

CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2012

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2012

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INTRODUCTORY SECTION

ALDERMEN
Tony Hlsaw
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 Cashlon
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 19, 2013

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, 2012. 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, 2012 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, 2012 are fairly presented in conformity with GAAP. The auditor's report is presented as the first item of the Financial Section of this report.

All funds and account groups of the City are included in the 2012 CAFR.

We recommend that you carefully read Management's Discussion and Analysis found on pages 3 through 11 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 73 through 75. For all other governmental funds, this comparison is presented on pages 88 through 103.

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 5,070 students' with more than 80 areas of study, 16 graduate degree programs, a doctor of jurisprudence degree, a doctor of education leadership degree, and a doctor of professional counseling degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,637 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 \$49.3 million for 2012. 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. For the year ended September 30, 2012, property taxes represented 55 percent of the City's general revenues while sales taxes represented 35 percent. City property owners pay property taxes for city, county and schools totaling \$135.71 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 \$879 thousand dollars. As a consequence increases of \$844 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 2013.

Major initiatives. Construction is underway for widening of Arrow Drive, which will support the increased traffic expected due to the addition of the new elementary schools. Completion of the project was slated for the end of 2012, however with the project construction ongoing during late fall and early winter, weather has caused some delays. Completion of the improvements is anticipated in March, 2013.

Improvements for the Clinton Parkway/Fairmont Street intersection were bid and awarded in November, 2012 and the construction will begin in earnest in March, 2013. The improvements will include new traffic/pedestrian signals with crosswalks assisting in the safe, efficient movement of traffic and pedestrians in the area.

The design of Hampstead Boulevard is moving forward, and it is anticipated that as early as the summer of 2013 construction could start on the completion of this roadway connecting the Springridge Road/Broadway Street area to Highway 80.

Along Pinehaven Road, the utility relocations (water, sewer, natural gas, electric, communication and cable) have either been completed or are in the process of being relocated in anticipation of the road improvements to be made. The project was bid and awarded in November, 2012, with construction of the roadway improvements anticipated sometime in early 2013.

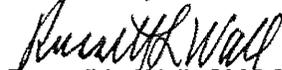
Finally, the City during fiscal year 2012 issued \$4,250,000 in general obligation bonds in which the proceeds were to be used for a street resurfacing project, the expansion of the City's Police Station, and the renovation of an existing building to be used as a fire station.

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, 2011. This was the eighth 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,

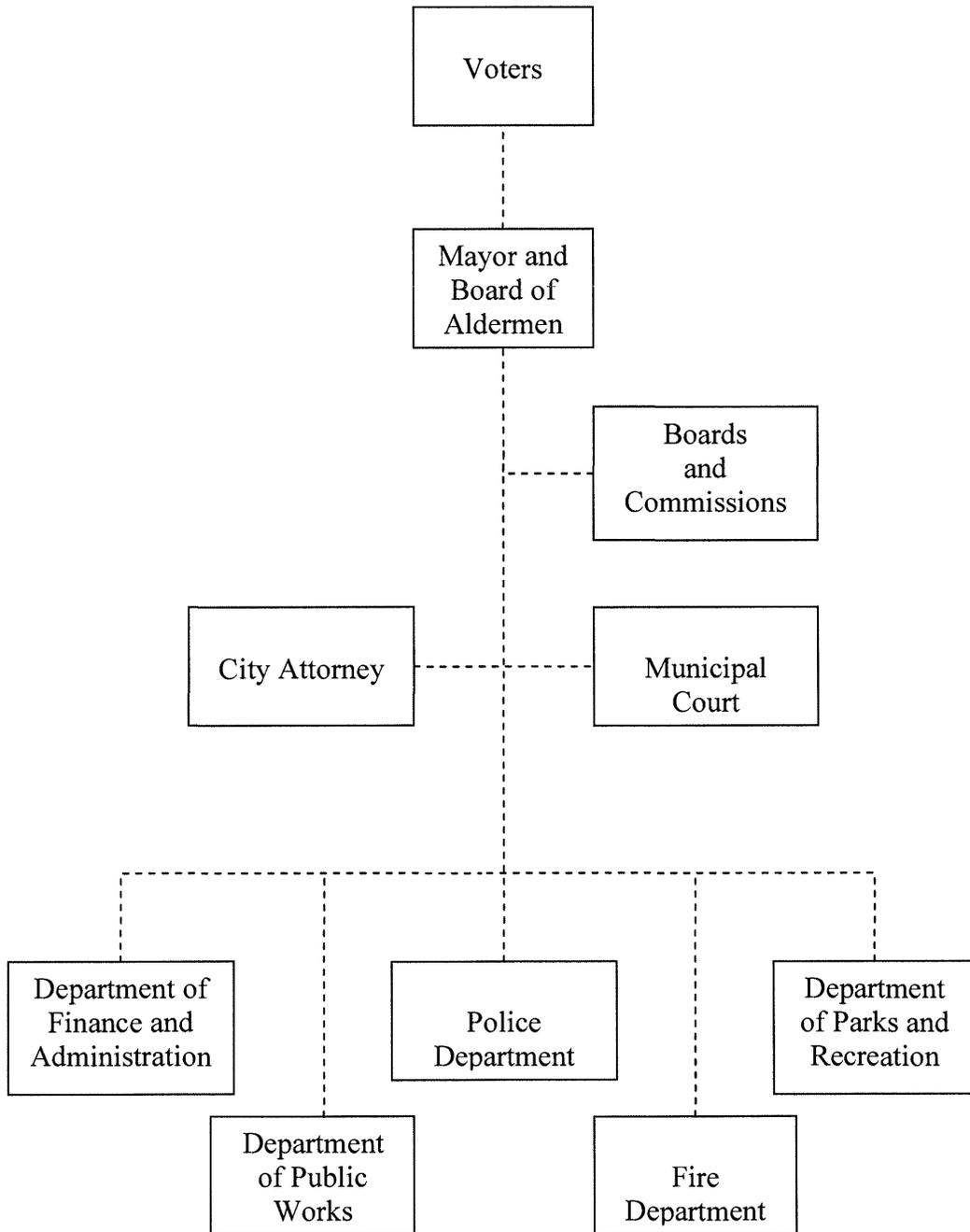


Russell L. Wall, CMCC, CPA
City Clerk and Chief Financial Officer

CITY OF CLINTON
List of Principal Officials
September 30 2012

<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 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, 2012



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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
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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, 2012, 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, 2012, 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.

As described in Note 15 to the financial statements, the City of Clinton adopted in 2012 the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013 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 11 and 73 through 76 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 combining statements, budgetary comparison schedules, and other schedules 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, Brown & Russ Co.

March 19, 2013

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, 2012. Please read it in conjunction with the City's financial statements that begin on page 12.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 through 15) 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 16 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 Position 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 Position 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, liabilities, and deferred inflows and outflows of resources 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 position and, in addition, the changes which have occurred in them. Think of the City's net position as the difference between assets and deferred outflows of resources (what citizens own) and liabilities and deferred inflows of resources (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 position is 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 Position 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 16 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 Position and the Statement of Activities) and the governmental funds in the reconciliations at the bottom of the fund financial statements.

The City maintains two major governmental funds (the General Fund and the Infrastructure Construction Fund) and fifteen (15) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. 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 16 through 19 of this report.

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

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

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, at September 30, 2012 total net position was \$70 million.

City of Clinton Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 12,983,064	\$ 9,655,614	\$ 6,733,666	\$ 6,339,711	\$ 19,716,730	\$ 15,995,325
Capital assets	68,421,463	69,416,773	31,071,450	32,391,989	99,492,913	101,808,762
Total assets	<u>81,404,527</u>	<u>79,072,387</u>	<u>37,805,116</u>	<u>38,731,700</u>	<u>119,209,643</u>	<u>117,804,087</u>
Long-term liabilities	22,559,484	19,028,525	15,280,974	16,668,707	37,840,458	35,697,232
Other liabilities	3,110,173	2,676,406	2,420,621	2,436,546	5,530,794	5,112,952
Total liabilities	<u>25,669,657</u>	<u>21,704,931</u>	<u>17,701,595</u>	<u>19,105,253</u>	<u>43,371,252</u>	<u>40,810,184</u>
Deferred inflows of resources	<u>6,179,816</u>	<u>5,974,812</u>			<u>6,179,816</u>	<u>5,974,812</u>
Net position:						
Net investment in capital assets	48,965,691	51,322,208	14,346,038	14,386,115	63,311,729	65,708,323
Restricted	1,490,954	1,267,917	800,416	846,076	2,291,370	2,113,993
Unrestricted	(901,591)	(1,197,481)	4,957,067	4,394,256	4,055,476	3,196,775
Total net position	<u>\$ 49,555,054</u>	<u>\$ 51,392,644</u>	<u>\$ 20,103,521</u>	<u>\$ 19,626,447</u>	<u>\$ 69,658,575</u>	<u>\$ 71,019,091</u>

The largest portion of the City's net position (91 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**

City of Clinton Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 733,072	\$ 850,016	\$ 7,980,858	\$ 7,872,663	\$ 8,713,930	\$ 8,722,679
Operating grants and contributions	233,216	344,057	61,892	303,942	295,108	647,999
Capital grants and contributions	1,141,986	890,250	64,815	131,557	1,206,801	1,021,807
General revenues:						
Property taxes	7,350,759	7,320,042			7,350,759	7,320,042
Sales taxes	4,625,461	4,178,744			4,625,461	4,178,744
Franchise charges	656,554	689,366			656,554	689,366
Shared grants and revenues	611,170	601,432			611,170	601,432
Other	77,904	65,779	32,765	22,217	110,669	87,996
Total revenues	<u>15,430,122</u>	<u>14,939,686</u>	<u>8,140,330</u>	<u>8,330,379</u>	<u>23,570,452</u>	<u>23,270,065</u>
Expenses:						
General government	1,247,190	1,264,976			1,247,190	1,264,976
Public safety	7,599,403	7,535,290			7,599,403	7,535,290
Public works	4,838,090	5,026,298			4,838,090	5,026,298
Culture and recreation	2,371,690	2,317,690			2,371,690	2,317,690
Economic development	290,713	317,747			290,713	317,747
Interest on long-term debt	920,626	845,542			920,626	845,542
Water and sewer			5,999,950	5,747,529	5,999,950	5,747,529
Garbage			1,663,306	1,843,939	1,663,306	1,843,939
Total expenses	<u>17,267,712</u>	<u>17,307,543</u>	<u>7,663,256</u>	<u>7,591,468</u>	<u>24,930,968</u>	<u>24,899,011</u>
Change in net position before transfers	(1,837,590)	(2,367,857)	477,074	738,911	(1,360,516)	(1,628,946)
Transfers						
Change in net position	<u>(1,837,590)</u>	<u>(2,367,857)</u>	<u>477,074</u>	<u>738,911</u>	<u>(1,360,516)</u>	<u>(1,628,946)</u>
Net position - beginning	51,392,644	53,760,501	19,626,447	18,887,536	71,019,091	72,648,037
Net position - ending	<u>\$ 49,555,054</u>	<u>\$ 51,392,644</u>	<u>\$ 20,103,521</u>	<u>\$ 19,626,447</u>	<u>\$ 69,658,575</u>	<u>\$ 71,019,091</u>

At September 30, 2012 the City has positive balances in all three categories of net position in business-type activities and in two categories in governmental activities. The negative unrestricted net position for governmental activities decreased in 2012 by \$296 thousand. This decrease resulted from an increase in revenues from ad valorem tax collections and increased sales tax collections. Also, contributing to this decrease in the negative balance was decreases in expenditures for administrative legal fees, and decreases in street department expenditures for salaries, group health insurance, utilities, and depreciation expense. The increase in the unrestricted net position for business-type activities in 2012 is a result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems. The City's total net position decreased \$1.4 million during the current fiscal year

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

primarily as a result of depreciation expense that is recorded over the estimated useful lives of capital assets.

Governmental activities. Governmental activities decreased the City's net position by \$1.8 million during the year. The increase in current assets and long-term liabilities for 2012 was primarily due to the issuance of a \$4,250,000 general obligation bond for various infrastructure projects that were still in progress at year end. The increase in ad valorem tax revenue was primarily due to increase collections for automobile tags. The decrease in public works expenditures was primarily due to lower than expected expenditures for salaries, group health insurance, and utilities.

Business-type activities. Business-type activities increased the City's net position by \$477 thousand during the year. Total assets decreased in 2012 primarily due to depreciation expense that is recorded over the estimated useful lives of the capital assets. Total liabilities decreased due to scheduled debt payments made during the year. Water and sewer expenses increased in 2012 because of necessary system repairs as well as the rising prices of fuel and electricity. Garbage expenses and operating grants revenue both decreased in 2012 as a result of costs and the related grant reimbursements for the removal of storm debris in the prior year.

THE CITY'S FUNDS

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

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General fund	\$ 1,269,967	\$ 30,381	\$ 1,300,348
Infrastructure construction fund	0	2,846,024	2,846,024
Special revenue funds	108,170	24,877	133,047
Debt service funds	768,389	292,318	1,060,707
Capital project funds	626,508	(270,849)	355,659
Total governmental funds	\$ 2,773,034	\$ 2,922,751	\$ 5,695,785
	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 18,902,024	\$ 562,126	\$ 19,464,150
Garbage collection fund	815,351	(93,459)	721,892
Self-funded group insurance fund	(612,031)	59,512	(552,519)
Total proprietary funds	\$ 19,105,344	\$ 528,179	\$ 19,633,523

The increase in the general fund is primarily due to increases in collections for ad valorem and sales tax collections.

The increase in the Infrastructure Construction Fund resulted from bond proceeds that were received in 2012 for projects that are still in progress at year end.

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in the debt service funds is primarily due to funds collected for the repayment of the Infrastructure General Obligation bond issued during 2012.

The decrease in the capital projects funds is primarily due to the transfer of excess funds from the Quisenberry Library Fund to the general fund for infrastructure improvements.

The increase in the water and sewer operations fund is primarily due to the result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems.

The decrease in the garbage collection fund balance is primarily due to operating costs increasing more rapidly than the fees charged to residents. The garbage collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

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 position because the cost of claims incurred in 2011 was higher than expected, and claims continued to exceed expectations in 2012. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted funds available were greater than original budgeted funds available by \$735 thousand. This increase resulted primarily from an increase of \$474 thousand in sales taxes collected as the general economic conditions improve, \$180 thousand from the proceeds of a Homeland Security Grant for equipment for the police department, \$80 thousand from the Parks and Recreation Department for increased activity fees, and \$318 thousand for transfers from other funds for the costs of infrastructure projects. These increases were offset by decreases of \$103 thousand in court fines collected, \$107 thousand in franchise fees collected and a \$144 thousand decrease in the beginning cash balance. Final budgeted expenditures were \$844 thousand greater than those originally budgeted. Key elements of this increase were as follows:

- \$ 61,000 decrease in personal services as a result of lower overtime costs
- \$446,000 increase in operating supplies as the result of purchasing turn-out gear for the fire department and increased costs for the repair and maintenance of vehicles
- \$305,000 increase in other services and charges because of rising legal and utility costs
- \$100,000 increase in capital outlay for necessary vehicles and equipment
- \$ 51,000 decrease in debt service due to lower than expected finance costs
- \$105,000 increase in transfers and other charges for transfers to other funds to cover the costs of infrastructure improvements.

Actual funds available were \$172 thousand greater than final budgeted. The majority of this difference consisted of a \$113 thousand increase in sales tax collected, \$87 thousand increase in federal grants received, \$48 thousand decrease in local grants received, \$39 thousand increase in state grants received, \$36 thousand increase in insurance proceeds received primarily the result of a claim for water damage to a city building, \$17 thousand increase from

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

the sale of used vehicles and equipment, and a \$36 thousand decrease in ad valorem taxes collected.

Actual expenditures were \$88 thousand less than those finally budgeted. The majority of this difference consisted of a \$53 thousand decrease in the police department for miscellaneous

equipment, a \$77 thousand decrease in the fire department as a result of changes in the timing of the purchase of turn-out gear, and a \$55 thousand decrease in transfers and other charges to other funds.

For additional information, see Required Supplementary Information beginning on page 73.

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$68.4 million at September 30, 2012. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$3.3 million. Significant increases were:

- \$ 1.0 million – for street resurfacing
- \$604 thousand – for a new fire truck and rescue vehicle for the fire department
- \$115 thousand – for new police vehicles
- \$681 thousand – for new subdivision streets and storm drains
- \$215 thousand – for work on the Arrow Drive widening project
- \$135 thousand – for right-of-way and work on the Pinehaven Road widening project
- \$ 88 thousand – for work on the extension of Hampstead Boulevard
- \$ 89 thousand – for renovation of the police station
- \$149 thousand – for construction of a new fire station
- \$ 53 thousand - for the renovation of the Community Development offices
- \$146 thousand – for various other capital assets

Depreciation expense amounted to \$4.3 million for 2012 and \$4.3 million for 2011. Accumulated depreciation at September 30, 2012 and 2011 was \$ 44.6 million and \$40.7 million, respectively.

Business-type activities. At September 30, 2012, the City's business-type net capital assets amounted to \$31.0 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$146 thousand were made during 2012 mainly for water and sewer infrastructure improvements and the purchase of new vehicles. Depreciation expense amounted to \$1.5 million for 2012 and \$1.3 million for 2011. Accumulated depreciation at September 30, 2012 and 2011 was \$22.5 million and \$21.0 million, respectively.

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

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,895,453	\$ 7,770,099	\$ 177,512	\$ 177,512	\$ 8,072,965	\$ 7,947,611
Buildings	13,234,432	13,645,911	187,966	200,202	13,422,398	13,846,113
Other improvements	4,339,814	4,680,233			4,339,814	4,680,233
Water and sewer systems and improvements			29,518,579	30,773,197	29,518,579	30,773,197
Certificate of authority			800,000	800,000	800,000	800,000
Equipment and vehicles	2,265,488	2,027,779	387,393	434,864	2,652,881	2,462,643
Infrastructure	39,311,966	40,573,235			39,311,966	40,573,235
Construction in progress	1,374,310	719,516		6,214	1,374,310	725,730
Total	\$ 68,421,463	\$ 69,416,773	\$ 31,071,450	\$ 32,391,989	\$ 99,492,913	\$ 101,808,762

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

DEBT ADMINISTRATION

Governmental activities. At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$22.8 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable and capital lease obligations. During the current fiscal year, the City's total governmental activities debt increased by \$3.8 million. This increase was due primarily to the issuance of a \$4,250,000 general obligation bond for improvements to the City's infrastructure. Payments of principal and interest due within one year total \$2.2 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$16.7 million at September 30, 2012. 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, 2012, debt associated with the City's business-type activities decreased by \$1.3 million. This decrease was due primarily to the scheduled debt payments made during the year. Payments of principal and interest due within one year total \$1.9 million.

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

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

City of Clinton General Obligation and Revenue Bonds and Other Loans						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 13,888,704	\$ 10,061,134	\$ 1,011,295	\$ 1,118,865	\$ 14,899,999	\$ 11,179,999
Revenue bonds			250,846	361,696	250,846	361,696
Tax increment limited obligation bonds	1,276,500	1,428,500			1,276,500	1,428,500
Notes payable	6,428,359	6,859,391	15,425,633	16,503,505	21,853,992	23,362,896
Capital lease obligations	1,226,240	706,902	37,638	81,519	1,263,878	788,421
Total	\$ 22,819,803	\$ 19,055,927	\$ 16,725,412	\$ 18,065,585	\$ 39,545,215	\$ 37,121,512

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 2013.

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 POSITION

September 30, 2012

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,102,279	\$ 4,171,553	\$ 9,273,832
Receivables	7,764,202	1,218,903	8,983,105
Internal balances	116,583	(116,583)	-
Restricted cash and cash equivalents	-	1,459,793	1,459,793
Capital assets:			
Capital assets not being depreciated	9,269,763	977,512	10,247,275
Other capital assets, net of depreciation	<u>59,151,700</u>	<u>30,093,938</u>	<u>89,245,638</u>
 Total Assets	 <u>81,404,527</u>	 <u>37,805,116</u>	 <u>119,209,643</u>
<u>LIABILITIES</u>			
Accounts payable	717,358	203,552	920,910
Accrued interest payable	271,215	44,926	316,141
Claims liability	332,511	-	332,511
Unearned revenue	94,991	-	94,991
Customer deposits	-	645,323	645,323
Long-term debt:			
Due within one year	1,379,098	1,470,320	2,849,418
Due in more than one year	21,440,705	15,255,092	36,695,797
Compensated absences payable:			
Due within one year	315,000	56,500	371,500
Due in more than one year	300,725	25,882	326,607
Net pension obligation:			
Due in more than one year	<u>818,054</u>	<u>-</u>	<u>818,054</u>
 Total Liabilities	 <u>25,669,657</u>	 <u>17,701,595</u>	 <u>43,371,252</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes levied for subsequent year	<u>6,179,816</u>	<u>-</u>	<u>6,179,816</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET POSITION - CONTINUED
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET POSITION</u>			
Net investment in capital assets	48,965,691	14,346,038	63,311,729
Restricted for:			
Capital projects	26,029	550,786	576,815
Debt service	1,357,907	249,630	1,607,537
Economic development and tourism (restricted by enabling legislation)	107,018	-	107,018
Unrestricted net position	<u>(901,591)</u>	<u>4,957,067</u>	<u>4,055,476</u>
Total Net Position	<u>\$ 49,555,054</u>	<u>\$ 20,103,521</u>	<u>\$ 69,658,575</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants and Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,247,190	\$ 40,940	\$ -	\$ -	\$ (1,206,250)	\$ -	\$ (1,206,250)
Public safety	7,599,403	569,110	144,229	74,614	(6,811,450)	-	(6,811,450)
Public works	4,838,090	-	88,987	1,016,440	(3,732,663)	-	(3,732,663)
Culture and recreation	2,371,690	123,022	-	50,932	(2,197,736)	-	(2,197,736)
Economic development	290,713	-	-	-	(290,713)	-	(290,713)
Interest and fiscal charges on long-term debt	920,626	-	-	-	(920,626)	-	(920,626)
Total governmental activities	17,267,712	733,072	233,216	1,141,986	(15,159,438)	-	(15,159,438)
Business-Type Activities:							
Water	2,608,991	3,633,293	-	48,600	-	1,072,902	1,072,902
Sewer	3,390,959	2,841,097	-	16,215	-	(533,647)	(533,647)
Garbage collection	1,663,306	1,506,468	61,892	-	-	(94,946)	(94,946)
Total business-type activities	7,663,256	7,980,858	61,892	64,815	-	444,309	444,309
Total	\$ 24,930,968	\$ 8,713,930	\$ 295,108	\$ 1,206,801	(15,159,438.00)	444,309.00	(14,715,129)

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2012

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,350,759	-	7,350,759
Local sales tax	128,001	-	128,001
Franchise charges based on gross receipts	656,554	-	656,554
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	5,010,872	-	5,010,872
County shared revenues	97,758	-	97,758
Interest	31,831	32,765	64,596
Miscellaneous	46,073	-	46,073
 Total General Revenues	 <u>13,321,848</u>	 <u>32,765</u>	 <u>13,354,613</u>
 Change in Net Position	 (1,837,590)	 477,074	 (1,360,516)
Net Position - Beginning	<u>51,392,644</u>	<u>19,626,447</u>	<u>71,019,091</u>
 Net Position - Ending	 <u>\$ 49,555,054</u>	 <u>\$ 20,103,521</u>	 <u>\$ 69,658,575</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012

	General Fund	Infrastructure Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 806,767	\$ 2,931,661	\$ 1,363,316	\$ 5,101,744
Receivables:				
Property taxes	5,354,843	-	938,826	6,293,669
Sales and tourism tax	677,195	-	23,460	700,655
City utilities tax	7,064	-	-	7,064
Franchise charges	180,982	-	-	180,982
Federal assistance	78,442	-	50,140	128,582
Special assessments	-	-	432,601	432,601
State grants	20,853	-	-	20,853
Due from other funds	318,645	-	242,405	561,050
Total Assets	<u>\$ 7,444,791</u>	<u>\$ 2,931,661</u>	<u>\$ 3,050,748</u>	<u>\$ 13,427,200</u>
Liabilities:				
Accounts payable	\$ 561,019	\$ 85,637	\$ 34,598	\$ 681,254
Unearned grant revenue	12,519	-	82,472	94,991
Due to other funds	289,413	-	29,637	319,050
Due to other governments	23,703	-	-	23,703
Total Liabilities	<u>886,654</u>	<u>85,637</u>	<u>146,707</u>	<u>1,118,998</u>
Deferred Inflows of Resources:				
Property taxes levied for subsequent year	5,257,789	-	922,027	6,179,816
Unavailable special assessments	-	-	432,601	432,601
Total Deferred Inflows of Resources	<u>5,257,789</u>	<u>-</u>	<u>1,354,628</u>	<u>6,612,417</u>
Fund Balances:				
Restricted for:				
Economic development and tourism	-	-	107,018	107,018
Debt service	-	-	1,044,012	1,044,012
Capital projects	162,348	2,846,024	381,688	3,390,060
Assigned to debt service	-	-	16,695	16,695
Unassigned	1,138,000	-	-	1,138,000
Total Fund Balances	<u>1,300,348</u>	<u>2,846,024</u>	<u>1,549,413</u>	<u>5,695,785</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,444,791</u>	<u>\$ 2,931,661</u>	<u>\$ 3,050,748</u>	<u>\$ 13,427,200</u>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2012

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

Total Governmental Fund Balances	\$ 5,695,785
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	68,421,463
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	432,601
Interest is not recorded as an expenditure in the funds until the payment date.	(271,215)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(24,253,582)
The internal service fund's net position 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>(469,998)</u>
Net Position - Governmental Activities	<u>\$ 49,555,054</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, 2012

	General Fund	Infrastructure Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 6,253,943	\$ -	\$ 1,096,816	\$ 7,350,759
Licenses and permits	843,774	-	-	843,774
Intergovernmental	5,324,966	-	559,907	5,884,873
Charges for services	129,212	-	19,731	148,943
Fines and forfeitures	388,655	-	7,623	396,278
Special assessments	-	-	27,037	27,037
Interest	4,389	12,515	14,929	31,833
Contributions	12,179	-	34,203	46,382
Miscellaneous	29,158	-	-	29,158
Total Revenues	<u>12,986,276</u>	<u>12,515</u>	<u>1,760,246</u>	<u>14,759,037</u>
Expenditures:				
Current:				
General government	1,219,634	-	11,656	1,231,290
Public safety	7,307,720	-	16,232	7,323,952
Public works	1,813,161	-	-	1,813,161
Culture and recreation	1,427,301	-	97,365	1,524,666
Economic development	251,423	-	40,249	291,672
Debt service	925,752	85,247	1,069,484	2,080,483
Capital outlay	846,083	1,281,007	466,849	2,593,939
Total Expenditures	<u>13,791,074</u>	<u>1,366,254</u>	<u>1,701,835</u>	<u>16,859,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(804,798)</u>	<u>(1,353,739)</u>	<u>58,411</u>	<u>(2,100,126)</u>
Other Financing Sources (Uses):				
Bonds issued	-	4,250,000	-	4,250,000
Capital leases	718,901	-	-	718,901
Sale of capital assets	53,976	-	-	53,976
Transfers in	263,147	42,775	336,364	642,286
Transfers out	(200,845)	(93,012)	(348,429)	(642,286)
Total Other Financing Sources (Uses)	<u>835,179</u>	<u>4,199,763</u>	<u>(12,065)</u>	<u>5,022,877</u>
Net Change in Fund Balances	30,381	2,846,024	46,346	2,922,751
Fund Balances - Beginning	<u>1,269,967</u>	<u>-</u>	<u>1,503,067</u>	<u>2,773,034</u>
Fund Balances - Ending	<u>\$ 1,300,348</u>	<u>\$ 2,846,024</u>	<u>\$ 1,549,413</u>	<u>\$ 5,695,785</u>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2012

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

Net Change in Fund Balances - Total Governmental Funds	\$ 2,922,751
Differences:	
Governmental funds report capital asset purchases as expenditures.	2,593,939
Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undepreciated cost is removed upon disposal of the assets.	(4,269,826)
Governmental funds do not report the receipt of contributed capital assets.	680,577
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.	(4,968,901)
Governmental funds report principal payment on debt as expenditures.	1,205,023
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	(25,221)
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>51,105</u>
Change in Net Position - Governmental Activities	<u>\$ (1,837,590)</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2012

	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	\$ 3,734,138	\$ 437,415	\$ 4,171,553	\$ 534
Receivables:				
Accounts	1,141,684	-	1,141,684	-
State assistance	-	25,149	25,149	-
Special assessments	3,874	-	3,874	-
Due from other funds	163,996	226,284	390,280	-
Restricted cash and cash equivalents:				
Customer deposits account	645,323	-	645,323	-
Revenue bond and interest account	263,684	-	263,684	-
 Total Current Assets	 <u>5,952,699</u>	 <u>688,848</u>	 <u>6,641,547</u>	 <u>534</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
September 30, 2012

	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	550,786	-	550,786	-
Receivable:				
Special assessments (net of current portion)	<u>48,196</u>	<u>-</u>	<u>48,196</u>	<u>-</u>
	<u>598,982</u>	<u>-</u>	<u>598,982</u>	<u>-</u>
Capital Assets:				
Water and sewer systems and other improvements	49,818,912	-	49,818,912	-
Land	177,512	-	177,512	-
Buildings	298,104	-	298,104	-
Equipment and vehicles	1,911,387	562,147	2,473,534	-
Certificate of authority	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
	53,005,915	562,147	53,568,062	-
Less accumulated depreciation	<u>22,162,705</u>	<u>333,907</u>	<u>22,496,612</u>	<u>-</u>
Capital Assets (net)	<u>30,843,210</u>	<u>228,240</u>	<u>31,071,450</u>	<u>-</u>
Total Noncurrent Assets	<u>31,442,192</u>	<u>228,240</u>	<u>31,670,432</u>	<u>-</u>
Total Assets	<u>37,394,891</u>	<u>917,088</u>	<u>38,311,979</u>	<u>534</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
September 30, 2012

	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	173,356	30,196	203,552	12,604
Claims liability	-	-	-	332,511
Accrued interest payable	30,872	-	30,872	-
Due to other funds	259,342	165,000	424,342	207,938
Compensated absences payable - current	56,500	-	56,500	-
Notes payable - current	1,194,545	-	1,194,545	-
Capital leases payable - current	37,638	-	37,638	-
General obligation bonds payable - current	113,137	-	113,137	-
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable - revenue bonds	14,054	-	14,054	-
Revenue bonds payable - current	125,000	-	125,000	-
Customer deposits payable	645,323	-	645,323	-
Total Current Liabilities	<u>2,649,767</u>	<u>195,196</u>	<u>2,844,963</u>	<u>553,053</u>
Noncurrent Liabilities:				
Compensated absences payable	25,882	-	25,882	-
Revenue bonds payable	125,846	-	125,846	-
General obligation bonds payable	898,158	-	898,158	-
Notes payable	14,231,088	-	14,231,088	-
Total Noncurrent Liabilities	<u>15,280,974</u>	<u>-</u>	<u>15,280,974</u>	<u>-</u>
Total Liabilities	<u>17,930,741</u>	<u>195,196</u>	<u>18,125,937</u>	<u>553,053</u>

(Continued)

CITY OF CLINTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
September 30, 2012

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
NET POSITION				
Net investment in capital assets	14,117,798	228,240	14,346,038	-
Restricted for:				
Capital projects	550,786	-	550,786	-
Debt service	249,630	-	249,630	-
Unrestricted	<u>4,545,936</u>	<u>493,652</u>	<u>5,039,588</u>	<u>(552,519)</u>
 Total Net Position	 <u>\$ 19,464,150</u>	 <u>\$ 721,892</u>	 <u>\$ 20,186,042</u>	 <u>\$ (552,519)</u>

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

Total Enterprise Funds Net Position	\$ 20,186,042
Difference:	
The internal service fund's net position is included in business-type activities to the extent attributable to business-type activities.	<u>(82,521)</u>
Net Position - Business-Type Activities	<u>\$ 20,103,521</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
Year Ended September 30, 2012

	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	\$ 3,279,119	\$ -	\$ 3,279,119	\$ -
Sewer service charges	2,800,747	-	2,800,747	-
Other services	305,965	-	305,965	-
Refuse collection charges	-	1,506,468	1,506,468	-
State assistance	-	61,892	61,892	-
Rents	88,059	-	88,059	-
Premiums	-	-	-	1,564,211
Miscellaneous	-	500	500	-
	<u>6,473,890</u>	<u>1,568,860</u>	<u>8,042,750</u>	<u>1,564,211</u>
Total Operating Revenues				
Operating Expenses:				
Salaries	1,085,505	25,558	1,111,063	-
Employee benefits	437,201	5,425	442,626	-
Insurance	26,915	1,712	28,627	252,843
Claims expense	-	-	-	1,192,731
Office supplies	7,745	-	7,745	-
Operating supplies:				
Gas and oil	96,554	29,575	126,129	-
Other	92,904	-	92,904	-
Outside services	891,968	1,512,058	2,404,026	60,068
Repairs and maintenance	816,162	27,258	843,420	-
Telephone	14,377	-	14,377	-
Postage	28,659	251	28,910	-
Printing	1,679	-	1,679	-
Utilities	422,908	-	422,908	-
Rentals	36,814	611	37,425	-
Depreciation	1,408,225	58,500	1,466,725	-

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2012

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
Operating Expenses (Continued):				
Pro rata overhead to General Fund	144,000	-	144,000	-
Other	<u>9,301</u>	<u>2,355</u>	<u>11,656</u>	<u>-</u>
 Total Operating Expenses	<u>5,520,917</u>	<u>1,663,303</u>	<u>7,184,220</u>	<u>1,505,642</u>
 Operating Income (Loss)	<u>952,973</u>	<u>(94,443)</u>	<u>858,530</u>	<u>58,569</u>
 Nonoperating Revenues (Expenses):				
Interest income	31,778	987	32,765	943
Interest and fiscal charges	<u>(487,440)</u>	<u>(3)</u>	<u>(487,443)</u>	<u>-</u>
 Total Nonoperating Revenues (Expenses), net	<u>(455,662)</u>	<u>984</u>	<u>(454,678)</u>	<u>943</u>
 Income Before Capital Contributions	497,311	(93,459)	403,852	59,512
 Capital Contributions and Grants	<u>64,815</u>	<u>-</u>	<u>64,815</u>	<u>-</u>
 Change in Net Position	562,126	(93,459)	468,667	59,512
 Net Position - Beginning	<u>18,902,024</u>	<u>815,351</u>	<u>19,717,375</u>	<u>(612,031)</u>
 Net Position - Ending	<u>\$19,464,150</u>	<u>\$ 721,892</u>	<u>\$20,186,042</u>	<u>\$ (552,519)</u>

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2012

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

Change in Net Position - Enterprise Funds	\$ 468,667
Difference:	
The internal service fund's change in net position is included in business-type activities to the extent attributed to business-type activities.	<u>8,407</u>
Change in Net Position - Business-Type Activities	<u>\$ 477,074</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2012

	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	\$ 6,502,007	\$ 1,513,829	\$ 8,015,836	\$ 310,375
Receipts from interfund services	-	-	-	1,253,836
Receipts from reinsurance	-	-	-	36,030
Payments to suppliers	(2,435,697)	(1,702,300)	(4,137,997)	(1,294,768)
Payments to employees	(1,342,225)	-	(1,342,225)	-
Payments for interfund services	(321,388)	-	(321,388)	-
Net Cash Provided (Used) By Operating Activities	<u>2,402,697</u>	<u>(188,471)</u>	<u>2,214,226</u>	<u>305,473</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	-	188,921	188,921	-
Advances to other funds	(109,696)	(108,258)	(217,954)	-
Repayments from other funds for advances	23,900	277,335	301,235	-
Advances from other funds	108,258	165,000	273,258	-
Repayments to other funds for advances	(186,360)	-	(186,360)	(308,134)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(163,898)</u>	<u>522,998</u>	<u>359,100</u>	<u>(308,134)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(146,186)	-	(146,186)	-
Capital contributions and grants	64,815	-	64,815	-
Proceeds from notes payable	866,717	-	866,717	-
Principal paid on revenue bonds	(120,000)	-	(120,000)	-
Principal paid on general obligation bonds	(107,570)	-	(107,570)	-
Principal paid on capital leases	(42,112)	(1,769)	(43,881)	-
Principal paid on notes payable	(1,147,209)	-	(1,147,209)	-
Interest and fiscal charges paid on debt	(472,859)	(6)	(472,865)	-
Net Cash Used By Capital and Related Financing Activities	<u>(1,104,404)</u>	<u>(1,775)</u>	<u>(1,106,179)</u>	<u>-</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2012

	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	31,778	987	32,765	943
Proceeds from investment maturities	286,884	-	286,884	-
Purchase of investments	<u>(286,884)</u>	<u>-</u>	<u>(286,884)</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>31,778</u>	<u>987</u>	<u>32,765</u>	<u>943</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,166,173	333,739	1,499,912	(1,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,027,758</u>	<u>103,676</u>	<u>4,131,434</u>	<u>2,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,193,931</u>	<u>\$ 437,415</u>	<u>\$ 5,631,346</u>	<u>\$ 534</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Cash and cash equivalents	\$ 3,734,138	\$ 437,415	\$ 4,171,553	\$ 534
Restricted cash and cash equivalents:				
Customer deposits cash	645,323	-	645,323	-
Revenue bond and interest account	263,684	-	263,684	-
Construction account - noncurrent	<u>550,786</u>	<u>-</u>	<u>550,786</u>	<u>-</u>
	<u>\$ 5,193,931</u>	<u>\$ 437,415</u>	<u>\$ 5,631,346</u>	<u>\$ 534</u>

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2012

	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)	\$ 952,973	\$ (94,443)	\$ 858,530	\$ 58,569
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,408,225	58,500	1,466,725	-
Operating grants	-	(62,392)	(62,392)	-
(Increase) decrease in receivables:				
Accounts	(2,052)	-	(2,052)	-
Claim refunds and reinsurance	-	-	-	99,329
Due from other funds	-	7,361	7,361	-
Special assessments	14,969	-	14,969	-
Increase (decrease) in payables:				
Accounts	10,289	(97,497)	(87,208)	12,604
Claims	-	-	-	134,971
Customer deposits	15,200	-	15,200	-
Compensated absences	3,093	-	3,093	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,402,697</u>	<u>\$ (188,471)</u>	<u>\$ 2,214,226</u>	<u>\$ 305,473</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF FIDUCIARY NET POSITION
September 30, 2012

	<u>Unemployment Compensation Benefit Fund</u>
<u>ASSETS</u>	
Cash	\$ 45,852
Receivables	<u>92</u>
Total Assets	45,944
<u>LIABILITIES</u>	
	<u>-</u>
<u>NET POSITION</u>	
Held in trust for City employees' unemployment benefits	<u>\$ 45,944</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended September 30, 2012

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Contributions from other funds	\$ 30,000
Interest	<u>136</u>
Total Additions	30,136
DEDUCTIONS:	
Unemployment benefits	<u>13,803</u>
CHANGE IN NET POSITION	16,333
NET POSITION - BEGINNING	<u>29,611</u>
NET POSITION - ENDING	<u>\$ 45,944</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

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 Position 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. 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

Internal Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Trust Fund

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

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major Funds:	
GENERAL FUND	Accounts for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
CAPITAL PROJECT FUND:	
Infrastructure Construction Fund	Accounts for the proceeds of a bond issue being used for the construction of various infrastructure and building improvements.
PROPRIETARY FUNDS:	
Water and Sewer Operations Fund	Accounts for the provision of water and sewer services.
Garbage Collection Fund	Accounts for the provision of refuse collection services.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

<u>Fund</u>	<u>Brief Description</u>
Nonmajor Funds:	
SPECIAL REVENUE FUNDS:	
Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
DEBT SERVICE FUNDS:	
Clinton Parkway Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 bonds.
Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 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 a general obligation bond issue - \$8,000,000 Series 2008 bonds.
Tax Increment Financing Bond and Interest Fund – United Artists	Accumulates funds for payment of a limited obligation bond issue - \$465,000 Land Improvement Series 1996 bonds.
Tax Increment Financing Bond and Interest Fund – Walmart	Accumulates funds for payment of a limited obligation bond issue - \$1,200,000 Land Improvement Series 2000 bonds.
Tax Increment Financing Bond and Interest Fund – Parkway Center	Accumulates funds for payment of a limited obligation bond issue - \$250,000 Land Improvement Series 2004 bonds.
Tax Increment Financing Bond and Interest Fund – Prugon	Accumulates funds for payment of a limited obligation bond issue - \$485,000 Series 2007 (Springridge Crossing Project) bonds.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

<u>Fund</u>	<u>Brief Description</u>
CAPITAL PROJECT FUNDS:	
ARRA – Bridge Replacement Project Fund	Accounts for the proceeds of a Federal grant that was used to replace certain bridges.
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.
Arrow Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
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 employee benefit trust fund accounts for funds required to be held to reimburse the Mississippi Department of Employment Security for payments of City employees' unemployment benefits. 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 Position 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, liabilities, and deferred inflows and outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

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

Basis of Accounting

In the government-wide Statement of Net Position 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, liabilities, and deferred inflows and outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY

Cash and Investments

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

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

Interfund Receivables and Payables

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

Receivables

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

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

Capital Assets

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

Government-wide Statements

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

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

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 Position. 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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

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.

Bond Discounts

In the government-wide and proprietary fund financial statements, bond discounts are deferred and amortized as interest over the terms of the bonds. Unamortized discounts 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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

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.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the government-wide statements and governmental funds report property taxes levied for the subsequent year, which are deferred and recognized as an inflow of resources in the period for which they are levied.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – 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 position – Consists of net position amounts 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 position – All other net position amounts 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. Proprietary fund and fiduciary fund equity is classified the same as in the government-wide statements.

The governmental fund financial statements present fund balances based on the extent of the constraints on their use as follows:

- a) Nonspendable fund balance – Consists of amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.
- b) Restricted fund balance – Consists of amounts for which constraints have been placed on their use: (1) by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments, or (2) by law through constitutional provisions or enabling legislation.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, AND EQUITY – Continued

- c) Committed fund balance – Consists of amounts that can be used only for specific purposes pursuant to constraints imposed by the adoption of an ordinance by the City’s Mayor and Board of Aldermen. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
- d) Assigned fund balance – Consists of amounts that are constrained by the City’s intent to use them for a specific purpose but that are neither restricted nor committed. Intent can be expressed by the City Clerk, to whom the Mayor and Board of Aldermen has delegated the authority.
- e) Unassigned fund balance – Consists of the residual fund balance for the General Fund.

The City utilizes restricted fund balances first, followed by committed fund balances and then assigned fund balances.

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.

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.

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. REVENUES, EXPENDITURES AND EXPENSES

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.

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, liabilities and deferred inflows and outflows of resources 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.

(Continued)

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 in the year for which they were budgeted. 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).

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 and other properties added to the tax rolls.

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

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

C. DEFICIT FUND EQUITY

The Self-Funded Group Insurance Fund had a deficit fund equity of \$552,519 as of September 30, 2012. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2012, 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, 2012, 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.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables at September 30, 2012 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,396,684	\$1,396,684
Special assessments:			
Due within one year	27,037	3,874	30,911
Due in more than one year	405,564	144,288	549,852
Property taxes	6,293,669	-	6,293,669
Sales and tourism taxes	700,655	-	700,655
Franchise charges	180,982	-	180,982
Federal assistance	128,582	-	128,582
State assistance	20,853	25,149	46,002
Other	<u>6,860</u>	<u>-</u>	<u>6,860</u>
	7,764,202	1,569,995	9,334,197
Allowance for uncollectible amounts	<u>-</u>	<u>(351,092)</u>	<u>(351,092)</u>
Net receivables	<u>\$7,764,202</u>	<u>\$1,218,903</u>	<u>\$8,983,105</u>

In addition, deferred inflows of resources, which is related to the receivables, consisted of the following at September 30, 2012:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes levied for use in the subsequent year	<u>\$6,179,816</u>	<u>\$ -</u>	<u>\$6,179,816</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,556,549	\$ 125,354	\$ -	\$ 6,681,903
Other land	1,213,550	-	-	1,213,550
Construction in progress	<u>719,516</u>	<u>1,780,278</u>	<u>(1,125,484)</u>	<u>1,374,310</u>
Total not being depreciated	<u>8,489,615</u>	<u>1,905,632</u>	<u>(1,125,484)</u>	<u>9,269,763</u>
Other capital assets:				
Buildings	17,009,698	52,965	-	17,062,663
Other improvements	10,221,798	20,238	-	10,242,036
Equipment and vehicles	8,184,256	760,695	(295,396)	8,649,555
Infrastructure	<u>66,159,199</u>	<u>1,660,470</u>	<u>-</u>	<u>67,819,669</u>
	<u>101,574,951</u>	<u>2,494,368</u>	<u>(295,396)</u>	<u>103,773,923</u>
Accumulated depreciation:				
Buildings	3,363,787	464,444	-	3,828,231
Other improvements	5,541,565	360,657	-	5,902,222
Equipment and vehicles	6,156,477	522,986	(295,396)	6,384,067
Infrastructure	<u>25,585,964</u>	<u>2,921,739</u>	<u>-</u>	<u>28,507,703</u>
	<u>40,647,793</u>	<u>4,269,826</u>	<u>(295,396)</u>	<u>44,622,223</u>
Net other capital assets	<u>60,927,158</u>	<u>(1,775,458)</u>	<u>-</u>	<u>59,151,700</u>
Capital assets, net	<u>\$ 69,416,773</u>	<u>\$ 130,174</u>	<u>\$ (1,125,484)</u>	<u>\$ 68,421,463</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	6,214	-	(6,214)	-
Certificate of authority	800,000	-	-	800,000
Total not being depreciated	<u>983,726</u>	<u>-</u>	<u>(6,214)</u>	<u>977,512</u>
Other capital assets:				
Water and sewer systems and improvements	49,747,883	71,029	-	49,818,912
Buildings	298,104	-	-	298,104
Equipment and vehicles	<u>2,392,163</u>	<u>81,371</u>	<u>-</u>	<u>2,473,534</u>
	<u>52,438,150</u>	<u>152,400</u>	<u>-</u>	<u>52,590,550</u>
Accumulated depreciation:				
Water and sewer systems and improvements	18,974,686	1,325,647	-	20,300,333
Buildings	97,902	12,236	-	110,138
Equipment and vehicles	<u>1,957,299</u>	<u>128,842</u>	<u>-</u>	<u>2,086,141</u>
	<u>21,029,887</u>	<u>1,466,725</u>	<u>-</u>	<u>22,496,612</u>
Net other capital assets	<u>31,408,263</u>	<u>(1,314,325)</u>	<u>-</u>	<u>30,093,938</u>
Capital assets, net	<u>\$32,391,989</u>	<u>\$(1,314,325)</u>	<u>\$ (6,214)</u>	<u>\$31,071,450</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 25,291
Public safety	367,932
Public works	3,027,319
Culture and recreation	849,284
	<u>\$4,269,826</u>
Business-type activities:	
Water	\$ 482,015
Sewer	926,210
Garbage collection	58,500
	<u>\$1,466,725</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, 2012 was as follows:

<u>Due To</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	<u>Garbage Collection Fund</u>	<u>Nonmajor Internal Service Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 7	\$ -	\$ 165,000	\$ 153,638	\$ 318,645
Nonmajor Governmental Funds	179,717	29,630	33,058	-	-	242,405
Water and Sewer Operations Fund	109,696	-	-	-	54,300	163,996
Garbage Collection Fund	-	-	226,284	-	-	226,284
Total	<u>\$ 289,413</u>	<u>\$ 29,637</u>	<u>\$ 259,342</u>	<u>\$ 165,000</u>	<u>\$ 207,938</u>	<u>\$ 951,330</u>

The majority of interfund transfers were to fund debt service and capital projects. The General Fund received a \$263,147 transfer from a nonmajor capital project fund to provide funds for building renovation projects in the General Fund. Interfund transfers during the year ended September 30, 2012 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Infrastructure Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 263,147	\$ 263,147
Infrastructure Construction Fund	42,775	-	-	42,775
Nonmajor Governmental Funds	158,070	93,012	85,282	336,364
Total	<u>\$ 200,845</u>	<u>\$ 93,012</u>	<u>\$ 348,429</u>	<u>\$ 642,286</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. ACCOUNTS PAYABLE

Accounts payable at September 30, 2012 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$ 334,328	\$ 203,552	\$ 537,880
Cash bonds and evidence held	213,459	-	213,459
Payroll withholdings and employee benefits	<u>169,571</u>	<u>-</u>	<u>169,571</u>
Total	<u>\$ 717,358</u>	<u>\$ 203,552</u>	<u>\$ 920,910</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, 2012, the long-term debt principal payable from governmental activities consisted of the following:

General Obligation Bonds:

\$3,431,321 portion of Public Improvement – Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$141,863 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%. \$ 2,708,704

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$300,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 6,930,000

\$4,250,000 Public Improvement – Series 2012 serial bonds dated April 1, 2012; due in annual installments of \$105,000 to \$330,000 through April 1, 2032; interest varies from 2.4% to 3.4%. 4,250,000
13,888,704

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$35,000 to \$40,000 through March 1, 2016; interest varies from 5.4% to 5.7%. 155,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$70,000 to \$105,000 through April 1, 2020; interest varies from 5.8% to 6.25%. 675,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$17,000 to \$20,000 through March 1, 2019; interest at 4.25%. 131,500

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$40,000 to \$50,000 through March 15, 2019; interest at 4.8%.

315,000
1,276,500

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.

36,010

\$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.

17,349

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$345,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.2% and is payable semiannually; secured by the City’s share of sales tax collected by the State.

6,375,000
6,428,359

Capital Lease Obligations:

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

100,507

\$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.

37,638

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019.	323,275
\$105,390 equipment lease dated May 17, 2011; monthly payments of \$3,052, including interest at 2.73%; final payment due May 17, 2014.	59,613
\$17,291 equipment lease dated May 3, 2011; monthly payments of \$477, including interest at 2.92%; final payment due July 3, 2014.	10,204
\$114,955 equipment lease dated September 25, 2012; monthly payments of \$3,271, including interest at 1.57%; final payment due September 15, 2015.	114,955
\$160,836 equipment lease dated June 25, 2012; monthly payments of \$2,814, including interest at 1.93%; final payment due June 25, 2017.	153,157
\$443,110 equipment lease dated April 18, 2012; monthly payments of \$4,207, including interest at 2.65%; final payment due April 18, 2022.	426,891
	<u>1,226,240</u>
Total Governmental Activities Long-Term Debt	<u>\$22,819,803</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2012, 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 \$95,000 to \$120,000 through March 1, 2018; interest varies from 4.75% to 4.8%. \$ 665,000

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$18,137 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%. 346,295
1,011,295

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$125,000 to \$135,000 through October 1, 2013; interest varies from 5.7% to 5.75%; secured by Water and Sewer Operations Fund revenues. 260,000

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. 317,617

\$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. 5,950,618

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT

\$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. 761,479

\$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. 347,207

\$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. 178,922

\$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. 342,801

\$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. 2,831,692

\$1,857,928 loan payable to the Mississippi Department of Health; monthly installments of \$9,585, including interest at 1.95%, secured by the City’s share of sales tax collected by the State; final payment due November 1, 2030. 1,758,312

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

\$2,217,778 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$11,075, including interest at 1.75%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2031.	2,090,952
\$866,717 loan payable to the Mississippi Development Authority; monthly installments of \$4,385, including interest at 2.0%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2032.	<u>846,033</u>
	<u>15,425,633</u>
Capital Lease Obligations:	
\$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.	<u>37,638</u>
Unamortized bond discount	<u>(9,154)</u>
Total Business-Type Activities Long-Term Debt	<u>\$16,725,412</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2012, are as follows:

GOVERNMENTAL

ACTIVITIES:

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 546,863	\$ 509,645	\$ 398,359	\$ 244,958	\$ 162,000	\$ 70,269	\$ 1,932,094
2014	576,297	486,095	360,000	231,005	168,500	61,676	1,883,573
2015	645,163	461,326	380,000	218,375	179,000	52,640	1,936,504
2016	669,030	436,011	400,000	204,620	184,000	42,933	1,936,594
2017	693,463	410,260	420,000	189,755	149,000	32,885	1,895,363
2018-2022	4,000,311	1,638,594	2,530,000	682,140	434,000	47,307	9,332,352
2023-2027	4,702,577	825,728	1,940,000	128,265	-	-	7,596,570
2028-2032	2,055,000	150,047	-	-	-	-	2,205,047
	<u>\$ 13,888,704</u>	<u>\$ 4,917,706</u>	<u>\$ 6,428,359</u>	<u>\$ 1,899,118</u>	<u>\$ 1,276,500</u>	<u>\$ 307,710</u>	<u>\$ 28,718,097</u>

BUSINESS-TYPE

ACTIVITIES:

FISCAL YEAR(S)	General Obligation Bonds		Notes Payable		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 113,137	\$ 44,116	\$ 1,194,545	\$ 367,908	\$ 125,000	\$ 11,325	\$ 1,856,031
2014	123,703	38,320	1,228,256	334,197	135,000	3,881	1,863,357
2015	129,837	32,108	1,208,226	299,868	-	-	1,670,039
2016	135,970	25,865	1,163,090	268,900	-	-	1,593,825
2017	141,537	19,386	1,193,751	238,238	-	-	1,592,912
2018-2022	244,689	42,781	5,832,725	707,800	-	-	6,827,995
2023-2027	122,422	12,469	2,589,435	209,838	-	-	2,934,164
2028-2032	-	-	1,015,605	35,063	-	-	1,050,668
	<u>\$ 1,011,295</u>	<u>\$ 215,045</u>	<u>\$ 15,425,633</u>	<u>\$ 2,461,812</u>	<u>\$ 260,000</u>	<u>\$ 15,206</u>	<u>\$ 19,388,991</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

D. 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, 2012, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	\$ 303,542	\$ 38,633
2014	251,745	-
2015	187,890	-
2016	137,080	-
2017	128,637	-
2018-2022	<u>337,030</u>	<u>-</u>
Total minimum lease payments	1,345,924	38,633
Less amount representing interest	<u>(119,684)</u>	<u>(995)</u>
Present value of future minimum lease payments	<u>\$1,226,240</u>	<u>\$ 37,638</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2012:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment cost	\$1,748,971	\$ 69,160
Accumulated depreciation	<u>(494,028)</u>	<u>(59,939)</u>
Carrying Value	<u>\$1,254,943</u>	<u>\$ 9,221</u>

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

E. CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General obligation bonds	\$10,061,134	\$4,250,000	\$ (422,430)	\$13,888,704	\$ 546,863
Notes payable	6,859,391	-	(431,032)	6,428,359	398,359
Limited obligation bonds	1,428,500	-	(152,000)	1,276,500	162,000
Capital lease obligations	<u>706,902</u>	<u>718,901</u>	<u>(199,563)</u>	<u>1,226,240</u>	<u>271,876</u>
	19,055,927	4,968,901	(1,205,025)	22,819,803	1,379,098
Compensated absences	573,795	349,552	(307,622)	615,725	315,000
Net pension obligation	<u>879,930</u>	<u>225,186</u>	<u>(287,062)</u>	<u>818,054</u>	<u>-</u>
	<u>\$20,509,652</u>	<u>\$5,543,639</u>	<u>\$(1,799,709)</u>	<u>\$24,253,582</u>	<u>\$1,694,098</u>
BUSINESS-TYPE ACTIVITIES:					
General obligation bonds	\$ 1,118,865	\$ -	\$ (107,570)	\$ 1,011,295	\$ 113,137
Notes payable	16,503,505	69,336	(1,147,208)	15,425,633	1,194,545
Revenue bonds	380,000	-	(120,000)	260,000	125,000
Capital lease obligations	81,519	-	(43,881)	37,638	37,638
Unamortized bond discount	<u>(18,304)</u>	<u>-</u>	<u>9,150</u>	<u>(9,154)</u>	<u>-</u>
	18,065,585	69,336	(1,409,509)	16,725,412	1,470,320
Compensated absences	<u>79,289</u>	<u>57,127</u>	<u>(54,034)</u>	<u>82,382</u>	<u>56,500</u>
	<u>\$18,144,874</u>	<u>\$ 126,463</u>	<u>\$(1,463,543)</u>	<u>\$16,807,794</u>	<u>\$1,526,820</u>

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

(Continued)

NOTE 8. LONG-TERM DEBT – Continued

E. CHANGES IN LONG-TERM LIABILITIES - Continued

Interest and fiscal charges incurred on long-term debt during the year ended September 30, 2012 were as follows:

Governmental activities	<u>\$ 920,626</u>
Business-type activities:	
Water	188,558
Sewer	298,882
Garbage collection	<u>3</u>
	<u>487,443</u>
	<u>\$1,408,069</u>

F. 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 \$4,497,460 during the current year and made current year principal and interest payments on the notes payable to the State totaling \$2,234,424, which was approximately 50% of the pledged revenue. As of September 30, 2012, the future principal and interest requirements for the notes payable totaled \$26,214,922, and the maturity dates of the notes payable extend through February, 2032.

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 \$180,436, and the City also received \$56,826 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 \$230,231, which was approximately 97% of the pledged revenues. As of September 30, 2012, the future principal and interest requirements for the bonds totaled \$1,584,210, and the maturity dates extend through April, 2020.

(Continued)

NOTE 8. LONG-TERM DEBT – Continued

d. 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 \$952,973 in the current year, and the current year principal and interest payments made by the City on the revenue bonds totaled \$138,278, which was approximately 15% of the pledged net revenues. As of September 30, 2012, the future principal and interest requirements for the revenue bonds totaled \$275,206, 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, 2012 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(845,100)</u>
Carrying value	<u>\$ 109,900</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>
2013	\$ 10,100	\$ 90,894
2014	10,100	56,758
2015	10,100	57,200
2016	10,100	57,656
2017	10,100	21,000
2018	<u>10,100</u>	<u>-</u>
	<u>\$ 60,600</u>	<u>\$ 283,508</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>
2013	\$ 55,037	\$ 13,530
2014	54,901	13,530
2015	50,673	13,530
2016	50,285	13,530
2017	50,285	13,530
2018-2022	247,621	67,650
2023-2027	232,405	51,650
2028-2032	155,323	38,600
2033	-	5,980
Total minimum lease payments	<u>\$ 896,530</u>	<u>\$ 231,530</u>

Rent expense during the year ended September 30, 2012 for all operating leases was as follows:

Governmental activities	\$ 86,355
Business-type activities	<u>37,425</u>
	<u>\$ 123,780</u>

NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

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

(Continued)

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

A. Deferred Compensation Plan – Continued

Funding Policy. Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed approximately \$73,000 to the plan for the year ended September 30, 2012. 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 14.26% of the annual covered payroll through June 30, 2013 and 15.75% thereafter. 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, 2012, 2011, and 2010 were \$1,550,203, \$1,468,397, and \$1,347,257, 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, 2012, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.49 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 in addition to the CDRF tax levy to maintain the actuarial soundness of the CDRF.

(Continued)

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

C. City of Clinton Disability and Relief Fund – Continued

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,		
	2011	2010	2009
Actuarial Value of Plan Assets	\$ 7,863,000	\$8,082,000	\$ 8,617,000
Actuarial Accrued Liability	<u>9,921,000</u>	<u>9,999,000</u>	<u>9,928,000</u>
Unfunded Actuarial Liability	<u>\$ 2,058,000</u>	<u>\$1,917,000</u>	<u>\$ 1,311,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	79.3%	80.8%	86.8%
Annual Covered Payroll	\$ 322,000	\$ 320,000	\$ 314,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	639.1%	599.1%	417.5%

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

Fiscal Year Ended	September 30,		
	2012	2011	2010
Annual required employer contribution	\$ 239,636	\$ 223,679	\$ 176,137
Interest on net pension obligation	70,394	68,397	62,986
Adjustment to annual required contribution	<u>(84,845)</u>	<u>(81,202)</u>	<u>(73,756)</u>
Annual pension cost	225,185	210,874	165,367
Actual employer contribution	<u>(287,061)</u>	<u>(185,901)</u>	<u>(97,731)</u>
Change in net pension obligation	(61,876)	24,973	67,636
Beginning net pension obligation	<u>879,930</u>	<u>854,957</u>	<u>787,321</u>
Ending net pension obligation	<u>\$ 818,054</u>	<u>\$ 879,930</u>	<u>\$ 854,957</u>
Percentage of annual pension cost contributed	127.48%	88.16%	59.10%

(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, 2012 was determined as part of the September 30, 2011 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, 2011 was 23 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 December, 2015, and provides for a monthly charge to the City of \$12.79 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, 2016, and provides for a monthly charge to the City of \$46,975 (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. However, the outcome or an estimated range of loss for these lawsuits is not presently determinable.

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. As discussed in Note 2(c), the City's Self-Funded Group Insurance Fund had a deficit fund equity at September 30, 2012.

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 \$530 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 is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer. Stop-loss coverage is 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 (which began August 1, 2012) is approximately \$1,727,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,740,000. 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

(Continued)

NOTE 14. RISK MANAGEMENT – Continued

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:

	<u>Year Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Claims liability, October 1	\$ 197,540	\$ 339,652
Current year claims	1,192,731	1,334,007
Claims paid in current year	<u>(1,057,760)</u>	<u>(1,476,119)</u>
Claims liability, September 30	<u>\$ 332,511</u>	<u>\$ 197,540</u>

NOTE 15. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The City has retroactively implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Consequently, the amounts previously referred to as “net assets” are now reflected as “net position”, and debt issuance costs are expensed as incurred rather than amortized over the debt terms. The beginning net position amounts in the accompanying financial statements have been restated to reflect the retroactive expensing of the debt issuance costs as follows:

	<u>As Previously Reported</u>	<u>Change</u>	<u>As Restated</u>
Government-Wide:			
Governmental activities	\$51,727,499	\$334,855	\$51,392,644
Business-type activities	19,686,158	59,711	19,626,447
Proprietary Funds:			
Water and Sewer Operations Fund	18,961,735	59,711	18,902,024

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Licenses and permits	\$ 935,500	\$ 869,625	\$ 851,323	\$ (18,302)
State grants	265,000	276,005	315,217	39,212
State shared revenues	4,277,000	4,715,510	4,828,305	112,795
Local grants	85,000	95,600	47,022	(48,578)
Federal grants	113,300	223,377	310,585	87,208
Charges for services	71,000	146,470	128,382	(18,088)
Fines and forfeitures	475,000	389,280	389,014	(266)
Interest earned	7,000	5,000	4,389	(611)
Miscellaneous	766,000	1,166,979	1,222,189	55,210
Total receipts, other than taxes	6,994,800	7,887,846	8,096,426	208,580
Beginning fund balance	363,664	220,004	220,004	-
Total available, other than taxes	7,358,464	8,107,850	8,316,430	208,580
Ad valorem taxes to be provided by levy	6,302,989	6,288,514	6,252,242	(36,272)
Total Available From All Sources	<u>\$13,661,453</u>	<u>\$14,396,364</u>	<u>\$ 14,568,672</u>	<u>\$ 172,308</u>
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	\$ 295,064	\$ 295,896	\$ 295,752	\$ (144)
Supplies	8,000	5,550	4,094	(1,456)
Other services and charges	54,596	52,096	51,591	(505)
Total elected officials	<u>357,660</u>	<u>353,542</u>	<u>351,437</u>	<u>(2,105)</u>
Court services:				
Personal services	216,797	197,097	195,955	(1,142)
Supplies	6,300	2,300	1,594	(706)
Other services and charges	56,622	72,322	65,261	(7,061)
Total court services	<u>279,719</u>	<u>271,719</u>	<u>262,810</u>	<u>(8,909)</u>
Administration:				
Personal services	308,425	309,346	308,931	(415)
Supplies	19,300	16,500	12,559	(3,941)
Other services and charges	180,894	183,694	188,019	4,325
Capital outlay	12,000	5,100	5,059	(41)
Total administration	<u>520,619</u>	<u>514,640</u>	<u>514,568</u>	<u>(72)</u>
Community development:				
Personal services	182,369	187,769	187,717	(52)
Supplies	26,700	26,700	23,387	(3,313)
Other services and charges	55,077	37,967	32,230	(5,737)
Capital outlay	-	53,000	52,965	(35)
Debt service	3,936	3,936	3,936	-
Total community development	<u>268,082</u>	<u>309,372</u>	<u>300,235</u>	<u>(9,137)</u>
Total General Government	<u>1,426,080</u>	<u>1,449,273</u>	<u>1,429,050</u>	<u>(20,223)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2012

	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	3,230,478	3,284,528	3,276,280	(8,248)
Supplies	291,202	425,527	372,129	(53,398)
Other services and charges	177,589	232,864	232,583	(281)
Capital outlay	-	35,180	204,099	168,919
Debt service	64,346	64,406	64,404	(2)
Total law enforcement	<u>3,763,615</u>	<u>4,042,505</u>	<u>4,149,495</u>	<u>106,990</u>
Fire protection:				
Personal services	2,892,229	2,927,529	2,917,668	(9,861)
Supplies	162,200	247,900	170,375	(77,525)
Other services and charges	196,218	233,118	233,024	(94)
Capital outlay	611,000	611,000	603,946	(7,054)
Debt service	298,664	248,664	247,756	(908)
Total fire protection	<u>4,160,311</u>	<u>4,268,211</u>	<u>4,172,769</u>	<u>(95,442)</u>
Inspection:				
Personal services	101,120	101,820	101,786	(34)
Supplies	10,750	10,050	6,754	(3,296)
Other services and charges	11,478	11,478	9,950	(1,528)
Total inspection	<u>123,348</u>	<u>123,348</u>	<u>118,490</u>	<u>(4,858)</u>
Total Public Safety	<u>8,047,274</u>	<u>8,434,064</u>	<u>8,440,754</u>	<u>6,690</u>
Street:				
Personal services	1,016,068	909,368	909,277	(91)
Supplies	205,750	344,750	344,760	10
Other services and charges	488,987	591,787	590,363	(1,424)
Capital outlay	25,000	25,000	24,224	(776)
Debt service	109,044	109,823	109,358	(465)
Total Street	<u>1,844,849</u>	<u>1,980,728</u>	<u>1,977,982</u>	<u>(2,746)</u>

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis, See Note A)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Parks and recreation:				
Personal services	887,842	852,842	851,994	(848)
Supplies	158,880	251,380	252,485	1,105
Other services and charges	182,184	286,184	282,424	(3,760)
Capital outlay	-	6,650	6,650	-
Debt service	<u>502,490</u>	<u>500,890</u>	<u>500,298</u>	<u>(592)</u>
Total Parks and Recreation	<u>1,731,396</u>	<u>1,897,946</u>	<u>1,893,851</u>	<u>(4,095)</u>
4 C's:				
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
City buildings:				
Supplies	-	3,300	3,257	(43)
Other services and charges	16,365	23,465	23,456	(9)
Capital outlay	<u>-</u>	<u>11,710</u>	<u>5,465</u>	<u>(6,245)</u>
Total City buildings	<u>16,365</u>	<u>38,475</u>	<u>32,178</u>	<u>(6,297)</u>
Economic development:				
Personal services	50,198	53,198	52,296	(902)
Supplies	1,600	3,100	2,554	(546)
Other services and charges	<u>131,800</u>	<u>131,800</u>	<u>130,984</u>	<u>(816)</u>
Total Economic Development	<u>183,598</u>	<u>188,098</u>	<u>185,834</u>	<u>(2,264)</u>
Main Street:				
Personal services	57,177	57,528	57,527	(1)
Supplies	5,200	4,849	3,172	(1,677)
Other services and charges	<u>10,300</u>	<u>10,300</u>	<u>8,535</u>	<u>(1,765)</u>
Total Main Street	<u>72,677</u>	<u>72,677</u>	<u>69,234</u>	<u>(3,443)</u>
Transfers and other charges	<u>151,379</u>	<u>256,145</u>	<u>200,845</u>	<u>(55,300)</u>
Total expenditures	13,493,618	14,337,406	14,249,728	(87,678)
Ending fund balance	<u>167,835</u>	<u>58,958</u>	<u>318,944</u>	<u>259,986</u>
Total Expenditures and Ending Fund Balance	<u>\$13,661,453</u>	<u>\$14,396,364</u>	<u>\$ 14,568,672</u>	<u>\$ 172,308</u>

CITY OF CLINTON
GENERAL FUND
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2012

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	\$ 14,568,672
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	(182,368)
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing sources are included in budgetary basis available	(1,036,024)
Beginning fund balance is included in budgetary basis available	<u>(220,004)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 12,986,276</u>
Expenditures - Budgetary Comparison Schedule	\$ 14,249,728
Differences:	
GAAP basis payables are reflected as budgetary basis expenditures in the year paid unless paid within 30 days after the end of the year in which they were budgeted.	(113,809)
Overhead reimbursements from other funds are included in budgetary basis available.	(144,000)
Other financing uses are included in budgetary basis expenditures	<u>(200,845)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,791,074</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	\$ -
Differences:	
Other financing sources are included in budgetary basis available	1,036,024
Other financing uses are included in budgetary basis expenditures	<u>(200,845)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 835,179</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 157,787	\$ 1,006,757	\$ 198,772	\$ 1,363,316
Receivables:				
Property taxes	-	938,826	-	938,826
Tourism tax	23,460	-	-	23,460
Federal assistance	-	-	50,140	50,140
Special assessments	-	432,601	-	432,601
Due from other funds	<u>4,497</u>	<u>70,358</u>	<u>167,550</u>	<u>242,405</u>
 Total Assets	 <u>\$ 185,744</u>	 <u>\$ 2,448,542</u>	 <u>\$ 416,462</u>	 <u>\$ 3,050,748</u>
 Liabilities:				
Accounts payable	\$ 7,290	\$ 3,577	\$ 23,731	\$ 34,598
Unearned grant revenue	45,400	-	37,072	82,472
Due to other funds	<u>7</u>	<u>29,630</u>	<u>-</u>	<u>29,637</u>
 Total Liabilities	 <u>52,697</u>	 <u>33,207</u>	 <u>60,803</u>	 <u>146,707</u>
 Deferred Inflows of Resources:				
Property taxes levied for subsequent year	-	922,027	-	922,027
Unavailable special assessments	<u>-</u>	<u>432,601</u>	<u>-</u>	<u>432,601</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>1,354,628</u>	 <u>-</u>	 <u>1,354,628</u>
 Fund Balances:				
Restricted for:				
Economic development and tourism	107,018	-	-	107,018
Debt service	-	1,044,012	-	1,044,012
Capital outlay	26,029	-	355,659	381,688
Assigned to debt service	<u>-</u>	<u>16,695</u>	<u>-</u>	<u>16,695</u>
 Total Fund Balance	 <u>133,047</u>	 <u>1,060,707</u>	 <u>355,659</u>	 <u>1,549,413</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 185,744</u>	 <u>\$ 2,448,542</u>	 <u>\$ 416,462</u>	 <u>\$ 3,050,748</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 1,096,816	\$ -	\$ 1,096,816
Intergovernmental	145,065	78,979	335,863	559,907
Charges for services	19,731	-	-	19,731
Fines and forfeitures	7,623	-	-	7,623
Special assessments	-	27,037	-	27,037
Interest	824	11,833	2,272	14,929
Contributions	34,203	-	-	34,203
	<u>207,446</u>	<u>1,214,665</u>	<u>338,135</u>	<u>1,760,246</u>
Total Revenues				
Expenditures:				
Current:				
General government	-	11,656	-	11,656
Public Safety	16,232	-	-	16,232
Culture and Recreation	97,365	-	-	97,365
Economic Development	40,249	-	-	40,249
Debt Service	5,723	1,063,761	-	1,069,484
Capital Outlay	28,000	-	438,849	466,849
	<u>187,569</u>	<u>1,075,417</u>	<u>438,849</u>	<u>1,701,835</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>19,877</u>	<u>139,248</u>	<u>(100,714)</u>	<u>58,411</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):				
Transfers in	5,000	238,352	93,012	336,364
Transfers out	<u> -</u>	<u> (85,282)</u>	<u> (263,147)</u>	<u> (348,429)</u>
Total Other Financing Sources (Uses)	<u> 5,000</u>	<u> 153,070</u>	<u> (170,135)</u>	<u> (12,065)</u>
Net Change in Fund Balances	24,877	292,318	(270,849)	46,346
Fund Balances - Beginning	<u> 108,170</u>	<u> 768,389</u>	<u> 626,508</u>	<u> 1,503,067</u>
Fund Balances - Ending	<u>\$ 133,047</u>	<u>\$ 1,060,707</u>	<u>\$ 355,659</u>	<u>\$ 1,549,413</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Assets:			
Cash and cash equivalents	\$ 109,275	\$ 48,512	\$ 157,787
Tourism tax receivable	23,460	-	23,460
Due from other funds	<u>1,331</u>	<u>3,166</u>	<u>4,497</u>
 Total Assets	 <u>\$ 134,066</u>	 <u>\$ 51,678</u>	 <u>\$ 185,744</u>
 Liabilities:			
Accounts payable	\$ 1,012	\$ 6,278	\$ 7,290
Unearned grant revenue	-	45,400	45,400
Due to other funds	<u>7</u>	<u>-</u>	<u>7</u>
 Total Liabilities	 <u>1,019</u>	 <u>51,678</u>	 <u>52,697</u>
 Fund Balances:			
Restricted for:			
Economic development and tourism	107,018	-	107,018
Capital outlay	<u>26,029</u>	<u>-</u>	<u>26,029</u>
 Total Fund Balances	 <u>133,047</u>	 <u>-</u>	 <u>133,047</u>
 Total Liabilities and Fund Balances	 <u>\$ 134,066</u>	 <u>\$ 51,678</u>	 <u>\$ 185,744</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2012

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 128,001	\$ -	\$ 128,001
Federal grants	3,000	14,064	17,064
	<u>131,001</u>	<u>14,064</u>	<u>145,065</u>
Charges for services	19,731	-	19,731
Fines and forfeitures	-	7,623	7,623
Interest	663	161	824
Contributions	34,096	107	34,203
Total Revenues	<u>185,491</u>	<u>21,955</u>	<u>207,446</u>
Expenditures:			
Public Safety:			
Supplies	-	12,759	12,759
Other services and charges	-	3,473	3,473
	<u>-</u>	<u>16,232</u>	<u>16,232</u>
Culture and Recreation:			
Personal services	46,593	-	46,593
Supplies	21,848	-	21,848
Other services and charges	28,924	-	28,924
	<u>97,365</u>	<u>-</u>	<u>97,365</u>
Economic Development:			
Other services and charges	40,249	-	40,249
Debt service	-	5,723	5,723
Capital outlay	28,000	-	28,000
Total Expenditures	<u>165,614</u>	<u>21,955</u>	<u>187,569</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 Year Ended September 30, 2012

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues over Expenditures	19,877	-	19,877
Other Financing Sources:			
Transfers in	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balances	24,877	-	24,877
Fund Balances - Beginning	<u>108,170</u>	<u>-</u>	<u>108,170</u>
Fund Balances - Ending	<u>\$ 133,047</u>	<u>\$ -</u>	<u>\$ 133,047</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2012

	Clinton Parkway Bond and Interest Fund	Infrastructure 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
Assets:									
Cash and cash equivalents	\$ -	\$ 352,980	\$ 121,302	\$ 514,730	\$ 592	\$ 7,725	\$ 2,323	\$ 7,105	\$ 1,006,757
Property taxes receivable	-	272,878	259,882	406,066	-	-	-	-	938,826
Special assessments receivable	-	-	432,601	-	-	-	-	-	432,601
Due from other funds	-	19,112	51,246	-	-	-	-	-	70,358
Total Assets	\$ -	\$ 644,970	\$ 865,031	\$ 920,796	\$ 592	\$ 7,725	\$ 2,323	\$ 7,105	\$ 2,448,542
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 2,527	\$ -	\$ -	\$ -	\$ 1,050	\$ 3,577
Due to other funds	-	-	-	29,630	-	-	-	-	29,630
Total Liabilities	-	-	-	32,157	-	-	-	1,050	33,207
Deferred Inflows of Resources:									
Property taxes levied for subsequent year	-	267,994	255,232	398,801	-	-	-	-	922,027
Unavailable special assessments	-	-	432,601	-	-	-	-	-	432,601
Total Deferred Inflows of Resources	-	267,994	687,833	398,801	-	-	-	-	1,354,628
Fund Balances:									
Restricted for debt service	-	376,976	177,198	489,838	-	-	-	-	1,044,012
Assigned to debt service	-	-	-	-	592	7,725	2,323	6,055	16,695
Total Fund Balances	-	376,976	177,198	489,838	592	7,725	2,323	6,055	1,060,707
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 644,970	\$ 865,031	\$ 920,796	\$ 592	\$ 7,725	\$ 2,323	\$ 7,105	\$ 2,448,542

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2012

	Clinton Parkway Bond and Interest Fund	Infrastructure 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	\$ -	\$ 318,675	\$ 303,501	\$ 474,640	\$ -	\$ -	\$ -	\$ -	\$ 1,096,816
Intergovernmental:									
State grants	-	6,439	6,132	9,582	-	-	-	-	22,153
County shared revenues	-	-	-	-	21,826	35,000	-	-	56,826
	-	6,439	6,132	9,582	21,826	35,000	-	-	78,979
Special assessments	-	-	27,037	-	-	-	-	-	27,037
Interest	-	5,166	2,882	3,739	4	21	5	16	11,833
Total Revenues	-	330,280	339,552	487,961	21,830	35,021	5	16	1,214,665
Expenditures:									
General government:									
Other services and charges	-	3,265	3,110	5,281	-	-	-	-	11,656
Debt service	-	-	260,519	570,984	45,942	110,155	23,311	52,850	1,063,761
Total Expenditures	-	3,265	263,629	576,265	45,942	110,155	23,311	52,850	1,075,417
Excess (Deficiency) of Revenues Over Expenditures	-	327,015	75,923	(88,304)	(24,112)	(75,134)	(23,306)	(52,834)	139,248

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
 September 30, 2012

	Clinton Parkway Bond and Interest Fund	Infrastructure 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	-	57,916	-	-	25,149	76,155	24,552	54,580	238,352
Transfers out	<u>(57,916)</u>	<u>(7,955)</u>	<u>(7,575)</u>	<u>(11,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,282)</u>
Total Other Financing Sources (Uses)	<u>(57,916)</u>	<u>49,961</u>	<u>(7,575)</u>	<u>(11,836)</u>	<u>25,149</u>	<u>76,155</u>	<u>24,552</u>	<u>54,580</u>	<u>153,070</u>
Net Change in Fund Balances	(57,916)	376,976	68,348	(100,140)	1,037	1,021	1,246	1,746	292,318
Fund Balances - Beginning	<u>57,916</u>	<u>-</u>	<u>108,850</u>	<u>589,978</u>	<u>(445)</u>	<u>6,704</u>	<u>1,077</u>	<u>4,309</u>	<u>768,389</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 376,976</u>	<u>\$ 177,198</u>	<u>\$ 489,838</u>	<u>\$ 592</u>	<u>\$ 7,725</u>	<u>\$ 2,323</u>	<u>\$ 6,055</u>	<u>\$ 1,060,707</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2012

	ARRA- Bridge Replacement Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 85,618	\$ 111,366	\$ 1,788	\$ 198,772
Federal assistance receivable	-	-	-	2,006	48,134	50,140
Due from other funds	-	-	-	-	167,550	167,550
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,618</u>	<u>\$ 113,372</u>	<u>\$217,472</u>	<u>\$ 416,462</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 2,130	\$ 21,579	\$ 22	\$ 23,731
Unearned grant revenue	-	-	-	37,072	-	37,072
Total Liabilities	-	-	2,130	58,651	22	60,803
Fund Balances:						
Restricted for capital outlay	-	-	83,488	54,721	217,450	355,659
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,618</u>	<u>\$ 113,372</u>	<u>\$217,472</u>	<u>\$ 416,462</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2012

	ARRA- Bridge Replacement Project Fund	Library Construction Project Fund	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Northside Corridor Project Fund	Total Nonmajor Capital Projects Funds
Revenues:						
Intergovernmental:						
Federal grants	\$ -	\$ -	\$ -	\$ 2,006	\$121,061	\$ 123,067
Local grants	-	-	-	212,796	-	212,796
	-	-	-	214,802	121,061	335,863
Interest	-	1,172	572	527	1	2,272
Total Revenues	-	1,172	572	215,329	121,062	338,135
Expenditures:						
Capital Outlay	-	-	88,000	215,608	135,241	438,849
Total Expenditures	-	-	88,000	215,608	135,241	438,849
Excess (Deficiency) of Revenues Over Expenditures	-	1,172	(87,428)	(279)	(14,179)	(100,714)
Other Financing Sources (Uses):						
Transfers in	-	-	-	55,000	38,012	93,012
Transfers out	-	(263,147)	-	-	-	(263,147)
Total Other Financing Sources (Uses)	-	(263,147)	-	55,000	38,012	(170,135)
Net Change in Fund Balances	-	(261,975)	(87,428)	54,721	23,833	(270,849)
Fund Balances - Beginning	-	261,975	170,916	-	193,617	626,508
Fund Balances - Ending	\$ -	\$ -	\$ 83,488	\$ 54,721	\$217,450	\$ 355,659

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 125,000	\$ 125,000	\$ 125,199	\$ 199
Grant income	-	-	3,000	3,000
Interest earned	700	400	662	262
Donations - private sources	100	34,000	34,096	96
Sales	17,000	19,000	19,659	659
Other	730	100	72	(28)
Transfers from other funds	-	5,000	5,000	-
Total Receipts	<u>143,530</u>	<u>183,500</u>	<u>187,688</u>	<u>4,188</u>
Beginning fund balance	<u>50,989</u>	<u>89,252</u>	<u>89,252</u>	<u>-</u>
Total Available From All Sources	<u>\$ 194,519</u>	<u>\$ 272,752</u>	<u>\$ 276,940</u>	<u>\$ 4,188</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 41,575	\$ 46,675	\$ 46,593	\$ (82)
Supplies:				
Cost of sales	4,250	11,000	13,503	2,503
Other	6,400	10,400	8,878	(1,522)
Other services and charges	27,300	29,300	30,057	757
Capital outlay	-	28,000	28,000	-
Total visitor center	<u>79,525</u>	<u>125,375</u>	<u>127,031</u>	<u>1,656</u>
Tourism promotion:				
Other services and charges	<u>114,000</u>	<u>114,000</u>	<u>39,429</u>	<u>(74,571)</u>
Total Expenditures	<u>193,525</u>	<u>239,375</u>	<u>166,460</u>	<u>(72,915)</u>
Ending fund balance	<u>994</u>	<u>33,377</u>	<u>110,480</u>	<u>77,103</u>
Total Expenditures and Ending Fund Balance	<u>\$ 194,519</u>	<u>\$ 272,752</u>	<u>\$ 276,940</u>	<u>\$ 4,188</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Asset forfeitures:				
U.S. Justice Department	\$ 5,000	\$ 5,000	\$ 2,066	\$ (2,934)
Local	5,000	7,000	7,623	623
Grants	-	2,066	3,266	1,200
Interest earned	-	-	161	161
Donations - private sources	-	-	107	107
Total Receipts	<u>10,000</u>	<u>14,066</u>	<u>13,223</u>	<u>(843)</u>
Beginning fund balance	<u>56,132</u>	<u>55,394</u>	<u>55,394</u>	<u>-</u>
Total Available From All Sources	<u>\$ 66,132</u>	<u>\$ 69,460</u>	<u>\$ 68,617</u>	<u>\$ (843)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 12,000	\$ 14,100	\$ 14,021	\$ (79)
Other services and charges	500	4,000	3,473	(527)
Debt service	<u>5,723</u>	<u>5,723</u>	<u>5,723</u>	<u>-</u>
Total Expenditures	<u>18,223</u>	<u>23,823</u>	<u>23,217</u>	<u>(606)</u>
Ending fund balance	<u>47,909</u>	<u>45,637</u>	<u>45,400</u>	<u>(237)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 66,132</u>	<u>\$ 69,460</u>	<u>\$ 68,617</u>	<u>\$ (843)</u>

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Beginning fund balance	\$ 49,249	\$ 53,044	\$ 53,044	\$ -
Total Available From All Sources	<u>\$ 49,249</u>	<u>\$ 53,044</u>	<u>\$ 53,044</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 53,044	\$ 53,044	\$ -
Total Expenditures	-	53,044	53,044	-
Ending fund balance	<u>49,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 49,249</u>	<u>\$ 53,044</u>	<u>\$ 53,044</u>	<u>\$ -</u>

CITY OF CLINTON

INFRASTRUCTURE BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 3,040	\$ 6,439	\$ 3,399
Interest earned	-	4,413	5,166	753
Transfers from other funds	-	53,044	53,044	-
Total receipts other than taxes	-	60,497	64,649	4,152
Beginning fund balance	-	-	-	-
Total available, other than taxes	-	60,497	64,649	4,152
Ad valorem taxes to be provided by levy	314,913	314,913	318,663	3,750
Total Available From All Sources	\$ 314,913	\$ 375,410	\$ 383,312	\$ 7,902
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,611	\$ 3,611	\$ 3,265	\$ (346)
Debt service	301,576	-	-	-
Transfers to other funds	7,955	7,955	7,955	-
Total Expenditures	313,142	11,566	11,220	(346)
Ending fund balance	1,771	363,844	372,092	8,248
Total Expenditures and Ending Fund Balance	\$ 314,913	\$ 375,410	\$ 383,312	\$ 7,902

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 2,896	\$ 6,132	\$ 3,236
Interest earned	-	694	2,882	2,188
Special assessments	28,930	28,930	27,037	(1,893)
Total receipts, other than taxes	28,930	32,520	36,051	3,531
Beginning fund balance	65,012	104,226	104,226	-
Total available, other than taxes	93,942	136,746	140,277	3,531
Ad valorem taxes to be provided by levy	299,916	299,916	303,475	3,559
Total Available From All Sources	\$ 393,858	\$ 436,662	\$ 443,752	\$ 7,090
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,439	\$ 3,439	\$ 3,110	\$ (329)
Debt service	296,638	296,638	260,519	(36,119)
Transfers	7,575	7,575	7,575	-
Total Expenditures	307,652	307,652	271,204	(36,448)
Ending fund balance	86,206	129,010	172,548	43,538
Total Expenditures and Ending Fund Balance	\$ 393,858	\$ 436,662	\$ 443,752	\$ 7,090

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ 4,525	\$ 9,582	\$ 5,057
Interest earned	-	2,200	3,739	1,539
Total receipts, other than taxes	-	6,725	13,321	6,596
Beginning fund balance	572,175	583,784	583,784	-
Total available, other than taxes	572,175	590,509	597,105	6,596
Ad valorem taxes to be provided by levy	468,621	468,621	476,069	7,448
Total Available From All Sources	<u>\$ 1,040,796</u>	<u>\$ 1,059,130</u>	<u>\$ 1,073,174</u>	<u>\$ 14,044</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 5,374	\$ 5,374	\$ 5,281	\$ (93)
Debt service	572,484	572,484	570,984	(1,500)
Transfers to other funds	11,836	11,836	11,836	-
Total Expenditures	589,694	589,694	588,101	(1,593)
Ending fund balance	451,102	469,436	485,073	15,637
Total Expenditures and Ending Fund Balance	<u>\$ 1,040,796</u>	<u>\$ 1,059,130</u>	<u>\$ 1,073,174</u>	<u>\$ 14,044</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 25,149	\$ 25,149	\$ 25,149	\$ -
Receipt from Hinds County	21,129	21,826	21,826	-
Interest earned	<u>250</u>	<u>10</u>	<u>4</u>	<u>(6)</u>
Total Receipts	46,528	46,985	46,979	(6)
Beginning fund balance	<u>(568)</u>	<u>(445)</u>	<u>(445)</u>	<u>-</u>
Total Available From All Sources	<u>\$ 45,960</u>	<u>\$ 46,540</u>	<u>\$ 46,534</u>	<u>\$ (6)</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 45,960</u>	<u>\$ 45,960</u>	<u>\$ 45,942</u>	<u>\$ (18)</u>
Total Expenditures	45,960	45,960	45,942	(18)
Ending fund balance	<u>-</u>	<u>580</u>	<u>592</u>	<u>12</u>
Total Expenditures and Ending Fund Balance	<u>\$ 45,960</u>	<u>\$ 46,540</u>	<u>\$ 46,534</u>	<u>\$ (6)</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 76,155	\$ 76,155	\$ 76,155	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	21	21
Total Receipts	<u>111,155</u>	<u>111,155</u>	<u>111,176</u>	<u>21</u>
Beginning fund balance	<u>5,668</u>	<u>6,704</u>	<u>6,704</u>	<u>-</u>
Total Available From All Sources	<u>\$ 116,823</u>	<u>\$ 117,859</u>	<u>\$ 117,880</u>	<u>\$ 21</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 111,155</u>	<u>\$ 111,155</u>	<u>\$ 110,155</u>	<u>\$ (1,000)</u>
Total Expenditures	<u>111,155</u>	<u>111,155</u>	<u>110,155</u>	<u>(1,000)</u>
Ending fund balance	<u>5,668</u>	<u>6,704</u>	<u>7,725</u>	<u>1,021</u>
Total Expenditures and Ending Fund Balance	<u>\$ 116,823</u>	<u>\$ 117,859</u>	<u>\$ 117,880</u>	<u>\$ 21</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 23,311	\$ 23,311	\$ 24,552	\$ 1,241
Interest earned	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Total Receipts	23,311	23,311	24,557	1,246
Beginning fund balance	<u>1,067</u>	<u>1,077</u>	<u>1,077</u>	<u>-</u>
Total Available From All Sources	<u>\$ 24,378</u>	<u>\$ 24,388</u>	<u>\$ 25,634</u>	<u>\$ 1,246</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 23,311</u>	<u>\$ 23,311</u>	<u>\$ 23,311</u>	<u>\$ -</u>
Total Expenditures	23,311	23,311	23,311	-
Ending fund balance	<u>1,067</u>	<u>1,077</u>	<u>2,323</u>	<u>1,246</u>
Total Expenditures and Ending Fund Balance	<u>\$ 24,378</u>	<u>\$ 24,388</u>	<u>\$ 25,634</u>	<u>\$ 1,246</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 54,580	\$ 54,580	\$ 54,580	\$ -
Interest earned	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
Total receipts	54,580	54,580	54,596	16
Beginning fund balance	<u>5,276</u>	<u>5,359</u>	<u>5,359</u>	<u>-</u>
Total Available From All Sources	<u>\$ 59,856</u>	<u>\$ 59,939</u>	<u>\$ 59,955</u>	<u>\$ 16</u>
<u>EXPENDITURES</u>				
Debt service	\$ 52,900	\$ 52,900	\$ 52,850	\$ (50)
Total Expenditures	52,900	52,900	52,850	(50)
Ending fund balance	<u>6,956</u>	<u>7,039</u>	<u>7,105</u>	<u>66</u>
Total Expenditures and Ending Fund Balance	<u>\$ 59,856</u>	<u>\$ 59,939</u>	<u>\$ 59,955</u>	<u>\$ 16</u>

CITY OF CLINTON

ARRA - BRIDGE REPLACEMENT PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ -	\$ 14,168	\$ 14,168	\$ -
Total Receipts	-	14,168	14,168	-
Beginning fund balance	-	(14,168)	(14,168)	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Expenditures	\$ -	\$ -	\$ -	\$ -
Ending fund balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CLINTON

LIBRARY CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 1,172	\$ 1,172	\$ -
Total Receipts	-	1,172	1,172	-
Beginning fund balance	<u>261,927</u>	<u>261,975</u>	<u>261,975</u>	<u>-</u>
Total Available From All Sources	<u>\$ 261,927</u>	<u>\$ 263,147</u>	<u>\$ 263,147</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Transfers to other funds	\$ -	\$ 263,147	\$ 263,147	\$ -
Total Expenditures	-	263,147	263,147	-
Ending fund balance	<u>261,927</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 261,927</u>	<u>\$ 263,147</u>	<u>\$ 263,147</u>	<u>\$ -</u>

CITY OF CLINTON
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 572	\$ 572	\$ -
Total Receipts	-	572	572	-
Beginning fund balance	<u>193,427</u>	<u>180,177</u>	<u>180,177</u>	<u>-</u>
Total Available From All Sources	<u>\$ 193,427</u>	<u>\$ 180,749</u>	<u>\$ 180,749</u>	<u>\$ -</u>
 <u>EXPENDITURES</u>				
Other services and charges	\$ 146,955	\$ 107,177	\$ -	\$ (107,177)
Capital outlay	<u>-</u>	<u>-</u>	<u>95,889</u>	<u>95,889</u>
Total Expenditures	146,955	107,177	95,889	(11,288)
Ending fund balance	<u>46,472</u>	<u>73,572</u>	<u>84,860</u>	<u>11,288</u>
Total Expenditures and Ending Fund Balance	<u>\$ 193,427</u>	<u>\$ 180,749</u>	<u>\$ 180,749</u>	<u>\$ -</u>

CITY OF CLINTON

ARROW DRIVE CONSTRUCTION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 528	\$ 527	\$ (1)
Other reimbursements	178,795	305,000	249,868	(55,132)
Transfers from other funds	-	-	55,000	55,000
Total Receipts	<u>178,795</u>	<u>305,528</u>	<u>305,395</u>	<u>(133)</u>
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Available From All Sources	<u>\$ 178,795</u>	<u>\$ 305,528</u>	<u>\$ 305,395</u>	<u>\$ (133)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 10,000	\$ -	\$ -	\$ -
Other services and charges	168,795	240,000	-	(240,000)
Capital outlay	-	-	215,609	215,609
Total Expenditures	<u>178,795</u>	<u>240,000</u>	<u>215,609</u>	<u>(24,391)</u>
Ending fund balance	<u>-</u>	<u>65,528</u>	<u>89,786</u>	<u>24,258</u>
Total Expenditures and Ending Fund Balance	<u>\$ 178,795</u>	<u>\$ 305,528</u>	<u>\$ 305,395</u>	<u>\$ (133)</u>

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 217,000	\$ 128,000	\$ 127,238	\$ (762)
Transfer from other funds	-	38,100	38,012	(88)
Interest earned	-	-	1	1
Total Receipts	<u>217,000</u>	<u>166,100</u>	<u>165,251</u>	<u>(849)</u>
Beginning fund balance	<u>187,934</u>	<u>139,306</u>	<u>139,306</u>	<u>-</u>
Total Available From All Sources	<u>\$ 404,934</u>	<u>\$ 305,406</u>	<u>\$ 304,557</u>	<u>\$ (849)</u>
<u>EXPENDITURES</u>				
Supplies	\$ 10,000	\$ 92,000	\$ -	\$ (92,000)
Other services and charges	207,000	125,000	-	(125,000)
Capital outlay	-	-	135,241	135,241
Total Expenditures	<u>217,000</u>	<u>217,000</u>	<u>135,241</u>	<u>(81,759)</u>
Ending fund balance	<u>187,934</u>	<u>88,406</u>	<u>169,316</u>	<u>80,910</u>
Total Expenditures and Ending Fund Balance	<u>\$ 404,934</u>	<u>\$ 305,406</u>	<u>\$ 304,557</u>	<u>\$ (849)</u>

CITY OF CLINTON

INFRASTRUCTURE CONSTRUCTION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ 4,300	\$ 12,516	\$ 8,216
Transfers from other funds	-	102,775	42,775	(60,000)
Sale of bonds	-	4,250,000	4,250,000	-
Total Receipts	-	4,357,075	4,305,291	(51,784)
Beginning fund balance	-	-	-	-
Total Available From All Sources	\$ -	\$ 4,357,075	\$ 4,305,291	\$ (51,784)
<u>EXPENDITURES</u>				
Other services and charges	\$ -	\$ 1,198,010	\$ -	\$ (1,198,010)
Capital outlay	-	-	1,197,000	1,197,000
Cost of bond issue	-	85,300	85,247	(53)
Transfers to other funds	-	93,012	93,012	-
Total Expenditures	-	1,376,322	1,375,259	(1,063)
Ending fund balance	-	2,980,753	2,930,032	(50,721)
Total Expenditures and Ending Fund Balance	\$ -	\$ 4,357,075	\$ 4,305,291	\$ (51,784)

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2012

<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
James Baldree, Jr.	Deputy 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, 2012

<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, 2011</u>	<u>Receipts</u>	<u>Receivable (Deferred) at September 30, 2012</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE							
Direct:							
Federal Equitable Sharing Program	16.922	MS0250300	\$ -	\$ (54,132)	\$ 2,066	\$ (45,400)	\$ 10,798
Bulletproof Vest Partnership Program	16.607	N/A	-	-	3,266	-	3,266
Total U.S. Department of Justice				<u>(54,132)</u>	<u>5,332</u>	<u>(45,400)</u>	<u>14,064</u>
U.S. DEPARTMENT OF TRANSPORTATION							
Passed Through Mississippi Department of Transportation:							
Highway Planning and Construction	20.205	STPD-7306-00(004) 104102-801000	6,068,000	54,311	127,238	48,134	121,061
ARRA-Highway Planning and Construction	20.205	STP-0025-00(033) 105586-701000	1,725,254	14,168	14,168	-	-
Highway Planning and Construction	20.205	STP-7357-00(001) 106212-701000	1,270,356	-	-	2,006	2,006
				<u>68,479</u>	<u>141,406</u>	<u>50,140</u>	<u>123,067</u>
Passed Through Mississippi Department of Wildlife, Fisheries and Parks:							
Recreational Trails Program	20.219	28-RTP-0180	19,485	14,935	19,485	-	4,550
Total U.S. Department of Transportation				<u>83,414</u>	<u>160,891</u>	<u>50,140</u>	<u>127,617</u>
NATIONAL ENDOWMENT FOR THE ARTS							
Passed Through Mississippi Arts Commission:							
Promotion of the Arts Partnership Agreements	45.025	13-291-CD/PG	3,000	-	3,000	-	3,000

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2012

<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, 2011</u>	<u>Receipts</u>	<u>Receivable (Deferred) at September 30, 2012</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1764-DR-MS	186,350	9,747	9,747	-	-
	97.036	FEMA-1972-DR-MS	361,658	209,394	209,394	-	-
	97.036	FEMA-4081-DR-MS	42,410	-	-	42,410	42,410
				219,141	219,141	42,410	42,410
Passed Through Mississippi Department of Public Safety:							
Homeland Security Grant Program	97.067	09HS147	104,389	25,050	25,050	-	-
	97.067	10LE147	50,000	50,000	50,000	-	-
	97.067	10LE147A	22,250	22,250	22,250	-	-
	97.067	08HS147	54,000	54,000	54,000	-	-
	97.067	08LE147	9,417	-	9,417	-	9,417
	97.067	09LE147	19,500	-	19,500	-	19,500
	97.067	11LE147	50,000	-	-	36,032	36,032
				151,300	180,217	36,032	64,949
Total U.S. Department of Homeland Security				370,441	399,358	78,442	107,359
Grand Total - All Programs				\$ 399,723	\$ 568,581	\$ 83,182	\$ 252,040

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

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.	108-112
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property taxes.	113-116
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.	117-121
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.	122-123
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.	124-126

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 Position by Component
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Net investment in capital assets	\$48,965,691	\$51,322,208	\$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	26,029	16,933	-	-	-	-	-	-	-	89,890
Debt service	1,357,907	1,159,747	1,135,099	1,063,256	924,770	27,463	104,783	117,890	216,422	224,243
Economic development	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	-	-	7,022	16,721
Unrestricted	(901,591)	(1,197,481)	(838,537)	(1,068,211)	(1,236,329)	(1,078,133)	99,488	(94,888)	(930,261)	(494,320)
Total governmental activities net position	49,555,054	51,392,644	53,760,501	52,906,938	53,694,966	53,562,699	31,277,911	27,290,411	26,283,248	24,131,594
Business-type activities										
Net investment in capital assets	\$14,346,038	\$14,386,115	\$14,230,770	\$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	550,786	586,224	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	912,779
Debt service	249,630	259,852	262,504	251,896	148,252	153,187	153,507	158,313	156,890	157,817
Unrestricted	4,957,067	4,394,256	3,682,411	2,567,679	1,913,850	1,674,515	1,204,940	1,393,853	1,773,160	2,234,839
Total business-type activities net position	\$ 20,103,521	\$ 19,626,447	\$ 18,887,536	\$ 15,569,726	\$ 14,873,907	\$ 14,231,441	\$ 13,481,652	\$ 14,512,798	\$ 16,146,262	\$ 16,694,755
Primary government										
Net investment in capital assets	\$ 63,311,729	\$ 65,708,323	\$ 67,578,585	\$ 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	576,815	603,157	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020	1,002,669
Debt service	1,607,537	1,419,599	1,397,603	1,315,152	1,073,022	180,650	258,290	276,203	373,312	382,060
Economic development	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996	203,937
Public safety	-	-	-	-	-	-	-	-	7,022	16,721
Unrestricted	4,055,476	3,196,775	2,843,874	1,499,468	677,521	596,382	1,304,428	1,298,965	842,899	1,740,519
Total primary government net position	\$ 69,658,575	\$ 71,019,091	\$ 72,648,037	\$ 68,476,664	\$ 68,568,873	\$ 67,794,140	\$ 44,759,563	\$ 41,803,209	\$ 42,429,510	\$ 40,826,349

Note: Prior year amounts have been retroactively restated for the effects of GASB Statements No. 63 and 65, which were implemented in 2012.

Schedule 2
City of Clinton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$ 1,247,190	\$ 1,264,976	\$ 1,167,093	\$ 1,197,985	\$ 1,274,230	\$ 1,267,379	\$ 1,205,826	\$ 1,368,043	\$ 1,091,620	\$ 1,009,427
Public safety	7,599,403	7,535,290	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	4,838,090	5,026,298	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	2,371,690	2,317,690	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	290,713	317,747	316,451	344,131	234,758	837,315	135,868	148,948	145,971	136,369
Interest and fiscal charges on long term debt	920,626	845,542	887,988	928,450	685,012	686,384	611,831	596,185	351,396	396,780
Total governmental activities expenses	17,267,712	17,307,543	16,337,454	16,257,490	15,940,856	15,847,037	14,162,664	13,630,442	12,312,555	11,368,093
Business-type activities:										
Water	2,608,991	2,558,240	2,287,261	2,335,446	2,492,671	2,530,182	2,471,655	-	-	-
Sewer	3,390,959	3,189,289	2,945,647	3,009,499	3,098,919	2,964,712	2,974,735	-	-	-
Total Water and sewer	5,999,950	5,747,529	5,232,908	5,344,945	5,591,590	5,494,894	5,446,390	5,229,323	5,049,865	4,943,370
Garbage collection	1,663,306	1,843,939	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	7,663,256	7,591,468	6,696,816	6,804,098	6,963,875	6,698,284	6,603,740	6,307,872	6,029,858	5,875,733
Total primary government expenses	\$ 24,930,968	\$ 24,899,011	\$ 23,034,270	\$ 23,061,588	\$ 22,904,731	\$ 22,545,321	\$ 20,766,404	\$ 19,938,314	\$ 18,342,413	\$ 17,243,826
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 40,940	\$ 41,758	\$ 42,062	\$ 43,106	\$ 41,853	\$ 53,398	\$ 66,944	\$ -	\$ -	\$ -
Public safety	569,110	689,661	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	123,022	118,597	71,602	70,769	92,264	74,893	73,856	50,624	30,532	11,145
Operating grants and contributions	233,216	344,057	227,641	415,524	186,256	371,603	232,944	596,968	391,053	247,526
Capital grants and contributions	1,141,986	890,250	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	2,108,274	2,084,323	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	3,633,293	3,586,497	3,453,702	3,241,835	3,127,139	2,974,619	2,595,539	-	-	-
Sewer	2,841,097	2,812,509	2,835,891	2,672,842	2,564,094	2,327,178	2,014,796	-	-	-
Total Water and sewer	6,474,390	6,399,006	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	1,506,468	1,473,657	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	61,892	303,942	-	-	-	111,419	83,090	-	-	-
Capital grants and contributions	64,815	131,557	2,087,111	-	267,973	312,490	376,928	61,917	176,750	74,308
Total business-type activities program revenues	8,107,565	8,308,162	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	\$ 10,215,839	\$ 10,392,485	\$ 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 Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue										
Governmental activities	\$(15,159,438)	\$(15,223,220)	\$(12,344,349)	\$(14,164,906)	\$(12,083,320)	\$ 11,031,047	\$ (8,872,389)	\$(11,393,888)	\$ (8,497,457)	\$(10,173,530)
Business-type activities	444,309	716,694	3,181,769	601,194	461,873	425,435	(206,644)	(742,051)	(645,607)	(808,616)
Total primary government net expense	<u>\$(14,715,129)</u>	<u>\$(14,506,526)</u>	<u>\$ (9,162,580)</u>	<u>\$(13,563,712)</u>	<u>\$(11,621,447)</u>	<u>\$ 11,456,482</u>	<u>\$ (9,079,033)</u>	<u>\$(12,135,939)</u>	<u>\$ (9,143,064)</u>	<u>\$(10,982,146)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,350,759	\$ 7,320,042	\$ 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	128,001	113,260	112,078	125,381	118,467	103,974	109,364	90,723	69,403	81,288
Franchise charges based on gross receipts	656,554	689,366	725,911	731,354	791,583	716,451	856,104	727,125	679,315	662,865
Grants and contributions										
State grants and shared revenues	5,010,872	4,576,288	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	97,758	90,628	89,995	96,706	89,871	70,215	69,465	65,213	64,247	64,798
Interest	31,831	19,115	109,541	237,136	125,437	181,607	104,738	140,371	80,273	108,062
Miscellaneous	46,073	46,664	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	<u>13,321,848</u>	<u>12,855,363</u>	<u>13,197,912</u>	<u>13,376,878</u>	<u>12,215,617</u>	<u>11,253,711</u>	<u>12,859,889</u>	<u>12,401,051</u>	<u>10,649,111</u>	<u>10,295,654</u>
Business-type activities:										
Interest	32,765	22,217	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	<u>32,765</u>	<u>22,217</u>	<u>136,041</u>	<u>94,625</u>	<u>180,593</u>	<u>324,354</u>	<u>(824,502)</u>	<u>(891,413)</u>	<u>97,114</u>	<u>116,674</u>
Total primary government	<u>\$ 13,354,613</u>	<u>\$ 12,877,580</u>	<u>\$ 13,333,953</u>	<u>\$ 13,471,503</u>	<u>\$ 12,396,210</u>	<u>\$ 11,578,065</u>	<u>\$ 12,035,387</u>	<u>\$ 11,509,638</u>	<u>\$ 10,746,225</u>	<u>\$ 10,412,328</u>
Change in Net Position										
Governmental activities	\$ (1,837,590)	\$ (2,367,857)	\$ 853,563	\$ (788,028)	\$ 132,297	\$ 22,284,758	\$ 3,987,500	\$ 1,007,163	\$ 2,151,654	\$ 122,124
Business-type activities	477,074	738,911	3,317,810	695,819	642,466	749,789	(1,031,146)	(1,633,464)	(548,493)	(691,942)
Total primary government	<u>\$ (1,360,516)</u>	<u>\$ (1,628,946)</u>	<u>\$ 4,171,373</u>	<u>\$ (92,209)</u>	<u>\$ 774,763</u>	<u>\$ 23,034,547</u>	<u>\$ 2,956,354</u>	<u>\$ (626,301)</u>	<u>\$ 1,603,161</u>	<u>\$ (569,818)</u>

Note: Prior year amounts have been retroactively restated for the effects of GASB Statements No. 63 and 65, which were implemented in 2012.

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>2012</u>	<u>2011</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>
General Fund										
Restricted for:										
Capital projects	\$ 162,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	1,138,000	1,269,967	1,361,631	913,471	1,032,351	1,178,097	2,163,452	1,659,269	1,859,017	1,994,892
Total general fund	\$ 1,300,348	\$ 1,269,967	\$ 1,361,631	\$ 913,471	\$ 1,032,351	\$ 1,178,097	\$ 2,163,452	\$ 1,659,269	\$ 1,859,017	\$ 1,994,892
All Other Governmental Funds										
Restricted for:										
Economic development	\$ 107,018	\$ 91,237	\$ 116,124	\$ 132,199	\$ 160,920	\$ 142,467	\$ 106,481	\$ 97,635	\$ 128,996	\$ 203,937
Law enforcement	-	-	-	-	-	-	-	-	7,022	16,721
Debt service	1,044,012	756,744	708,931	629,709	546,891	42,144	122,054	233,944	205,910	215,967
Capital projects	3,227,712	643,441	805,077	2,637,480	8,217,203	876,115	2,454,395	3,446,963	520,610	628,355
Assigned to debt service	16,695	12,090	12,011	9,477	4,536	3,402	3,049	2,525	10,512	8,276
Unassigned	-	(445)	(1,068)	(15,133)	(81,507)	(140,658)	(133,001)	(49,934)	(546,438)	(25,794)
Total all other governmental funds	\$ 4,395,437	\$ 1,503,067	\$ 1,641,075	\$ 3,393,732	\$ 8,848,043	\$ 923,470	\$ 2,552,978	\$ 3,731,133	\$ 326,612	\$ 1,047,462

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Property taxes	\$ 7,350,759	\$ 7,320,042	\$ 7,429,215	\$ 7,406,762	\$ 6,180,193	\$ 5,592,004	\$ 6,140,451	\$ 6,333,652	\$ 5,794,411	\$ 5,374,263
Licenses and permits	843,774	888,612	845,985	833,155	926,357	858,179	1,038,820	888,356	774,470	742,239
Intergovernmental	5,884,873	5,997,122	9,154,734	6,253,242	6,168,178	5,820,982	7,949,043	4,989,247	5,637,951	4,879,358
Charges for services	148,943	133,960	93,350	87,574	122,907	117,205	87,287	66,869	41,667	16,580
Fines and forfeitures	396,278	510,870	508,806	521,252	597,229	469,583	481,673	301,558	236,263	292,447
Special assessments	27,037	27,037	27,037	27,037	-	-	-	-	-	-
Interest	31,833	19,111	109,542	237,135	125,436	181,606	104,738	140,371	80,273	104,734
Contributions	46,382	110,262	37,175	26,844	170,301	74,521	10,363	36,163	186,727	-
Miscellaneous	29,158	45,377	63,023	264,221	179,466	184,570	235,656	183,002	200,672	197,067
Total revenues	14,759,037	15,052,393	18,268,867	15,657,222	14,470,067	13,298,650	16,048,031	12,939,218	12,952,434	11,606,688
Expenditures										
General government	1,231,290	1,206,610	1,121,351	1,329,550	1,278,437	1,324,171	1,259,455	1,248,345	1,182,998	1,086,016
Public safety	7,323,952	7,041,411	6,763,551	6,943,292	6,708,614	6,949,936	6,678,961	6,327,787	5,858,567	5,315,644
Public works	1,813,161	1,898,236	1,826,058	1,843,458	1,821,997	1,793,781	1,766,389	1,670,618	1,534,478	1,435,214
Culture and recreation	1,524,666	1,407,879	1,219,791	1,279,317	1,271,219	1,255,120	1,116,715	999,511	850,225	701,510
Economic development	291,672	315,093	314,068	345,591	231,360	381,262	147,232	148,190	144,742	135,315
Debt service: Principal	1,205,024	1,485,827	1,463,656	1,357,111	941,078	1,213,184	1,058,352	1,448,231	891,152	820,284
Interest and fiscal charges	875,459	849,642	897,861	947,420	767,730	284,171	792,319	561,584	355,332	404,965
Capital outlay	2,593,939	1,231,390	8,213,953	7,371,931	1,837,775	3,056,758	8,987,111	7,100,155	3,480,012	2,059,423
Total expenditures	16,859,163	15,436,088	21,820,289	21,417,670	14,858,210	16,258,383	21,806,534	19,504,421	14,297,506	11,958,371
Excess of revenues over (under) expenditures	(2,100,126)	(383,695)	(3,551,422)	(5,760,448)	(388,143)	(2,959,733)	(5,758,503)	(6,565,203)	(1,345,072)	(351,683)
Other Financing Sources (Uses)										
Capital lease proceeds	718,901	122,681	437,082	187,257	166,970	-	-	1,058,461	241,740	244,593
Loan proceeds	-	-	1,735,152	-	-	-	-	7,750,000	-	-
Proceeds from sale of capital assets	53,976	31,442	74,591	-	-	-	-	-	-	10,060
Bond issue proceeds	4,250,000	-	-	-	8,000,000	485,000	3,870,000	-	250,000	-
Operating transfers in	642,286	176,794	176,709	179,256	840,068	830,291	1,335,930	1,065,140	165,814	540,502
Operating transfers out	(642,286)	(176,794)	(176,709)	(179,256)	(840,068)	(970,427)	(457,770)	(103,625)	(169,207)	(544,658)
Total other financing sources (uses)	5,022,877	154,123	2,246,825	187,257	8,166,970	344,864	4,748,160	9,769,976	488,347	250,497
Net change in fund balance	\$ 2,922,751	\$ (229,572)	\$ (1,304,597)	\$ (5,573,191)	\$ 7,778,827	\$ (2,614,869)	\$ (1,010,343)	\$ 3,204,773	\$ (856,725)	\$ (101,186)
Debit service as a percentage of noncapital expenditures	14.6%	16.4%	17.4%	16.4%	13.1%	11.3%	14.4%	16.2%	11.5%	12.4%

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Public Utilities And Automobiles</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (2)</u>	<u>Estimated Actual Value of Taxable Property</u>
2012	\$ 82,805,345	\$ 61,457,059	\$ 12,529,737	\$ 46,677,494	\$ 14,436,798	189,032,837	38.74	1,332,522,423
2011	82,648,634	60,507,535	15,536,407	45,363,420	14,319,257	189,736,739	38.74	1,341,464,783
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

- (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			Total	Overlapping Rates (a)		Total
	General Fund	Debt Service Fund	Fire & Police Pension Fund		Clinton Public School District	Hinds County (1)	
2012	31.47	5.78	1.49	38.74	58.64	38.33	135.71
2011	31.47	6.28	0.99	38.74	54.57	37.33	130.64
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

(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 Eight Years Ago

<u>Name of Taxpayer</u>	2011 Assessed		Percentage of Total Assessed Valuation	2003 Assessed		Percentage of Total Assessed Valuation
	Property Valuation	Rank		Property Valuation	Rank	
Entergy	10,641,609	1	6.83%	7,133,081	1	5.98%
Delphi Automotive Systems	3,102,017	2	1.99%	5,203,792	3	4.36%
SC Clinton MS LLC	2,865,290	3	1.84%	0	0	0.00%
Reserve at Woodchase	2,090,316	4	1.34%	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	0.74%	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	0.63%	0		0.00%
Ridgeview West LLC	585,078	10	0.38%	0		0.00%
MCI, Inc.	0		0.00%	5,685,616	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 Ghatti	<u>0</u>		<u>0.00%</u>	<u>887,652</u>	10	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers	26,257,579		16.85%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	<u>129,584,091</u>		<u>83.15%</u>	<u>87,991,093</u>		<u>73.76%</u>
Total taxable assessed value of all taxpayers	<u>155,841,670</u>		<u>100.00%</u>	<u>119,295,360</u>		<u>100.00%</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
2012	\$ 7,323,132	\$ 7,309,084	99.8%	\$ 0	\$ 7,309,084	99.8%
2011	7,350,400	7,245,846	98.6%	27,721	7,273,567	99.0%
2010	7,357,332	7,353,261	99.9%	4,071	7,357,332	100.0%
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%

(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			
2012	\$ 13,888,704	\$ 1,276,500	\$ 6,428,359	\$ 1,226,240	\$ 1,011,295	\$ 250,846	\$ 15,425,633	\$ 37,638	\$ 39,545,215	4.52%	\$ 1,568
2011	10,061,134	1,428,500	6,859,391	706,902	1,118,865	361,696	16,503,505	81,519	37,121,512	4.10%	1,472
2010	10,759,698	1,569,500	7,266,217	823,658	1,220,302	467,546	15,771,033	118,775	37,996,729	3.91%	1,507
2009	11,423,829	1,705,500	7,633,026	683,292	1,421,171	563,395	13,691,741	165,345	37,287,299	3.68%	1,417
2008	12,054,092	1,841,000	7,973,665	746,743	1,610,908	654,246	14,371,561	229,294	39,481,509	3.97%	1,496
2007	4,414,923	1,960,000	8,191,085	823,600	1,790,077	740,096	15,216,424	260,044	33,396,249	3.36%	1,265
2006	5,195,000	1,554,000	8,357,834	1,010,958	1,515,000	820,946	15,811,793	304,235	34,569,766	3.48%	1,309
2005	1,550,000	1,632,000	8,439,154	1,214,990	1,655,000	896,796	13,859,057	275,194	29,522,191	2.97%	1,181
2004	1,760,000	1,705,000	767,394	803,520	1,795,000	972,645	12,207,162	264,880	20,275,601	2.04%	811
2003	1,960,000	1,515,000	843,720	706,606	1,930,000	1,043,499	12,607,261	223,401	20,829,487	2.09%	892

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.

In fiscal year 2012 the city issued \$4.2 million in general obligation bonds in governmental activities for infrastructure improvements.

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)
2012	25,216	\$ 1,332,522,423	\$ 14,899,999	1.12%	\$ 591
2011	25,216	1,341,464,783	11,179,999	0.83%	443
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

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

** Estimated by the Central Mississippi Planning and Development District

(1) Source: United States Census Bureau.

(2) See Schedule 5

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

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

(5) See Schedule 14

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

**Schedule 11
City of Clinton
Direct and Overlapping Governmental Activities Debt
As of September 30, 2012**

<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	\$ 45,125,000	85.8% (1)	38,711,684
Hinds County	\$ 43,775,000	11.0% (1)	<u>4,823,204</u>
			43,534,888
Direct:			
City of Clinton	\$ 13,888,704 *	100.0%	<u>\$ 13,888,704</u>
Total Direct and Overlapping Debt			<u>\$ 57,423,592</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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AUTHORIZED DEBT LIMIT 15% RULE										
Assessed value of taxable property	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189
Debt limitation - 15% of net assessed value	30,521	30,608	30,587	30,317	25,589	25,508	26,154	25,599	23,286	22,978
Less subject indebtedness:										
General obligation bond	13,889	10,061	10,760	11,424	12,054	4,415	5,195	1,550	1,760	1,960
Tax increment limited obligation bonds	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515
Legal debt margin under 15 percent rule	\$ 15,356	\$ 19,119	\$ 18,258	\$ 17,188	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821	\$ 19,503
AUTHORIZED DEBT LIMIT 20% RULE										
Assessed value of taxable property	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243	\$ 153,189
Debt limitation - 20% of net assessed value	\$ 40,694	\$ 40,811	\$ 40,782	\$ 40,422	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049	\$ 30,638
Less subject indebtedness:										
General obligation bond	14,900	11,180	11,980	12,845	13,665	6,205	6,710	3,205	3,555	3,890
Tax increment limited obligation bonds	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705	1,515
Other	1,264	788	942	849	976	1,084	1,315	1,490	1,068	930
Legal debt margin under 20 percent rule	\$ 23,254	\$ 27,415	\$ 26,291	\$ 25,023	\$ 17,637	\$ 24,762	\$ 25,294	\$ 27,804	\$ 24,721	\$ 24,303
Total net debt applicable to the limit as a percentage of debt limit 15% rule	49.69%	37.54%	40.31%	43.31%	54.30%	24.99%	25.80%	12.43%	14.88%	15.12%
Total net debt applicable to the limit as a percentage of debt limit 20% rule	42.86%	32.82%	35.53%	38.10%	48.31%	27.19%	27.47%	18.54%	20.38%	20.68%

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.

In 2012 a General Obligation Bond for \$4,250,000 was issued for infrastructure improvements.

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	
2012	\$ 6,506	\$ 4,582	1,924	\$ 120	\$ 18	13.94	\$ 237	\$ 152	\$ 78	1.03	\$ 4,497	\$ 1,578	\$ 656	2.01
2011	6,375	4,395	1,980	115	25	14.14	230	141	86	1.01	4,065	1,382	644	2.01
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

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	Popula- tion (1)	Per Capita Income (4) **	Total Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemploy- ment Rate (4)
2012	25,216	\$ 34,721	875,524,736	35.2	14.1	4,637	8.5%
2011	25,216	35,865	904,371,840	35.2	14.1	4,535	8.8%
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%

(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 Seven Years Ago**

<u>Employer</u>	<u>2012</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	623	4.44%	600	4.29%
Wal-Mart SuperCenter	526	3.75%	500	3.58%
Mississippi College	465	3.31%	450	3.22%
City of Clinton	206	1.47%	201	1.44%
Kroger	223	1.59%	130	0.93%
Winn-Dixie Stores, Inc.	-	0.00%	110	0.79%
Verizon	500	3.56%	-	0.00%
AKZO Noble Coatings, Inc.	129	0.92%	-	0.00%
Reznick Insurance	123	0.88%	-	0.00%
Home Depot	109	0.78%	-	0.00%
University Physicians	282	2.01%	-	0.00%
Lockheed Martin	121	0.86%	-	0.00%
Total	3,307	23.57%	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 Nine Previous Years

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of September 30th</u>									
	<u>2012</u>	<u>2011</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>
General government										
Mayor and Alderman	9	9	9	9	9	9	9	9	9	9
Administration	5	5	4	5	6	7	7	7	7	7
Court	5	5	4	3	3	3	3	2	2	2
Planning/Zoning and Inspections	5	5	5	5	4	4	4	3	3	3
Police										
Officers	47	45	48	48	48	50	52	49	45	39
Civilians	17	17	14	14	14	14	15	14	15	13
Fire										
Fire fighters and Officers	43	47	47	45	47	45	45	44	49	47
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Street	24	25	25	26	24	25	23	22	21	21
Water	19	18	18	18	19	18	20	16	16	18
Wastewater	11	11	11	11	11	11	14	15	15	15
Parks and Recreation	18	15	19	19	17	15	16	18	16	13
Mainstreet	1	1	1	1	1	1	0	0	0	0
Economic Development	1	1	1	1	0	0	0	0	0	0
Total	206	205	207	206	204	203	209	200	199	188

Source: City Clerk Office

Notes:

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

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

Function/Program	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government									
Building permits issued	827	840	70	73	97	112	162	176	141
Police									
Physical arrests	1,155	1,522	1,564	1,203	1,240	1,647	1,451	1,042	1,016
Parking violations	216	602	196	259	683	2,898	3,706	3,529	2,428
Traffic violations	4,221	5,697	7,200	5,152	5,260	613	317	113	134
Fire									
Emergency responses	2,144	1,604	2,030	2,082	2,065	1,884	1,918	2,086	1,848
Fires extinguished	69	99	75	70	87	103	*	*	*
Inspections	252	280	255	250	438	300	40	147	172
Water									
New connections	121	98	60	80	154	168	162	176	141
Total connections	8,926	8,805	8,819	8,731	8,644	8,867	8,908	8,200	7,994
Average daily consumption (millions of gallons)	3.7	3.5	3.4	3.3	3.3	3.3	3.5	3.5	3.5
Peak daily consumption (millions of gallons)	3.9	3.8	3.6	3.6	4.1	4.1	4.7	4.7	4.7
Wastewater									
Total connections	7,859	7,859	7,859	7,840	7,763	8,851	8,088	7,458	7,252
Average daily consumption (millions of gallons)	3.5	3.3	3.1	3.1	2.6	2.6	3.2	3.2	3.2
Peak daily consumption (millions of gallons)	8.9	8.9	8.8	8.8	10.1	10.1	10.3	10.3	10.3

* Information not available.

Sources: Various city departments

Notes:

(1) Only nine years of data were readily available for this schedule.

(2) Building permits increased in 2011 primarily due to the rebuilding as a result of a tornado.

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

Function/Program	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	37	37	37	34	30	33	33	32	32
Fire									
Fire stations	3	3	3	3	3	3	3	3	3
Streets									
Miles of Streets	174	174	174	174	174	174	160	159	159
Streetlights	2,437	2,415	2,396	2,382	2,382	2,362	2,346	2,310	2,195
Traffic signals	26	26	26	26	26	23	22	21	19
Water									
Miles of water mains	157	157	157	156	156	156	101	156	152
Number of fire hydrants	1,451	1,442	1,443	1,443	1,439	1,425	1,364	1,361	1,311
Wastewater									
Miles of sanitary sewers	106	106	106	106	106	105	83	104	99
Miles of storm sewers	85	85	85	85	85	84	74	84	66
Number of treatment plants	4	4	4	4	4	4	4	4	4
Parks and recreation									
Parks	5	5	5	5	5	5	4	3	3
Acreage	210	210	210	210	210	210	189	160	160
Playgrounds	5	5	5	5	5	5	4	3	3
Baseball/Softball diamonds	14	14	14	14	14	14	14	14	14
Soccer fields	11	11	11	11	11	10	9	9	11
Tennis courts	10	10	10	10	10	9	9	3	3
Basketball courts	3	3	3	3	3	3	3	3	3
Volleyball courts	2	2	2	2	2	2	-	-	-
Community Centers	1	1	1	1	1	1	1	1	0
Walking Trails	6	6	6	6	6	5	4	3	3

Sources: Various city departments
Note: Only nine years of data were readily available for this schedule.

INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND INTERNAL CONTROL

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**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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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. However, we identified certain deficiencies in internal control over financial reporting, described below as items 2012-1 and 2012-2, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- 2012-1 Significant Deficiency – Special Event Fees

Criteria: Controls should be in place to ensure that the correct amount of fees are collected and deposited for special events.

Condition: We noted that standardized procedures and controls did not appear to be in place over cash collections at special events of the City's Parks and Recreation Department. While some improvements appear to have been implemented since the previous year, the procedures were not consistently implemented and documented for all events.

Cause: The number of special events hosted by the Parks and Recreation Department has increased over the last several years, and the controls over cash collections have not increased accordingly with the cash volume generated.

Effect: Special event fees may not be properly collected from special event participants. In addition, fees collected may not be properly deposited into the City's bank account.

Recommendation:

We recommend that at least two City employees be responsible for handling the fee collections at each special event. The duties of tracking the number of participants should be separated from the collection of the fees in order to provide a means of verifying that the proper amount of fees has been collected from the event. At the end of the event, the employees should document on a special event collections form the number of participants, the fee charged per participant, total collections, and any shortage or overage in collections. This special event collections form should then be signed by the involved employees and submitted to the Finance and Administration Department with the collections deposit.

Response: The City's Finance and Administration Department will assist the Parks and Recreation Department in developing and implementing appropriate controls over special event collections and will monitor these procedures to ensure that they are consistently implemented.

(Continued)

- 2012-2 Significant Deficiency – Petty Cash

Criteria: Controls should be in place to ensure that petty cash transactions are adequately documented and recorded in the accounting system.

Condition: We noted that the petty cash fund transactions of the City's Parks and Recreation Department did not appear to be properly documented and recorded in the City's accounting system. We noted that a petty cash reimbursement was processed after the end of the fiscal year and contained petty cash transactions that occurred over a year ago.

Cause: The petty cash monitoring and periodic reimbursement procedures were not consistently applied during the year.

Effect: Petty cash purchases made with these funds were not recorded in the City's accounting system during the year and were not subjected to the spending control provided by the City's adopted budget.

Recommendation:

We recommend that the City's Finance and Administration Department review the petty cash procedures of City departments that utilize petty cash funds. A petty cash replenishment form should be submitted periodically to the Finance and Administration Department in order to document the beginning petty cash fund balance, the purchases made with petty cash since the last replenishment, and the ending petty cash fund balance. Supporting documentation for the petty cash purchases should accompany the petty cash replenishment form, and these purchase transactions should then be recorded in the City's accounting system upon replenishment of the petty cash fund. In addition, we recommend that the City's Finance and Administration Department conduct periodic unannounced counts of each department's petty cash fund to ensure that the cash and purchases documentation in the petty cash fund at that point in time are equal to the authorized petty cash fund amount and that periodic replenishment requests have been submitted.

Response: The City's Finance and Administration Department will assist the Parks and Recreation Department and the City's other departments in developing and implementing appropriate controls over the City's petty cash funds and will monitor these procedures to ensure that they are consistently applied.

(Continued)

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City in a separate letter dated March 19, 2013.

The City's responses to the findings identified in our audit are described on the previous pages. We did not audit the City's responses and, accordingly, we express no opinion on them.

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.

Tenn, Brown + Kuss Co.

March 19, 2013

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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, 2012, and have issued our report thereon dated March 19, 2013. 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 19, 2013.

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

Tann, Brown & Russ Co.

March 19, 2013