

CITY OF CLINTON, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2013

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

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i-iv
List of Principal Officials	v
Organizational Chart	vi
Certificate of Achievement for Excellence in Financial Reporting	vii
<u>FINANCIAL SECTION</u>	
<u>INDEPENDENT AUDITORS' REPORT</u>	1-3
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Management's Discussion and Analysis	4-12
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements:	
Statement of Net Position	13-14
Statement of Activities	15-16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17-18
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	19-20
Statement of Net Position – Proprietary Funds	21-24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25-27
Statement of Cash Flows – Proprietary Funds	28-30
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to the Basic Financial Statements	33-73
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	74-76
Note to Budgetary Comparison Schedule – General Fund	77

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
 OTHER SUPPLEMENTARY INFORMATION	
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	79-80
Combining Balance Sheet – Nonmajor Special Revenue Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	82-83
Combining Balance Sheet – Nonmajor Debt Service Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	85-86
Combining Balance Sheet – Nonmajor Capital Projects Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds	88
 Budgetary Comparison Schedules:	
Tourism Tax Fund	89
Special Law Enforcement Fund	90
G.O. Refunding Series 2013 Bond and Interest Fund	91
Infrastructure Bond and Interest Fund	92
Hampstead Boulevard Bond and Interest Fund	93
Quisenberry Library Bond and Interest Fund	94
Tax Increment Financing Bond and Interest Fund – United Artists	95
Tax Increment Financing Bond and Interest Fund – Walmart	96
Tax Increment Financing Bond and Interest Fund – Parkway Center	97
Tax Increment Financing Bond and Interest Fund – Prugon	98
Hampstead Boulevard Construction Project Fund	99
Arrow Drive Construction Project Fund	100
Pinehaven Drive Construction Project Fund	101
Infrastructure Construction Fund	102

CITY OF CLINTON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION – Continued	
Other Schedules:	
Schedule of Surety Bonds for Municipal Officials and Other Employees	103
Schedule of Expenditures of Federal Awards	104-105
 <u>STATISTICAL SECTION</u>	
Introduction	106
Net Position by Component	107
Changes in Net Position	108-109
Fund Balances, Governmental Funds	110
Changes in Fund Balances, Governmental Funds	111
Assessed Value and Estimated Actual Value of Taxable Property	112
Direct and Overlapping Property Tax Rates	113
Principal Property Tax Payers	114
Property Tax Levies and Collections	115
Ratios of Outstanding Debt by Type	116
Ratio of General Bonded Debt Outstanding	117
Direct and Overlapping Governmental Activities Debt	118
Legal Debt Margin Information	119
Pledged-Revenue Coverage	120
Demographic and Economic Statistics	121
Principal Employers	122
Full-Time Equivalent City Government Employees by Function/Program	123
Operating Indicators by Function/Program	124
Capital Asset Statistics by Function/Program	125

CITY OF CLINTON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS - CONTINUED

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL AND COMPLIANCE</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	126-127
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	128-129
Independent Auditors' Report on Compliance with State Laws and Regulations	130
Schedule of Findings and Questioned Costs	131
Summary Schedule of Prior Audit Findings	132

## INTRODUCTORY SECTION

ALDERMEN

David Ellis  
Ward One

Tony M. Greer  
Ward Two

William O. Barnett  
Ward Three

Greg K. Cronin  
Ward Four

# City of Clinton

## Mississippi

Phil Fisher, Mayor

ALDERMEN

Jan Cossitt  
Ward Five

Mike Cashion  
Ward Six

Jehu Brabham  
Alderman-At-Large

Russell L. Wall  
City Clerk

March 17, 2014

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, 2013. 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, 2013 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, 2013 are fairly presented in conformity with GAAP. The auditor's report is presented as the first item of the Financial Section of this report.

In addition to the independent audit of the financial statements, a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies is required. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with

special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the CAFR.

All funds and account groups of the City are included in the 2013 CAFR.

We recommend that you carefully read Management's Discussion and Analysis found on pages 4 through 12 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 25,752.

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 74 through 76. For all other governmental funds, this comparison is presented on pages 89 through 102.

The City has a tradition of providing quality education to children of its citizens and others seeking quality education. Mississippi College, a private college established in 1826, is the oldest college in Mississippi and the second oldest Baptist College in the United States. Mississippi College offers its 4,921 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 4,688 students with 320 licensed teachers through its seven public schools (four elementary schools, two middle schools and one high school). CPSD had

an annual budget of \$43.2 million for 2014. 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, 2013, property taxes represented 52 percent of the City's general revenues while sales taxes represented 29 percent. City property owners pay property taxes for city, county and schools totaling \$139.01 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 \$1.8 million dollars. As a consequence increases of \$1.2 million 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 2014.

**Major initiatives.** Improvements are continuing along Pinehaven Drive with the majority of the work required along the west side completed in 2013. Construction along the east side will continue into 2014 with the anticipated completion of this project sometime in late spring or early summer of 2014.

The expansion of Arrow Drive was completed in early 2013. Also, the signal improvements for the Clinton Parkway/Fairmont Street intersection project were completed in early 2013.

Delays in the final acquisition of the property required as well as final governmental approvals for the Hampstead Boulevard expansion has prevented this project from moving forward, however the City is hopeful that as early as the summer of 2014

construction could start on the completion of this roadway connecting the Springridge Road/Broadway Street area to Highway 80.

The City was awarded a Natural Resources Conservation Service (NRCS) grant to make improvements at three eligible sites in the City (Midway Road, Pebble Lane and Twin Lakes of Cascades) with the project awarded in early December 2013 and the completion expected sometime in Mid-March 2014.

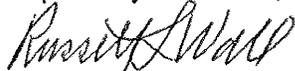
Finally, the City during fiscal year 2013 issued \$8,820,000 in general obligation refunding bonds in which the proceeds were used to refund a General Obligation Water Sewer Bond, a General Obligation Public Improvement Bond and a Mississippi Development Bank Special Obligation Bond. The result of this refunding was lower interest rates and a projected savings to the City of \$622,000.

**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, 2012. This was the ninth 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 unflinching support for maintaining the highest standards of professionalism in the management of the city's financial resources.

Respectfully submitted,

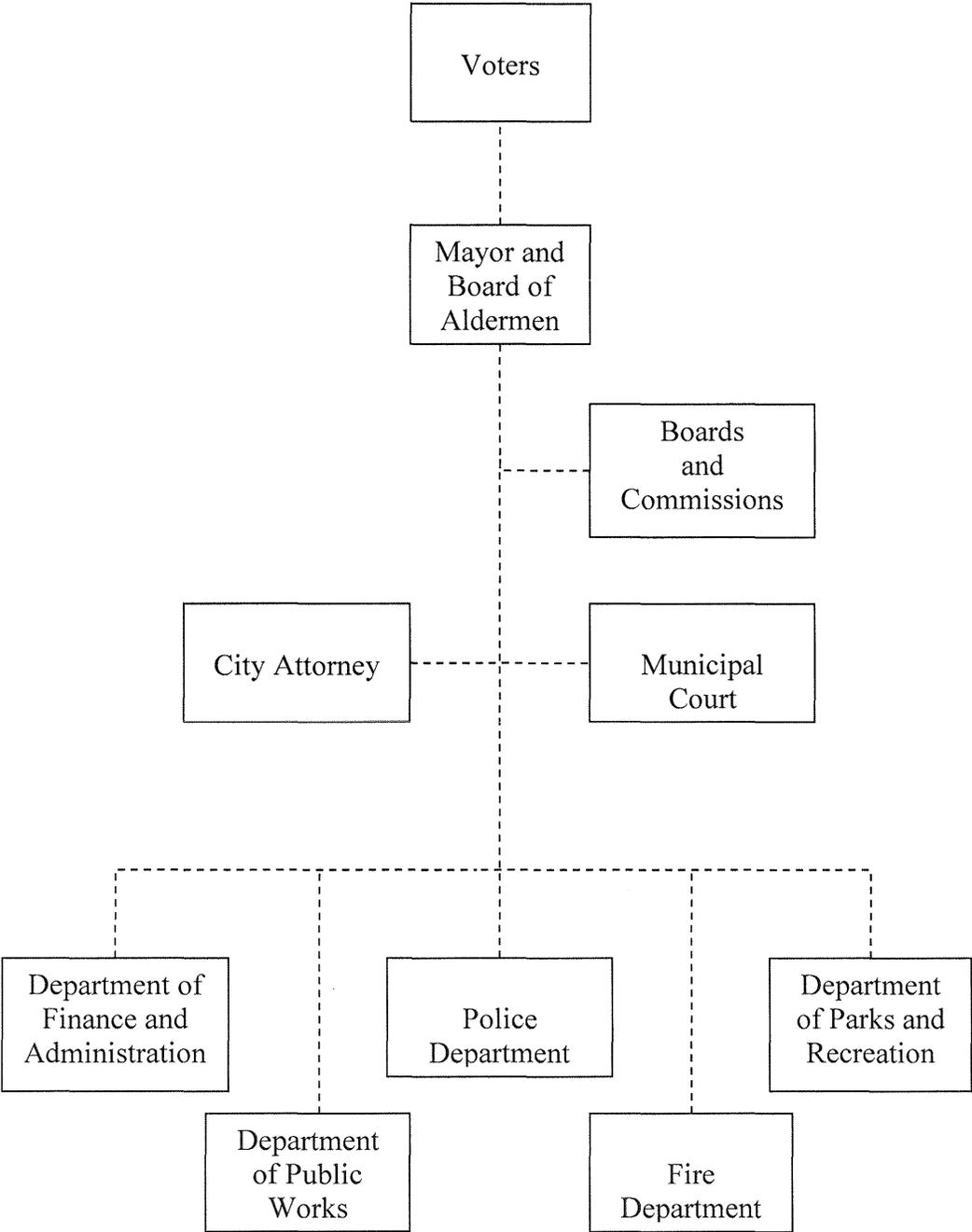


Russell L. Wall, CMCC, CPA  
City Clerk and Chief Financial Officer

CITY OF CLINTON  
List of Principal Officials  
September 30 2013

<u>Title</u>	<u>Name</u>
Mayor	Philip Fisher
Alderman at Large	Jehu Brabham
Alderman, Ward 1	David Ellis
Alderman, Ward 2	Tony Greer
Alderman, Ward 3	William O Barnett
Alderwoman, Ward 4	Greg Cronin
Alderman, Ward 5	Jan Cossitt
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	Roy Edwards
Police Chief	Michael Warren
Fire Chief	Barry Burnside
Director of Parks and Recreation	Ray Holloway
Director of Economic Development	Curnis Upkins

CITY OF CLINTON  
Organizational Chart  
September 30, 2013





Government Finance Officers Association

**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, 2012**

Executive Director/CEO

FINANCIAL SECTION

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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 from material misstatement.

(Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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 4 through 12 and 74 through 77 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.

(Continued)

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton's basic financial statements. The introductory section, combining statements, budgetary comparison schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements, budgetary comparison schedules, other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, budgetary comparison schedules, other schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clinton's internal control over financial reporting and compliance.

*Tann, Brown + Rues Co.*

March 17, 2014

## 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, 2013. Please read it in conjunction with the City's financial statements that begin on page 13.

### **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 13 through 16) 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 17 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 6. 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 it. 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 8. The fund financial statements begin on page 17 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 three major governmental funds (the General Fund, the Infrastructure Construction Fund, and the Pinehaven Drive Construction Fund) and twelve (12) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. 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 17 through 20 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 21 through 30 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 31 and 32 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, 2013 total net position was \$72 million.

<b>City of Clinton Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 12,492,440	\$ 12,983,064	\$ 5,912,606	\$ 6,733,666	\$ 18,405,046	\$ 19,716,730
Capital assets	72,189,551	68,421,463	29,802,503	31,071,450	101,992,054	99,492,913
Total assets	<u>84,681,991</u>	<u>81,404,527</u>	<u>35,715,109</u>	<u>37,805,116</u>	<u>120,397,100</u>	<u>119,209,643</u>
Deferred outflows of resources	530,584				530,584	0
Long-term liabilities	21,806,018	22,559,484	14,016,146	15,280,974	35,822,164	37,840,458
Other liabilities	4,507,048	3,110,173	2,317,809	2,420,621	6,824,857	5,530,794
Total liabilities	<u>26,313,066</u>	<u>25,669,657</u>	<u>16,333,955</u>	<u>17,701,595</u>	<u>42,647,021</u>	<u>43,371,252</u>
Deferred inflows of resources	6,296,956	6,179,816			6,296,956	6,179,816
Net position:						
Net investment in capital assets	51,186,836	48,965,691	14,566,130	14,346,038	65,752,966	63,311,729
Restricted	1,292,356	1,490,954	419,390	800,416	1,711,746	2,291,370
Unrestricted	123,361	(901,591)	4,395,634	4,957,067	4,518,995	4,055,476
Total net position	<u>\$ 52,602,553</u>	<u>\$ 49,555,054</u>	<u>\$ 19,381,154</u>	<u>\$ 20,103,521</u>	<u>\$ 71,983,707</u>	<u>\$ 69,658,575</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	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 964,597	\$ 733,072	\$ 8,049,035	\$ 7,980,858	\$ 9,013,632	\$ 8,713,930
Operating grants and contributions	173,575	233,216	22,682	61,892	196,257	295,108
Capital grants and contributions	4,995,726	1,141,986		64,815	4,995,726	1,206,801
General revenues:						
Property taxes	7,700,034	7,350,759			7,700,034	7,350,759
Sales taxes	4,516,540	4,625,461			4,516,540	4,625,461
Franchise charges	705,228	656,554			705,228	656,554
Shared grants and revenues	619,914	611,170			619,914	611,170
Other	446,577	77,904	16,009	32,765	462,586	110,669
<b>Total revenues</b>	<b>20,122,191</b>	<b>15,430,122</b>	<b>8,087,726</b>	<b>8,140,330</b>	<b>28,209,917</b>	<b>23,570,452</b>
<b>Expenses:</b>						
General government	1,275,018	1,247,190			1,275,018	1,247,190
Public safety	7,878,595	7,599,403			7,878,595	7,599,403
Public works	5,083,963	4,838,090			5,083,963	4,838,090
Culture and recreation	2,432,712	2,371,690			2,432,712	2,371,690
Economic development	328,725	290,713			328,725	290,713
Interest on long-term debt	1,075,679	920,626			1,075,679	920,626
Water and sewer			6,151,841	5,999,950	6,151,841	5,999,950
Garbage			1,658,252	1,663,306	1,658,252	1,663,306
<b>Total expenses</b>	<b>18,074,692</b>	<b>17,267,712</b>	<b>7,810,093</b>	<b>7,663,256</b>	<b>25,884,785</b>	<b>24,930,968</b>
Change in net position before transfers	2,047,499	(1,837,590)	277,633	477,074	2,325,132	(1,360,516)
Transfers	1,000,000		(1,000,000)			
<b>Change in net position</b>	<b>3,047,499</b>	<b>(1,837,590)</b>	<b>(722,367)</b>	<b>477,074</b>	<b>2,325,132</b>	<b>(1,360,516)</b>
Net position - beginning	49,555,054	51,392,644	20,103,521	19,626,447	69,658,575	71,019,091
<b>Net position - ending</b>	<b>\$ 52,602,553</b>	<b>\$ 49,555,054</b>	<b>\$ 19,381,154</b>	<b>\$ 20,103,521</b>	<b>\$ 71,983,707</b>	<b>\$ 69,658,575</b>

At September 30, 2013 the City has positive balances in all three categories of net position in business-type activities and in all three categories in governmental activities. The positive unrestricted net position for governmental activities increased in 2013 by \$1.0 million. This increase resulted primarily from a transfer of \$1.0 million of surplus funds from the Water Sewer Operations Fund to the General Fund. The \$561 thousand decrease in the unrestricted net position for business-type activities in 2013 also resulted from the \$1 million surplus transfer to the General Fund. The City's total net position increased \$2.3 million during the current fiscal year primarily as a result of additions to construction in progress related to the police department expansion project, the Pinehaven Drive expansion project, and the Arrow Drive expansion project. These projects are scheduled to be completed in fiscal year 2014.

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

---

**Governmental activities.** Governmental activities increased the City's net position by \$3.0 million during the year. The increase in capital grants and contributions was primarily due to grant revenues received for street expansion projects under construction during the current year. The increase in ad valorem tax revenue was primarily due to increases in collections for real property taxes and automobile tags. The increase in public safety expenditures was primarily due to higher than expected expenditures for salaries and turn out gear in the fire department and for building rental expense for the police department. The increase in public works expenditures was primarily due to higher than expected expenditures for salaries, street repairs and maintenance, and utilities.

**Business-type activities.** Business-type activities decreased the City's net position by \$722 thousand during the year. Total assets decreased in 2013 primarily due to the transfer of \$1 million of surplus funds from the Water Sewer Operations Fund to the General Fund and to the 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 2013 because of necessary system repairs as well as the rising prices of fuel and electricity. Garbage expenses decreased in 2013 as a result of costs related to storm debris removal being expended 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	\$ 1,300,348	\$ 495,621	\$ 1,795,969
Infrastructure construction fund	2,846,024	(2,339,853)	506,171
Pinehaven Drive construction fund	217,450	(107,269)	110,181
Special revenue funds	133,047	(47,542)	85,505
Debt service funds	1,060,707	87,254	1,147,961
Capital project funds	138,209	(22,045)	116,164
<b>Total governmental funds</b>	<b>\$ 5,695,785</b>	<b>\$ (1,933,834)</b>	<b>\$ 3,761,951</b>
	Beginning Net Position	Increase (Decrease)	Ending Net Position
Water and sewer operations fund	\$ 19,464,150	\$ (621,791)	\$ 18,842,359
Garbage collection fund	721,892	(117,393)	604,499
Self-funded group insurance fund	(552,519)	122,038	(430,481)
<b>Total proprietary funds</b>	<b>\$ 19,633,523</b>	<b>\$ (617,146)</b>	<b>\$ 19,016,377</b>

The increase in the general fund is primarily due to a transfer of \$1.0 million of surplus funds from the Water Sewer Operations Fund to the General Fund.

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

---

The decrease in the Infrastructure Construction Fund resulted from bond proceeds for the infrastructure improvements received in a prior year and spent in the current year.

The decrease in the Pinehaven Drive Construction Fund is primarily due to expenditures made in the current year in excess of grant revenues received.

The decrease in the special revenue funds is due to unexpected expenditures for hail damage to the Visitor Center made in the current year.

The increase in the debt service funds is primarily due to ad valorem taxes collected in excess of those needed for repayment of debt.

The decrease in the capital projects funds resulted from bond proceeds for the Hampstead Boulevard Construction Project received in a prior year and spent in the current year.

The decrease in the water and sewer operations fund is primarily due to the transfer of \$1.0 million of surplus funds from the Water Sewer Operations Fund to the General Fund.

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 2012 was higher than expected, and claims continued to exceed expectations in 2013. 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 \$1.7 million. This increase resulted primarily from a transfer of \$1.0 million of surplus funds from the Water Sewer Operations Fund to the General Fund, a \$500 thousand increase in insurance proceeds for hail damage to City buildings, and \$200 thousand from the sale of real property. Final budgeted expenditures were \$1.2 million greater than those originally budgeted. Key elements of this increase were as follows:

- \$ 44,000 increase in personal services as a result of higher overtime costs
- \$252,000 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
- \$150,000 increase in other services and charges because of rising legal and utility costs
- \$747,000 increase in capital outlay for repairs due to a hail storm and the purchase of necessary vehicles and equipment

Actual funds available were \$133 thousand greater than final budgeted. The majority of this difference consisted of a \$161 thousand increase in sales tax collected, \$101 thousand increase in licenses and permit fees collected, \$76 thousand increase in federal grants received, \$27

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

---

thousand increase in court fines received offset by \$222 thousand decrease in miscellaneous income for insurance reimbursements for hail damage not received.

Actual expenditures were \$16 thousand less than those finally budgeted.

For additional information, see Required Supplementary Information beginning on page 74.

**CAPITAL ASSETS**

**Governmental activities.** The City's investment in net capital assets for its governmental activities amounted to \$72.2 million at September 30, 2013. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$8.1 million. Significant increases were:

- \$ 3.3 million – for work on the Pinehaven Drive widening project
- \$1.4 million – for construction of a new fire station
- \$1.4 million – for work on the Arrow Drive widening project
- \$939 thousand – for renovation of the police station
- \$394 thousand – for replacement of roofs due to hail damage
- \$194 thousand – for renovations to City Hall
- \$187 thousand – for work on the Fairmont/Clinton Parkway Improvement project
- \$ 75 thousand – for street resurfacing
- \$ 71 thousand – for a Veteran's Memorial Statute
- \$ 48 thousand - for a new server for the police department
- \$ 92 thousand – for various other capital assets

Depreciation expense amounted to \$4.3 million for 2013 and \$4.3 million for 2012. Accumulated depreciation at September 30, 2013 and 2012 was \$ 48.7 million and \$44.6 million, respectively.

**Business-type activities.** At September 30, 2013, the City's business-type net capital assets amounted to \$29.8 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$145 thousand were made during 2013 mainly for building improvements and the purchase of new vehicles. Depreciation expense amounted to \$1.5 million for 2013 and \$1.5 million for 2012. Accumulated depreciation at September 30, 2013 and 2012 was \$23.9 million and \$22.5 million, respectively.

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

City of Clinton Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,843,808	\$ 7,895,453	\$ 177,512	\$ 177,512	\$ 8,021,320	\$ 8,072,965
Buildings	13,371,962	13,234,432	215,192	187,966	13,587,154	13,422,398
Other improvements	4,060,278	4,339,814			4,060,278	4,339,814
Water and sewer systems and improvements			28,215,692	29,518,579	28,215,692	29,518,579
Certificate of authority			800,000	800,000	800,000	800,000
Equipment and vehicles	1,845,635	2,265,488	350,502	387,393	2,196,137	2,652,881
Infrastructure	36,609,020	39,311,966			36,609,020	39,311,966
Construction in progress	8,458,848	1,374,310	43,605	0	8,502,453	1,374,310
<b>Total</b>	<b>\$ 72,189,551</b>	<b>\$ 68,421,463</b>	<b>\$ 29,802,503</b>	<b>\$ 31,071,450</b>	<b>\$ 101,992,054</b>	<b>\$ 99,492,913</b>

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

**DEBT ADMINISTRATION**

**Governmental activities.** At the end of the current fiscal year, long-term debt associated with the City's governmental activities totaled \$22.2 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable, capital lease obligations, and unamortized bond premium/discount. During the current fiscal year, the City's total governmental activities debt decreased by \$554 thousand. This decrease was due primarily to scheduled debt payments made during the year. 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 \$15.2 million at September 30, 2013. This account classification includes general obligation bonds, revenue bonds, notes payable, capital lease obligations and unamortized bond premium/discount. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2013, debt associated with the City's business-type activities decreased by \$1.5 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 \$1.6 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 19,174,536	\$ 13,888,704	\$ 945,464	\$ 1,011,295	\$ 20,120,000	\$ 14,899,999
Revenue bonds				260,000	0	260,000
Tax increment limited obligation bonds	1,114,500	1,276,500			1,114,500	1,276,500
Notes payable	740,000	6,428,359	14,290,909	15,425,633	15,030,909	21,853,992
Capital lease obligations	954,365	1,226,240		37,638	954,365	1,263,878
Unamortized bond premium (discount)	282,414	0	0	(9,154)	282,414	(9,154)
<b>Total</b>	<b>\$ 22,265,815</b>	<b>\$ 22,819,803</b>	<b>\$ 15,236,373</b>	<b>\$ 16,725,412</b>	<b>\$ 37,502,188</b>	<b>\$ 39,545,215</b>

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

Major revenue sources are expected to remain flat 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 2014.

**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, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,308,906	\$ 3,571,910	\$ 6,880,816
Receivables	9,210,191	1,237,551	10,447,742
Internal balances	(26,657)	26,657	-
Restricted cash and cash equivalents	-	1,076,488	1,076,488
Capital assets:			
Capital assets not being depreciated	16,302,656	1,021,117	17,323,773
Other capital assets, net of depreciation	<u>55,886,895</u>	<u>28,781,386</u>	<u>84,668,281</u>
 Total Assets	 <u>84,681,991</u>	 <u>35,715,109</u>	 <u>120,397,100</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on debt refunding	<u>530,584</u>	<u>-</u>	<u>530,584</u>
 <u>LIABILITIES</u>			
Accounts payable	2,086,003	302,332	2,388,335
Accrued interest payable	178,729	29,824	208,553
Claims liability	224,961	-	224,961
Unearned revenue	81,784	-	81,784
Customer deposits	-	657,098	657,098
Long-term debt:			
Due within one year	1,525,571	1,268,555	2,794,126
Due in more than one year	20,740,244	13,967,818	34,708,062
Compensated absences payable:			
Due within one year	410,000	60,000	470,000
Due in more than one year	252,616	48,328	300,944
Net pension obligation:			
Due in more than one year	<u>813,158</u>	<u>-</u>	<u>813,158</u>
 Total Liabilities	 <u>26,313,066</u>	 <u>16,333,955</u>	 <u>42,647,021</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes levied for subsequent year	<u>6,296,956</u>	<u>-</u>	<u>6,296,956</u>

(Continued)

CITY OF CLINTON

STATEMENT OF NET POSITION - CONTINUED  
September 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	51,186,836	14,566,130	65,752,966
Restricted for:			
Capital projects	-	419,390	419,390
Debt service	1,130,499	-	1,130,499
Law enforcement (restricted by enabling legislation)	89,018	-	89,018
Economic development and tourism (restricted by enabling legislation)	72,839	-	72,839
Unrestricted net position	<u>123,361</u>	<u>4,395,634</u>	<u>4,518,995</u>
Total Net Position	<u>\$ 52,602,553</u>	<u>\$ 19,381,154</u>	<u>\$ 71,983,707</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2013

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
<b>Governmental Activities:</b>							
General government	\$ 1,275,018	\$ 52,397	\$ -	\$ -	\$ (1,222,621)	\$ -	\$ (1,222,621)
Public safety	7,878,595	768,265	145,157	36,166	(6,929,007)	-	(6,929,007)
Public works	5,083,963	-	28,418	4,885,037	(170,508)	-	(170,508)
Culture and recreation	2,432,712	143,935	-	74,523	(2,214,254)	-	(2,214,254)
Economic development	328,725	-	-	-	(328,725)	-	(328,725)
Interest and fiscal charges on long-term debt	1,075,679	-	-	-	(1,075,679)	-	(1,075,679)
<b>Total governmental activities</b>	<b>18,074,692</b>	<b>964,597</b>	<b>173,575</b>	<b>4,995,726</b>	<b>(11,940,794)</b>	<b>-</b>	<b>(11,940,794)</b>
<b>Business-Type Activities:</b>							
Water	2,639,622	3,589,193	-	-	-	949,571	949,571
Sewer	3,512,219	2,942,144	-	-	-	(570,075)	(570,075)
Garbage collection	1,658,252	1,517,698	22,682	-	-	(117,872)	(117,872)
<b>Total business-type activities</b>	<b>7,810,093</b>	<b>8,049,035</b>	<b>22,682</b>	<b>-</b>	<b>-</b>	<b>261,624</b>	<b>261,624</b>
<b>Total</b>	<b>\$ 25,884,785</b>	<b>\$ 9,013,632</b>	<b>\$ 196,257</b>	<b>\$ 4,995,726</b>	<b>(11,940,794)</b>	<b>261,624</b>	<b>(11,679,170)</b>

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED  
Year Ended September 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	7,700,034	-	7,700,034
Local sales tax	158,961	-	158,961
Franchise charges based on gross receipts	705,228	-	705,228
Grants and contributions not restricted to specific programs:			
State grants and shared revenues	4,881,052	-	4,881,052
County shared revenues	96,441	-	96,441
Interest	11,828	16,009	27,837
Gain on capital asset disposals	412,136	-	412,136
Miscellaneous	22,613	-	22,613
Transfers	1,000,000	(1,000,000)	-
Total General Revenues and Transfers	<u>14,988,293</u>	<u>(983,991)</u>	<u>14,004,302</u>
Change in Net Position	3,047,499	(722,367)	2,325,132
Net Position - Beginning	<u>49,555,054</u>	<u>20,103,521</u>	<u>69,658,575</u>
Net Position - Ending	<u>\$ 52,602,553</u>	<u>\$ 19,381,154</u>	<u>\$ 71,983,707</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2013

	General Fund	Infrastructure Construction Fund	Pinehaven Drive Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,327,284	\$ 606,315	\$ 31,249	\$ 1,327,934	\$ 3,292,782
<b>Receivables:</b>					
Property taxes	5,471,848	-	-	959,266	6,431,114
Sales and tourism tax	695,569	-	-	38,785	734,354
City utilities tax	4,419	-	-	-	4,419
Franchise charges	201,992	-	-	-	201,992
Federal assistance	6,405	-	1,232,380	185,104	1,423,889
Special assessments	-	-	-	405,562	405,562
State assistance	2,106	-	-	-	2,106
Due from other funds	173,802	-	-	29,513	203,315
<b>Total Assets</b>	<b><u>\$ 7,883,425</u></b>	<b><u>\$ 606,315</u></b>	<b><u>\$1,263,629</u></b>	<b><u>\$ 2,946,164</u></b>	<b><u>\$ 12,699,533</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 605,410	\$ 100,144	\$1,153,448	\$ 174,245	\$ 2,033,247
Unearned grant revenue	6,442	-	-	75,342	81,784
Due to other funds	77,796	-	-	1,880	79,676
Due to other governments	40,357	-	-	-	40,357
<b>Total Liabilities</b>	<b><u>730,005</u></b>	<b><u>100,144</u></b>	<b><u>1,153,448</u></b>	<b><u>251,467</u></b>	<b><u>2,235,064</u></b>
<b>Deferred Inflows of Resources:</b>					
Property taxes levied for subsequent year	5,357,451	-	-	939,505	6,296,956
Unavailable special assessments	-	-	-	405,562	405,562
<b>Total Deferred Inflows of Resources</b>	<b><u>5,357,451</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,345,067</u></b>	<b><u>6,702,518</u></b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Law enforcement	76,352	-	-	12,666	89,018
Economic development and tourism	-	-	-	72,839	72,839
Debt service	-	-	-	1,130,499	1,130,499
Capital projects	-	506,171	110,181	116,164	732,516
Assigned to debt service	-	-	-	18,242	18,242
Unassigned	1,719,617	-	-	(780)	1,718,837
<b>Total Fund Balances</b>	<b><u>1,795,969</u></b>	<b><u>506,171</u></b>	<b><u>110,181</u></b>	<b><u>1,349,630</u></b>	<b><u>3,761,951</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 7,883,425</u></b>	<b><u>\$ 606,315</u></b>	<b><u>\$1,263,629</u></b>	<b><u>\$ 2,946,164</u></b>	<b><u>\$ 12,699,533</u></b>

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED  
September 30, 2013

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

Total Governmental Fund Balances	\$ 3,761,951
Differences:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	72,189,551
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	405,562
Interest is not recorded as an expenditure in the funds until the payment date.	(178,729)
Long-term liabilities are not due and payable in the current period and therefore the long-term liabilities and the related deferred charge on debt refundings are not reported in the funds.	(23,211,005)
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>(364,777)</u>
Net Position - Governmental Activities	<u>\$ 52,602,553</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, 2013

	General Fund	Infrastructure Construction Fund	Pinehaven Drive Construction Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 6,559,296	\$ -	\$ -	\$ 1,140,738	\$ 7,700,034
Licenses and permits	1,095,100	-	-	-	1,095,100
Intergovernmental	5,239,302	-	3,224,903	1,684,526	10,148,731
Charges for services	147,800	-	-	36,378	184,178
Fines and forfeitures	363,346	-	-	22,450	385,796
Special assessments	-	-	-	27,039	27,039
Interest	1,866	4,844	81	5,042	11,833
Contributions	151,508	-	-	5,514	157,022
Miscellaneous	27,365	-	-	-	27,365
<b>Total Revenues</b>	<b>13,585,583</b>	<b>4,844</b>	<b>3,224,984</b>	<b>2,921,687</b>	<b>19,737,098</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,233,248	-	-	12,271	1,245,519
Public safety	7,503,022	-	-	4,148	7,507,170
Public works	2,031,400	-	-	-	2,031,400
Culture and recreation	1,484,748	-	-	116,370	1,601,118
Economic development	232,370	-	-	94,527	326,897
Debt service	1,123,594	-	-	1,398,345	2,521,939
Capital outlay	973,895	2,344,697	3,332,253	1,519,023	8,169,868
<b>Total Expenditures</b>	<b>14,582,277</b>	<b>2,344,697</b>	<b>3,332,253</b>	<b>3,144,684</b>	<b>23,403,911</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(996,694)</b>	<b>(2,339,853)</b>	<b>(107,269)</b>	<b>(222,997)</b>	<b>(3,666,813)</b>
<b>Other Financing Sources (Uses):</b>					
Refunding bonds issued	5,580,000	-	-	2,354,045	7,934,045
Premium on refunding bonds issued	203,608	-	-	102,341	305,949
Payments to refunded debt escrow agents	(5,596,588)	-	-	(2,374,208)	(7,970,796)
Sale of capital assets	463,781	-	-	-	463,781
Transfers in	1,000,000	-	-	185,651	1,185,651
Transfers out	(158,486)	-	-	(27,165)	(185,651)
<b>Total Other Financing Sources (Uses)</b>	<b>1,492,315</b>	<b>-</b>	<b>-</b>	<b>240,664</b>	<b>1,732,979</b>
<b>Net Change in Fund Balances</b>	<b>495,621</b>	<b>(2,339,853)</b>	<b>(107,269)</b>	<b>17,667</b>	<b>(1,933,834)</b>
<b>Fund Balances - Beginning</b>	<b>1,300,348</b>	<b>2,846,024</b>	<b>217,450</b>	<b>1,331,963</b>	<b>5,695,785</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,795,969</b>	<b>\$ 506,171</b>	<b>\$ 110,181</b>	<b>\$ 1,349,630</b>	<b>\$ 3,761,951</b>

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED  
 Year Ended September 30, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,933,834)
Differences:	
Governmental funds report capital asset purchases as expenditures.	8,169,868
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.	(4,401,781)
Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources.	(27,039)
Governmental funds report debt issuances as other financing sources and report payments to refunded debt escrow agents as other financing uses.	(269,198)
Governmental funds report principal payment on debt as expenditures.	1,379,095
Governmental activities report amortization expenses over the life of the debt to allocate the debt premium received and the difference between the refunded debt and the payments to the refunded debt escrow agents.	(25,326)
Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred.	50,493
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>105,221</u>
Change in Net Position - Governmental Activities	<u>\$ 3,047,499</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
September 30, 2013

	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	\$ 3,322,244	\$ 249,666	\$ 3,571,910	\$ 16,124
Receivables:				
Accounts	1,189,783	-	1,189,783	-
Special assessments	4,211	-	4,211	-
Claim refunds and reinsurance	-	-	-	6,755
Due from other funds	140,347	226,343	366,690	-
Restricted cash and cash equivalents:				
Customer deposits account	<u>657,098</u>	<u>-</u>	<u>657,098</u>	<u>-</u>
 Total Current Assets	 <u>5,313,683</u>	 <u>476,009</u>	 <u>5,789,692</u>	 <u>22,879</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2013

	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	419,390	-	419,390	-
Receivable:				
Special assessments (net of current portion)	43,557	-	43,557	-
	<u>462,947</u>	<u>-</u>	<u>462,947</u>	<u>-</u>
Capital Assets:				
Water and sewer systems and other improvements	49,822,323	-	49,822,323	-
Land	177,512	-	177,512	-
Buildings	338,927	-	338,927	-
Equipment and vehicles	1,979,646	562,147	2,541,793	-
Construction in progress	43,605	-	43,605	-
Certificate of authority	800,000	-	800,000	-
	<u>53,162,013</u>	<u>562,147</u>	<u>53,724,160</u>	<u>-</u>
Less accumulated depreciation	<u>23,530,618</u>	<u>391,039</u>	<u>23,921,657</u>	<u>-</u>
Capital Assets (net)	<u>29,631,395</u>	<u>171,108</u>	<u>29,802,503</u>	<u>-</u>
Total Noncurrent Assets	<u>30,094,342</u>	<u>171,108</u>	<u>30,265,450</u>	<u>-</u>
Total Assets	<u>35,408,025</u>	<u>647,117</u>	<u>36,055,142</u>	<u>22,879</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2013

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	268,410	33,922	302,332	12,399
Claims liability	-	-	-	224,961
Accrued interest payable	29,824	-	29,824	-
Due to other funds	265,633	8,696	274,329	216,000
Compensated absences payable - current	60,000	-	60,000	-
Notes payable - current	1,228,256	-	1,228,256	-
General obligation bonds payable - current	40,299	-	40,299	-
Current Liabilities Payable from Restricted Assets:				
Customer deposits payable	657,098	-	657,098	-
Total Current Liabilities	<u>2,549,520</u>	<u>42,618</u>	<u>2,592,138</u>	<u>453,360</u>
Noncurrent Liabilities:				
Compensated absences payable	48,328	-	48,328	-
General obligation bonds payable	905,165	-	905,165	-
Notes payable	13,062,653	-	13,062,653	-
Total Noncurrent Liabilities	<u>14,016,146</u>	<u>-</u>	<u>14,016,146</u>	<u>-</u>
Total Liabilities	<u>16,565,666</u>	<u>42,618</u>	<u>16,608,284</u>	<u>453,360</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
September 30, 2013

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<u>NET POSITION</u>				
Net investment in capital assets	14,395,022	171,108	14,566,130	-
Restricted for:				
Capital projects	419,390	-	419,390	-
Unrestricted	<u>4,027,947</u>	<u>433,391</u>	<u>4,461,338</u>	<u>(430,481)</u>
 Total Net Position	 <u>\$ 18,842,359</u>	 <u>\$ 604,499</u>	 <u>\$ 19,446,858</u>	 <u>\$ (430,481)</u>

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

Total Enterprise Funds Net Position \$ 19,446,858

Difference:

The internal service fund's net position is included in business-type activities to the extent attributable to business-type activities. (65,704)

Net Position - Business-Type Activities \$ 19,381,154

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, 2013

	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	\$ 3,281,818	\$ -	\$ 3,281,818	\$ -
Sewer service charges	2,908,187	-	2,908,187	-
Other services and charges	252,118	-	252,118	-
Refuse collection charges	-	1,517,698	1,517,698	-
State assistance	-	13,682	13,682	-
Rents	89,470	-	89,470	-
Premiums	-	-	-	1,467,705
Miscellaneous	-	9,000	9,000	-
Total Operating Revenues	<u>6,531,593</u>	<u>1,540,380</u>	<u>8,071,973</u>	<u>1,467,705</u>
Operating Expenses:				
Salaries	1,109,110	28,588	1,137,698	-
Employee benefits	430,767	13,919	444,686	-
Insurance	32,239	3,663	35,902	254,152
Claims expense	-	-	-	1,033,514
Office supplies	6,388	-	6,388	-
Operating supplies:				
Gas and oil	96,039	27,518	123,557	-
Other	106,366	-	106,366	-
Outside services	880,003	1,505,739	2,385,742	58,014
Repairs and maintenance	939,859	20,796	960,655	-
Telephone	14,212	-	14,212	-
Postage	47,119	-	47,119	-
Printing	15,271	-	15,271	-
Utilities	469,006	-	469,006	-
Rentals	24,273	299	24,572	-
Depreciation	1,400,207	57,132	1,457,339	-

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2013

	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>9,724</u>	<u>1,252</u>	<u>10,976</u>	<u>-</u>
 Total Operating Expenses	 <u>5,724,583</u>	 <u>1,658,906</u>	 <u>7,383,489</u>	 <u>1,345,680</u>
 Operating Income (Loss)	 <u>807,010</u>	 <u>(118,526)</u>	 <u>688,484</u>	 <u>122,025</u>
Nonoperating Revenues (Expenses):				
Interest income	14,874	1,133	16,007	13
Interest and fiscal charges	<u>(443,675)</u>	<u>-</u>	<u>(443,675)</u>	<u>-</u>
 Total Nonoperating Revenues (Expenses), net	 <u>(428,801)</u>	 <u>1,133</u>	 <u>(427,668)</u>	 <u>13</u>
 Income (Loss) Before Transfers	 378,209	 (117,393)	 260,816	 122,038
 Transfer to the General Fund	 <u>(1,000,000)</u>	 <u>-</u>	 <u>(1,000,000)</u>	 <u>-</u>
 Change in Net Position	 (621,791)	 (117,393)	 (739,184)	 122,038
 Net Position - Beginning	 <u>19,464,150</u>	 <u>721,892</u>	 <u>20,186,042</u>	 <u>(552,519)</u>
 Net Position - Ending	 <u>\$18,842,359</u>	 <u>\$ 604,499</u>	 <u>\$19,446,858</u>	 <u>\$ (430,481)</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2013

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

Change in Net Position - Enterprise Funds	\$ (739,184)
---	--------------

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>16,817</u>
---------------

Change in Net Position - Business-Type Activities	<u>\$ (722,367)</u>
---	---------------------

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended September 30, 2013

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 6,499,630	\$ 1,517,639	\$ 8,017,269	\$ 282,552
Receipts from interfund services	-	-	-	1,185,153
Receipts from reinsurance	-	-	-	41,740
Payments to suppliers	(2,545,445)	(1,555,541)	(4,100,986)	(1,501,930)
Payments to employees	(1,356,970)	(36,143)	(1,393,113)	-
Payments for interfund services	(300,961)	(6,364)	(307,325)	-
Net Cash Provided (Used) By Operating Activities	<u>2,296,254</u>	<u>(80,409)</u>	<u>2,215,845</u>	<u>7,515</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	-	47,831	47,831	-
Advances to other funds	(24,928)	-	(24,928)	-
Repayments from other funds for advances	48,577	-	48,577	-
Advances from other funds	12,027	8,696	20,723	8,062
Repayments to other funds for advances	(5,795)	(165,000)	(170,795)	-
Transfer to the General Fund	(1,000,000)	-	(1,000,000)	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(970,119)</u>	<u>(108,473)</u>	<u>(1,078,592)</u>	<u>8,062</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(188,392)	-	(188,392)	-
Proceeds from notes payable	59,819	-	59,819	-
Principal paid on revenue bonds	(260,000)	-	(260,000)	-
Principal paid on general obligation bonds	(113,137)	-	(113,137)	-
Principal paid on capital leases	(37,638)	-	(37,638)	-
Principal paid on notes payable	(1,194,543)	-	(1,194,543)	-
Interest and fiscal charges paid on debt	(402,317)	-	(402,317)	-
Net Cash Used By Capital and Related Financing Activities	<u>(2,136,208)</u>	<u>-</u>	<u>(2,136,208)</u>	<u>-</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2013

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>14,874</u>	<u>1,133</u>	16,007	<u>13</u>
Net Cash Provided By Investing Activities	<u>14,874</u>	<u>1,133</u>	<u>16,007</u>	<u>13</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(795,199)	(187,749)	(982,948)	15,590
CASH AND CASH EQUIVALENTS AT BEGINNING 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	<u>\$ 4,398,732</u>	<u>\$ 249,666</u>	<u>\$ 4,648,398</u>	<u>\$ 16,124</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Cash and cash equivalents	\$ 3,322,244	\$ 249,666	\$ 3,571,910	\$ 16,124
Restricted cash and cash equivalents:				
Customer deposits cash	657,098	-	657,098	-
Construction account - noncurrent	<u>419,390</u>	<u>-</u>	<u>419,390</u>	<u>-</u>
	<u>\$ 4,398,732</u>	<u>\$ 249,666</u>	<u>\$ 4,648,398</u>	<u>\$ 16,124</u>

(Continued)

CITY OF CLINTON  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
Year Ended September 30, 2013

	Enterprise Funds			Non-Major Internal Service Fund
	Water and Sewer Operations Fund	Garbage Collection Fund	Total	Self-Funded Group Insurance Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 807,010	\$ (118,526)	\$ 688,484	\$ 122,025
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,400,207	57,132	1,457,339	-
Operating grants	-	(22,682)	(22,682)	-
(Increase) decrease in receivables:				
Accounts	(48,099)	-	(48,099)	-
Claim refunds and reinsurance	-	-	-	(6,755)
Due from other funds	-	(59)	(59)	-
Special assessments	4,302	-	4,302	-
Increase (decrease) in payables:				
Accounts	95,054	3,726	98,780	(205)
Claims	-	-	-	(107,550)
Due to other funds	59	-	59	-
Customer deposits	11,775	-	11,775	-
Compensated absences	25,946	-	25,946	-
 Net Cash Provided (Used) By Operating Activities	 <u>\$ 2,296,254</u>	 <u>\$ (80,409)</u>	 <u>\$ 2,215,845</u>	 <u>\$ 7,515</u>
<b>NON-CASH TRANSACTIONS:</b>				
Refunding bonds issued	\$ 885,955	\$ -	\$ 885,955	\$ -
Premium on refunding bonds issued	25,635	-	25,635	-
Payment to refunded debt escrow agents	(881,437)	-	(881,437)	-
Payment of bond issuance costs	(30,153)	-	(30,153)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON  
STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2013

	<u>Unemployment Compensation Benefit Fund</u>
ASSETS:	
Cash	\$    45,950
LIABILITIES	<u>                  -</u>
NET POSITION:	
Held in trust for City employees' unemployment benefits	<u>\$    45,950</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year Ended September 30, 2013

	<u>Unemployment Compensation Benefit Fund</u>
ADDITIONS:	
Interest	\$          98
DEDUCTIONS:	
Unemployment benefits	<u>          92</u>
CHANGE IN NET POSITION	6
NET POSITION - BEGINNING	<u>45,944</u>
NET POSITION - ENDING	<u>\$      45,950</u>

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

**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 or committed to expenditures for certain purposes.

*Debt Service Funds*

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

*Capital Project Funds*

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

**Proprietary Funds**

*Enterprise Funds*

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

(Continued)

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

B. BASIS OF PRESENTATION – Continued

*Internal Service Fund*

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

**Fiduciary Fund (Not included in government-wide statements)**

*Trust Fund*

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

**Major and Nonmajor Funds**

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

Fund

Brief Description

**Major Funds:**

GENERAL FUND

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

CAPITAL PROJECT FUND:

Infrastructure Construction Fund

Accounts for the proceeds of a bond issue being used for the construction of various infrastructure and building improvements.

Pinehaven Drive Construction Project Fund

Accounts for the proceeds of a Federal grant being used for the construction of street improvements. This fund was previously called the Northside Corridor Project Fund.

(Continued)

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

**B. BASIS OF PRESENTATION – Continued**

<u>Fund</u>	<u>Brief Description</u>
<b>PROPRIETARY FUNDS:</b>	
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.
<b>Nonmajor Funds:</b>	
<b>SPECIAL REVENUE FUNDS:</b>	
Tourism Tax Fund	Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development.
Special Law Enforcement Fund	Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets.
<b>DEBT SERVICE FUNDS:</b>	
G.O. Refunding Series 2013 Bond and Interest Fund	Accumulates funds for payment of a \$7,934,045 portion of a general obligation refunding bond issue - \$8,820,000 Series 2013 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund.
Infrastructure Bond and Interest Fund	Accumulates funds for payment of a general obligation bond issue - \$4,250,000 Series 2012 bonds.

(Continued)

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

B. BASIS OF PRESENTATION – Continued

<u>Fund</u>	<u>Brief Description</u>
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.
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>
<b>CAPITAL PROJECT FUNDS:</b>	
Hampstead Boulevard Construction Project Fund	Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development.
Arrow Drive Construction Project Fund	Accounts for the proceeds of a Federal grant being used for the construction of street improvements.
<b>PROPRIETARY FUND:</b>	
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.
<b>FIDUCIARY FUND:</b>	
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.

(Continued)

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

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

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

**Measurement Focus**

On the government-wide Statement of Net 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.
- 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.

(Continued)

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

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

**Basis of Accounting**

In the government-wide Statement of Net 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.

**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.

(Continued)

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

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

**Interfund Receivables and Payables**

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

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.

(Continued)

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

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

**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 customer utility deposits and fees charged for replacement of capital assets are classified as restricted assets on the balance sheet because their use is limited. 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 and Premiums**

In the government-wide and proprietary fund financial statements, bond discounts and premiums are deferred and amortized as interest over the terms of the bonds. Unamortized discounts and premiums are combined with 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. The government-wide statements report a deferred refunding charge for the difference between the balance of the refunded debt and the amount paid to the refunded debt escrow agents, and the deferred charge is amortized over the life of the debt.

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, and 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, other borrowings, and related deferred outflows of resources 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 “net investment in capital assets.”

*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 have delegated the authority. The Mayor and Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- 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 15<sup>th</sup> for the subsequent fiscal year. Property taxes are recorded as a receivable in the period levied, but the revenue is deferred until the subsequent year in which it is available for use by the City.

**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.

(Continued)

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

E. REVENUES, EXPENDITURES AND EXPENSES - Continued

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

Proprietary Fund – By Operating and Nonoperating

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

**Interfund Transfers**

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

(Continued)

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

F. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

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

A. BUDGETS

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

Mississippi law requires that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and are paid within 30 days after the end of the year are recorded 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).

(Continued)

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

**B. TAX LEVIES**

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

Annual tax increases for all purposes except payment of general obligation bonds and interest and funding of the Disability and Relief Fund are limited by state law to 10% of certain preceding years' receipts plus taxes on newly constructed 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.

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 \$430,481 as of September 30, 2013. The City intends to adjust the future premium rates charged to City employees and other City funds in order to alleviate the deficit fund equity.

(Continued)

**NOTE 3. DEPOSITS**

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, 2013, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer.

**NOTE 4. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

Receivables at September 30, 2013 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Water, sewer and garbage collection charges	\$ -	\$1,499,783	\$ 1,499,783
Special assessments:			
Due within one year	27,037	4,211	31,248
Due in more than one year	378,525	139,435	517,960
Property taxes	6,431,114	-	6,431,114
Sales and tourism taxes	734,354	-	734,354
Franchise charges	201,992	-	201,992
Federal assistance	1,423,889	-	1,423,889
State assistance	2,106	-	2,106
Other	11,174	-	11,174
	<u>9,210,191</u>	<u>1,643,429</u>	<u>10,853,620</u>
Allowance for uncollectible amounts	<u>-</u>	<u>(405,878)</u>	<u>(405,878)</u>
Net receivables	<u>\$9,210,191</u>	<u>\$1,237,551</u>	<u>\$10,447,742</u>

In addition, deferred inflows of resources, which is related to the receivables, consisted of the following at September 30, 2013:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes levied for use in the subsequent year	<u>\$6,296,956</u>	<u>\$ -</u>	<u>\$6,296,956</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated:				
Land:				
Right-of-way	\$ 6,681,903	\$ -	\$ -	\$ 6,681,903
Other land	1,213,550	-	(51,645)	1,161,905
Construction in progress	1,374,310	7,542,730	(458,192)	8,458,848
Total not being depreciated	<u>9,269,763</u>	<u>7,542,730</u>	<u>(509,837)</u>	<u>16,302,656</u>
Other capital assets:				
Buildings	17,062,663	621,392	-	17,684,055
Other improvements	10,242,036	71,350	-	10,313,386
Equipment and vehicles	8,649,555	124,195	(240,564)	8,533,186
Infrastructure	67,819,669	268,395	-	68,088,064
	<u>103,773,923</u>	<u>1,085,332</u>	<u>(240,564)</u>	<u>104,618,691</u>
Accumulated depreciation:				
Buildings	3,828,231	483,862	-	4,312,093
Other improvements	5,902,222	350,886	-	6,253,108
Equipment and vehicles	6,384,067	544,048	(240,564)	6,687,551
Infrastructure	28,507,703	2,971,341	-	31,479,044
	<u>44,622,223</u>	<u>4,350,137</u>	<u>(240,564)</u>	<u>48,731,796</u>
Net other capital assets	<u>59,151,700</u>	<u>(3,264,805)</u>	<u>-</u>	<u>55,886,895</u>
Capital assets, net	<u>\$ 68,421,463</u>	<u>\$ 4,277,925</u>	<u>\$ (509,837)</u>	<u>\$ 72,189,551</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 5. CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 177,512	\$ -	\$ -	\$ 177,512
Construction in progress	-	43,605	-	43,605
Certificate of authority	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total not being depreciated	<u>977,512</u>	<u>43,605</u>	<u>-</u>	<u>1,021,117</u>
Other capital assets:				
Water and sewer systems and improvements	49,818,912	3,411	-	49,822,323
Buildings	298,104	40,823	-	338,927
Equipment and vehicles	<u>2,473,534</u>	<u>100,553</u>	<u>(32,294)</u>	<u>2,541,793</u>
	<u>52,590,550</u>	<u>144,787</u>	<u>(32,294)</u>	<u>52,703,043</u>
Accumulated depreciation:				
Water and sewer systems and improvements	20,300,333	1,306,298	-	21,606,631
Buildings	110,138	13,597	-	123,735
Equipment and vehicles	<u>2,086,141</u>	<u>137,444</u>	<u>(32,294)</u>	<u>2,191,291</u>
	<u>22,496,612</u>	<u>1,457,339</u>	<u>(32,294)</u>	<u>23,921,657</u>
Net other capital assets	<u>30,093,938</u>	<u>(1,312,552)</u>	<u>-</u>	<u>28,781,386</u>
Capital assets, net	<u>\$ 31,071,450</u>	<u>\$ (1,268,947)</u>	<u>\$ -</u>	<u>\$ 29,802,503</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 28,996
Public safety	420,889
Public works	3,067,073
Culture and recreation	832,917
Economic development	<u>262</u>
	<u>\$4,350,137</u>
Business-type activities:	
Water	\$ 475,677
Sewer	924,530
Garbage collection	<u>57,132</u>
	<u>\$1,457,339</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, 2013 was as follows:

<u>Due To</u>	<u>Due From</u>					<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	<u>Garbage Collection Fund</u>	<u>Nonmajor Internal Service Fund</u>	
General Fund	\$ -	\$ 1,880	\$ 12,026	\$ 8,696	\$ 151,200	\$ 173,802
Nonmajor Governmental Funds	2,249	-	27,264	-	-	29,513
Water and Sewer Operations Fund	75,547	-	-	-	64,800	140,347
Garbage Collection Fund	-	-	226,343	-	-	226,343
Total	<u>\$ 77,796</u>	<u>\$ 1,880</u>	<u>\$ 265,633</u>	<u>\$ 8,696</u>	<u>\$ 216,000</u>	<u>\$ 570,005</u>

The General Fund received a \$1,000,000 transfer from the Water and Sewer Operations Fund as a result of a surplus declared by the Mayor and Board of Aldermen. The remaining interfund transfers were to fund debt service. Interfund transfers during the year ended September 30, 2013 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Operations Fund</u>	
General Fund	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Nonmajor Governmental Funds	<u>158,486</u>	<u>27,165</u>	<u>-</u>	<u>185,651</u>
Total	<u>\$ 158,486</u>	<u>\$ 27,165</u>	<u>\$ 1,000,000</u>	<u>\$ 1,185,651</u>

(Continued)

Notes to Basic Financial Statements – Continued

**NOTE 7. ACCOUNTS PAYABLE**

Accounts payable at September 30, 2013 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts payable to vendors	\$1,679,420	\$ 302,332	\$1,981,752
Cash bonds and evidence held	206,874	-	206,874
Payroll withholdings and employee benefits	<u>199,709</u>	<u>-</u>	<u>199,709</u>
Total	<u>\$2,086,003</u>	<u>\$ 302,332</u>	<u>\$2,388,335</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, 2013, 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 \$146,297 to \$164,030 through July 1, 2016; interest varies from 4.0% to 5.625%. \$ 465,491

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$320,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 6,630,000

\$4,250,000 Public Improvement – Series 2012 serial bonds dated April 1, 2012; due in annual installments of \$110,000 to \$330,000 through April 1, 2032; interest varies from 2.4% to 3.4%. 4,145,000

\$7,934,045 portion of Refunding Series 2013 serial bonds dated May 16, 2013; due in annual installments of \$188,907 to \$845,579 through November 1, 2025; interest varies from 2% to 2.5%. 7,934,045  
19,174,536

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$40,000 through March 1, 2016; interest varies from 5.5% to 5.7%. 120,000

\$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 5.9% to 6.25%. 605,000

(Continued)

Notes to Basic Financial Statements – Continued

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

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$18,500 to \$20,000 through March 1, 2019; interest at 4.25%. 114,500

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$45,000 to \$50,000 through March 15, 2019; interest at 4.8%. 275,000  
1,114,500

Notes Payable:

\$7,750,000 loan payable dated November 1, 2004, to the Mississippi Development Bank; principal due in annual installments of \$360,000 to \$380,000 through November 1, 2015; interest varies from 3.375% to 3.45% and is payable semiannually; secured by the City’s share of sales tax collected by the State. 740,000

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. 56,660

\$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019. 282,295

\$105,390 equipment lease dated May 17, 2011; monthly payments of \$3,052, including interest at 2.73%; final payment due May 17, 2014. 24,171

(Continued)

Notes to Basic Financial Statements – Continued

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

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

\$17,291 equipment lease dated May 3, 2011; monthly payments of \$477, including interest at 2.92%; final payment due July 3, 2014.	4,706
\$114,955 equipment lease dated September 25, 2012; monthly payments of \$3,271, including interest at 1.57%; final payment due September 15, 2015.	77,236
\$160,836 equipment lease dated June 25, 2012; monthly payments of \$2,814, including interest at 1.93%; final payment due June 25, 2017.	122,069
\$443,110 equipment lease dated April 18, 2012; monthly payments of \$4,207, including interest at 2.65%; final payment due April 18, 2022.	<u>387,228</u>
	<u>954,365</u>
Unamortized bond premium	<u>282,414</u>
Total Governmental Activities Long-Term Debt	<u>\$22,265,815</u>

(Continued)

Notes to Basic Financial Statements – Continued

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

**B. BUSINESS-TYPE ACTIVITIES DEBT**

As of September 30, 2013, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$18,703 to \$20,970 through July 1, 2016; interest varies from 4% to 5.625%. \$ 59,509

\$885,955 portion of Refunding Series 2013 serial bonds dated May 16, 2013; due in annual installments of \$21,093 to \$94,421 through November 1, 2025; interest varies from 2% to 2.5%. 885,955  
945,464

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. 199,021

\$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. 5,377,997

\$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. 705,752

(Continued)

Notes to Basic Financial Statements – Continued

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

**B. BUSINESS-TYPE ACTIVITIES DEBT**

\$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.	323,582
\$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.	167,496
\$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.	319,476
\$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.	2,657,029
\$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.	1,676,855
\$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.	1,993,872

(Continued)

Notes to Basic Financial Statements – Continued

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

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

\$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. 810,010

\$1,909,855 maximum loan available from the Mississippi Department of Health with \$59,819 of proceeds utilized; monthly installments of \$9,716, including interest at 1.95%, beginning June, 2015; secured by the City's share of sales tax collected by the State; final payment will be due in February, 2035, if the maximum loan amount is utilized. 59,819

14,290,909

Total Business-Type Activities Long-Term Debt \$15,236,373

(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, 2013, are as follows:

**GOVERNMENTAL**

**ACTIVITIES:**

**FISCAL YEAR(S)**

	General Obligation Bonds		Notes Payable		Limited Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 769,699	\$ 562,072	\$ 360,000	\$ 19,185	\$ 168,500	\$ 61,676	\$ 1,941,132
2015	834,067	540,532	380,000	6,555	179,000	52,640	1,992,794
2016	1,222,253	507,788	-	-	184,000	42,932	1,956,973
2017	1,262,631	469,036	-	-	149,000	32,885	1,913,552
2018	1,306,125	434,681	-	-	159,000	24,712	1,924,518
2019-2023	6,789,189	1,642,326	-	-	275,000	22,575	8,729,090
2024-2028	5,775,572	651,237	-	-	-	-	6,426,809
2029-2033	1,215,000	86,350	-	-	-	-	1,301,350
	<u>\$ 19,174,536</u>	<u>\$ 4,894,022</u>	<u>\$ 740,000</u>	<u>\$ 25,740</u>	<u>\$ 1,114,500</u>	<u>\$ 237,420</u>	<u>\$ 26,186,218</u>

**BUSINESS-TYPE**

**ACTIVITIES:**

**FISCAL YEAR(S)**

	General Obligation Bonds		Notes Payable		Totals
	Principal	Interest	Principal	Interest	
2014	\$ 40,299	\$ 20,604	\$ 1,228,256	\$ 334,197	\$ 1,623,356
2015	40,930	19,913	1,268,046	299,868	1,628,757
2016	82,745	18,240	1,163,090	268,900	1,532,975
2017	82,367	15,959	1,193,752	238,238	1,530,316
2018	83,873	14,297	1,225,260	206,731	1,530,161
2019-2023	405,809	47,624	5,231,161	566,055	6,250,649
2024-2028	209,441	6,178	2,249,658	161,457	2,626,734
2029-2033	-	-	731,686	18,452	750,138
	<u>\$ 945,464</u>	<u>\$ 142,815</u>	<u>\$ 14,290,909</u>	<u>\$ 2,093,898</u>	<u>\$ 17,473,086</u>

(Continued)

Notes to Basic Financial Statements – Continued

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

C. DEBT SERVICE REQUIREMENTS - Continued

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at September 30, 2013, are as follows:

<u>Fiscal Year(s)</u>	<u>Governmental Activities</u>
2014	\$ 251,745
2015	187,889
2016	137,080
2017	128,638
2018	103,310
2019-2023	<u>233,720</u>
Total minimum lease payments	1,042,382
Less amount representing interest	<u>(88,017)</u>
Present value of future minimum lease payments	<u>\$ 954,365</u>

The following is an analysis of equipment leased under capital leases as of September 30, 2013:

	<u>Governmental Activities</u>
Equipment cost	\$1,679,811
Accumulated depreciation	<u>(660,537)</u>
Carrying Value	<u>\$1,019,274</u>

(Continued)

Notes to Basic Financial Statements – Continued

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

**D. CHANGES IN LONG-TERM LIABILITIES**

On May 16, 2013, the City issued general obligation refunding bonds Series 2013 totaling \$8,820,000 to refund all of the Series 1998 general obligation bonds and portions of the 2004 Mississippi Development Bank note and the Series 2006 general obligation bonds for a total refunded debt of \$8,230,000. The new bonds used to refund the old bonds and notes decreased the City's debt service payments by \$641,570 and resulted in an economic gain of \$527,789. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide funds for all of the future debt service on the refunded bonds and notes. As a result, the refunded debt is considered defeased and has been removed from the statement of net position. At September 30, 2013, \$7,660,000 of the defeased debt remained outstanding.

During the year ended September 30, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
General obligation bonds	\$ 13,888,704	\$ 7,934,045	\$ (2,648,213)	\$ 19,174,536	\$ 769,699
Notes payable	6,428,359	-	(5,688,359)	740,000	360,000
Limited obligation bonds	1,276,500	-	(162,000)	1,114,500	168,500
Capital lease obligations	1,226,240	-	(271,875)	954,365	227,372
Unamortized bond premium	-	305,949	(23,535)	282,414	-
	<u>22,819,803</u>	<u>8,239,994</u>	<u>(8,793,982)</u>	<u>22,265,815</u>	<u>1,525,571</u>
Compensated absences	615,725	454,657	(407,766)	662,616	410,000
Net pension obligation	818,054	271,576	(276,472)	813,158	-
	<u>\$ 24,253,582</u>	<u>\$ 8,966,227</u>	<u>\$ (9,478,220)</u>	<u>\$ 23,741,589</u>	<u>\$ 1,935,571</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
General obligation bonds	\$ 1,011,295	\$ 885,955	\$ (951,786)	\$ 945,464	\$ 40,299
Notes payable	15,425,633	59,819	(1,194,543)	14,290,909	1,228,256
Revenue bonds	260,000	-	(260,000)	-	-
Capital lease obligations	37,638	-	(37,638)	-	-
Unamortized bond premium (discount)	(9,154)	25,635	(16,481)	-	-
	<u>16,725,412</u>	<u>971,409</u>	<u>(2,460,448)</u>	<u>15,236,373</u>	<u>1,268,555</u>
Compensated absences	82,382	84,856	(58,910)	108,328	60,000
	<u>\$ 16,807,794</u>	<u>\$ 1,056,265</u>	<u>\$ (2,519,358)</u>	<u>\$ 15,344,701</u>	<u>\$ 1,328,555</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**

D. CHANGES IN LONG-TERM LIABILITIES - Continued

Interest and fiscal charges, including debt issuance costs of \$299,351, incurred on long-term debt during the year ended September 30, 2013 were as follows:

Governmental activities	<u>\$1,075,679</u>
Business-type activities:	
Water	187,772
Sewer	<u>255,903</u>
	<u>443,675</u>
	<u>\$1,519,354</u>

E. REVENUE PLEDGED TO SECURE DEBT

The City has pledged its share of general sales tax collected by the State to secure its notes payable to the State for various public improvement and utility improvement projects. The City received general sales tax revenue totaling \$4,357,579 during the current year and made current year principal and interest payments on the notes payable to the State totaling \$2,206,168, which was approximately 51% of the pledged revenue. As of September 30, 2013, the future principal and interest requirements for the notes payable totaled \$17,150,547, 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 \$178,352, and the City also received \$55,611 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 \$232,269, which was approximately 99% of the pledged revenues. As of September 30, 2013, the future principal and interest requirements for the bonds totaled \$1,351,920, and the maturity dates extend through April, 2020.

(Continued)

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

E. REVENUE PLEDGED TO SECURE DEBT - Continued

The City had 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 \$807,010 in the current year, and the current year principal and interest payments made by the City on the revenue bonds totaled \$267,444, which was approximately 33% of the pledged net revenues. The final revenue bond payments were made in the current year, and no revenue bonds were outstanding at September 30, 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, 2013 was as follows:

	<u>Governmental Activities</u>
Property cost	\$ 955,000
Accumulated depreciation	<u>(858,700)</u>
Carrying value	<u>\$ 96,300</u>

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 10,100	\$ 93,494
2015	10,100	94,353
2016	10,100	95,239
2017	10,100	59,026
2018	<u>10,100</u>	<u>38,482</u>
	<u>\$ 50,500</u>	<u>\$ 380,594</u>

(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>
2014	\$ 56,497	\$ 13,530
2015	52,269	13,530
2016	52,269	13,530
2017	50,551	13,530
2018	50,285	13,530
2019-2023	243,817	64,450
2024-2028	232,405	51,650
2029-2033	<u>115,703</u>	<u>34,250</u>
Total minimum lease payments	<u>\$ 853,796</u>	<u>\$ 218,000</u>

Rent expense during the year ended September 30, 2013 for all operating leases was as follows:

Governmental activities	\$ 102,755
Business-type activities	<u>24,572</u>
	<u>\$ 127,327</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 \$60,000 to the plan for the year ended September 30, 2013. 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 was 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, 2013, 2012, and 2011 were \$1,704,599, \$1,550,203, and \$1,468,397, 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, 2013, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 1.39 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)

Notes to Basic Financial Statements – Continued

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

C. City of Clinton Disability and Relief Fund – Continued

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

Actuarial Valuation Date	September 30,		
	2012	2011	2010
Actuarial Value of Plan Assets	\$ 7,503,000	\$ 7,863,000	\$ 8,082,000
Actuarial Accrued Liability	<u>10,000,000</u>	<u>9,921,000</u>	<u>9,999,000</u>
Unfunded Actuarial Liability	<u>\$ 2,497,000</u>	<u>\$ 2,058,000</u>	<u>\$ 1,917,000</u>
Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability	75.0%	79.3%	80.8%
Annual Covered Payroll	\$ 329,000	\$ 322,000	\$ 320,000
Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll	759.0%	639.1%	599.1%

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

Fiscal Year Ended	September 30,		
	2013	2012	2011
Annual required employer contribution	\$ 286,327	\$ 239,636	\$ 223,679
Interest on net pension obligation	65,445	70,394	68,397
Adjustment to annual required contribution	<u>(80,196)</u>	<u>(84,845)</u>	<u>(81,202)</u>
Annual pension cost	271,576	225,185	210,874
Actual employer contribution	<u>(276,472)</u>	<u>(287,061)</u>	<u>(185,901)</u>
Change in net pension obligation	(4,896)	(61,876)	24,973
Beginning net pension obligation	<u>818,054</u>	<u>879,930</u>	<u>854,957</u>
Ending net pension obligation	<u>\$ 813,158</u>	<u>\$ 818,054</u>	<u>\$ 879,930</u>
Percentage of annual pension cost contributed	101.80%	127.48%	88.16%

(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, 2013 was determined as part of the September 30, 2012 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, 2012 was 22 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, 2013.

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 \$507 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, 2013) is approximately \$1,563,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,550,000. 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 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

(Continued)

**NOTE 14. RISK MANAGEMENT – Continued**

computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Nonincremental claims adjustment expenses have not been included as part of the liability for claims because the amount would be immaterial. Changes in the claims liability amounts in the current year and the prior year were as follows:

	<u>Year Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
Claims liability, October 1	\$ 332,511	\$ 197,540
Current year claims	1,033,514	1,192,731
Claims paid in current year	<u>(1,141,064)</u>	<u>(1,057,760)</u>
Claims liability, September 30	<u>\$ 224,961</u>	<u>\$ 332,511</u>

**NOTE 15. SUBSEQUENT EVENTS**

The Mississippi Department of Health has approved a \$1.9 million capital project loan to the City that is to be repaid by the Water and Sewer Operations Fund over 20 years at 1.95%. As of September 30, 2013, the City had received proceeds of \$59,819 under this loan.

Subsequent to September 30, 2013, the Mississippi Department of Environmental Quality approved a \$3 million capital project loan to the City that is to be repaid by the Water and Sewer Operations Fund over 20 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2013

	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	\$ 972,700	\$ 1,074,091	\$ 101,391
State grants	252,000	252,000	328,694	76,694
State shared revenues	4,548,000	4,534,000	4,695,006	161,006
Local grants	87,000	89,000	44,914	(44,086)
Federal grants	220,000	305,750	245,296	(60,454)
Charges for services	13,500	15,200	128,328	113,128
Fines and forfeitures	481,000	336,000	363,346	27,346
Interest earned	-	-	1,866	1,866
Proceeds of bond issuance	-	-	7,299	7,299
Transfers from other funds	-	1,000,000	1,000,000	-
Miscellaneous	250,000	1,028,159	806,126	(222,033)
Total receipts, other than taxes	6,787,000	8,532,809	8,694,966	162,157
Beginning fund balance	470,034	318,944	318,944	-
Total available, other than taxes	7,257,034	8,851,753	9,013,910	162,157
Ad valorem taxes to be provided by levy	6,499,772	6,576,977	6,548,098	(28,879)
Total Available From All Sources	<u>\$ 13,756,806</u>	<u>\$ 15,428,730</u>	<u>\$ 15,562,008</u>	<u>\$ 133,278</u>
<u>EXPENDITURES</u>				
General government:				
Elected officials:				
Personal services	\$ 300,444	\$ 274,335	\$ 273,782	\$ (553)
Supplies	8,000	8,000	10,090	2,090
Other services and charges	54,625	59,746	54,108	(5,638)
Total elected officials	<u>363,069</u>	<u>342,081</u>	<u>337,980</u>	<u>(4,101)</u>
Court services:				
Personal services	206,100	192,722	190,296	(2,426)
Supplies	6,300	6,300	3,394	(2,906)
Other services and charges	56,649	78,687	63,200	(15,487)
Total court services	<u>269,049</u>	<u>277,709</u>	<u>256,890</u>	<u>(20,819)</u>
Administration:				
Personal services	322,164	348,158	345,473	(2,685)
Supplies	19,300	26,300	20,279	(6,021)
Other services and charges	200,117	224,976	232,435	7,459
Capital outlay	12,000	329,795	281,160	(48,635)
Total administration	<u>553,581</u>	<u>929,229</u>	<u>879,347</u>	<u>(49,882)</u>
Community development:				
Personal services	190,019	146,231	144,855	(1,376)
Supplies	26,700	26,700	13,276	(13,424)
Other services and charges	55,099	55,108	33,372	(21,736)
Capital outlay	-	22,183	51,321	29,138
Total community development	<u>271,818</u>	<u>250,222</u>	<u>242,824</u>	<u>(7,398)</u>
Total General Government	<u>1,457,517</u>	<u>1,799,241</u>	<u>1,717,041</u>	<u>(82,200)</u>

(Continued)

## CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2013

	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	3,340,044	3,290,852	3,274,784	(16,068)
Supplies	350,200	350,200	354,666	4,466
Other services and charges	190,361	231,162	254,841	23,679
Debt service	<u>76,744</u>	<u>76,744</u>	<u>75,881</u>	<u>(863)</u>
Total law enforcement	<u>3,957,349</u>	<u>3,948,958</u>	<u>3,960,172</u>	<u>11,214</u>
Fire protection:				
Personal services	2,878,885	2,991,155	3,057,467	66,312
Supplies	168,200	256,700	257,227	527
Other services and charges	195,418	196,454	184,220	(12,234)
Capital outlay	-	134,600	95,992	(38,608)
Debt service	<u>237,282</u>	<u>237,282</u>	<u>237,282</u>	<u>-</u>
Total fire protection	<u>3,479,785</u>	<u>3,816,191</u>	<u>3,832,188</u>	<u>15,997</u>
Inspection:				
Personal services	106,942	107,692	107,881	189
Supplies	10,750	10,750	4,448	(6,302)
Other services and charges	11,049	11,057	7,810	(3,247)
Capital outlay	-	2,683	-	(2,683)
Total inspection	<u>128,741</u>	<u>132,182</u>	<u>120,139</u>	<u>(12,043)</u>
Total Public Safety	<u>7,565,875</u>	<u>7,897,331</u>	<u>7,912,499</u>	<u>15,168</u>
Street:				
Personal services	1,020,899	1,045,903	1,006,230	(39,673)
Supplies	235,750	313,750	397,579	83,829
Other services and charges	493,111	494,324	627,122	132,798
Capital outlay	275,000	354,576	251,618	(102,958)
Debt service	<u>134,585</u>	<u>134,585</u>	<u>134,125</u>	<u>(460)</u>
Total Street	<u>2,159,345</u>	<u>2,343,138</u>	<u>2,416,674</u>	<u>73,536</u>

(Continued)

## CITY OF CLINTON

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 Year Ended September 30, 2013

	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	951,250	959,292	860,986	(98,306)
Supplies	197,700	268,700	284,899	16,199
Other services and charges	199,559	257,767	284,305	26,538
Capital outlay	-	171,889	237,304	65,415
Debt service	498,273	498,273	496,583	(1,690)
Total Parks and Recreation	<u>1,846,782</u>	<u>2,155,921</u>	<u>2,164,077</u>	<u>8,156</u>
4 C's:				
Other services and charges	20,000	20,000	20,000	-
Total 4 C's	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
City buildings:				
Supplies	10,000	17,000	14,561	(2,439)
Other services and charges	22,131	27,616	28,360	744
Total City buildings	<u>32,131</u>	<u>44,616</u>	<u>42,921</u>	<u>(1,695)</u>
Economic development:				
Personal services	52,568	57,222	46,458	(10,764)
Supplies	1,850	1,850	1,584	(266)
Other services and charges	131,774	123,379	104,490	(18,889)
Capital outlay	-	9,367	3,925	(5,442)
Total Economic Development	<u>186,192</u>	<u>191,818</u>	<u>156,457</u>	<u>(35,361)</u>
Main Street:				
Personal services	59,563	59,745	65,671	5,926
Supplies	5,200	5,200	2,893	(2,307)
Other services and charges	10,524	10,532	11,423	891
Capital outlay	-	9,367	3,925	(5,442)
Total Main Street	<u>75,287</u>	<u>84,844</u>	<u>83,912</u>	<u>(932)</u>
Transfers and other charges	<u>151,187</u>	<u>151,187</u>	<u>158,486</u>	<u>7,299</u>
Total expenditures	13,494,316	14,688,096	14,672,067	(16,029)
Ending fund balance	<u>262,490</u>	<u>740,634</u>	<u>889,941</u>	<u>149,307</u>
Total Expenditures and Ending Fund Balance	<u>\$ 13,756,806</u>	<u>\$ 15,428,730</u>	<u>\$ 15,562,008</u>	<u>\$ 133,278</u>

CITY OF CLINTON  
GENERAL FUND  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2013

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	\$ 15,562,008
Differences:	
GAAP basis receivables are reflected as budgetary basis available in the year received	(42,401)
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Other financing sources are included in budgetary basis available	(1,463,781)
Bond proceeds are reflected in budgetary basis available net of withheld amounts	(7,299)
Beginning fund balance is included in budgetary basis available	<u>(318,944)</u>
Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 13,585,583</u>
Expenditures - Budgetary Comparison Schedule	\$ 14,672,067
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	32,975
Overhead reimbursements from other funds are included in budgetary basis available	(144,000)
Bond issuance costs withheld from bond proceeds are reflected in budgetary basis available	179,721
Other financing uses are included in budgetary basis expenditures	<u>(158,486)</u>
Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 14,582,277</u>
Other Financing Sources (Uses) - Budgetary Comparison Schedule	
Differences:	
Bond proceeds net of escrow agent payments are included in budgetary basis available	187,020
Other financing sources are included in budgetary basis available	1,463,781
Other financing uses are included in budgetary basis expenditures	<u>(158,486)</u>
Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 1,492,315</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS  
September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 97,221	\$ 1,101,763	\$ 128,950	\$ 1,327,934
<b>Receivables:</b>				
Property taxes	-	959,266	-	959,266
Tourism tax	38,785	-	-	38,785
Federal assistance	-	-	185,104	185,104
Special assessments	-	405,562	-	405,562
Due from other funds	<u>2,249</u>	<u>27,264</u>	<u>-</u>	<u>29,513</u>
<b>Total Assets</b>	<u><b>\$ 138,255</b></u>	<u><b>\$ 2,493,855</b></u>	<u><b>\$ 314,054</b></u>	<u><b>\$ 2,946,164</b></u>
<b>Liabilities:</b>				
Accounts payable	\$ 5,040	\$ 27	\$ 169,178	\$ 174,245
Unearned grant revenue	46,630	-	28,712	75,342
Due to other funds	<u>1,080</u>	<u>800</u>	<u>-</u>	<u>1,880</u>
<b>Total Liabilities</b>	<u><b>52,750</b></u>	<u><b>827</b></u>	<u><b>197,890</b></u>	<u><b>251,467</b></u>
<b>Deferred Inflows of Resources:</b>				
Property taxes levied for subsequent year	-	939,505	-	939,505
Unavailable special assessments	<u>-</u>	<u>405,562</u>	<u>-</u>	<u>405,562</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>-</b></u>	<u><b>1,345,067</b></u>	<u><b>-</b></u>	<u><b>1,345,067</b></u>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Law enforcement	12,666	-	-	12,666
Economic development and tourism	72,839	-	-	72,839
Debt service	-	1,130,499	-	1,130,499
Capital projects	-	-	116,164	116,164
Assigned to debt service	-	18,242	-	18,242
Unassigned	<u>-</u>	<u>(780)</u>	<u>-</u>	<u>(780)</u>
<b>Total Fund Balance</b>	<u><b>85,505</b></u>	<u><b>1,147,961</b></u>	<u><b>116,164</b></u>	<u><b>1,349,630</b></u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u><b>\$ 138,255</b></u>	<u><b>\$ 2,493,855</b></u>	<u><b>\$ 314,054</b></u>	<u><b>\$ 2,946,164</b></u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
Year Ended September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 1,140,738	\$ -	\$ 1,140,738
Intergovernmental	159,961	79,309	1,445,256	1,684,526
Charges for services	36,378	-	-	36,378
Fines and forfeitures	22,450	-	-	22,450
Special assessments	-	27,039	-	27,039
Interest	273	4,397	372	5,042
Contributions	5,514	-	-	5,514
	<u>224,576</u>	<u>1,251,483</u>	<u>1,445,628</u>	<u>2,921,687</u>
Total Revenues				
Expenditures:				
Current:				
General government	-	12,271	-	12,271
Public Safety	4,148	-	-	4,148
Culture and Recreation	116,370	-	-	116,370
Economic Development	94,527	-	-	94,527
Debt Service	5,723	1,392,622	-	1,398,345
Capital Outlay	51,350	-	1,467,673	1,519,023
	<u>272,118</u>	<u>1,404,893</u>	<u>1,467,673</u>	<u>3,144,684</u>
Total Expenditures				
Excess of Expenditures Over Revenues	<u>(47,542)</u>	<u>(153,410)</u>	<u>(22,045)</u>	<u>(222,997)</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED  
 Year Ended September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Refunding bonds issued	-	2,354,045	-	2,354,045
Premium on refunding bonds issued	-	102,341	-	102,341
Payments to refunded debt escrow agents	-	(2,374,208)	-	(2,374,208)
Transfers in	-	185,651	-	185,651
Transfers out	-	(27,165)	-	(27,165)
	<u>-</u>	<u>240,664</u>	<u>-</u>	<u>240,664</u>
Total Other Financing Sources (Uses)	-	240,664	-	240,664
Net Change in Fund Balances	(47,542)	87,254	(22,045)	17,667
Fund Balances - Beginning	<u>133,047</u>	<u>1,060,707</u>	<u>138,209</u>	<u>1,331,963</u>
Fund Balances - Ending	<u>\$ 85,505</u>	<u>\$ 1,147,961</u>	<u>\$ 116,164</u>	<u>\$ 1,349,630</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2013

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 32,794	\$ 64,427	\$ 97,221
Tourism tax receivable	38,785	-	38,785
Due from other funds	<u>2,249</u>	<u>-</u>	<u>2,249</u>
 Total Assets	 <u>\$ 73,828</u>	 <u>\$ 64,427</u>	 <u>\$ 138,255</u>
Liabilities:			
Accounts payable	\$ 910	\$ 4,130	\$ 5,040
Unearned grant revenue	-	46,630	46,630
Due to other funds	<u>79</u>	<u>1,001</u>	<u>1,080</u>
 Total Liabilities	 <u>989</u>	 <u>51,761</u>	 <u>52,750</u>
Fund Balances:			
Restricted for:			
Law enforcement	-	12,666	12,666
Economic development and tourism	<u>72,839</u>	<u>-</u>	<u>72,839</u>
 Total Fund Balances	 <u>72,839</u>	 <u>12,666</u>	 <u>85,505</u>
 Total Liabilities and Fund Balances	 <u>\$ 73,828</u>	 <u>\$ 64,427</u>	 <u>\$ 138,255</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended September 30, 2013

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental:			
Tourism tax	\$ 158,961	\$ -	\$ 158,961
Federal grants	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	159,961	-	159,961
Charges for services	36,378	-	36,378
Fines and forfeitures	-	22,450	22,450
Interest	186	87	273
Contributions	<u>5,514</u>	<u>-</u>	<u>5,514</u>
Total Revenues	<u>202,039</u>	<u>22,537</u>	<u>224,576</u>
Expenditures:			
Public Safety:			
Supplies	-	2,148	2,148
Other services and charges	<u>-</u>	<u>2,000</u>	<u>2,000</u>
	-	4,148	4,148
Culture and Recreation:			
Personal services	54,150	-	54,150
Supplies	32,699	-	32,699
Other services and charges	<u>29,521</u>	<u>-</u>	<u>29,521</u>
	116,370	-	116,370
Economic Development:			
Other services and charges	<u>94,527</u>	<u>-</u>	<u>94,527</u>
Debt service	<u>-</u>	<u>5,723</u>	<u>5,723</u>
Capital outlay	<u>51,350</u>	<u>-</u>	<u>51,350</u>
Total Expenditures	<u>262,247</u>	<u>9,871</u>	<u>272,118</u>

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 Year Ended September 30, 2013

	Tourism Tax Fund	Special Law Enforcement Fund	Total Nonmajor Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues over Expenditures	(60,208)	12,666	(47,542)
Fund Balances - Beginning	<u>133,047</u>	<u>          -</u>	<u>133,047</u>
Fund Balances - Ending	<u>\$ 72,839</u>	<u>\$ 12,666</u>	<u>\$ 85,505</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2013

	G.O. Refunding Series 2013 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
<b>Assets:</b>									
Cash and cash equivalents	\$ 7,320	\$ 409,092	\$ 270,043	\$ 397,046	\$ 20	\$ 8,743	\$ 2,330	\$ 7,169	\$ 1,101,763
Property taxes receivable	-	262,564	119,251	577,451	-	-	-	-	959,266
Special assessments receivable	-	-	405,562	-	-	-	-	-	405,562
Due from other funds	-	-	27,264	-	-	-	-	-	27,264
Total Assets	<u>\$ 7,320</u>	<u>\$ 671,656</u>	<u>\$ 822,120</u>	<u>\$ 974,497</u>	<u>\$ 20</u>	<u>\$ 8,743</u>	<u>\$ 2,330</u>	<u>\$ 7,169</u>	<u>\$ 2,493,855</u>
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ 27
Due to other funds	-	-	-	-	800	-	-	-	800
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>827</u>
<b>Deferred Inflows of Resources:</b>									
Property taxes levied for subsequent year	-	256,820	113,781	568,904	-	-	-	-	939,505
Unavailable special assessments	-	-	405,562	-	-	-	-	-	405,562
Total Deferred Inflows of Resources	<u>-</u>	<u>256,820</u>	<u>519,343</u>	<u>568,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,345,067</u>
<b>Fund Balances (Deficit):</b>									
Restricted for debt service	7,320	414,836	302,777	405,566	-	-	-	-	1,130,499
Assigned to debt service	-	-	-	-	-	8,743	2,330	7,169	18,242
Unassigned	-	-	-	-	(780)	-	-	-	(780)
Total Fund Balances (Deficit)	<u>7,320</u>	<u>414,836</u>	<u>302,777</u>	<u>405,566</u>	<u>(780)</u>	<u>8,743</u>	<u>2,330</u>	<u>7,169</u>	<u>1,147,961</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,320</u>	<u>\$ 671,656</u>	<u>\$ 822,120</u>	<u>\$ 974,497</u>	<u>\$ 20</u>	<u>\$ 8,743</u>	<u>\$ 2,330</u>	<u>\$ 7,169</u>	<u>\$ 2,493,855</u>

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2013

	G.O. Refunding Series 2013 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	\$ -	\$ 331,563	\$ 315,775	\$ 493,400	\$ -	\$ -	\$ -	\$ -	\$ 1,140,738
Intergovernmental:									
State grants	-	6,888	6,560	10,250	-	-	-	-	23,698
County shared revenues	-	-	-	-	20,611	35,000	-	-	55,611
	-	6,888	6,560	10,250	20,611	35,000	-	-	79,309
Special assessments	-	-	27,039	-	-	-	-	-	27,039
Interest	21	801	2,316	1,219	1	18	7	14	4,397
Total Revenues	21	339,252	351,690	504,869	20,612	35,018	7	14	1,251,483
Expenditures:									
General government:									
Other services and charges	-	3,567	3,396	5,308	-	-	-	-	12,271
Debt service	-	289,929	297,373	572,084	44,077	111,450	22,589	55,120	1,392,622
Total Expenditures	-	293,496	300,769	577,392	44,077	111,450	22,589	55,120	1,404,893
Excess (Deficiency) of Revenues Over Expenditures	21	45,756	50,921	(72,523)	(23,465)	(76,432)	(22,582)	(55,106)	(153,410)

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS  
September 30, 2013

	G.O. Refunding Series 2013 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):									
Refunding bonds issued	-	-	2,354,045	-	-	-	-	2,354,045	
Premium on refunding bonds issued	-	-	102,341	-	-	-	-	102,341	
Payments to refunded debt escrow agents	-	-	(2,374,208)	-	-	-	-	(2,374,208)	
Transfers in	7,299	-	-	-	22,093	77,450	22,589	185,651	
Transfers out	-	(7,896)	(7,520)	(11,749)	-	-	-	(27,165)	
 Total Other Financing Sources (Uses)	<u>7,299</u>	<u>(7,896)</u>	<u>74,658</u>	<u>(11,749)</u>	<u>22,093</u>	<u>77,450</u>	<u>22,589</u>	<u>56,220</u>	<u>240,664</u>
 Net Change in Fund Balances	7,320	37,860	125,579	(84,272)	(1,372)	1,018	7	1,114	87,254
 Fund Balances - Beginning	<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>
 Fund Balances (Deficit) - Ending	<u>\$ 7,320</u>	<u>\$ 414,836</u>	<u>\$ 302,777</u>	<u>\$ 405,566</u>	<u>\$ (780)</u>	<u>\$ 8,743</u>	<u>\$ 2,330</u>	<u>\$ 7,169</u>	<u>\$ 1,147,961</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
September 30, 2013

	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 61,999	\$ 66,951	\$ 128,950
Federal assistance receivable	<u>-</u>	<u>185,104</u>	<u>185,104</u>
 Total Assets	 <u>\$ 61,999</u>	 <u>\$ 252,055</u>	 <u>\$ 314,054</u>
 <b>Liabilities:</b>			
Accounts payable	\$ 757	\$ 168,421	\$ 169,178
Unearned grant revenue	<u>-</u>	<u>28,712</u>	<u>28,712</u>
 Total Liabilities	 757	 197,133	 197,890
 <b>Fund Balances:</b>			
Restricted for capital projects	<u>61,242</u>	<u>54,922</u>	<u>116,164</u>
 Total Liabilities and Fund Balances	 <u>\$ 61,999</u>	 <u>\$ 252,055</u>	 <u>\$ 314,054</u>

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
 Year Ended September 30, 2013

	Hampstead Boulevard Construction Project Fund	Arrow Drive Construction Project Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental:			
Federal grants	\$ -	\$ 1,119,225	\$ 1,119,225
Local grants	-	326,031	326,031
	-	1,445,256	1,445,256
Interest	171	201	372
Total Revenues	171	1,445,457	1,445,628
Expenditures:			
Capital Outlay	22,417	1,445,256	1,467,673
Total Expenditures	22,417	1,445,256	1,467,673
Excess (Deficiency) of Revenues Over Expenditures	(22,246)	201	(22,045)
Fund Balances - Beginning	83,488	54,721	138,209
Fund Balances - Ending	\$ 61,242	\$ 54,922	\$ 116,164

CITY OF CLINTON  
 TOURISM TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Tourism taxes	\$ 125,000	\$ 125,000	\$ 143,636	\$ 18,636
Grant income	-	-	1,000	1,000
Interest earned	400	400	184	(216)
Rental income	-	100	1,370	1,270
Donations - private sources	40,000	40,000	5,514	(34,486)
Sales	19,000	27,000	35,008	8,008
Other	100	23,894	-	(23,894)
Total Receipts	<u>184,500</u>	<u>216,394</u>	<u>186,712</u>	<u>(29,682)</u>
Beginning fund balance	<u>37,477</u>	<u>110,480</u>	<u>110,480</u>	<u>-</u>
Total Available From All Sources	<u>\$ 221,977</u>	<u>\$ 326,874</u>	<u>\$ 297,192</u>	<u>\$ (29,682)</u>
<u>EXPENDITURES</u>				
Visitor center:				
Personal services	\$ 54,865	\$ 55,030	\$ 54,150	\$ (880)
Supplies:				
Cost of sales	11,000	16,000	18,370	2,370
Other	6,400	12,400	14,328	1,928
Other services and charges	27,279	27,546	28,935	1,389
Capital outlay	-	53,894	51,350	(2,544)
Total visitor center	99,544	164,870	167,133	2,263
Tourism promotion:				
Other services and charges	<u>114,000</u>	<u>114,000</u>	<u>95,267</u>	<u>(18,733)</u>
Total Expenditures	213,544	278,870	262,400	(16,470)
Ending fund balance	<u>8,433</u>	<u>48,004</u>	<u>34,792</u>	<u>(13,212)</u>
Total Expenditures and Ending Fund Balance	<u>\$ 221,977</u>	<u>\$ 326,874</u>	<u>\$ 297,192</u>	<u>\$ (29,682)</u>

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	<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>				
Asset forfeitures:				
U.S. Justice Department	\$ 5,000	\$ 5,000	\$ 1,230	\$ (3,770)
Local	5,000	5,000	22,450	17,450
Interest earned	-	-	87	87
Total Receipts	<u>10,000</u>	<u>10,000</u>	<u>23,767</u>	<u>13,767</u>
Beginning fund balance	<u>48,671</u>	<u>45,400</u>	<u>45,400</u>	<u>-</u>
Total Available From All Sources	<u>\$ 58,671</u>	<u>\$ 55,400</u>	<u>\$ 69,167</u>	<u>\$ 13,767</u>
<u>EXPENDITURES</u>				
Supplies	\$ 12,000	\$ 12,000	\$ 2,147	\$ (9,853)
Other services and charges	1,000	1,000	2,000	1,000
Debt service	<u>5,724</u>	<u>5,724</u>	<u>5,724</u>	<u>-</u>
Total Expenditures	<u>18,724</u>	<u>18,724</u>	<u>9,871</u>	<u>(8,853)</u>
Ending fund balance	<u>39,947</u>	<u>36,676</u>	<u>59,296</u>	<u>22,620</u>
Total Expenditures and Ending Fund Balance	<u>\$ 58,671</u>	<u>\$ 55,400</u>	<u>\$ 69,167</u>	<u>\$ 13,767</u>

CITY OF CLINTON

G.O. REFUNDING SERIES 2013 BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Proceeds of bond issuance	\$ -	\$ 8,820,000	\$ -	\$ (8,820,000)
Interest earned	-	-	21	21
Transfer from other funds	-	7,300	7,299	(1)
Total Receipts	-	8,827,300	7,320	(8,819,980)
Beginning fund balance	-	-	-	-
Total Available From All Sources	<u>\$ -</u>	<u>\$ 8,827,300</u>	<u>\$ 7,320</u>	<u>\$ (8,819,980)</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ -</u>	<u>\$ 8,820,000</u>	<u>\$ -</u>	<u>\$ (8,820,000)</u>
Total Expenditures	-	8,820,000	-	(8,820,000)
Ending fund balance	-	7,300	7,320	20
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 8,827,300</u>	<u>\$ 7,320</u>	<u>\$ (8,819,980)</u>

CITY OF CLINTON

INFRASTRUCTURE BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 6,888	\$ 6,888
Interest earned	-	-	801	801
Total receipts other than taxes	-	-	7,689	7,689
Beginning fund balance	62,268	372,092	372,092	-
Total available, other than taxes	62,268	372,092	379,781	7,689
Ad valorem taxes to be provided by levy	324,750	324,750	330,703	5,953
Total Available From All Sources	<u>\$ 387,018</u>	<u>\$ 696,842</u>	<u>\$ 710,484</u>	<u>\$ 13,642</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,463	\$ 3,463	\$ 3,567	\$ 104
Debt service	229,143	229,143	289,929	60,786
Transfers to other funds	7,896	7,896	7,896	-
Total Expenditures	240,502	240,502	301,392	60,890
Ending fund balance	146,516	456,340	409,092	(47,248)
Total Expenditures and Ending Fund Balance	<u>\$ 387,018</u>	<u>\$ 696,842</u>	<u>\$ 710,484</u>	<u>\$ 13,642</u>

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 6,560	\$ 6,560
Interest earned	-	-	2,317	2,317
Special assessments	28,930	28,930	27,039	(1,891)
Total receipts, other than taxes	28,930	28,930	35,916	6,986
Beginning fund balance	129,010	172,548	172,548	-
Total available, other than taxes	157,940	201,478	208,464	6,986
Ad valorem taxes to be provided by levy	309,286	309,286	314,955	5,669
Total Available From All Sources	<u>\$ 467,226</u>	<u>\$ 510,764</u>	<u>\$ 523,419</u>	<u>\$ 12,655</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 3,470	\$ 3,470	\$ 3,397	\$ (73)
Debt service	292,919	292,919	215,195	(77,724)
Transfers	7,520	7,520	7,520	-
Total Expenditures	303,909	303,909	226,112	(77,797)
Ending fund balance	163,317	206,855	297,307	90,452
Total Expenditures and Ending Fund Balance	<u>\$ 467,226</u>	<u>\$ 510,764</u>	<u>\$ 523,419</u>	<u>\$ 12,655</u>

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Homestead exemption reimbursement	\$ -	\$ -	\$ 10,250	\$ 10,250
Interest earned	-	-	1,219	1,219
Total receipts, other than taxes	-	-	11,469	11,469
Beginning fund balance	469,436	485,073	485,073	-
Total available, other than taxes	469,436	485,073	496,542	11,469
Ad valorem taxes to be provided by levy	483,258	483,258	492,118	8,860
Total Available From All Sources	<u>\$ 952,694</u>	<u>\$ 968,331</u>	<u>\$ 988,660</u>	<u>\$ 20,329</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 5,422	\$ 5,422	\$ 5,308	\$ (114)
Debt service	576,084	576,084	574,584	(1,500)
Transfers to other funds	11,749	11,749	11,749	-
Total Expenditures	593,255	593,255	591,641	(1,614)
Ending fund balance	359,439	375,076	397,019	21,943
Total Expenditures and Ending Fund Balance	<u>\$ 952,694</u>	<u>\$ 968,331</u>	<u>\$ 988,660</u>	<u>\$ 20,329</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 22,093	\$ 22,093	\$ 22,093	\$ -
Receipt from Hinds County	21,644	21,644	20,611	(1,033)
Interest earned	10	10	1	(9)
Total Receipts	<u>43,747</u>	<u>43,747</u>	<u>42,705</u>	<u>(1,042)</u>
Beginning fund balance	<u>580</u>	<u>(592)</u>	<u>592</u>	<u>1,184</u>
Total Available From All Sources	<u>\$ 44,327</u>	<u>\$ 43,155</u>	<u>\$ 43,297</u>	<u>\$ 142</u>
<u>EXPENDITURES</u>				
Debt service	\$ 44,105	\$ 44,105	\$ 44,077	\$ (28)
Total Expenditures	<u>44,105</u>	<u>44,105</u>	<u>44,077</u>	<u>(28)</u>
Ending fund balance	<u>222</u>	<u>(950)</u>	<u>(780)</u>	<u>170</u>
Total Expenditures and Ending Fund Balance	<u>\$ 44,327</u>	<u>\$ 43,155</u>	<u>\$ 43,297</u>	<u>\$ 142</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 77,450	\$ 77,450	\$ 77,450	\$ -
Receipt from Hinds County	35,000	35,000	35,000	-
Interest earned	-	-	18	18
Total Receipts	112,450	112,450	112,468	18
Beginning fund balance	6,704	7,725	7,725	-
Total Available From All Sources	<u>\$ 119,154</u>	<u>\$ 120,175</u>	<u>\$ 120,193</u>	<u>\$ 18</u>
<u>EXPENDITURES</u>				
Debt service	\$ 112,450	\$ 112,450	\$ 111,450	\$ (1,000)
Total Expenditures	112,450	112,450	111,450	(1,000)
Ending fund balance	6,704	7,725	8,743	1,018
Total Expenditures and Ending Fund Balance	<u>\$ 119,154</u>	<u>\$ 120,175</u>	<u>\$ 120,193</u>	<u>\$ 18</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 22,589	\$ 22,589	\$ 22,589	\$ -
Interest earned	-	-	7	7
Total Receipts	22,589	22,589	22,596	7
Beginning fund balance	1,077	2,323	2,323	-
Total Available From All Sources	<u>\$ 23,666</u>	<u>\$ 24,912</u>	<u>\$ 24,919</u>	<u>\$ 7</u>
<u>EXPENDITURES</u>				
Debt service	<u>\$ 22,589</u>	<u>\$ 22,589</u>	<u>\$ 22,589</u>	<u>\$ -</u>
Total Expenditures	22,589	22,589	22,589	-
Ending fund balance	1,077	2,323	2,330	7
Total Expenditures and Ending Fund Balance	<u>\$ 23,666</u>	<u>\$ 24,912</u>	<u>\$ 24,919</u>	<u>\$ 7</u>

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Transfers from other funds	\$ 56,220	\$ 56,220	\$ 56,220	\$ -
Interest earned	-	-	14	14
Total receipts	56,220	56,220	56,234	14
Beginning fund balance	7,039	7,105	7,105	-
Total Available From All Sources	<u>\$ 63,259</u>	<u>\$ 63,325</u>	<u>\$ 63,339</u>	<u>\$ 14</u>
<u>EXPENDITURES</u>				
Debt service	\$ 56,220	\$ 56,220	\$ 56,170	\$ (50)
Total Expenditures	56,220	56,220	56,170	(50)
Ending fund balance	7,039	7,105	7,169	64
Total Expenditures and Ending Fund Balance	<u>\$ 63,259</u>	<u>\$ 63,325</u>	<u>\$ 63,339</u>	<u>\$ 14</u>

CITY OF CLINTON  
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 3,180,000	\$ 3,180,000	\$ -	\$ (3,180,000)
Transfers from other funds	950,000	950,000	-	(950,000)
Interest earned	-	-	171	171
Total Receipts	<u>4,130,000</u>	<u>4,130,000</u>	171	(4,129,829)
Beginning fund balance	<u>73,000</u>	<u>84,860</u>	<u>84,860</u>	<u>-</u>
Total Available From All Sources	<u>\$ 4,203,000</u>	<u>\$ 4,214,860</u>	<u>\$ 85,031</u>	<u>\$ (4,129,829)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,203,000	\$ 4,203,000	\$ -	\$ (4,203,000)
Capital outlay	-	-	23,789	23,789
Total Expenditures	<u>4,203,000</u>	<u>4,203,000</u>	<u>23,789</u>	<u>(4,179,211)</u>
Ending fund balance	<u>-</u>	<u>11,860</u>	<u>61,242</u>	<u>49,382</u>
Total Expenditures and Ending Fund Balance	<u>\$ 4,203,000</u>	<u>\$ 4,214,860</u>	<u>\$ 85,031</u>	<u>\$ (4,129,829)</u>

CITY OF CLINTON

ARROW DRIVE CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 1,500,000	\$ 1,500,000	\$ 936,127	\$ (563,873)
Interest earned	-	-	203	203
Other reimbursements	160,000	160,000	317,671	157,671
Total Receipts	1,660,000	1,660,000	1,254,001	(405,999)
Beginning fund balance	-	89,786	89,786	-
Total Available From All Sources	<u>\$ 1,660,000</u>	<u>\$ 1,749,786</u>	<u>\$ 1,343,787</u>	<u>\$ (405,999)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 1,660,000	\$ 1,660,000	\$ -	\$ (1,660,000)
Capital outlay	-	-	1,276,836	1,276,836
Total Expenditures	1,660,000	1,660,000	1,276,836	(383,164)
Ending fund balance	-	89,786	66,951	(22,835)
Total Expenditures and Ending Fund Balance	<u>\$ 1,660,000</u>	<u>\$ 1,749,786</u>	<u>\$ 1,343,787</u>	<u>\$ (405,999)</u>

CITY OF CLINTON

PINEHAVEN DRIVE CONSTRUCTION PROJECT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Grant income - State of Mississippi	\$ 4,453,333	\$ 4,453,333	\$ 2,040,657	\$ (2,412,676)
Interest earned	-	-	82	82
Total Receipts	4,453,333	4,453,333	2,040,739	(2,412,594)
Beginning fund balance	57,306	169,316	169,316	-
Total Available From All Sources	<u>\$ 4,510,639</u>	<u>\$ 4,622,649</u>	<u>\$ 2,210,055</u>	<u>\$ (2,412,594)</u>
<u>EXPENDITURES</u>				
Other services and charges	\$ 4,453,333	\$ 4,453,333	\$ -	\$ (4,453,333)
Capital outlay	-	-	2,713,802	2,713,802
Total Expenditures	4,453,333	4,453,333	2,713,802	(1,739,531)
Ending fund balance	57,306	169,316	(503,747)	(673,063)
Total Expenditures and Ending Fund Balance	<u>\$ 4,510,639</u>	<u>\$ 4,622,649</u>	<u>\$ 2,210,055</u>	<u>\$ (2,412,594)</u>

CITY OF CLINTON

INFRASTRUCTURE CONSTRUCTION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Over (Under)
	Original	Final		
<u>AVAILABLE</u>				
Interest earned	\$ -	\$ -	\$ 4,843	\$ 4,843
Total Receipts	-	-	4,843	4,843
Beginning fund balance	<u>3,216,775</u>	<u>2,930,032</u>	<u>2,930,032</u>	<u>-</u>
Total Available From All Sources	<u>\$ 3,216,775</u>	<u>\$ 2,930,032</u>	<u>\$ 2,934,875</u>	<u>\$ 4,843</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>\$ 3,160,698</u>	<u>\$ 2,922,490</u>	<u>\$ 2,388,168</u>	<u>\$ (534,322)</u>
Total Expenditures	3,160,698	2,922,490	2,388,168	(534,322)
Ending fund balance	<u>56,077</u>	<u>7,542</u>	<u>546,707</u>	<u>539,165</u>
Total Expenditures and Ending Fund Balance	<u>\$ 3,216,775</u>	<u>\$ 2,930,032</u>	<u>\$ 2,934,875</u>	<u>\$ 4,843</u>

## CITY OF CLINTON

## SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2013

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Philip Fisher	Mayor	Travelers Casualty and Surety	\$ 25,000
Jehu Brabham	Alderman-at-Large	Travelers Casualty and Surety	\$ 100,000
David Ellis	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
Greg Cronin	Alderman, Ward 4	Travelers Casualty and Surety	\$ 100,000
Jan Cossitt	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
Mike Warren	Police Chief	Travelers Casualty and Surety	\$ 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, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receivable (Unearned) at October 1, 2012	Receipts	Receivable (Unearned) at September 30, 2013	Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Direct:							
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ -	\$ 1,001	\$ -	\$ 1,001
Federal Equitable Sharing Program	16.922	MS0250300	-	(45,400)	1,230	(46,630)	-
Total U.S. Department of Justice				(45,400)	2,231	(46,630)	1,001
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Passed Through Mississippi Department of Transportation:							
Highway Planning and Construction	20.205	STPD-7306-00(004) 104102-801000	6,641,442	48,134	2,040,657	1,232,380	3,224,903
Highway Planning and Construction	20.205	STP-7312-00(04) 106213-701000	222,000	-	124,972	6,405	131,377
Highway Planning and Construction	20.205	STP-7357-00(001) 106212-701000	1,270,356	2,006	936,127	185,104	1,119,225
Total U.S. Department of Transportation				50,140	3,101,756	1,423,889	4,475,505
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>							
Passed Through Mississippi Arts Commission:							
Promotion of the Arts Partnership Agreements	45.025	13-291-CD/PG	4,000	-	1,000	-	1,000
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>							
Passed Through Mississippi Department of Health:							
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-L250003-03	1,909,855	-	59,819	-	59,819

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
Year Ended September 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receivable (Unearned) at October 1, 2012	Receipts	Receivable (Unearned) at September 30, 2013	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Mississippi Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1604-DR-MS	548,102	-	1,030	-	1,030
	97.036	FEMA-4081-DR-MS	42,410	<u>42,410</u>	<u>42,410</u>	-	-
				<u>42,410</u>	<u>43,440</u>	-	<u>1,030</u>
Passed Through Mississippi Department of Public Safety:							
Homeland Security Grant Program	97.067	10LE147S	35,000	-	35,000	-	35,000
	97.067	11LB2061	5,000	-	3,685	-	3,685
	97.067	11LE147	50,000	<u>36,032</u>	<u>37,198</u>	-	<u>1,166</u>
				<u>36,032</u>	<u>75,883</u>	-	<u>39,851</u>
Total U.S. Department of Homeland Security				<u>78,442</u>	<u>119,323</u>	-	<u>40,881</u>
Grand Total - All Programs				<u>\$ 83,182</u>	<u>\$ 3,284,129</u>	<u>\$ 1,377,259</u>	<u>\$ 4,578,206</u>

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

Expenditures of federal awards per schedule	\$ 4,578,206
Loan proceeds reflected as a liability in financial statements	<u>(59,819)</u>
Federal grant revenue per government-wide financial statements	<u>\$ 4,518,387</u>

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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	<b>107-111</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property taxes.	<b>112-115</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	<b>116-120</b>
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	<b>121-122</b>
<b>Operating Information</b>	
These schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	<b>123-125</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual reports for the relevant year.

Schedule 1  
City of Clinton  
Net Position by Component  
Last Ten Years  
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$51,186,836	\$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
Restricted for:										
Capital projects	-	26,029	16,933	-	-	-	-	-	-	-
Debt service	1,130,499	1,357,907	1,159,747	1,135,099	1,063,256	924,770	27,463	104,783	117,890	216,422
Law enforcement	89,018	-	-	-	-	-	-	-	-	7,022
Economic development	72,839	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996
Unrestricted	123,361	(901,591)	(1,197,481)	(838,537)	(1,068,211)	(1,236,329)	(1,078,133)	99,488	(94,888)	(930,261)
Total governmental activities net position	<u>\$ 52,602,553</u>	<u>\$ 49,555,054</u>	<u>\$ 51,392,644</u>	<u>\$ 53,760,501</u>	<u>\$ 52,906,938</u>	<u>\$ 53,694,966</u>	<u>\$ 53,562,699</u>	<u>\$ 31,277,911</u>	<u>\$ 27,290,411</u>	<u>\$ 26,283,248</u>
Business-type activities										
Net investment in capital assets	\$14,566,130	\$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
Restricted for:										
Capital projects	419,390	550,786	586,224	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020
Debt service	-	249,630	259,852	262,504	251,896	148,252	153,187	153,507	158,313	156,890
Unrestricted	4,395,634	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
Total business-type activities net position	<u>\$ 19,381,154</u>	<u>\$ 20,103,521</u>	<u>\$ 19,626,447</u>	<u>\$ 18,887,536</u>	<u>\$ 15,569,726</u>	<u>\$ 14,873,907</u>	<u>\$ 14,231,441</u>	<u>\$ 13,481,652</u>	<u>\$ 14,512,798</u>	<u>\$ 16,146,262</u>
Primary government										
Net investment in capital assets	\$ 65,752,966	\$ 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
Restricted for:										
Capital projects	419,390	576,815	603,157	711,851	705,560	724,163	707,078	709,116	737,121	1,058,020
Debt service	1,130,499	1,607,537	1,419,599	1,397,603	1,315,152	1,073,022	180,650	258,290	276,203	373,312
Law enforcement	89,018	-	-	-	-	-	-	-	-	7,022
Economic development	72,839	107,018	91,237	116,124	132,199	160,920	142,497	106,481	97,635	128,996
Unrestricted	4,518,995	4,055,476	3,196,775	2,843,874	1,499,468	677,521	596,382	1,304,428	1,298,965	842,899
Total primary government net position	<u>\$ 71,983,707</u>	<u>\$ 69,658,575</u>	<u>\$ 71,019,091</u>	<u>\$ 72,648,037</u>	<u>\$ 68,476,664</u>	<u>\$ 68,568,873</u>	<u>\$ 67,794,140</u>	<u>\$ 44,759,563</u>	<u>\$ 41,803,209</u>	<u>\$ 42,429,510</u>

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,275,018	\$ 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
Public safety	7,878,595	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
Public works	5,083,963	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
Culture and recreation	2,432,712	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
Economic development	328,725	290,713	317,747	316,451	344,131	234,758	837,315	135,868	148,948	145,971
Interest and fiscal charges on long term debt	1,075,679	920,626	845,542	887,988	928,450	685,012	686,384	611,831	596,185	351,396
Total governmental activities expenses	18,074,692	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
Business-type activities:										
Water	2,639,622	2,608,991	2,558,240	2,287,261	2,335,446	2,492,671	2,530,182	2,471,655		
Sewer	3,512,219	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	6,151,841	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
Garbage collection	1,658,252	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
Total business-type activities expenses	7,810,093	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
Total primary government expenses	\$ 25,884,785	\$ 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
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
General government	\$ 52,397	\$ 40,940	\$ 41,758	\$ 42,062	\$ 43,106	\$ 41,853	\$ 53,398	\$ 66,944	\$ -	\$ -
Public safety	768,265	569,110	689,661	611,768	606,184	728,753	615,543	644,333	474,684	341,573
Public works	-	-	-	-	-	-	2,701	-	4,180	980
Culture and recreation	143,935	123,022	118,597	71,602	70,769	92,264	74,893	73,856	50,624	30,532
Operating grants and contributions	173,575	233,216	344,057	227,641	415,524	186,256	371,603	232,944	596,968	391,053
Capital grants and contributions	4,995,726	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
Total governmental activities program revenues	6,133,898	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
Business-type activities:										
Charges for services:										
Water	3,589,193	3,633,293	3,586,497	3,453,702	3,241,835	3,127,139	2,974,619	2,595,539		
Sewer	2,942,144	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	6,531,337	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
Garbage collection	1,517,698	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
Operating grants and contributions	22,682	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
Total business-type activities program revenues	8,071,717	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
Total primary government program revenues	\$ 14,205,615	\$ 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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$(11,940,794)	\$(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)
Business-type activities	261,624	444,309	716,694	3,181,769	601,194	461,873	425,435	(206,644)	(742,051)	(645,607)
Total primary government net expense	<u>\$(11,679,170)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,700,034	\$ 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
Local sales tax	158,961	128,001	113,260	112,078	125,381	118,467	103,974	109,364	90,723	69,403
Franchise charges based on gross receipts	705,228	656,554	689,366	725,911	731,354	791,583	716,451	856,104	727,125	679,315
Grants and contributions										
State grants and shared revenues	4,881,052	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
County shared revenues	96,441	97,758	90,628	89,995	96,706	89,871	70,215	69,465	65,213	64,247
Interest	11,828	31,831	19,115	109,541	237,136	125,437	181,607	104,738	140,371	80,273
Gain on capital asset disposals	412,136	-	-	-	-	-	-	-	-	-
Miscellaneous	22,613	46,073	46,664	131,349	94,067	13,673	12,644	6,642	85,258	77,021
Transfers	1,000,000	-	-	-	-	-	(190,381)	878,160	961,515	-
Total governmental activities	<u>14,988,293</u>	<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>
Business-type activities:										
Interest	16,009	32,765	22,217	117,071	94,625	151,627	123,259	53,658	70,102	97,114
Miscellaneous	-	-	-	18,970	-	28,966	10,714	-	-	-
Transfers	(1,000,000)	-	-	-	-	-	190,381	(878,160)	(961,515)	-
Total business-type activities	<u>(983,991)</u>	<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>
Total primary government	<u>\$ 14,004,302</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,047,499	\$ (1,837,590)	\$ (2,367,857)	\$ 853,563	\$ (788,028)	\$ 132,297	\$ 22,284,758	\$ 3,987,500	\$ 1,007,163	\$ 2,151,654
Business-type activities	(722,367)	477,074	738,911	3,317,810	695,819	642,466	749,789	(1,031,146)	(1,633,464)	(548,493)
Total primary government	<u>\$ 2,325,132</u>	<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>

**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>2013</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>
General Fund										
Restricted for:										
Law enforcement	\$ 76,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	162,348	-	-	-	-	-	-	-	-
Unassigned	1,719,617	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
Total general fund	<u>\$ 1,795,969</u>	<u>\$ 1,300,348</u>	<u>\$ 1,269,967</u>	<u>\$ 1,361,631</u>	<u>\$ 913,471</u>	<u>\$ 1,032,351</u>	<u>\$ 1,178,097</u>	<u>\$ 2,163,452</u>	<u>\$ 1,659,269</u>	<u>\$ 1,859,017</u>
All Other Governmental Funds										
Restricted for:										
Law enforcement	\$ 12,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,022
Economic development	72,839	107,018	91,237	116,124	132,199	160,920	142,467	106,481	97,635	128,996
Debt service	1,130,499	1,044,012	756,744	708,931	629,709	546,891	42,144	122,054	233,944	205,910
Capital projects	732,516	3,227,712	643,441	805,077	2,637,480	8,217,203	876,115	2,454,395	3,446,963	520,610
Assigned to debt service	18,242	16,695	12,090	12,011	9,477	4,536	3,402	3,049	2,525	10,512
Unassigned	(780)	-	(445)	(1,068)	(15,133)	(81,507)	(140,658)	(133,001)	(49,934)	(546,438)
Total all other governmental funds	<u>\$ 1,965,982</u>	<u>\$ 4,395,437</u>	<u>\$ 1,503,067</u>	<u>\$ 1,641,075</u>	<u>\$ 3,393,732</u>	<u>\$ 8,848,043</u>	<u>\$ 923,470</u>	<u>\$ 2,552,978</u>	<u>\$ 3,731,133</u>	<u>\$ 326,612</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Property taxes	\$ 7,700,034	\$ 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
Licenses and permits	1,095,100	843,774	888,612	845,985	833,155	926,357	858,179	1,038,820	888,356	774,470
Intergovernmental	10,148,731	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
Charges for services	184,178	148,943	133,960	93,350	87,574	122,907	117,205	87,287	66,869	41,667
Fines and forfeitures	385,796	396,278	510,870	508,806	521,252	597,229	469,583	481,673	301,558	236,263
Special assessments	27,039	27,037	27,037	27,037	27,037	-	-	-	-	-
Interest	11,833	31,833	19,111	109,542	237,135	125,436	181,606	104,738	140,371	80,273
Contributions	157,022	46,382	110,262	37,175	26,844	170,301	74,521	10,363	36,163	186,727
Miscellaneous	27,365	29,158	45,377	63,023	264,221	179,466	184,570	235,656	183,002	200,672
<b>Total revenues</b>	<b>19,737,098</b>	<b>14,759,037</b>	<b>15,052,393</b>	<b>18,268,867</b>	<b>15,657,222</b>	<b>14,470,067</b>	<b>13,298,650</b>	<b>16,048,031</b>	<b>12,939,218</b>	<b>12,952,434</b>
<b>Expenditures</b>										
General government	1,245,519	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
Public safety	7,507,170	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
Public works	2,031,400	1,813,161	1,898,236	1,826,058	1,843,458	1,821,997	1,793,781	1,766,389	1,670,787	1,534,478
Culture and recreation	1,601,118	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
Economic development	326,897	291,672	315,093	314,068	345,591	231,360	381,262	147,232	148,190	144,742
Debt service: Principal	1,379,098	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
Interest and fiscal charges	1,142,841	875,459	849,642	897,861	947,420	767,730	284,171	792,319	561,584	355,332
Capital outlay	8,169,868	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
<b>Total expenditures</b>	<b>23,403,911</b>	<b>16,859,163</b>	<b>15,436,088</b>	<b>21,820,289</b>	<b>21,417,670</b>	<b>14,858,210</b>	<b>16,258,383</b>	<b>21,806,534</b>	<b>19,504,590</b>	<b>14,297,506</b>
Excess of revenues over (under) expenditures	(3,666,813)	(2,100,126)	(383,695)	(3,551,422)	(5,760,448)	(388,143)	(2,959,733)	(5,758,503)	(6,565,372)	(1,345,072)
<b>Other Financing Sources (Uses)</b>										
Refunding bonds issued	7,934,045	-	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	305,949	-	-	-	-	-	-	-	-	-
Payments to refunded debt escrow agents	(7,970,796)	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	718,901	122,681	437,082	187,257	166,970	-	-	1,058,461	241,740
Loan proceeds	-	-	-	1,735,152	-	-	-	-	7,750,000	-
Proceeds from sale of capital assets	463,781	53,976	31,442	74,591	-	-	-	-	-	-
Bond issue proceeds	-	4,250,000	-	-	-	8,000,000	485,000	3,870,000	-	250,000
Operating transfers in	1,185,651	642,286	176,794	176,709	179,256	840,068	830,291	1,335,930	1,065,140	165,814
Operating transfers out	(185,651)	(642,286)	(176,794)	(176,709)	(179,256)	(840,068)	(970,427)	(457,770)	(103,625)	(169,207)
<b>Total other financing sources (uses)</b>	<b>(6,201,066)</b>	<b>5,022,877</b>	<b>154,123</b>	<b>2,246,825</b>	<b>187,257</b>	<b>8,166,970</b>	<b>344,864</b>	<b>4,748,160</b>	<b>9,769,976</b>	<b>488,347</b>
<b>Net change in fund balance</b>	<b>\$ (9,867,879)</b>	<b>\$ 2,922,751</b>	<b>\$ (229,572)</b>	<b>\$ (1,304,597)</b>	<b>\$ (5,573,191)</b>	<b>\$ 7,778,827</b>	<b>\$ (2,614,869)</b>	<b>\$ (1,010,343)</b>	<b>\$ 3,204,604</b>	<b>\$ (856,725)</b>
Debit service as a percentage of noncapital expenditures	16.6%	14.6%	16.4%	17.4%	16.4%	13.1%	11.3%	14.4%	16.2%	11.5%

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

Fiscal Year	Residential Property	Commercial Property	Personal Property	Public Utilities And Automobiles	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value of Taxable Property
2013	\$ 85,306,289	\$ 63,252,176	\$ 13,143,256	\$ 51,450,781	\$ 14,927,134	\$ 198,225,368	38.74	1,384,597,033
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

- (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 2013 fiscal year.

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

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

Fiscal Year	City of Clinton				Overlapping Rates (a)		
	General Fund	Debt Service Fund	Fire & Police Pension Fund	Total	Clinton Public School District	Hinds County (1)	Total
2013	31.57	5.78	1.39	38.74	61.94	38.33	139.01
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

(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 Nine Years Ago**

<u>Name of Taxpayer</u>	<u>2012 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2003 Assessed Property Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Entergy	10,641,609	1	6.58%	7,133,081	1	5.98%
Delphi Automotive Systems	3,102,017	2	1.92%	5,203,792	3	4.36%
SC Clinton MS LLC	2,865,290	3	1.77%	0	0	0.00%
Reserve at Woodchase	2,090,316	4	1.29%	1,777,817	7	1.49%
Wal-Mart Stores	1,684,723	5	1.04%	3,553,878	4	2.98%
BellSouth	1,605,731	6	0.99%	1,846,289	6	1.55%
Clinton Assisted Living	1,145,832	7	0.71%	1,058,122	9	0.89%
CA New Plan Venture	1,030,021	8	0.64%	0		0.00%
Home Depot, USA	977,394	9	0.60%	0		0.00%
Ridgeview West LLC	585,078	10	0.36%	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		0.33%	1,615,347	8	1.35%
Leon V Ghatti	<u>0</u>		<u>0.00%</u>	<u>887,652</u>	<u>10</u>	<u>0.74%</u>
Total taxable assessed value of ten largest taxpayers	26,257,579		16.24%	31,304,267		26.24%
Total taxable assessed value of remaining taxpayers	<u>135,460,834</u>		<u>83.76%</u>	<u>87,991,093</u>		<u>73.76%</u>
Total taxable assessed value of all taxpayers	<u><u>161,718,413</u></u>		<u><u>100.00%</u></u>	<u><u>119,295,360</u></u>		<u><u>100.00%</u></u>

Source: Hinds County Tax Collector and Hinds County Tax Assessor.

Note: 2003 was the earliest year readily available for this schedule.

Total taxable assessed value excludes automobiles.

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

<b>Fiscal Year</b>	<b>Total Tax Levy (2)</b>	<b>Collected Within Year for Which Levied</b>	<b>Percent of Levy</b>	<b>Collected in Subsequent Years</b>	<b>Total Collections To Date</b>	<b>Total Collections To Date as a % of Levy</b>
2013	\$ 7,679,251	\$ 7,603,630	99.0%	\$ 0	\$ 7,603,630	99.0%
2012	7,323,132	7,309,084	99.8%	14,048	7,323,132	100.0%
2011	7,350,400	7,245,846	98.6%	44,752	7,290,598	99.2%
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%

(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 Increment Limited Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases			
2013	\$ 19,456,950	\$ 1,114,500	\$ 740,000	\$ 954,365	\$ 945,464	\$ -	\$ 14,290,909	\$ -	\$ 37,502,188	3.88%	\$ 1,456
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

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.

In fiscal year 2013 the city issued \$8.8 million in general obligation refunding bonds. \$7.9 million was refunded in government activities and \$886 thousand was refunded in business-type activities.

See Schedule 14 for personal income and population data.

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

<b>Fiscal Year</b>	<b>Popula- tion (1)</b>	<b>Estimated Actual Value of Taxable Property (2)</b>	<b>General Obligation Bonds (3, 4)</b>	<b>Ratio of Bonded Debt to Estimated Actual Value</b>	<b>Bonded Debt per Capita (5)</b>
2013	25,752	\$ 1,384,597,033	\$ 20,402,414	1.47%	\$ 792
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

\* 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, 2013

<u>Jurisdiction</u>	<u>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	\$ 43,775,490	88.5% (1)	38,760,172
Hinds County	\$ 40,969,000	11.5% (1)	<u>4,694,974</u>
			<u>43,455,146</u>
Direct:			
City of Clinton	\$ 22,265,815 *	100.0%	<u>\$ 22,265,815</u>
Total Direct and Overlapping Debt			<u><u>\$ 65,720,961</u></u>

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

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

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>AUTHORIZED DEBT LIMIT 15% RULE</b>										
Assessed value of taxable property	\$ 213,153	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243
Debt limitation - 15% of net assessed value	31,973	30,521	30,608	30,587	30,317	25,589	25,508	26,154	25,599	23,286
Less subject indebtedness:										
General obligation bond	19,175	13,889	10,061	10,760	11,424	12,054	4,415	5,195	1,550	1,760
Tax increment limited obligation bonds	1,114	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705
Legal debt margin under 15 percent rule	\$ 11,684	\$ 15,356	\$ 19,119	\$ 18,258	\$ 17,188	\$ 11,694	\$ 19,133	\$ 19,405	\$ 22,417	\$ 19,821
<b>AUTHORIZED DEBT LIMIT 20% RULE</b>										
Assessed value of taxable property	\$ 213,153	\$ 203,470	\$ 204,056	\$ 203,912	\$ 202,111	\$ 170,593	\$ 170,055	\$ 174,363	\$ 170,657	\$ 155,243
Debt limitation - 20% of net assessed value	\$ 42,631	\$ 40,694	\$ 40,811	\$ 40,782	\$ 40,422	\$ 34,119	\$ 34,011	\$ 34,873	\$ 34,131	\$ 31,049
Less subject indebtedness:										
General obligation bond	20,120	13,889	10,061	10,760	11,424	12,054	4,415	5,195	1,550	1,760
Tax increment limited obligation bonds	1,114	1,276	1,428	1,569	1,705	1,841	1,960	1,554	1,632	1,705
Other	954	1,264	788	942	849	976	1,084	1,315	1,490	1,068
Legal debt margin under 20 percent rule	\$ 20,443	\$ 24,265	\$ 28,534	\$ 27,511	\$ 26,444	\$ 19,248	\$ 26,552	\$ 26,809	\$ 29,459	\$ 26,516
Total net debt applicable to the limit as a percentage of debt limit 15% rule	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total net debt applicable to the limit as a percentage of debt limit 20% rule	52.05%	40.37%	30.08%	32.54%	34.58%	43.59%	21.93%	23.12%	13.69%	14.60%

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.

In 2013 a General Obligation Refunding Bond for \$8,820,000 was issued.

Residential and Commercial property was reassessed for the 2013 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	
2013	\$ 6,547	\$ 4,762	1,785	\$ 260	\$ 7	6.69	\$ 234	\$ 162	\$ 70	1.01	\$ 4,358	\$ 1,593	\$ 613	1.98
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

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

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

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

Fiscal Year	Population (1)	Per Capita Income (4) **	Total Personal Income	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (4)
2013	25,752	37,561	967,270,872	35.2	14.1	4,688	6.6%
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%

(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 Eight Years Ago**

<u>Employer</u>	<u>2013</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	201	1.43%	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%
<b>Total</b>	<b>3,302</b>	<b>23.54%</b>	<b>4,274</b>	<b>30.57%</b>

Source: City of Clinton Economic Development Department

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

Information for this schedule was not available prior to 2005.

Schedule 16  
City of Clinton  
Full-time-Equivalent City Government Employees by Function/Program  
Last Ten Years

Function/Program	Full-time-Equivalent Employees as of September 30th									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Mayor and Alderman	9	9	9	9	9	9	9	9	9	9
Administration	6	5	5	4	5	6	7	7	7	7
Court	5	5	5	4	3	3	3	3	2	2
Planning/Zoning and Inspections	5	5	5	5	5	4	4	4	3	3
Police										
Officers	44	47	45	48	48	48	50	52	49	45
Civilians	15	17	17	14	14	14	14	15	14	15
Fire										
Fire fighters and Officers	42	43	47	47	45	47	45	45	44	49
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Street	24	24	25	25	26	24	25	23	22	21
Water	19	19	18	18	18	19	18	20	16	16
Wastewater	11	11	11	11	11	11	11	14	15	15
Parks and Recreation	19	18	15	19	19	17	15	16	18	16
Mainstreet	1	1	1	1	1	1	1	0	0	0
Economic Development	0	1	1	1	1	0	0	0	0	0
<b>Total</b>	<b>201</b>	<b>206</b>	<b>205</b>	<b>207</b>	<b>206</b>	<b>204</b>	<b>203</b>	<b>209</b>	<b>200</b>	<b>199</b>

Source: City Clerk Office

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

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Building permits issued	564	827	840	70	73	97	112	162	176	141
Police										
Physical arrests	1,231	1,155	1,522	1,564	1,203	1,240	1,647	1,451	1,042	1,016
Parking violations	237	216	602	196	259	683	2,898	3,706	3,529	2,428
Traffic violations	3,844	4,221	5,697	7,200	5,152	5,260	613	317	113	134
Fire										
Emergency responses	2,291	2,144	1,604	2,030	2,082	2,065	1,884	1,918	2,086	1,848
Fires extinguished	76	69	99	75	70	87	103	*	*	*
Inspections	241	252	280	255	250	438	300	40	147	172
Water										
New connections	131	121	98	60	80	154	168	162	176	141
Total connections	9,057	8,926	8,805	8,819	8,731	8,644	8,867	8,908	8,200	7,994
Average daily consumption (millions of gallons)	3.0	3.7	3.5	3.4	3.3	3.3	3.3	3.5	3.5	3.5
Peak daily consumption (millions of gallons)	3.7	3.9	3.8	3.6	3.6	4.1	4.1	4.7	4.7	4.7
Wastewater										
Total connections	8,432	7,859	7,859	7,859	7,840	7,763	8,851	8,088	7,458	7,252
Average daily consumption (millions of gallons)	3.1	3.5	3.3	3.1	3.1	2.6	2.6	3.2	3.2	3.2
Peak daily consumption (millions of gallons)	6.9	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) 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 Ten Years**

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	37	37	37	34	30	33	33	32	32
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Streets										
Miles of Streets	174	174	174	174	174	174	174	160	159	159
Streetlights	2,447	2,437	2,415	2,396	2,382	2,382	2,362	2,346	2,310	2,195
Traffic signals	27	26	26	26	26	26	23	22	21	19
Water										
Miles of water mains	158	157	157	157	156	156	156	101	156	152
Number of fire hydrants	1,461	1,451	1,442	1,443	1,443	1,439	1,425	1,364	1,361	1,311
Wastewater										
Miles of sanitary sewers	107	106	106	106	106	106	105	83	104	99
Miles of storm sewers	86	85	85	85	85	85	84	74	84	66
Number of treatment plants	4	4	4	4	4	4	4	4	4	4
Parks and recreation										
Parks	5	5	5	5	5	5	5	4	3	3
Acreage	210	210	210	210	210	210	210	189	160	160
Playgrounds	5	5	5	5	5	5	5	4	3	3
Baseball/Softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer fields	11	11	11	11	11	11	10	9	9	11
Tennis courts	10	10	10	10	10	10	9	9	3	3
Basketball courts	3	3	3	3	3	3	3	3	3	3
Volleyball courts	2	2	2	2	2	2	2	-	-	-
Community Centers	1	1	1	1	1	1	1	1	1	0
Walking Trails	6	6	6	6	6	6	5	4	3	3

Sources: Various city departments

INDEPENDENT AUDITORS' REPORTS ON  
INTERNAL CONTROL AND COMPLIANCE

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, 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, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*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. *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.

(Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tamm, Brown + Kuss Co.*

March 17, 2014

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Clinton, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2013. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

(Continued)

## Opinion on Each Major Federal Program

In our opinion, the City of Clinton, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2013.

## Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Tamm, Brown + Rues Co.*

March 17, 2014

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS

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

We have audited, in accordance with the 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, 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, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2014.

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 17, 2014.

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 17, 2014

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2013

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors’ report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	No
--	----

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF CLINTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2013

An OMB Circular A-133 audit was not required for the prior year.