water	160,252
Sewer	310,830
Garbage collection	<u>1,381</u>
	<u>472,463</u>
	<u>\$1,360,451</u>

E. REVENUE PLEDGED TO SECURE DEBT

The City has pledged its share of general sales tax collected by the State to secure its notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,077,563 during the current year and made current year principal and interest payments on the notes payable to the State totaling \$1,926,159, which was approximately 47% of the pledged revenue. As of September 30, 2010, the future principal and interest requirements for the notes payable totaled \$28,325,420, and the maturity dates of the notes payable extend through December, 2030.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues received in the current year totaled \$176,709, and the City also received \$55,438 from Hinds County in the current year for the county's pledged portion of incremental ad valorem tax revenues. The current year principal and interest payments made by the City on the limited obligation bonds totaled \$228,426, which was approximately 98% of the pledged revenues. As of September 30, 2010, the future principal and interest requirements for the bonds totaled \$2,040,952, and the maturity dates extend through April, 2020.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

E. REVENUE PLEDGED TO SECURE DEBT - Continued

The City has pledged Water and Sewer Operations Fund revenues, net of operating expenses, to repay revenue bonds issued for a utility improvement project. The Water and Sewer Operations Fund had operating income of \$1,551,856 in the current year, and the current year principal and interest payments made by the City on the revenue bonds totaled \$135,995, which was approximately 9% of the pledged net revenues. As of September 30, 2010, the future principal and interest requirements for the revenue bonds totaled \$553,372, and the maturity dates extend through October, 2013.

NOTE 9. LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2010 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(817,900)</u>
Carrying value	<u>\$ 137,100</u>

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 10,100	\$ 47,597
2012	10,100	13,113
2013	10,100	13,506
2014	10,100	-
2015	10,100	-
2016-2018	<u>30,300</u>	<u>-</u>
	<u>\$ 80,800</u>	<u>\$ 74,216</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 10. OPERATING LEASE OBLIGATIONS

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

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 54,122	\$ 13,530
2012	54,122	13,530
2013	50,855	13,530
2014	50,425	13,530
2015	48,969	13,530
2016-2020	242,904	67,650
2021-2025	229,225	58,050
2026-2030	206,005	47,300
2031-2033	<u>37,000</u>	<u>17,940</u>
Total minimum lease payments	<u>\$ 973,627</u>	<u>\$ 258,590</u>

Rent expense during the year ended September 30, 2010 for all operating leases was as follows:

Governmental activities	\$ 62,555
Business-type activities	<u>20,683</u>
	<u>\$ 83,238</u>

NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

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

(Continued)

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

A. Deferred Compensation Plan - Continued

Funding Policy. Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed approximately \$76,000 to the plan for the year ended September 30, 2010. The City does not make any contributions to the plan.

B. Public Employees' Retirement System

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

Funding Policy: PERS members are currently required to contribute 9% of their annual covered salary, and the City of Clinton is required to contribute at an actuarially-determined rate. The current City of Clinton contribution rate is 12% of the annual covered payroll. 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, 2010, 2009, and 2008 were \$1,347,257, \$1,335,463, and \$1,273,714, respectively, equal to 100% of the required contributions for each year.

(Continued)

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

C. City of Clinton Disability and Relief Fund

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

Funding Policy: During the year ended September 30, 2010, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.51 mill tax levy. The contribution requirements for CDRF are established, and may only be amended, by the State of Mississippi Legislature. Required contributions for members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City's tax levy. Annual CDRF tax levy increases are limited to ½ mill per year. Contributions from other funds may be provided. The City has agreed to contribute the avails of a 0.35 mill general fund tax levy through September 30, 2020, if needed to maintain the actuarial soundness of the CDRF.

(Continued)

Notes to Basic Financial Statements – Continued

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

C. City of Clinton Disability and Relief Fund - Continued

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

Actuarial Valuation Date	September 30,		
	2009	2008	2007
Actuarial Value of Plan Assets	\$ 8,617,000	\$8,944,000	\$ 8,789,000
Actuarial Accrued Liability	<u>9,928,000</u>	<u>9,685,000</u>	<u>9,690,000</u>
Unfunded Actuarial Liability	<u>\$ 1,311,000</u>	<u>\$ 741,000</u>	<u>\$ 901,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	86.8%	92.3%	90.7%
Annual Covered Payroll	\$ 314,000	\$ 307,000	\$ 302,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	417.5%	241.4%	298.3%

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

Fiscal Year Ended	September 30,		
	2010	2009	2008
Annual required employer contribution	\$ 176,137	\$ 120,608	\$ 132,267
Interest on net pension obligation	62,986	65,481	66,271
Adjustment to annual required contribution	<u>(73,756)</u>	<u>(75,718)</u>	<u>(75,755)</u>
Annual pension cost	165,367	110,371	122,783
Actual employer contribution	<u>(97,731)</u>	<u>(141,558)</u>	<u>(132,666)</u>
Change in net pension obligation	67,636	(31,187)	(9,883)
Beginning net pension obligation	<u>787,321</u>	<u>818,508</u>	<u>828,391</u>
Ending net pension obligation	<u>\$ 854,957</u>	<u>\$ 787,321</u>	<u>\$ 818,508</u>
Percentage of annual pension cost contributed	59.10%	128.26%	108.05%

(Continued)

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

C. City of Clinton Disability and Relief Fund - Continued

The annual required contribution for the year ended September 30, 2010 was determined as part of the September 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include an 8% (including 3.5% price inflation) investment rate of return, projected salary increases of 4.5% to 6% (including 4.25% wage inflation) per year, and cost of living benefit adjustments of 2.5% per year (not to exceed 10%). The projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions. The actuarial value of CDRF's assets was determined using the 5-year smoothed market method. CDRF's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at September 30, 2009 was 25 years.

NOTE 12. COMMITMENTS

The City has entered into long-term contracts for residential solid waste collection and for the operation, management and maintenance of the City's wastewater treatment facilities. The solid waste collection contract is effective through November, 2011, and provides for a monthly charge to the City of \$11.98 per residential unit and light commercial entity (subject to annual adjustment based on the Consumer Price Index). The wastewater treatment facilities contract is effective through September, 2011, and provides for a monthly charge to the City of \$37,629 (subject to annual adjustment based on the Consumer Price Index) plus repair costs incurred by the contractor.

NOTE 13. CONTINGENT LIABILITIES

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

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

(Continued)

NOTE 14. RISK MANAGEMENT

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

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

Employees of the City are covered by the City's medical and dental self-insurance plan (the "plan"). The City contributed approximately \$402 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 \$60,000 and for aggregate loss, which is based on the number of covered individuals. The aggregate stop-loss coverage attachment point for the current policy year was approximately \$1,210,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

The costs associated with the medical self-insurance plan are reported as interfund transactions and are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Enterprise Funds. The liabilities reported are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on complex factors, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Nonincremental claims adjustment expenses have not been included as part of the liability for claims because the amount would be immaterial. Changes in the claims liability amounts in the current year and the prior year were as follows:

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 14. RISK MANAGEMENT - Continued

	<u>Year Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
Claims liability, October 1	\$ 125,025	\$ 227,723
Current year claims and changes in estimates	1,175,190	747,034
Claims paid in current year	<u>(960,563)</u>	<u>(849,732)</u>
Claims liability, September 30	<u>\$ 339,652</u>	<u>\$ 125,025</u>

NOTE 15. SUBSEQUENT EVENTS

The Mississippi Department of Environmental Quality and the Mississippi Department of Health have approved loans to the City for \$1,900,000 and \$2,015,311, respectively, to be repaid by the Water and Sewer Operations Fund over twenty years with interest at 1.75% and 1.95%, respectively, and as of September 30, 2010 the City had utilized \$3,166,078 of these amounts.

In addition, the City has been approved for a \$1 million loan through the Mississippi Development Authority for water and sewer improvement projects. The loan will be repaid by the Water and Sewer Operations Fund over 20 years with interest at 2%. No proceeds had been requested yet from this loan as of September 30, 2010.

NOTE 16. NEW PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement 54), which will be implemented by the City for the fiscal year ending September 30, 2011. Implementation of GASB Statement 54 will require the City to restate existing fund balances for its governmental funds. The changes required by GASB Statement 54 include the following:

- Fund balances of the City's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be presented in the following classifications in order to reflect the relative strength of the spending constraints on their use:
 - *Nonspendable Fund Balance* will reflect amounts that cannot be spent because they are not in a spendable form (such as inventories and prepaid amounts) or must be maintained intact to satisfy legal or contractual requirements.

(Continued)

NOTE 16. NEW PRONOUNCEMENT - Continued

- *Restricted Fund Balance* will reflect amounts that can only be spent for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), constitutional provisions, or enabling legislation.
 - *Committed Fund Balance* will reflect amounts that can only be spent for specific purposes determined by formal action of the City's governing body.
 - *Assigned Fund Balance* will reflect amounts that the City intends to use for specific purposes but that do not meet the criteria for classification as restricted or committed fund balance.
 - *Unassigned Fund Balance* will reflect amounts that are available for any purpose of the City. Unassigned fund balance can only be reported in the City's General Fund.
- GASB Statement 54 also clarifies the definitions of the various types of governmental funds, and the new definition of special revenue funds could affect which activities the City reports in special revenue funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
AVAILABLE				
Licenses and permits	\$ 922,000	\$ 842,403	\$ 821,994	\$ (20,409)
State grants	658,035	343,474	277,821	(65,653)
State shared revenues	4,590,000	4,364,025	4,470,121	106,096
Local grants	85,000	86,752	93,197	6,445
Federal grants	161,100	449,100	447,832	(1,268)
Charges for services	11,500	13,856	72,484	58,628
Fines and forfeitures	450,000	516,875	508,806	(8,069)
Interest earned	20,000	20,000	38,349	18,349
Miscellaneous	219,550	751,883	734,220	(17,663)
Total receipts, other than taxes	7,117,185	7,388,368	7,464,824	76,456
Beginning fund balance	101,807	(5,674)	(5,674)	-
Total available, other than taxes	7,218,992	7,382,694	7,459,150	76,456
Ad valorem taxes to be provided by levy	6,330,127	6,263,288	6,242,585	(20,703)
Total Available From All Sources	<u>\$13,549,119</u>	<u>\$13,645,982</u>	<u>\$ 13,701,735</u>	<u>\$ 55,753</u>
EXPENDITURES				
General government:				
Elected officials:				
Personal services	\$ 280,475	\$ 279,599	\$ 279,579	\$ (20)
Supplies	10,000	10,000	4,189	(5,811)
Other services and charges	35,908	67,908	65,640	(2,268)
Total elected officials	<u>326,383</u>	<u>357,507</u>	<u>349,408</u>	<u>(8,099)</u>
Court services:				
Personal services	142,345	142,761	142,013	(748)
Supplies	6,300	6,300	6,200	(100)
Other services and charges	98,490	97,588	85,326	(12,262)
Total court services	<u>247,135</u>	<u>246,649</u>	<u>233,539</u>	<u>(13,110)</u>
Administration:				
Personal services	294,396	281,277	280,395	(882)
Supplies	19,300	19,300	12,091	(7,209)
Other services and charges	165,259	162,651	157,150	(5,501)
Total administration	<u>478,955</u>	<u>463,228</u>	<u>449,636</u>	<u>(13,592)</u>
Community development:				
Personal services	163,079	161,563	159,923	(1,640)
Supplies	11,200	11,200	6,870	(4,330)
Other services and charges	37,904	60,166	53,708	(6,458)
Debt service	6,747	6,747	6,747	-
Total community development	<u>218,930</u>	<u>239,676</u>	<u>227,248</u>	<u>(12,428)</u>
Total General Government	<u>1,271,403</u>	<u>1,307,060</u>	<u>1,259,831</u>	<u>(47,229)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public safety:				
Law enforcement:				
Personal services	3,115,328	2,993,020	2,974,534	(18,486)
Supplies	214,202	375,852	389,139	13,287
Other services and charges	233,343	212,895	214,447	1,552
Debt service	71,773	75,773	71,773	(4,000)
Total law enforcement	<u>3,634,646</u>	<u>3,657,540</u>	<u>3,649,893</u>	<u>(7,647)</u>
Fire protection:				
Personal services	2,741,074	2,735,019	2,656,664	(78,355)
Supplies	151,700	212,700	194,123	(18,577)
Other services and charges	211,329	200,289	197,379	(2,910)
Capital outlay	320,000	793,163	793,163	-
Debt service	325,823	323,021	323,021	-
Total fire protection	<u>3,749,926</u>	<u>4,264,192</u>	<u>4,164,350</u>	<u>(99,842)</u>
Inspection:				
Personal services	104,871	105,218	93,816	(11,402)
Supplies	11,240	11,240	8,605	(2,635)
Other services and charges	12,001	11,554	4,862	(6,692)
Total inspection	<u>128,112</u>	<u>128,012</u>	<u>107,283</u>	<u>(20,729)</u>
Total Public Safety	<u>7,512,684</u>	<u>8,049,744</u>	<u>7,921,526</u>	<u>(128,218)</u>
Street:				
Personal services	968,882	999,942	999,942	-
Supplies	207,850	269,547	288,089	18,542
Other services and charges	490,196	556,895	544,611	(12,284)
Capital outlay	677,100	139,410	148,702	9,292
Debt service	117,614	117,615	116,440	(1,175)
Total Street	<u>2,461,642</u>	<u>2,083,409</u>	<u>2,097,784</u>	<u>14,375</u>

(Continued)

CITY OF CLINTON

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - CONTINUED
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES - Continued				
Parks and recreation:				
Personal services	868,692	716,469	715,920	(549)
Supplies	154,880	210,883	225,060	14,177
Other services and charges	180,648	182,409	180,319	(2,090)
Debt service	477,548	477,549	476,573	(976)
Total Parks and Recreation	<u>1,681,768</u>	<u>1,587,310</u>	<u>1,597,872</u>	<u>10,562</u>
4 C's:				
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-
Economic development:				
Personal services	48,514	48,655	48,445	(210)
Supplies	2,675	2,675	250	(2,425)
Other services and charges	133,241	133,271	132,424	(847)
Total Economic Development	<u>184,430</u>	<u>184,601</u>	<u>181,119</u>	<u>(3,482)</u>
Main Street:				
Personal services	52,548	52,703	52,541	(162)
Supplies	5,400	5,400	1,187	(4,213)
Other services and charges	10,550	10,784	7,226	(3,558)
Total Main Street	<u>68,498</u>	<u>68,887</u>	<u>60,954</u>	<u>(7,933)</u>
Transfers and other charges	<u>212,981</u>	<u>147,981</u>	<u>147,631</u>	<u>(350)</u>
Total expenditures	13,413,406	13,448,992	13,286,717	(162,275)
Ending fund balance	<u>135,713</u>	<u>196,990</u>	<u>415,018</u>	<u>218,028</u>
Total Expenditures and Ending Fund Balance	<u>\$13,549,119</u>	<u>\$13,645,982</u>	<u>\$ 13,701,735</u>	<u>\$ 55,753</u>

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2010

NOTE A. Budgetary Basis Reconciliation

An explanation of the differences between budgetary basis amounts and the amounts determined in accordance with U.S. generally accepted accounting principles (GAAP) follows:

Available - Budgetary Comparison Schedule	\$ 13,701,735
Differences:	
GAAP basis receivables and deferred revenues are reflected as budgetary basis available in the year received	(1,004)
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing sources are included in budgetary basis available	(511,673)
Beginning fund balance is included in budgetary basis available	<u>5,674</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,050,732</u>
Expenditures - Budgetary Comparison Schedule	\$ 13,286,717
Differences:	
GAAP basis payables paid after October 30th are reflected as budgetary basis expenditures in the year paid	(28,372)
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing uses are included in budgetary basis expenditures	<u>(147,681)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,966,664</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	511,673
Other financing uses are included in budgetary basis expenditures	<u>(147,681)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 363,992</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 143,377	\$ 669,084	\$ 829,977	\$ 1,642,438
Receivables:				
Property taxes	-	991,256	-	991,256
Tourism tax	16,719	-	-	16,719
Federal assistance	-	-	607,242	607,242
Special assessments	-	486,675	-	486,675
Due from other funds	<u>1,600</u>	<u>33,175</u>	<u>-</u>	<u>34,775</u>
 Total Assets	 <u>\$ 161,696</u>	 <u>\$ 2,180,190</u>	 <u>\$ 1,437,219</u>	 <u>\$ 3,779,105</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 23,779	\$ -	\$ 263,691	\$ 287,470
Unearned property taxes	-	971,876	-	971,876
Unearned grant revenue	21,779	-	-	21,779
Unavailable special assessments	-	486,675	-	486,675
Due to other funds	<u>14</u>	<u>1,765</u>	<u>368,451</u>	<u>370,230</u>
 Total Liabilities	 <u>45,572</u>	 <u>1,460,316</u>	 <u>632,142</u>	 <u>2,138,030</u>
Fund Balances:				
Unreserved reported in:				
Special revenue funds	116,124	-	-	116,124
Debt service funds	-	719,874	-	719,874
Capital projects funds	<u>-</u>	<u>-</u>	<u>805,077</u>	<u>805,077</u>
 Total Fund Balance	 <u>116,124</u>	 <u>719,874</u>	 <u>805,077</u>	 <u>1,641,075</u>
 Total Liabilities and Fund Balances	 <u>\$ 161,696</u>	 <u>\$ 2,180,190</u>	 <u>\$ 1,437,219</u>	 <u>\$ 3,779,105</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$1,195,791	\$ -	\$ 1,195,791
Intergovernmental	149,617	75,860	1,756,120	1,981,597
Charges for services	20,014	-	-	20,014
Special assessments	-	27,037	-	27,037
Interest	4,084	29,248	37,861	71,193
Contributions	2,103	-	20,400	22,503
	<u>175,818</u>	<u>1,327,936</u>	<u>1,814,381</u>	<u>3,318,135</u>
Total Revenues				
Expenditures:				
Current:				
General government	-	12,833	-	12,833
Public Safety	37,896	-	-	37,896
Culture and Recreation	81,964	-	-	81,964
Economic Development	72,033	-	-	72,033
Debt Service	-	1,366,963	-	1,366,963
Capital Outlay	-	-	5,381,936	5,381,936
	<u>191,893</u>	<u>1,379,796</u>	<u>5,381,936</u>	<u>6,953,625</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,075)</u>	<u>(51,860)</u>	<u>(3,567,555)</u>	<u>(3,635,490)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Loan proceeds	-	-	1,735,152	1,735,152
Transfers in	-	176,709	-	176,709
Transfers out	-	(29,028)	-	(29,028)
Total Other Financing Sources (Uses)	<u>-</u>	<u>147,681</u>	<u>1,735,152</u>	<u>1,882,833</u>
Net Change in Fund Balances	(16,075)	95,821	(1,832,403)	(1,752,657)
Fund Balances - Beginning	<u>132,199</u>	<u>624,053</u>	<u>2,637,480</u>	<u>3,393,732</u>
Fund Balances - Ending	<u>\$ 116,124</u>	<u>\$ 719,874</u>	<u>\$ 805,077</u>	<u>\$ 1,641,075</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2010

	Tourism Tax Fund	Katrina CDBG Grant Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 109,337	\$ -	\$ 34,040	\$ 143,377
Tourism tax receivable	16,719	-	-	16,719
Due from other funds	<u>-</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>
Total Assets	<u>\$ 126,056</u>	<u>\$ 1,600</u>	<u>\$ 34,040</u>	<u>\$ 161,696</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 9,918	\$ 1,600	\$ 12,261	\$ 23,779
Unearned grant revenue	-	-	21,779	21,779
Due to other funds	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total Liabilities	9,932	1,600	34,040	45,572
Fund Balances:				
Unreserved	<u>116,124</u>	<u>-</u>	<u>-</u>	<u>116,124</u>
Total Liabilities and Fund Balances	<u>\$ 126,056</u>	<u>\$ 1,600</u>	<u>\$ 34,040</u>	<u>\$ 161,696</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2010

	Tourism Tax Fund	Katrina CDBG Grant Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Intergovernmental:				
Tourism tax	\$ 112,078	\$ -	\$ -	\$ 112,078
Federal grants	-	1,600	35,939	37,539
	<u>112,078</u>	<u>1,600</u>	<u>35,939</u>	<u>149,617</u>
Charges for services	20,014	-	-	20,014
Interest	2,812	-	1,272	4,084
Contributions	1,418	-	685	2,103
Total Revenues	<u>136,322</u>	<u>1,600</u>	<u>37,896</u>	<u>175,818</u>
Expenditures:				
Public Safety:				
Supplies	-	-	28,694	28,694
Other services and charges	-	-	9,202	9,202
	<u>-</u>	<u>-</u>	<u>37,896</u>	<u>37,896</u>
Culture and Recreation:				
Personal services	37,933	-	-	37,933
Supplies	21,389	-	-	21,389
Other services and charges	22,642	-	-	22,642
	<u>81,964</u>	<u>-</u>	<u>-</u>	<u>81,964</u>
Economic Development:				
Other services and charges	70,433	1,600	-	72,033
Total Expenditures	<u>152,397</u>	<u>1,600</u>	<u>37,896</u>	<u>191,893</u>
Net Change in Fund Balances	(16,075)	-	-	(16,075)
Fund Balances - Beginning	<u>132,199</u>	<u>-</u>	<u>-</u>	<u>132,199</u>
Fund Balances - Ending	<u>\$ 116,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,124</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2010

	Clinton Parkway Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 54,068	\$ 5,161	\$ 597,147	\$ 697	\$ 5,668	\$ 1,067	\$ 5,276	\$ 669,084
Property taxes receivable	265,169	252,556	473,531	-	-	-	-	991,256
Special assessments receivable	-	486,675	-	-	-	-	-	486,675
Due from other funds	-	33,175	-	-	-	-	-	33,175
Total Assets	<u>\$ 319,237</u>	<u>\$ 777,567</u>	<u>\$1,070,678</u>	<u>\$ 697</u>	<u>\$ 5,668</u>	<u>\$ 1,067</u>	<u>\$ 5,276</u>	<u>\$ 2,180,190</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Unearned property taxes	\$ 259,992	\$ 247,612	\$ 464,272	\$ -	\$ -	\$ -	\$ -	\$ 971,876
Unavailable special assessments	-	486,675	-	-	-	-	-	486,675
Due to other funds	-	-	-	1,765	-	-	-	1,765
Total Liabilities	259,992	734,287	464,272	1,765	-	-	-	1,460,316
Fund Balances:								
Unreserved	<u>59,245</u>	<u>43,280</u>	<u>606,406</u>	<u>(1,068)</u>	<u>5,668</u>	<u>1,067</u>	<u>5,276</u>	<u>719,874</u>
Total Liabilities and Fund Balances	<u>\$ 319,237</u>	<u>\$ 777,567</u>	<u>\$1,070,678</u>	<u>\$ 697</u>	<u>\$ 5,668</u>	<u>\$ 1,067</u>	<u>\$ 5,276</u>	<u>\$ 2,180,190</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2010

	Clinton Parkway Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Revenues:								
Property taxes	\$ 319,238	\$ 291,590	\$ 584,963	\$ -	\$ -	\$ -	\$ -	\$ 1,195,791
Intergovernmental:								
State grants	5,463	5,203	9,756	-	-	-	-	20,422
County shared revenues	-	-	-	20,438	35,000	-	-	55,438
	<u>5,463</u>	<u>5,203</u>	<u>9,756</u>	<u>20,438</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>75,860</u>
Special assessments	-	27,037	-	-	-	-	-	27,037
Interest	<u>3,580</u>	<u>4,273</u>	<u>20,901</u>	<u>61</u>	<u>239</u>	<u>60</u>	<u>134</u>	<u>29,248</u>
Total Revenues	<u>328,281</u>	<u>328,103</u>	<u>615,620</u>	<u>20,499</u>	<u>35,239</u>	<u>60</u>	<u>134</u>	<u>1,327,936</u>
Expenditures:								
General government:								
Other services and charges	3,438	3,086	6,309	-	-	-	-	12,833
Debt service	<u>311,233</u>	<u>261,434</u>	<u>564,884</u>	<u>44,041</u>	<u>106,540</u>	<u>23,671</u>	<u>55,160</u>	<u>1,366,963</u>
Total Expenditures	<u>314,671</u>	<u>264,520</u>	<u>571,193</u>	<u>44,041</u>	<u>106,540</u>	<u>23,671</u>	<u>55,160</u>	<u>1,379,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,610</u>	<u>63,583</u>	<u>44,427</u>	<u>(23,542)</u>	<u>(71,301)</u>	<u>(23,611)</u>	<u>(55,026)</u>	<u>(51,860)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2010

	Clinton Parkway Bond and Interest Fund	Hampstead Blvd. Bond and Interest Fund	Quisenberry Library Bond and Interest Fund	Tax Increment Financing Bond and Interest Fund - United Artists	Tax Increment Financing Bond and Interest Fund - Walmart	Tax Increment Financing Bond and Interest Fund - Parkway Center	Tax Increment Financing Bond and Interest Fund - Prugon	Total Nonmajor Debt Service Funds
Other Financing Sources (Uses):								
Transfers in	-	-	-	24,237	72,540	23,672	56,260	176,709
Transfers out	<u>(7,278)</u>	<u>(6,933)</u>	<u>(14,817)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,028)</u>
Total Other Financing Sources (Uses)	<u>(7,278)</u>	<u>(6,933)</u>	<u>(14,817)</u>	<u>24,237</u>	<u>72,540</u>	<u>23,672</u>	<u>56,260</u>	<u>147,681</u>
Net Change in Fund Balances	6,332	56,650	29,610	695	1,239	61	1,234	95,821
Fund Balances - Beginning	<u>52,913</u>	<u>(13,370)</u>	<u>576,796</u>	<u>(1,763)</u>	<u>4,429</u>	<u>1,006</u>	<u>4,042</u>	<u>624,053</u>
Fund Balances - Ending	<u>\$ 59,245</u>	<u>\$ 43,280</u>	<u>\$ 606,406</u>	<u>\$ (1,068)</u>	<u>\$ 5,668</u>	<u>\$ 1,067</u>	<u>\$ 5,276</u>	<u>\$ 719,874</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2010

	ARRA- Bridge Replacement Project Fund	ARRA- Radio Read Meter Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 9,240	\$ 279,464	\$ 299,102	\$ 39,115	\$203,056	\$ 829,977
Federal assistance receivable	<u>177,276</u>	<u>353,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,857</u>	<u>607,242</u>
Total Assets	<u>\$ 177,276</u>	<u>\$ 362,349</u>	<u>\$ 279,464</u>	<u>\$ 299,102</u>	<u>\$ 39,115</u>	<u>\$279,913</u>	<u>\$1,437,219</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 12,033	\$ 159,141	\$ -	\$ 5,742	\$ 37,671	\$ 49,104	\$ 263,691
Due to other funds	<u>165,243</u>	<u>203,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,451</u>
Total Liabilities	177,276	362,349	-	5,742	37,671	49,104	632,142
Fund Balances:							
Unreserved	<u>-</u>	<u>-</u>	<u>279,464</u>	<u>293,360</u>	<u>1,444</u>	<u>230,809</u>	<u>805,077</u>
Total Liabilities and Fund Balances	<u>\$ 177,276</u>	<u>\$ 362,349</u>	<u>\$ 279,464</u>	<u>\$ 299,102</u>	<u>\$ 39,115</u>	<u>\$279,913</u>	<u>\$1,437,219</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2010

	ARRA- Bridge Replacement Project Fund	ARRA- Radio Read Meter Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Parks and Recreation Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Revenues:							
Intergovernmental:							
Federal grants	\$ 1,526,752	\$ 80,786	\$ -	\$ -	\$ -	\$148,582	\$1,756,120
Interest	-	-	25,130	8,482	1,638	2,611	37,861
Contributions	-	-	20,400	-	-	-	20,400
Total Revenues	<u>1,526,752</u>	<u>80,786</u>	<u>45,530</u>	<u>8,482</u>	<u>1,638</u>	<u>151,193</u>	<u>1,814,381</u>
Expenditures:							
Capital Outlay	<u>1,526,752</u>	<u>1,815,938</u>	<u>1,797,294</u>	<u>20,132</u>	<u>73,216</u>	<u>148,604</u>	<u>5,381,936</u>
Total Expenditures	<u>1,526,752</u>	<u>1,815,938</u>	<u>1,797,294</u>	<u>20,132</u>	<u>73,216</u>	<u>148,604</u>	<u>5,381,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(1,735,152)</u>	<u>(1,751,764)</u>	<u>(11,650)</u>	<u>(71,578)</u>	<u>2,589</u>	<u>(3,567,555)</u>
Other Financing Sources (Uses):							
Loan proceeds - state revolving fund	-	<u>1,735,152</u>	-	-	-	-	<u>1,735,152</u>
Total Other Financing Sources (Uses)	-	<u>1,735,152</u>	-	-	-	-	<u>1,735,152</u>
Net Change in Fund Balances	-	-	(1,751,764)	(11,650)	(71,578)	2,589	(1,832,403)
Fund Balances - Beginning	-	-	<u>2,031,228</u>	<u>305,010</u>	<u>73,022</u>	<u>228,220</u>	<u>2,637,480</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,464</u>	<u>\$ 293,360</u>	<u>\$ 1,444</u>	<u>\$230,809</u>	<u>\$ 805,077</u>

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 125,000	\$ 125,000	\$ 111,603	\$ (13,397)
Interest earned	2,000	2,000	2,812	812
Donations - private sources	500	500	1,418	918
Sales	21,000	21,000	19,125	(1,875)
Other	500	500	889	389
Total Receipts	149,000	149,000	135,847	(13,153)
Beginning fund balance	93,921	129,542	129,542	-
Total Available From All Sources	<u>\$ 242,921</u>	<u>\$ 278,542</u>	<u>\$ 265,389</u>	<u>\$ (13,153)</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 37,939	\$ 37,939	\$ 37,933	\$ (6)
Supplies:				
Cost of sales	15,250	15,250	13,842	(1,408)
Other	6,100	8,100	7,548	(552)
Other services and charges	30,440	28,440	22,608	(5,832)
Total visitor center	89,729	89,729	81,931	(7,798)
Tourism promotion:				
Other services and charges	113,500	113,500	83,432	(30,068)
Total Expenditures	203,229	203,229	165,363	(37,866)
Ending fund balance	39,692	75,313	100,026	24,713
Total Expenditures and Ending Fund Balance	<u>\$ 242,921</u>	<u>\$ 278,542</u>	<u>\$ 265,389</u>	<u>\$ (13,153)</u>

CITY OF CLINTON

KATRINA CDBG GRANT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

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

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Participation receipts from U.S.				
Justice Department	\$ 57,000	\$ 5,000	\$ 5,375	\$ 375
Interest earned	-	-	1,272	1,272
Other receipts	<u>3,000</u>	<u>3,000</u>	<u>686</u>	<u>(2,314)</u>
Total Receipts	60,000	8,000	7,333	(667)
Beginning fund balance	<u>47,294</u>	<u>52,342</u>	<u>52,343</u>	<u>1</u>
Total Available From All Sources	<u>\$ 107,294</u>	<u>\$ 60,342</u>	<u>\$ 59,676</u>	<u>\$ (666)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 20,000	\$ 29,000	\$ 28,694	\$ (306)
Other services and charges	10,500	10,500	9,203	(1,297)
Capital outlay	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	50,500	39,500	37,897	(1,603)
Ending fund balance	<u>56,794</u>	<u>20,842</u>	<u>21,779</u>	<u>937</u>
Total Expenditures and Ending Fund Balance	<u>\$ 107,294</u>	<u>\$ 60,342</u>	<u>\$ 59,676</u>	<u>\$ (666)</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 5,463	\$ 5,463
Interest earned	-	-	3,580	3,580
Total receipts, other than taxes	-	-	9,043	9,043
Beginning fund balance	54,909	47,187	47,187	-
Total available, other than taxes	54,909	47,187	56,230	9,043
Ad valorem taxes to be provided by levy	321,334	321,334	319,787	(1,547)
Total Available From All Sources	\$ 376,243	\$ 368,521	\$ 376,017	\$ 7,496
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,829	\$ 3,829	\$ 3,438	\$ (391)
Debt service	311,688	311,688	311,233	(455)
Transfers to other funds	7,278	7,278	7,278	-
Total Expenditures	322,795	322,795	321,949	(846)
Ending fund balance	53,448	45,726	54,068	8,342
Total Expenditures and Ending Fund Balance	\$ 376,243	\$ 368,521	\$ 376,017	\$ 7,496

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 65,000	\$ -	\$ -	\$ -
Homestead exemption reimbursement	-	-	5,203	5,203
Interest earned	-	-	4,273	4,273
Special assessments	28,930	28,930	27,037	(1,893)
Total receipts, other than taxes	93,930	28,930	36,513	7,583
Beginning fund balance	-	(18,830)	(18,827)	3
Total available, other than taxes	93,930	10,100	17,686	7,586
Ad valorem taxes to be provided by levy	306,033	306,033	292,103	(13,930)
Total Available From All Sources	<u>\$ 399,963</u>	<u>\$ 316,133</u>	<u>\$ 309,789</u>	<u>\$ (6,344)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,647	\$ 3,647	\$ 3,086	\$ (561)
Debt service	297,669	297,669	261,434	(36,235)
Transfers	6,933	6,933	6,933	-
Total Expenditures	308,249	308,249	271,453	(36,796)
Ending fund balance	91,714	7,884	38,336	30,452
Total Expenditures and Ending Fund Balance	<u>\$ 399,963</u>	<u>\$ 316,133</u>	<u>\$ 309,789</u>	<u>\$ (6,344)</u>

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 9,756	\$ 9,756
Interest earned	-	-	20,901	20,901
Total receipts, other than taxes	-	-	30,657	30,657
Beginning fund balance	508,245	565,135	565,135	-
Total available, other than taxes	508,245	565,135	595,792	30,657
Ad valorem taxes to be provided by levy	573,810	573,810	587,365	13,555
Total Available From All Sources	<u>\$ 1,082,055</u>	<u>\$ 1,138,945</u>	<u>\$ 1,183,157</u>	<u>\$ 44,212</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 6,838	\$ 6,838	\$ 6,309	\$ (529)
Debt service	568,884	568,884	564,884	(4,000)
Transfers to other funds	14,817	14,817	14,817	-
Total Expenditures	590,539	590,539	586,010	(4,529)
Ending fund balance	491,516	548,406	597,147	48,741
Total Expenditures and Ending Fund Balance	<u>\$ 1,082,055</u>	<u>\$ 1,138,945</u>	<u>\$ 1,183,157</u>	<u>\$ 44,212</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 24,237	\$ 24,237	\$ 24,237	\$ -
Receipt from Hinds County	21,175	21,175	20,438	(737)
Interest earned	-	-	61	61
Total Receipts	<u>45,412</u>	<u>45,412</u>	<u>44,736</u>	<u>(676)</u>
Beginning fund balance	<u>-</u>	<u>(1,763)</u>	<u>(1,763)</u>	<u>-</u>
Total Available From All Sources	<u>\$ 45,412</u>	<u>\$ 43,649</u>	<u>\$ 42,973</u>	<u>\$ (676)</u>
<u>EXPENDITURES</u>				
Debt service	\$ 44,050	\$ 44,050	\$ 44,041	\$ (9)
Total Expenditures	<u>44,050</u>	<u>44,050</u>	<u>44,041</u>	<u>(9)</u>
Ending fund balance	<u>1,362</u>	<u>(401)</u>	<u>(1,068)</u>	<u>(667)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 45,412</u>	<u>\$ 43,649</u>	<u>\$ 42,973</u>	<u>\$ (676)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 72,540	\$ 72,540	\$ 72,540	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	239	239
Total Receipts	<u>107,540</u>	<u>107,540</u>	<u>107,779</u>	<u>239</u>
Beginning fund balance	<u>3,162</u>	<u>4,429</u>	<u>4,429</u>	<u>-</u>
Total Available From All Sources	<u>\$ 110,702</u>	<u>\$ 111,969</u>	<u>\$ 112,208</u>	<u>\$ 239</u>
<u>EXPENDITURES</u>				
Debt service	\$ 107,540	\$ 107,540	\$ 106,540	\$ (1,000)
Total Expenditures	<u>107,540</u>	<u>107,540</u>	<u>106,540</u>	<u>(1,000)</u>
Ending fund balance	<u>3,162</u>	<u>4,429</u>	<u>5,668</u>	<u>1,239</u>
Total Expenditures and Ending Fund Balance	<u>\$ 110,702</u>	<u>\$ 111,969</u>	<u>\$ 112,208</u>	<u>\$ 239</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 23,672	\$ 23,672	\$ 23,672	\$ -
Interest earned	-	-	60	60
Total Receipts	23,672	23,672	23,732	60
Beginning fund balance	935	1,006	1,006	-
Total Available From All Sources	<u>\$ 24,607</u>	<u>\$ 24,678</u>	<u>\$ 24,738</u>	<u>\$ 60</u>
<u>EXPENDITURES</u>				
Debt service	\$ 23,671	\$ 23,671	\$ 23,671	\$ -
Total Expenditures	23,671	23,671	23,671	-
Ending fund balance	936	1,007	1,067	60
Total Expenditures and Ending Fund Balance	<u>\$ 24,607</u>	<u>\$ 24,678</u>	<u>\$ 24,738</u>	<u>\$ 60</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 56,260	\$ 56,260	\$ 56,260	\$ -
Interest earned	<u>-</u>	<u>-</u>	<u>134</u>	<u>134</u>
Total receipts	56,260	56,260	56,394	134
Beginning fund balance	<u>4,144</u>	<u>4,144</u>	<u>4,042</u>	<u>(102)</u>
Total Available From All Sources	<u>\$ 60,404</u>	<u>\$ 60,404</u>	<u>\$ 60,436</u>	<u>\$ 32</u>
<u>EXPENDITURES</u>				
Debt service	\$ 56,260	\$ 56,260	\$ 55,160	\$ (1,100)
Total Expenditures	56,260	56,260	55,160	(1,100)
Ending fund balance	<u>4,144</u>	<u>4,144</u>	<u>5,276</u>	<u>1,132</u>
Total Expenditures and Ending Fund Balance	<u>\$ 60,404</u>	<u>\$ 60,404</u>	<u>\$ 60,436</u>	<u>\$ 32</u>

CITY OF CLINTON

ARRA - BRIDGE REPLACEMENT PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 1,500,000	\$ 1,514,719	\$ 1,349,476	\$ (165,243)
Total Receipts	1,500,000	1,514,719	1,349,476	(165,243)
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ 1,500,000</u>	<u>\$ 1,514,719</u>	<u>\$ 1,349,476</u>	<u>\$ (165,243)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,500,000	\$ 1,514,719	\$ -	\$ (1,514,719)
Capital outlay	-	-	1,526,752	1,526,752
Total Expenditures	1,500,000	1,514,719	1,526,752	12,033
Ending fund balance	-	-	(177,276)	(177,276)
Total Expenditures and Ending Fund Balance	<u>\$ 1,500,000</u>	<u>\$ 1,514,719</u>	<u>\$ 1,349,476</u>	<u>\$ (165,243)</u>

CITY OF CLINTON

ARRA - RADIO READ METER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 1,589,557	\$ 80,786	\$ (1,508,771)
Loan proceeds - State of Mississippi	-	-	1,382,043	1,382,043
Total Receipts	-	1,589,557	1,462,829	(126,728)
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 1,589,557</u>	<u>\$ 1,462,829</u>	<u>\$ (126,728)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 1,589,557	\$ -	\$ (1,589,557)
Capital outlay	-	-	1,649,557	1,649,557
Total Expenditures	-	1,589,557	1,649,557	60,000
Ending fund balance	-	-	(186,728)	(186,728)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,589,557</u>	<u>\$ 1,462,829</u>	<u>\$ (126,728)</u>

CITY OF CLINTON

ARRA - SOLID WASTE REMOVAL PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 1,900,000	\$ 1,486,024	\$ (413,976)
Total Receipts	-	1,900,000	1,486,024	(413,976)
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 1,900,000	\$ 1,486,024	\$ (413,976)
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 1,900,000	\$ -	\$ (1,900,000)
Capital outlay	-	-	1,900,000	1,900,000
Total Expenditures	-	1,900,000	1,900,000	-
Ending fund balance	-	-	(413,976)	(413,976)
Total Expenditures and Ending Fund Balance	\$ -	\$ 1,900,000	\$ 1,486,024	\$ (413,976)

CITY OF CLINTON
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 6,400	\$ 8,482	\$ 2,082
Total Receipts	-	6,400	8,482	2,082
Beginning fund balance	<u>42,754</u>	<u>305,010</u>	<u>305,010</u>	<u>-</u>
Total Available From All Sources	<u>\$ 42,754</u>	<u>\$ 311,410</u>	<u>\$ 313,492</u>	<u>\$ 2,082</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 42,754	\$ 19,200	\$ -	\$ (19,200)
Capital outlay	-	-	19,391	19,391
Total Expenditures	<u>42,754</u>	<u>19,200</u>	<u>19,391</u>	<u>191</u>
Ending fund balance	<u>-</u>	<u>292,210</u>	<u>294,101</u>	<u>1,891</u>
Total Expenditures and Ending Fund Balance	<u>\$ 42,754</u>	<u>\$ 311,410</u>	<u>\$ 313,492</u>	<u>\$ 2,082</u>

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 1,400	\$ 1,637	\$ 237
Total Receipts	-	1,400	1,637	237
Beginning fund balance	<u>1,539</u>	<u>73,022</u>	<u>73,022</u>	<u>-</u>
Total Available From All Sources	<u>\$ 1,539</u>	<u>\$ 74,422</u>	<u>\$ 74,659</u>	<u>\$ 237</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,539	\$ 74,422	\$ -	\$ (74,422)
Capital outlay	<u>-</u>	<u>-</u>	<u>73,215</u>	<u>73,215</u>
Total Expenditures	1,539	74,422	73,215	(1,207)
Ending fund balance	<u>-</u>	<u>-</u>	<u>1,444</u>	<u>1,444</u>
Total Expenditures and Ending Fund Balance	<u>\$ 1,539</u>	<u>\$ 74,422</u>	<u>\$ 74,659</u>	<u>\$ 237</u>

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 600,000	\$ 600,000	\$ 288,862	\$ (311,138)
Interest earned	-	-	2,611	2,611
Total Receipts	600,000	600,000	291,473	(308,527)
Beginning fund balance	-	11,083	11,083	-
Total Available From All Sources	<u>\$ 600,000</u>	<u>\$ 611,083</u>	<u>\$ 302,556</u>	<u>\$ (308,527)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Other services and charges	100,000	100,000	-	(100,000)
Capital outlay	-	-	114,622	114,622
Total Expenditures	600,000	600,000	114,622	(485,378)
Ending fund balance	-	11,083	187,934	176,851
Total Expenditures and Ending Fund Balance	<u>\$ 600,000</u>	<u>\$ 611,083</u>	<u>\$ 302,556</u>	<u>\$ (308,527)</u>

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Donation - private source	\$ -	\$ 20,400	\$ 20,400	\$ -
Other receipts	-	23,000	25,130	2,130
Total Receipts	-	43,400	45,530	2,130
Beginning fund balance	<u>2,152,865</u>	<u>2,330,715</u>	<u>2,330,715</u>	<u>-</u>
Total Available From All Sources	<u>\$ 2,152,865</u>	<u>\$ 2,374,115</u>	<u>\$ 2,376,245</u>	<u>\$ 2,130</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 2,152,865	\$ 2,274,115	\$ -	\$ (2,274,115)
Capital outlay	-	-	2,096,781	2,096,781
Total Expenditures	2,152,865	2,274,115	2,096,781	(177,334)
Ending fund balance	<u>-</u>	<u>100,000</u>	<u>279,464</u>	<u>179,464</u>
Total Expenditures and Ending Fund Balance	<u>\$ 2,152,865</u>	<u>\$ 2,374,115</u>	<u>\$ 2,376,245</u>	<u>\$ 2,130</u>

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2010

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

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receivable (Deferred) at October 1, 2009	Receipts	Receivable (Deferred) at September 30, 2010	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Passed Through Mississippi Development Authority:							
Community Development Block Grants/State's Program	14.228	R-103-147-01-KED	14,779	-	1,600	-	1,600
U.S. DEPARTMENT OF JUSTICE							
Direct:							
Federal Equitable Sharing Program	16.MS0250300	MS0250300	-	(52,343)	5,375	(21,779)	35,939
Direct:							
Bulletproof Vest Partnership Program	16.607	N/A	-	-	625	-	625
Total U.S. Department of Justice				(52,343)	6,000	(21,779)	36,564
U.S. DEPARTMENT OF TRANSPORTATION							
Passed Through Mississippi Department of Transportation:							
Highway Planning and Construction	20.205	STPD-7306-00(004) 104102-801000	2,475,000	217,137	288,862	76,857	148,582
ARRA-Highway Planning and Construction	20.205	STP-0025-00(033) 105586-701000	1,722,105	-	1,522,196	177,276	1,699,472
				217,137	1,811,058	254,133	1,848,054
Passed Through Mississippi Department of Public Safety:							
State and Community Highway Safety	20.600	09RS2061	49,500	23,535	23,535	-	-
	20.600	10RS2061	120,681	-	116,521	4,160	120,681
				23,535	140,056	4,160	120,681
Passed Through Mississippi Department of Public Safety:							
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	09TA2061	21,751	639	639	-	-
	20.601	10TA2061	30,350	-	18,510	11,840	30,350
				639	19,149	11,840	30,350
Total U.S. Department of Transportation				241,311	1,970,263	270,133	1,999,085

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receivable (Deferred) at October 1, 2009</u>	<u>Receipts</u>	<u>Receivable (Deferred) at September 30, 2010</u>	<u>Expenditures</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Passed Through Mississippi Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280805-04-0-ARSR	1,900,000	190,400	190,400	1,064,881	1,064,881
ARRA-Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280805-04-0-ARSR	1,900,000	-	1,486,024	413,976	1,900,000
				190,400	1,676,424	1,478,857	2,964,881
Passed Through Mississippi Department of Health: Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-H280-088-02	175,644	-	175,644	-	175,644
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-H280-088-02	1,920,453	-	1,462,829	353,109	1,815,938
				-	1,638,473	353,109	1,991,582
Total U.S. Environmental Protection Agency				190,400	3,314,897	1,831,966	4,956,463
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1604-DR-MS	548,102	1,030	-	1,030	-
	97.036	FEMA-1764-DR-MS	186,350	9,747	-	9,747	-
				10,777	-	10,777	-
Direct: Assistance to Firefighters Grant	97.044	EMW-2008-FO-04733	288,000	-	288,000	-	288,000
Total U.S. Department of Homeland Security				10,777	288,000	10,777	288,000
Grand Total - All Programs				\$ 390,145	\$ 5,580,760	\$ 2,091,097	\$ 7,281,712

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

Expenditures of federal awards per schedule	\$ 7,281,712
Loan proceeds reflected as a liability in financial statements	(2,975,677)
Federal grant revenue per government-wide financial statements	\$ 4,306,035

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

Non-cash expenditures:

The expenditures for the ARRA-Highway Planning and Construction award include non-cash engineering services totaling \$172,720 that were provided by the pass-through grantor.

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	106-110
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property taxes.	111-114
Debt Capacity	
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	115-119
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	120-121
Operating Information	
These schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	122-124

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

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

	Fiscal Year							
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities								
Invested in capital assets, net of related debt	\$53,347,815	\$52,779,694	\$53,845,605	\$54,470,872	\$30,967,159	\$27,169,774	\$26,861,069	\$24,091,123
Restricted for:								
Capital projects	-	-	-	-	-	-	-	89,890
Debt service	1,135,099	1,063,256	924,770	27,463	104,783	117,890	216,422	224,243
Economic development	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	7,022	16,721
Unrestricted	(473,508)	(673,005)	(810,946)	(725,237)	434,830	207,107	(835,299)	(404,180)
Total governmental activities net assets	54,125,530	53,302,144	54,120,349	53,915,595	31,613,253	27,592,406	26,378,210	24,221,734
Business-type activities								
Invested in capital assets, net of related debt	\$15,086,377	\$12,044,591	\$12,087,642	\$11,696,661	\$11,414,089	\$12,223,511	\$13,158,192	\$13,389,320
Restricted for:								
Capital projects	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	912,779
Debt service	262,504	251,896	148,252	153,187	153,507	158,313	156,890	157,817
Unrestricted	2,896,713	2,647,785	2,004,915	1,776,539	1,317,923	1,517,795	1,908,061	2,380,699
Total business-type activities net assets	\$ 18,957,445	\$ 15,649,832	\$ 14,964,972	\$ 14,333,465	\$ 13,594,635	\$ 14,636,740	\$ 16,281,163	\$ 16,840,615
Primary government								
Invested in capital assets, net of related debt	\$ 68,434,192	\$ 64,824,285	\$ 65,933,247	\$ 66,167,533	\$ 42,381,248	\$ 39,393,285	\$ 40,019,261	\$ 37,480,443
Restricted for:								
Capital projects	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	1,002,669
Debt service	1,397,603	1,315,152	1,073,022	180,650	258,290	276,203	373,312	382,060
Economic development	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	7,022	16,721
Unrestricted	2,423,205	1,974,780	1,193,969	1,051,302	1,752,753	1,724,902	1,072,762	1,976,519
Total primary government net assets	\$ 73,082,975	\$ 68,951,976	\$ 69,085,321	\$ 68,249,060	\$ 45,207,888	\$ 42,229,146	\$ 42,659,373	\$ 41,062,349

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

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

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

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

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

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

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

	Fiscal Year									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund										
Reserved for encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,361,631	913,471	1,032,351	1,178,097	2,163,452	1,659,269	1,859,017	1,994,892	2,330,866	2,970,518
Total general fund	\$ 1,361,631	\$ 913,471	\$ 1,032,351	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269	\$ 1,859,017	\$ 1,994,892	\$ 2,330,866	\$ 2,970,518
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	116,124	132,199	160,920	142,467	106,463	97,635	136,018	220,658	136,325	155,088
Debt service funds	719,874	624,053	469,920	45,546	125,103	236,469	216,422	224,243	298,845	334,231
Capital projects fund	805,077	2,637,480	8,217,203	735,457	2,321,412	3,397,029	(25,828)	602,561	377,504	409,202
Total all other governmental funds	\$ 1,641,075	\$ 3,393,732	\$ 8,848,043	\$ 923,470	\$ 2,552,978	\$ 3,731,133	\$ 326,612	\$ 1,047,462	\$ 812,674	\$ 898,521

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Property taxes	\$ 7,429,215	\$ 7,406,762	\$ 6,180,193	\$ 5,592,004	\$ 6,140,451	\$ 6,333,652	\$ 5,794,411	\$ 5,374,263	\$ 5,029,178	\$ 4,828,605
Licenses and permits	845,985	833,155	926,357	858,179	1,038,820	888,356	774,470	742,239	691,101	742,144
Intergovernmental	9,154,734	6,253,242	6,168,178	5,820,982	7,949,043	4,989,247	5,637,951	4,879,358	4,029,531	7,719,466
Charges for services	93,350	87,574	122,907	117,205	87,287	66,869	41,667	16,580	20,860	10,542
Fines and forfeitures	508,806	521,252	597,229	469,583	481,673	301,558	236,263	292,447	348,818	259,239
Special assessments	27,037	27,037	-	-	-	-	-	-	-	-
Interest	109,542	237,135	125,436	181,606	104,738	140,371	80,273	104,734	62,345	160,595
Contributions	37,175	26,844	170,301	74,521	10,363	36,163	186,727	-	-	-
Miscellaneous	63,023	264,221	179,466	184,570	235,656	183,002	200,672	197,067	207,742	180,526
Total revenues	18,268,867	15,657,222	14,470,067	13,298,650	16,048,031	12,939,218	12,952,434	11,606,688	10,389,575	13,901,117
Expenditures										
General government	1,121,351	1,329,550	1,278,437	1,324,171	1,259,455	1,248,345	1,182,998	1,086,016	939,228	833,165
Public safety	6,763,551	6,943,292	6,708,614	6,949,936	6,678,961	6,327,787	5,858,567	5,315,644	5,172,978	4,761,558
Public works	1,826,058	1,843,458	1,821,997	1,793,781	1,766,389	1,670,618	1,534,478	1,435,214	1,260,670	1,070,560
Culture and recreation	1,219,791	1,279,317	1,271,219	1,255,120	1,116,715	999,511	850,225	701,510	676,953	646,000
Economic development	314,068	345,591	231,360	381,262	147,232	148,190	144,742	135,315	125,034	158,261
Miscellaneous	-	-	-	-	-	-	-	-	65,651	52,238
Debt service: Principal	1,463,656	1,357,111	941,078	1,213,184	1,058,352	1,448,231	891,152	820,284	823,129	819,086
Interest and fiscal charges	897,861	947,420	767,730	284,171	792,319	561,584	355,332	404,965	450,412	466,144
Capital outlay	8,213,953	7,371,931	1,837,775	3,056,758	8,987,111	7,100,155	3,480,012	2,059,423	1,611,652	6,892,887
Total expenditures	21,820,289	21,417,670	14,858,210	16,258,383	21,806,534	19,504,421	14,297,506	11,958,371	11,125,707	15,699,899
Excess of revenues over (under) expenditures	(3,551,422)	(5,760,448)	(388,143)	(2,959,733)	(5,758,503)	(6,565,203)	(1,345,072)	(351,683)	(736,132)	(1,798,782)
Other Financing Sources (Uses)										
Capital lease proceeds	437,082	187,257	166,970	-	-	1,058,461	241,740	244,593	-	646,442
Loan proceeds	1,735,152	-	-	-	-	7,750,000	-	-	-	-
Proceeds from sale of capital assets	74,591	-	-	-	-	-	-	10,060	11,285	-
Bond issue proceeds	-	-	8,000,000	485,000	3,870,000	-	250,000	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-
Operating transfers in	176,709	179,256	840,068	830,291	1,335,930	1,065,140	165,814	540,502	163,036	151,756
Operating transfers out	(176,709)	(179,256)	(840,068)	(970,427)	(457,770)	(103,625)	(169,207)	(544,658)	(163,036)	(148,873)
Total other financing sources (uses)	2,246,825	187,257	8,166,970	344,864	4,748,160	9,769,976	488,347	250,497	11,285	649,325
Net change in fund balance	\$ (1,304,597)	\$ (5,573,191)	\$ 7,778,827	\$ (2,614,869)	\$ (1,010,343)	\$ 3,204,773	\$ (856,725)	\$ (101,186)	\$ (724,847)	\$ (1,149,457)
Debit service as a percentage of noncapital expenditures	17.4%	16.4%	13.1%	11.3%	14.4%	16.2%	11.5%	12.4%	13.4%	14.6%

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

Fiscal Year	Residential Property	Commercial Property	Personal Property	Public Utilities And Automobiles	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value of Taxable Property
2010	\$ 81,423,405	\$ 60,739,184	\$ 16,169,896	\$ 45,579,140	\$ 13,995,973	189,915,652	38.74	1,338,931,987
2009	80,434,868	58,550,795	17,684,799	45,440,463	12,879,933	189,230,992	38.74	1,335,254,853
2008	59,165,987	44,886,013	19,591,360	46,949,701	11,912,549	158,680,512	38.74	1,058,882,537
2007	57,797,679	44,014,707	17,810,025	50,433,045	11,577,107	158,478,349	35.74	1,042,480,750
2006	63,525,005	46,639,628	16,710,810	47,487,431	11,782,303	162,580,571	35.74	1,098,054,710
2005	61,364,882	47,867,460	15,884,613	45,539,653	12,869,729	157,786,879	35.74	1,061,764,193
2004	65,593,266	41,425,915	15,146,681	45,741,111	12,662,371	155,244,602	35.74	1,058,929,960
2003	63,584,907	38,980,962	16,086,360	43,968,434	12,263,714	150,356,949	35.74	1,026,888,857
2002	54,638,448	33,553,411	17,366,682	42,805,846	11,188,605	137,175,782	35.74	916,651,870
2001	52,816,966	31,126,402	13,906,877	41,171,367	10,484,039	128,537,573	35.74	860,789,020

(1) Source: Hinds County Tax Assessor.

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

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

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

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

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

Fiscal Year	City of Clinton			Overlapping Rates (a)			Total
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Clinton Public School District	Hinds County (1)	Total	
2010	31.95	6.28	0.51	38.74	54.57	37.33	130.64
2009	31.33	6.70	0.71	38.74	54.57	37.33	130.64
2008	32.82	5.05	0.87	38.74	54.57	39.12	132.43
2007	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2006	33.67	1.50	0.57	35.74	54.57	39.12	129.43
2005	33.54	1.90	0.30	35.74	54.57	39.12	129.43
2004	33.28	2.25	0.21	35.74	54.57	39.12	129.43
2003	33.28	2.35	0.11	35.74	51.82	37.41	124.97
2002	32.90	2.35	0.49	35.74	52.22	37.41	125.37
2001	31.55	3.70	0.49	35.74	52.82	35.41	123.97

(1) Source: Hinds County Chancery Clerk.

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

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

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

<u>Name of Taxpayer</u>	<u>2009 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2003 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Entergy	10,641,609	1	6.79%	7,133,081	1	5.98%
Delphi Automotive Systems	3,102,017	2	1.98%	5,203,792	3	4.36%
SC Clinton MS LLC	2,865,290	3	1.83%	0	0	0.00%
Reserve at Woodchase	2,090,316	4	1.33%	1,777,817	7	1.49%
Wal-Mart Stores	1,684,723	5	1.08%	3,553,878	4	2.98%
BellSouth	1,605,731	6	1.03%	1,846,289	6	1.55%
Clinton Assisted Living	1,145,832	7	0.73%	1,058,122	9	0.89%
CA New Plan Venture	1,030,021	8	0.66%	0		0.00%
Home Depot, USA	977,394	9	0.62%	0	0	0.00%
Ridgeview West LLC	585,078	10	0.37%	0		0.00%
MCI, Inc.	0		0.00%	568,561	2	4.77%
EDS Information Systems	0		0.00%	2,542,673	5	2.13%
Gulf States Cannery	529,568		0.34%	1,615,347	8	1.35%
Leon V Ghetti	<u>0</u>		<u>0.00%</u>	<u>887,652</u>	<u>10</u>	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers	26,257,579		16.77%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	<u>130,357,348</u>		<u>83.23%</u>	<u>87,991,093</u>		<u>73.76%</u>
Total taxable assessed value of all taxpayers	<u><u>156,614,927</u></u>		<u><u>100.00%</u></u>	<u><u>119,295,360</u></u>		<u><u>100.00%</u></u>

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

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

Fiscal Year	Total Tax Levy (2)	Collected Within Year for Which Levied	Percent of Levy	Collected in Subsequent Years	Total Collections To Date	Total Collections To Date as a % of Levy
2010	\$ 7,357,332	\$ 7,353,261	99.9%	\$ 0	\$ 7,353,261	99.9%
2009	7,305,271	7,303,422	99.9%	1,849	7,305,271	100.0%
2008	6,147,283	6,058,013	98.5%	55,930	6,113,943	99.5%
2007	5,631,744	5,507,544	97.8%	59,657	5,567,201	98.9%
2006	5,794,159	5,559,586	96.0%	40,931	5,600,517	96.7%
2005	5,776,372	5,675,721	98.3%	42,935	5,718,656	99.0%
2004	5,167,135	5,139,047	99.5%	28,088	5,167,135	100.0%
2003	5,001,308	4,944,411	98.9%	34,502	4,978,913	99.6%
2002	4,602,709	4,547,684	98.8%	32,415	4,580,099	99.5%
2001	4,302,807	4,260,669	99.0%	37,854	4,298,523	99.9%

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

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

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Incremental Limited Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases			
2010	\$ 10,759,698	\$ 1,569,500	\$ 7,266,217	\$ 823,658	\$ 1,220,302	\$ 495,000	\$ 15,771,033	\$ 118,775	\$ 38,024,183	3.92%	\$ 1,508
2009	11,423,829	1,705,500	7,633,026	683,292	1,421,171	600,000	13,691,741	165,345	37,323,904	3.68%	1,418
2008	12,054,092	1,841,000	7,973,665	746,743	1,610,908	700,000	14,371,561	229,294	39,527,263	3.97%	1,497
2007	4,414,923	1,960,000	8,191,085	823,600	1,790,077	795,000	15,216,424	260,044	33,451,153	3.36%	1,267
2006	5,195,000	1,554,000	8,357,834	1,010,958	1,515,000	885,000	15,811,793	304,235	34,633,820	3.48%	1,312
2005	1,550,000	1,632,000	8,439,154	1,214,990	1,655,000	970,000	13,859,057	275,194	29,595,395	2.98%	1,184
2004	1,760,000	1,705,000	767,394	803,520	1,795,000	1,055,000	12,207,162	264,880	20,357,956	2.05%	814
2003	1,960,000	1,515,000	843,720	706,606	1,930,000	1,135,000	12,607,261	223,401	20,920,988	2.10%	896
2002	2,150,000	1,570,000	916,854	584,163	1,400,000	1,210,000	12,241,507	136,831	20,209,355	2.03%	866
2001	2,380,000	1,620,000	987,432	716,714	2,165,000	1,280,000	11,644,775	235,085	21,029,006	2.11%	901

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

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

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

See Schedule 14 for personal income and population data.

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

Fiscal Year	Popula- tion (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonds (3, 4)	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita (5)
2010	25,216	\$ 1,338,931,987	\$ 11,980,000	0.89%	\$ 475
2009	26,313	1,335,254,853	12,845,000	0.96%	488
2008	** 26,400	1,058,882,537	13,665,000	1.29%	518
2007	** 26,400	1,042,480,750	6,205,000	0.60%	235
2006	** 26,400	1,098,054,710	6,710,000	0.61%	254
2005	* 25,000	1,061,764,193	3,205,000	0.30%	128
2004	* 25,000	1,058,929,960	3,555,000	0.34%	142
2003	23,347	1,026,888,857	3,890,000	0.38%	167
2002	23,347	916,651,870	4,200,000	0.46%	180
2001	23,347	860,789,020	4,545,000	0.53%	195

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

** Estimated by the Central Mississippi Planning and Development District

(1) Source: United States Census Bureau.

(2) See Schedule 5

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

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

(5) See Schedule 14

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

**Schedule 11
City of Clinton
Direct and Overlapping Governmental Activities Debt
As of September 30, 2009**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Clinton (1)</u>	<u>Amount Applicable to City of Clinton</u>
Overlapping:			
Clinton Separate School District	\$ 20,880,000	84.3% (1)	17,601,802
Hinds County	\$ 47,760,000	11.6% (1)	<u>5,558,474</u>
			<u>23,160,276</u>
Direct:			
City of Clinton	\$ 10,759,698 *	100.0%	<u>\$ 10,759,698</u>
Total Direct and Overlapping Debt			<u><u>\$ 33,919,974</u></u>

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

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

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

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
AUTHORIZED DEBT LIMIT 15% RULE										
Assessed value of taxable property	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538
Debt limitation - 15% of net assessed value	30,587	30,317	25,589	25,508	26,154	25,599	23,286	22,978	20,576	19,281
Less subject indebtedness:										
General obligation bond	10,760	11,424	12,054	4,415	5,195	1,550	1,760	1,960	2,150	2,380
Tax increment limited obligation bonds	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515	1,570	1,620
Legal debt margin under 15 percent rule	\$ 18,258	\$ 17,188	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821	\$ 19,503	\$ 16,856	\$ 15,281
AUTHORIZED DEBT LIMIT 20% RULE										
Assessed value of taxable property	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189	\$ 137,176	\$ 128,538
Debt limitation - 20% of net assessed value	\$ 40,782	\$ 40,422	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049	\$ 30,638	\$ 27,435	\$ 25,708
Less subject indebtedness:										
General obligation bond	11,980	12,845	13,665	6,205	6,710	3,205	3,555	3,890	4,200	4,545
Tax increment limited obligation bonds	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515	1,570	1,620
Other	942	849	976	1,084	1,315	1,490	1,068	930	720	952
Legal debt margin under 20 percent rule	\$ 26,291	\$ 25,023	\$ 17,637	\$ 24,762	\$ 25,294	\$ 27,804	\$ 24,721	\$ 24,303	\$ 20,945	\$ 18,591
Total net debt applicable to the limit as a percentage of debt limit 15% rule	40.31%	43.31%	54.30%	24.99%	25.80%	12.43%	14.88%	15.12%	18.08%	20.75%
Total net debt applicable to the limit as a percentage of debt limit 20% rule	35.53%	38.10%	48.31%	27.19%	27.47%	18.54%	20.38%	20.68%	23.66%	27.68%

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

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

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

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

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

Fiscal Year	Water and Sewer Revenue Bonds						Tax Increment Financing Bonds				Notes Payable to State of Mississippi			
	Revenues	Less: Expenses (1)	Net Available Revenue	Debt Service		Coverage	Incremental Property Taxes Collected (2)	Debt Service		Coverage	Sales Tax (3)	Debt Service		Coverage
				Principal	Interest			Principal	Interest			Principal	Interest	
2010	\$ 6,310	\$ 3,844	2,466	\$ 105	\$ 31	18.13	\$ 233	\$ 136	\$ 92	1.02	\$ 4,078	\$ 1,263	\$ 663	2.12
2009	5,985	4,077	1,908	100	37	13.93	235	136	101	0.99	4,205	1,211	704	2.20
2008	5,769	4,217	1,552	95	42	11.33	230	120	106	1.02	4,305	1,062	741	2.39
2007	5,341	4,127	1,214	90	47	8.86	165	79	86	1.00	4,152	897	730	2.55
2006	4,638	4,111	527	85	51	3.88	169	78	91	1.00	4,017	726	881	2.50
2005	4,435	3,888	547	85	55	3.91	154	73	90	0.94	3,337	653	410	3.14
2004	4,314	3,696	618	80	59	4.45	149	60	87	1.01	3,294	603	166	4.28
2003	4,247	3,575	672	75	63	4.87	147	55	91	1.01	3,341	573	87	5.06
2002	4,162	3,605	557	70	67	4.07	145	50	94	1.01	3,083	282	93	8.22
2001	3,934	3,124	810	65	70	6.00	111	15	91	1.05	3,214	136	98	13.74

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

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

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

Fiscal Year	Population (1)	Per Capita Income (4) **	Total Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (4)
2010	25,216	\$ 38,502	970,866,432	35.2	14.1	4,509	8.8%
2009	26,313	\$ 38,502	1,013,103,126	35.2	14.1	4,635	7.9%
2008	26,400	\$ 37,679	994,725,600	33.1	14.1	4,718	4.1%
2007	26,400	\$ 36,292	958,108,800	33.1	14.1	4,752	5.3%
2006	26,400	\$ 33,579	886,485,600	33.1	14.1	4,859	5.0%
2005 *	25,000	\$ 33,579	839,475,000	33.1	14.1	4,956	7.2%
2004 *	25,000	\$ 31,054	776,350,000	33.1	14.1	4,835	5.0%
2003	23,347	\$ 28,965	676,256,174	33.1	14.1	4,956	3.7%
2002	23,347	\$ 28,013	654,017,410	33.1	14.1	4,847	5.1%
2001	23,347	\$ 27,197	634,968,359	33.1	14.1	4,887	4.2%

(1) Source: United States Census Bureau.

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

(3) Source: Clinton Public School District.

(4) Source: Mississippi Employment Security Commission.

Notes:

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

** Applicable to Hinds County.

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

<u>Employer</u>	<u>2010</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
MCI/Skytel	-	0.00%	1,148	8.21%
Delphi Corporation	-	0.00%	1,135	8.12%
Clinton Public School District	550	4.22%	600	4.29%
Wal-Mart SuperCenter	520	3.99%	500	3.58%
Mississippi College	450	3.45%	450	3.22%
City of Clinton	218	1.67%	201	1.44%
Kroger	138	1.06%	130	0.93%
Winn-Dixie Stores, Inc.	-	0.00%	110	0.79%
Verizon	242	1.86%	-	0.00%
FEMA	175	1.34%	-	0.00%
Reznick Insurance	123	0.94%	-	0.00%
Home Depot	143	1.10%	-	0.00%
Total	2,559	19.62%	4,274	30.57%

Source: City of Clinton Economic Development Department

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

Information for this schedule was not available prior to 2005.

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

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

Source: City Clerk Office

Notes:

1. Due to annexation during 2004 the Fire, Police, and Public Works departments were granted additional staff.
2. Only nine years of data were readily available for this schedule.

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

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

* Information not available.

Sources: Various city departments

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

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

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

Sources: Various city departments

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

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

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PUBLIC ACCOUNTANTS

**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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

(Continued)

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 15, 2011.

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.

Thom, Brown & Rouse Co.

March 15, 2011

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Clinton, Mississippi (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

(Continued)

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Tamm, Brown & Russ Co.

March 15, 2011

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

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

We have audited the accompanying financial statements of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures disclosed no material instances of noncompliance with state laws and regulations. However, we noted certain matters that we reported to management of the City in a separate letter dated March 15, 2011.

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

Tann, Brown & Russ Co.

March 15, 2011

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	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

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended September 30, 2010

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, 2010

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2009.