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CITY OF CLINTON, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2011

RECEIVED
APR 02 2012

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

CITY OF CLINTON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION

ALDERMEN
Tony Hlsaw
Ward One

Tony M. Greer
Ward Two

William O. Barnett
Ward Three

Kathy Peace
Ward Four

City of Clinton

Mississippi

Rosemary Aultman, Mayor

ALDERMEN
Mike Morgan
Ward Five

Mike Cashlon
Ward Six

Jehu Brabham
Alderman-At-Large

Russell L. Wall
City Clerk

March 21, 2012

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, 2011. 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, 2011 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, 2011 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 2011 CAFR.

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

Profile of the City

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

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

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

The annual budget serves as the foundation for the city's financial planning and control. All funds of the City are required to submit requests for appropriation to the City's Chief Financial Officer (CFO) on or before August 1 each year. These requests are used by the CFO as the beginning point for the development of a preliminary budget. The CFO then presents the preliminary budget to the Mayor for further review and the preparation of a proposed budget for review by the Board of Aldermen prior to September 1. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget on or before September 15. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 71 through 73. For all other governmental funds, this comparison is presented on pages 86 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 5,270 students' with more than 80 areas of study, 14 graduate degree programs, a doctor of jurisprudence degree, and a doctor of education leadership degree. Clinton's children are educated by the Clinton Public School District (CPSD), which educates approximately 4,535 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 \$39.3 million for 2011. Additional

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

Factors Affecting Financial Condition

The City currently enjoys a stable economic environment and local indicators point to its continued stability. The City's primary sources of revenue are property taxes and sales taxes. At September 30, 2011 property taxes represented 57 percent of the City's general revenues while sales taxes represented 32 percent. City property owners pay property taxes for city, county and schools totaling \$130.64 per \$1,000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax.

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

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

Relevant financial policies. The City is required by Section 21-35-25 of the Mississippi Code to make revisions to the budget no later than the July board meeting if it appears at that time that collections of anticipated annual revenues will be less than expected and a deficit is thereby indicated. During the current year increases to budgeted general fund revenues were made totaling \$871 thousand dollars. As a consequence increases of \$894 thousand were made to budgeted general fund expenditures. It is anticipated that based on the current economy and the less than expected collections in sales tax and franchise fees a reduction in budgeted general fund revenues will be made during fiscal year 2012.

Major Initiatives. The Quisenberry Library received a Planning and Economic Development-Mississippi Municipal League Excellence Award in June of 2011 and the Library trail system was completed during the fiscal year. The trail, constructed using a Department of Wildlife and Fisheries grant, provides access from the Emeritus at Trace Pointe Retirement Center, across the 20-acre wooded library site, onto an overlook and "bridge" connecting the trail with the Clinton Nature center trail system.

The Southside 'Green' bio-solids project has been operational for an entire year and the City also received a Public Works-Mississippi Municipal League Excellence Award for the facility in June of 2011. The City has been granted approval from the Mississippi Department of Environmental Quality that the wastewater bio-solids which have been dried, conditioned, and stabilized can be used as a soil amendment, similar to a peat moss on City projects.

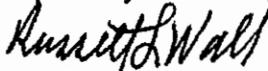
Also, the Pinehaven Road project has begun in earnest. Utilities (water, sewer, natural gas, electric, communication and cable) have either been relocated or are in the process of being relocated in anticipation of the road improvements to be made. Construction of the roadway improvements will begin soon after final approvals from the Mississippi Department of Transportation are received, hopefully sometime in the spring of 2012.

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, 2010. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

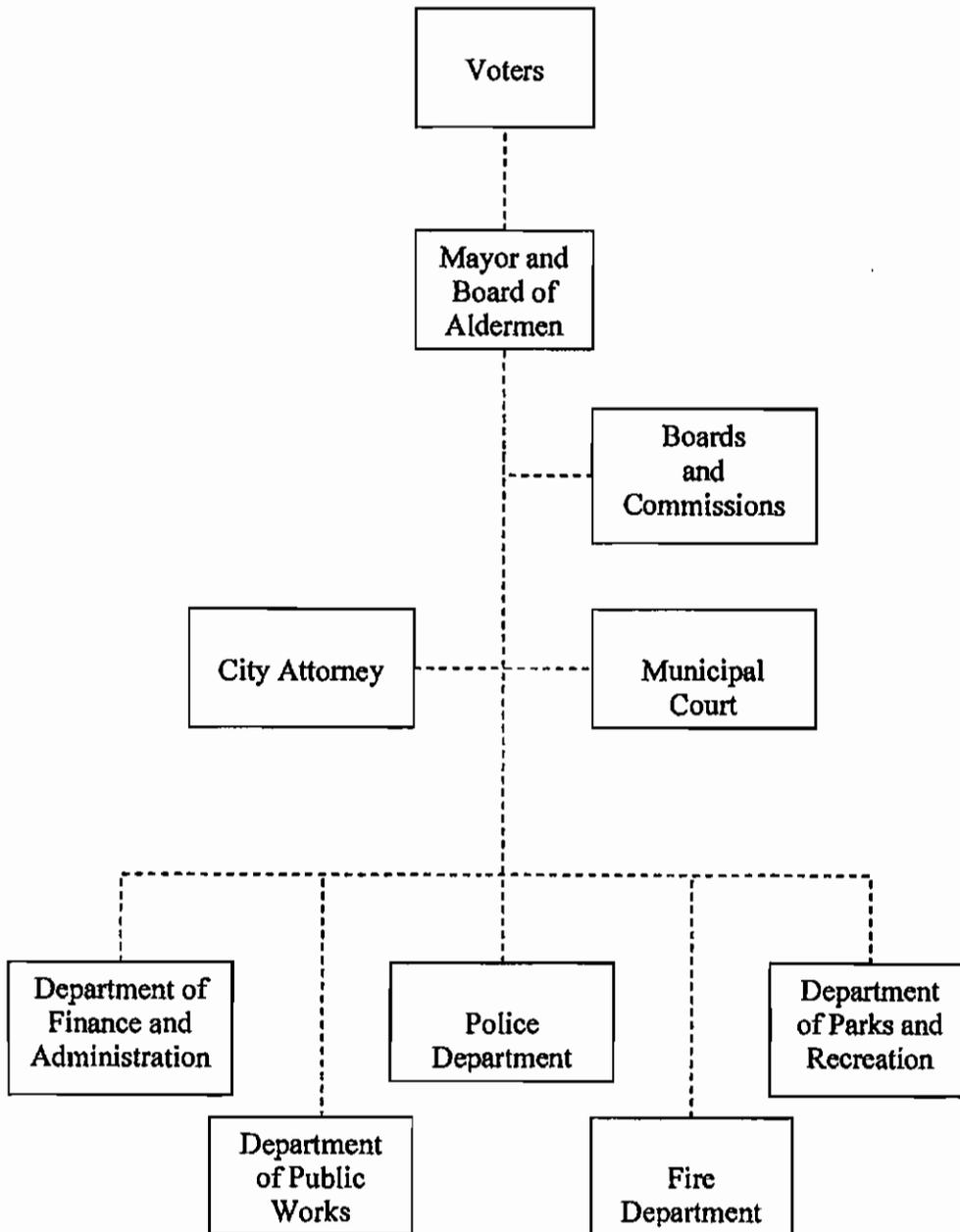
Respectfully submitted,


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

CITY OF CLINTON
List of Principal Officials
September 30 2011

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

CITY OF CLINTON
Organizational Chart
September 30, 2011



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, 2010

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



Linda C. Davison

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION

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

MEMBERS
MISSISSIPPI SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City of Clinton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2012 on our consideration of City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Tamm, Brown + Luce Co.

March 21, 2012

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, 2011. Please read it in conjunction with the City's financial statements that begin on page 11.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

CITY OF CLINTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City's Funds Fund Financial Statements

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

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

The City maintains one major governmental fund (the General Fund) and seventeen (17) non-major governmental funds. A combination of all governmental funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Individual fund data on all governmental funds is provided elsewhere in this report.

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

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

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

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

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clinton, assets exceeded liabilities by \$71 million, at September 30, 2011.

| City of Clinton Net Assets | | | | | | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 9,990,469 | \$ 10,714,401 | \$ 6,399,422 | \$ 8,325,829 | \$ 18,389,891 | \$ 17,040,230 |
| Capital assets | 69,416,773 | 72,596,782 | 32,391,989 | 31,738,517 | 101,808,762 | 104,335,299 |
| Total assets | 79,407,242 | 83,311,183 | 38,791,411 | 38,064,346 | 118,198,653 | 121,375,529 |
| Long-term liabilities | 19,028,525 | 20,058,397 | 18,868,707 | 18,354,885 | 35,897,232 | 36,413,082 |
| Other liabilities | 8,851,216 | 9,127,256 | 2,436,546 | 2,752,216 | 11,087,764 | 11,879,472 |
| Total liabilities | 27,879,743 | 29,185,653 | 19,105,253 | 19,106,901 | 46,784,996 | 48,292,554 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 51,322,208 | 53,347,615 | 14,366,115 | 14,230,770 | 65,706,323 | 67,578,585 |
| Restricted | 1,267,917 | 1,251,223 | 846,076 | 974,355 | 2,113,993 | 2,225,576 |
| Unrestricted | (862,826) | (473,506) | 4,453,967 | 3,752,320 | 3,591,341 | 3,278,812 |
| Total net assets | \$ 51,727,499 | \$ 54,125,530 | \$ 19,666,156 | \$ 18,957,445 | \$ 71,413,657 | \$ 73,082,975 |

The largest portion of the City's net assets (92 percent) reflects its investments in capital assets (e.g., land, buildings, machinery and equipment, and water and sewer systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the related debt.

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

At September 30, 2011 the City has positive balances in all three categories of net assets in business-type activities and in two categories in governmental activities. The negative unrestricted net assets for governmental activities increased by \$389 thousand as a result of \$125 thousand of equipment purchased with unrestricted resources and the \$257 thousand portion of the Self-Funded Group Insurance Fund current year loss attributable to governmental activities. The increase in the unrestricted net assets for business-type activities in 2011 is a result of the City's continued efforts to build reserves for necessary future capital improvements to the water and sewer systems. The City's total net assets decreased \$1.7 million during the current fiscal year primarily as a result of depreciation expense that is recorded over the estimated useful lives of capital assets.

| City of Clinton Changes In Net Assets | | | | | | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 850,016 | \$ 725,432 | \$ 7,872,663 | \$ 7,791,474 | \$ 8,722,679 | \$ 8,516,906 |
| Operating grants and contributions | 344,057 | 227,641 | 303,942 | | 647,999 | 227,641 |
| Capital grants and contributions | 890,250 | 3,040,032 | 131,557 | 2,087,111 | 1,021,807 | 5,127,143 |
| General revenues: | | | | | | |
| Property taxes | 7,320,042 | 7,429,214 | | | 7,320,042 | 7,429,214 |
| Sales taxes | 4,178,744 | 4,189,641 | | | 4,178,744 | 4,189,641 |
| Franchise charges | 689,366 | 725,911 | | | 689,366 | 725,911 |
| Shared grants and revenues | 601,432 | 612,256 | | | 601,432 | 612,256 |
| Other | 65,779 | 240,890 | 22,217 | 136,041 | 87,996 | 376,931 |
| Total revenues | 14,939,686 | 17,191,017 | 8,330,379 | 10,014,626 | 23,270,065 | 27,205,643 |
| Expenses: | | | | | | |
| General government | 1,295,150 | 1,197,270 | | | 1,295,150 | 1,197,270 |
| Public safety | 7,535,290 | 7,315,429 | | | 7,535,290 | 7,315,429 |
| Public works | 5,026,298 | 4,888,047 | | | 5,026,298 | 4,888,047 |
| Culture and recreation | 2,317,690 | 1,762,446 | | | 2,317,690 | 1,762,446 |
| Economic development | 317,747 | 316,451 | | | 317,747 | 316,451 |
| Interest on long-term debt | 845,542 | 887,988 | | | 845,542 | 887,988 |
| Water and sewer | | | 5,757,727 | 5,243,105 | 5,757,727 | 5,243,105 |
| Garbage | | | 1,843,939 | 1,463,908 | 1,843,939 | 1,463,908 |
| Total expenses | 17,337,717 | 16,367,631 | 7,601,666 | 6,707,013 | 24,939,383 | 23,074,644 |
| Change in net assets before transfers | (2,398,031) | 823,386 | 728,713 | 3,307,613 | (1,669,318) | 4,130,999 |
| Transfers | | | | | | |
| Change in net assets | (2,398,031) | 823,386 | 728,713 | 3,307,613 | (1,669,318) | 4,130,999 |
| Net assets - beginning | 54,125,530 | 53,302,144 | 18,957,445 | 15,649,832 | 73,082,975 | 68,951,976 |
| Net assets - ending | \$ 51,727,499 | \$ 54,125,530 | \$ 19,686,158 | \$ 18,957,445 | \$ 71,413,657 | \$ 73,082,975 |

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

Governmental activities. Governmental activities decreased the City's net assets by \$2.4 million during the year. Assets decreased primarily as a result of the systematic depreciation of capital assets over their estimated useful lives. The decrease in liabilities for 2011 was primarily due to the repayment of principal on debt. Capital grant revenue was higher in the previous year because of bridge replacement grants that were received in 2010. Culture and recreation expense increased in 2011 because the new library facility was placed in service and is being depreciated over its estimated useful life.

Business-type activities. Business-type activities increased the City's net assets by \$729 thousand during the year. Total assets increased in 2011 primarily due to the completion of the construction of a solid waste removal system, and capital grants were higher in the previous year as a result of grants received in 2010 for the solid waste removal system construction. Water and sewer expenses increased in 2011 because of necessary system repairs as well as the rising prices of fuel and electricity. Garbage expenses increased in 2011 as a result of costs for the removal of storm debris.

THE CITY'S FUNDS

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

| | Beginning Fund Balance | Increase (Decrease) | Ending Fund Balance |
|----------------------------------|---------------------------|------------------------|------------------------|
| General fund | \$ 1,361,531 | \$ (91,564) | \$ 1,269,967 |
| Special revenue funds | 116,124 | (7,954) | 108,170 |
| Debt service funds | 719,874 | 48,515 | 768,389 |
| Capital project funds | <u>805,077</u> | <u>(178,569)</u> | <u>626,508</u> |
| Total governmental funds | <u>\$ 3,002,606</u> | <u>\$ (229,572)</u> | <u>\$ 2,773,034</u> |
| | Beginning Net Assets | Increase (Decrease) | Ending Net Assets |
| Water and sewer operations fund | \$ 18,124,721 | \$ 837,014 | \$ 18,961,735 |
| Garbage collection fund | 879,345 | (63,994) | 815,351 |
| Self-funded group insurance fund | <u>(310,846)</u> | <u>(301,185)</u> | <u>(612,031)</u> |
| Total proprietary funds | <u>\$ 18,693,220</u> | <u>\$ 471,835</u> | <u>\$ 19,165,055</u> |

The decrease in the general fund is primarily due to increases in expenses for police, fire, and recreation salaries, utilities, and gas and oil.

The decrease in the capital project funds is primarily due to funds for the construction of Hampstead Boulevard that were received in a prior year and spent in the current year.

The decrease in the garbage collection fund is primarily due to increased expenses as a result of cleanup from a tornado that hit a portion of the City in fiscal year 2011.

CITY OF CLINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

The Self-Funded Group Insurance Fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with negative net assets because the cost of claims incurred in 2010 was higher than expected, and claims continued to exceed expectations in 2011. 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 \$871 thousand. This increase resulted primarily from an increase of \$173 thousand in sales taxes collected as the general economic conditions improve, \$152 thousand from the proceeds of a FEMA disaster assistance grant for storm cleanup, \$105 thousand from the proceeds of a lease/purchase for police cars, \$105 thousand for the increase in building permits issued due to rebuilding after storm damage, \$82 thousand for increases in private donations for Parks and Recreation facilities, \$63 thousand for increases in court fines collected, and a \$218 thousand adjustment for the beginning cash balance. Final budgeted expenditures were \$894 thousand greater than those originally budgeted. Key elements of this decrease were as follows:

- \$ 61,000 decrease in personal services as a result of lower overtime costs
- \$435,000 increase in operating supplies because of rising fuel and supply prices
- \$297,000 increase in other services and charges because of rising utility costs
- \$209,000 increase in capital outlay for necessary vehicles and equipment
- \$ 14,000 increase in debt service for the financing of new vehicles

Actual funds available were \$52 thousand less than final budgeted. The majority of this difference consisted of a \$106 thousand increase in sales collected, \$63 thousand decrease in state grants received, \$40 thousand decrease in local grants received, \$29 thousand decrease in federal grants received, and a \$26 thousand decrease in ad valorem taxes collected.

Actual expenditures were \$119 thousand less than those finally budgeted. The majority of this difference consisted of a \$13 thousand decrease in personal services in the police department, a \$30 thousand decrease in personal services in the fire department, and a \$12 thousand decrease in personal services in the court services department. These differences resulted primarily from overtime costs that were lower than anticipated. Also, there was a \$16 thousand decrease in promotion expenses in the economic development department as a result of changes in the timing of some promotional expenditures.

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

CAPITAL ASSETS

Governmental activities. The City's investment in net capital assets for its governmental activities amounted to \$69.4 million at September 30, 2011. This investment includes land, buildings, other improvements, equipment and vehicles, infrastructure and construction in progress. Additions during the current year totaled \$1.1 million. Significant increases were:

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

- \$459 thousand – for street and drainage infrastructure on the Pinehaven Road widening and Hampstead Boulevard extension projects
- \$311 thousand – for right-of-way purchases on the Pinehaven Road widening project
- \$145 thousand – for purchases of vehicles for the police and other departments
- \$125 thousand – for miscellaneous equipment purchases
- \$ 60 thousand – various other

Depreciation expense amounted to \$4.3 million for 2011 and \$4.0 million for 2010. The increase in depreciation expense is primarily due to the opening of the new library facility. Accumulated depreciation at September 30, 2011 and 2010 was \$ 40.7 million and \$36.4 million, respectively.

Business-type activities. At September 30, 2011, the City's business-type net capital assets amounted to \$32.4 million. This asset grouping includes land, buildings, water and sewer systems, equipment and vehicles and construction in progress. Additions of \$1.0 million were made for the construction of a solid waste removal system, \$885 thousand was made for water infrastructure improvements, and \$115 thousand were made for various other additions. Depreciation expense amounted to \$1.3 million for 2011 and \$1.3 million for 2010. Accumulated depreciation at September 30, 2011 and 2010 was \$21.0 million and \$19.7 million, respectively.

| City of Clinton Capital Assets (Net of Depreciation) | | | | | | |
|---|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 7,770,099 | \$ 7,458,924 | \$ 177,512 | \$ 177,512 | \$ 7,947,611 | \$ 7,636,436 |
| Buildings | 13,645,911 | 14,109,886 | 200,202 | 186,500 | 13,846,113 | 14,296,386 |
| Other improvements | 4,680,233 | 5,000,125 | | | 4,680,233 | 5,000,125 |
| Water and sewer systems and improvements | | | 30,773,197 | 24,872,117 | 30,773,197 | 24,872,117 |
| Certificate of authority | | | 800,000 | 800,000 | 800,000 | 800,000 |
| Equipment and vehicles | 2,027,779 | 2,249,111 | 434,864 | 516,097 | 2,462,643 | 2,765,208 |
| Infrastructure | 40,573,235 | 43,352,651 | | | 40,573,235 | 43,352,651 |
| Construction in progress | 719,516 | 426,085 | 6,214 | 5,186,291 | 725,730 | 5,612,376 |
| Total | \$ 69,416,773 | \$ 72,596,782 | \$ 32,391,989 | \$ 31,738,517 | \$ 101,808,762 | \$ 104,335,299 |

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 \$19.0 million. This account classification includes general obligation bonds; tax increment limited obligation bonds, notes payable and capital

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

lease obligations. During the current fiscal year, the City's total governmental activities debt decreased by \$1.4 million. This decrease was due primarily to \$1.4 million in payment of long term debt. Payments of principal and interest due within one year total \$2.0 million.

Business-type activities. Long-term debt associated with the City's business-type activities totaled \$18.0 million at September 30, 2011. This account classification includes general obligation bonds, revenue bonds, notes payable and capital lease obligations. The major portion of this debt is associated with the City's wastewater treatment facility. During the year ended September 30, 2011, debt associated with the City's business-type activities increased by \$500 thousand. This increase was due primarily to the \$1.7 million of new debt related to the construction of a solid waste removal system and various other water/sewer system improvement projects, offset by the \$1.2 million of scheduled debt payments during the year. Payments of principal and interest due within one year total \$1.9 million.

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

| City of Clinton General Obligation and Revenue Bonds and Other Loans | | | | | | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | \$ 10,061,134 | \$ 10,759,698 | \$ 1,118,865 | \$ 1,220,302 | \$ 11,179,999 | \$ 11,980,000 |
| Revenue bonds | | | 361,696 | 467,546 | 361,696 | 467,546 |
| Tax increment limited obligation bonds | 1,428,500 | 1,569,500 | | | 1,428,500 | 1,569,500 |
| Notes payable | 6,859,391 | 7,266,217 | 16,503,505 | 15,771,033 | 23,362,896 | 23,037,250 |
| Capital lease obligations | 706,902 | 823,658 | 81,519 | 118,775 | 788,421 | 942,433 |
| Total | \$ 19,055,927 | \$ 20,419,073 | \$ 18,065,585 | \$ 17,577,656 | \$ 37,121,512 | \$ 37,996,729 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major revenue sources are expected to decrease during the next fiscal year. Expenditures are expected to increase, with increased costs resulting from gas and oil, repairs and maintenance, utilities, and supplies expenses. Inflationary trends in the region are expected to compare favorably to national indices. All these factors were considered in preparing the City's budgets for 2012.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON
STATEMENT OF NET ASSETS
September 30, 2011

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,823,347 | \$ 2,641,182 | \$ 4,464,529 |
| Receivables | 7,884,817 | 2,155,727 | 10,040,544 |
| Internal balances | (52,549) | 52,549 | - |
| Restricted cash and cash equivalents | - | 1,490,253 | 1,490,253 |
| Deferred charges, net of amortization | 334,854 | 59,711 | 394,565 |
| Capital assets: | | | |
| Capital assets not being depreciated | 8,489,615 | 983,726 | 9,473,341 |
| Other capital assets, net of depreciation | <u>60,927,158</u> | <u>31,408,263</u> | <u>92,335,421</u> |
| Total Assets | <u>79,407,242</u> | <u>38,791,411</u> | <u>118,198,653</u> |
| LIABILITIES | | | |
| Accounts payable | 709,283 | 290,760 | 1,000,043 |
| Accrued interest payable | 226,049 | 39,496 | 265,545 |
| Claims liability | 197,540 | - | 197,540 |
| Unearned revenue | 6,037,219 | - | 6,037,219 |
| Customer deposits | - | 630,123 | 630,123 |
| Long-term debt: | | | |
| Due within one year | 1,181,127 | 1,419,667 | 2,600,794 |
| Due in more than one year | 17,874,800 | 16,645,918 | 34,520,718 |
| Compensated absences payable: | | | |
| Due within one year | 300,000 | 56,500 | 356,500 |
| Due in more than one year | 273,795 | 22,789 | 296,584 |
| Net pension obligation: | | | |
| Due in more than one year | <u>879,930</u> | <u>-</u> | <u>879,930</u> |
| Total Liabilities | <u>27,679,743</u> | <u>19,105,253</u> | <u>46,784,996</u> |

(Continued)

CITY OF CLINTON
 STATEMENT OF NET ASSETS - CONTINUED
 September 30, 2011

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------------|
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 51,322,208 | 14,386,115 | 65,708,323 |
| Restricted for: | | | |
| Capital projects | 16,933 | 586,224 | 603,157 |
| Debt service | 1,159,747 | 259,852 | 1,419,599 |
| Economic development (restricted by enabling legislation) | 91,237 | - | 91,237 |
| Unrestricted net assets (deficit) | <u>(862,626)</u> | <u>4,453,967</u> | <u>3,591,341</u> |
| Total Net Assets | <u>\$ 51,727,499</u> | <u>\$ 19,686,158</u> | <u>\$ 71,413,657</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2011

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|---------------------|--------------------------|---|--------------------------|---------------------|
| | Expenses | Charges for | | Governmental Activities | Business-Type Activities | Total |
| | | Services | Grants and Contributions | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 1,295,150 | \$ 41,758 | \$ - | \$ (1,253,392) | \$ - | \$ (1,253,392) |
| Public safety | 7,535,290 | 689,661 | 175,384 | (6,427,431) | - | (6,427,431) |
| Public works | 5,026,298 | - | 168,673 | (4,335,386) | - | (4,335,386) |
| Culture and recreation | 2,317,690 | 118,597 | - | (2,073,896) | - | (2,073,896) |
| Economic development | 317,747 | - | - | (317,747) | - | (317,747) |
| Interest and fiscal charges on long-term debt | 845,542 | - | - | (845,542) | - | (845,542) |
| Total governmental activities | 17,337,717 | 850,016 | 344,057 | (15,253,394) | - | (15,253,394) |
| Business-Type Activities: | | | | | | |
| Water | 2,568,438 | 3,586,497 | - | - | 1,149,616 | 1,149,616 |
| Sewer | 3,189,289 | 2,812,509 | - | - | (376,780) | (376,780) |
| Garbage collection | 1,843,939 | 1,473,657 | 303,942 | - | (66,340) | (66,340) |
| Total business-type activities | 7,601,666 | 7,872,663 | 303,942 | - | 706,496 | 706,496 |
| Total | \$ 24,939,383 | \$ 8,722,679 | \$ 647,999 | (15,253,394) | 706,496 | (14,546,898) |

(Continued)

CITY OF CLINTON

STATEMENT OF ACTIVITIES - CONTINUED
Year Ended September 30, 2011

| | Net (Expense) Revenue and Changes in Net Assets | | |
|--|--|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| General Revenues: | | | |
| Taxes: | | | |
| Property taxes | 7,320,042 | - | 7,320,042 |
| Local sales tax | 113,260 | - | 113,260 |
| Franchise charges based on gross receipts | 689,366 | - | 689,366 |
| Grants and contributions not restricted to specific programs: | | | |
| State grants and shared revenues | 4,576,288 | - | 4,576,288 |
| County shared revenues | 90,628 | - | 90,628 |
| Interest | 19,115 | 22,217 | 41,332 |
| Miscellaneous | 46,664 | - | 46,664 |
| Total General Revenues | 12,855,363 | 22,217 | 12,877,580 |
| Change in Net Assets | (2,398,031) | 728,713 | (1,669,318) |
| Net Assets - Beginning | 54,125,530 | 18,957,445 | 73,082,975 |
| Net Assets - Ending | \$ 51,727,499 | \$ 19,686,158 | \$ 71,413,657 |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011

| | <u>General Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|-------------------------|---|---|
| ASSETS | | | |
| Assets: | | | |
| Cash and cash equivalents | \$ 469,422 | \$ 1,351,671 | \$ 1,821,093 |
| Receivables: | | | |
| Property taxes | 5,178,977 | 909,631 | 6,088,608 |
| Sales and tourism tax | 653,465 | 20,657 | 674,122 |
| City utilities tax | 7,505 | - | 7,505 |
| Franchise charges | 188,532 | - | 188,532 |
| Federal assistance | 277,119 | 68,479 | 345,598 |
| Special assessments | - | 459,638 | 459,638 |
| State grants | 21,374 | - | 21,374 |
| Due from other funds | <u>572,059</u> | <u>172,177</u> | <u>744,236</u> |
| Total Assets | <u>\$ 7,368,453</u> | <u>\$ 2,982,253</u> | <u>\$ 10,350,706</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 645,874 | \$ 22,258 | \$ 668,132 |
| Deferred revenue: | | | |
| Unearned property taxes | 5,083,371 | 891,441 | 5,974,812 |
| Unearned grant revenue | 8,275 | 54,132 | 62,407 |
| Unavailable special assessments | - | 459,638 | 459,638 |
| Due to other funds | 319,814 | 51,717 | 371,531 |
| Due to other governments | <u>41,152</u> | <u>-</u> | <u>41,152</u> |
| Total Liabilities | <u>6,098,486</u> | <u>1,479,186</u> | <u>7,577,672</u> |
| Fund balances: | | | |
| Restricted for: | | | |
| Economic development | - | 91,237 | 91,237 |
| Debt service | - | 756,744 | 756,744 |
| Capital projects | - | 643,441 | 643,441 |
| Assigned to debt service | - | 12,090 | 12,090 |
| Unassigned | <u>1,269,967</u> | <u>(445)</u> | <u>1,269,522</u> |
| Total Fund Balances | <u>1,269,967</u> | <u>1,503,067</u> | <u>2,773,034</u> |
| Total Liabilities and Fund Balances | <u>\$ 7,368,453</u> | <u>\$ 2,982,253</u> | <u>\$ 10,350,706</u> |

(Continued)

CITY OF CLINTON

BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2011

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

| | |
|--|----------------------|
| Total Governmental Fund Balances | \$ 2,773,034 |
| Differences: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 69,416,773 |
| Deferred charges are not financial resources and therefore are not reported in the funds. | 334,854 |
| Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds. | 459,638 |
| Interest is not recorded as an expenditure in the funds until the payment date. | (226,047) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (20,509,652) |
| The internal service fund's net assets (deficit) is included in the governmental activities to the extent attributable to governmental activities, but the internal service fund is not classified as a governmental fund. | <u>(521,101)</u> |
| Net Assets - Governmental Activities | <u>\$ 51,727,499</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, 2011

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------------------|--------------------------------|
| Revenues: | | | |
| Property taxes | \$ 6,142,332 | \$ 1,177,710 | \$ 7,320,042 |
| Licenses and permits | 888,612 | - | 888,612 |
| Intergovernmental | 5,255,407 | 741,715 | 5,997,122 |
| Charges for services | 114,803 | 19,157 | 133,960 |
| Fines and forfeitures | 505,533 | 5,337 | 510,870 |
| Special assessments | - | 27,037 | 27,037 |
| Interest | 6,445 | 12,666 | 19,111 |
| Contributions | 83,079 | 27,183 | 110,262 |
| Miscellaneous | 45,377 | - | 45,377 |
| Total Revenues | <u>13,041,588</u> | <u>2,010,805</u> | <u>15,052,393</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,193,987 | 12,623 | 1,206,610 |
| Public safety | 7,027,818 | 13,593 | 7,041,411 |
| Public works | 1,898,236 | - | 1,898,236 |
| Culture and recreation | 1,328,137 | 79,742 | 1,407,879 |
| Economic development | 236,842 | 78,251 | 315,093 |
| Debt service | 959,117 | 1,376,352 | 2,335,469 |
| Capital outlay | 481,114 | 750,276 | 1,231,390 |
| Total Expenditures | <u>13,125,251</u> | <u>2,310,837</u> | <u>15,436,088</u> |
| Excess of Expenditures Over Revenues | <u>(83,663)</u> | <u>(300,032)</u> | <u>(383,695)</u> |
| Other Financing Sources (Uses): | | | |
| Capital leases | 105,390 | 17,291 | 122,681 |
| Sale of capital assets | 31,442 | - | 31,442 |
| Transfers in | 1,444 | 175,350 | 176,794 |
| Transfers out | (146,177) | (30,617) | (176,794) |
| Total Other Financing Sources (Uses) | <u>(7,901)</u> | <u>162,024</u> | <u>154,123</u> |
| Net Change in Fund Balances | (91,564) | (138,008) | (229,572) |
| Fund Balances - Beginning | <u>1,361,531</u> | <u>1,641,075</u> | <u>3,002,606</u> |
| Fund Balances - Ending | <u>\$ 1,269,967</u> | <u>\$ 1,503,067</u> | <u>\$ 2,773,034</u> |

(Continued)

CITY OF CLINTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED
Year Ended September 30, 2011

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

| | |
|--|-----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (229,572) |
| Differences: | |
| Governmental funds report capital asset purchases as expenditures. | 1,231,390 |
| Governmental activities report depreciation expense to allocate the cost of capital assets over the life of the assets, and the remaining undeposited cost is removed upon disposal of the assets. | (4,318,495) |
| Governmental funds do not report the receipt of contributed capital assets. | 11,614 |
| Governmental funds do not report revenue related to long-term receivables until collected because they do not provide current financial resources. | (27,037) |
| Governmental funds report debt issuances as other financing sources. | (122,681) |
| Governmental funds report principal payment on debt as expenditures. | 1,485,827 |
| Governmental activities report amortization expense to allocate debt issue costs over the life of the debt. | (30,175) |
| Governmental funds report interest, compensated absences, and pension costs as expenditures when paid while governmental activities report these costs as expenses when incurred. | (37,509) |
| Capital project funds are classified as governmental funds but are not included in governmental activities if the capital projects relate to a business-type activity. | (104,515) |
| 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>(256,878)</u> |
| Change in Net Assets - Governmental Activities | <u>\$ (2,398,031)</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2011.

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---------------------------------------|--|-------------------------------|----------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 2,537,506 | \$ 103,676 | \$ 2,641,182 | \$ 2,252 |
| Receivables: | | | | |
| Accounts | 1,139,632 | - | 1,139,632 | - |
| Federal assistance | - | 108,258 | 108,258 | - |
| State assistance | 797,380 | 43,420 | 840,800 | - |
| Special assessments | 4,429 | - | 4,429 | - |
| Claim refunds and reinsurance | - | - | - | 99,329 |
| Due from other funds | 78,200 | 402,722 | 480,922 | - |
| Restricted cash and cash equivalents: | | | | |
| Customer deposits account | 630,123 | - | 630,123 | - |
| Revenue bond and interest account | 273,905 | - | 273,905 | - |
| Total Current Assets | <u>5,461,175</u> | <u>658,076</u> | <u>6,119,251</u> | <u>101,581</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

| | 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 | 586,224 | - | 586,224 | - |
| Receivable: | | | | |
| Special assessments (net of current portion) | 62,610 | - | 62,610 | - |
| Deferred charges: | | | | |
| Loan and bond issue costs | 59,711 | - | 59,711 | - |
| | <u>708,545</u> | <u>-</u> | <u>708,545</u> | <u>-</u> |
| Capital Assets: | | | | |
| Water and sewer systems and other improvements | 49,747,883 | - | 49,747,883 | - |
| Land | 177,512 | - | 177,512 | - |
| Buildings | 298,104 | - | 298,104 | - |
| Equipment and vehicles | 1,830,016 | 562,147 | 2,392,163 | - |
| Construction in progress | 6,214 | - | 6,214 | - |
| Certificate of authority | 800,000 | - | 800,000 | - |
| | <u>52,859,729</u> | <u>562,147</u> | <u>53,421,876</u> | <u>-</u> |
| Less accumulated depreciation | <u>20,754,480</u> | <u>275,407</u> | <u>21,029,887</u> | <u>-</u> |
| Capital Assets (net) | <u>32,105,249</u> | <u>286,740</u> | <u>32,391,989</u> | <u>-</u> |
| Total Noncurrent Assets | <u>32,813,794</u> | <u>286,740</u> | <u>33,100,534</u> | <u>-</u> |
| Total Assets | <u>38,274,969</u> | <u>944,816</u> | <u>39,219,785</u> | <u>101,581</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|--|--|-------------------------------|--------------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 163,067 | 127,693 | 290,760 | - |
| Claims liability | - | - | - | 197,540 |
| Accrued interest payable | 25,441 | 3 | 25,444 | - |
| Due to other funds | 337,444 | - | 337,444 | 516,072 |
| Compensated absences payable - current | 56,500 | - | 56,500 | - |
| Notes payable - current | 1,148,216 | - | 1,148,216 | - |
| Capital leases payable - current | 42,112 | 1,769 | 43,881 | - |
| General obligation bonds payable - current | 107,570 | - | 107,570 | - |
| Current Liabilities Payable from Restricted Assets: | | | | |
| Accrued interest payable - revenue bonds | 14,054 | - | 14,054 | - |
| Revenue bonds payable - current | 120,000 | - | 120,000 | - |
| Customer deposits payable | 630,123 | - | 630,123 | - |
| Total Current Liabilities | <u>2,644,527</u> | <u>129,465</u> | <u>2,773,992</u> | <u>713,612</u> |
| Noncurrent Liabilities: | | | | |
| Compensated absences payable | 22,789 | - | 22,789 | - |
| Capital leases payable | 37,638 | - | 37,638 | - |
| Revenue bonds payable | 241,696 | - | 241,696 | - |
| General obligation bonds payable | 1,011,295 | - | 1,011,295 | - |
| Notes payable | 15,355,289 | - | 15,355,289 | - |
| Total Noncurrent Liabilities | <u>16,668,707</u> | <u>-</u> | <u>16,668,707</u> | <u>-</u> |
| Total Liabilities | <u>19,313,234</u> | <u>129,465</u> | <u>19,442,699</u> | <u>713,612</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
September 30, 2011

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---|--|-------------------------------|--------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 14,101,144 | 284,971 | 14,386,115 | - |
| Restricted for: | | | | |
| Capital projects | 586,224 | - | 586,224 | - |
| Debt service | 259,852 | - | 259,852 | - |
| Unrestricted (deficit) | 4,014,515 | 530,380 | 4,544,895 | (612,031) |
| Total Net Assets (Deficit) | \$18,961,735 | \$ 815,351 | \$19,777,086 | \$ (612,031) |

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

| | |
|--|---------------|
| Total Enterprise Funds Net Assets | \$ 19,777,086 |
| Difference: | |
| The internal service fund's net assets (deficit) is included in business-type activities to the extent attributable to business-type activities. | (90,928) |
| Net Assets - Business-Type Activities | \$ 19,686,158 |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
Year Ended September 30, 2011

| | 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 | \$ 3,216,062 | \$ - | \$ 3,216,062 | \$ - |
| Sewer service charges | 2,782,331 | - | 2,782,331 | - |
| Other services | 271,343 | - | 271,343 | - |
| Refuse collection charges | - | 1,473,657 | 1,473,657 | - |
| Federal assistance | - | 260,522 | 260,522 | - |
| State assistance | - | 43,420 | 43,420 | - |
| Rents | 85,685 | - | 85,685 | - |
| Premiums | - | - | - | 1,330,586 |
| | <u>6,355,421</u> | <u>1,777,599</u> | <u>8,133,020</u> | <u>1,330,586</u> |
| Total Operating Revenues | | | | |
| Operating Expenses: | | | | |
| Salaries | 1,105,781 | - | 1,105,781 | - |
| Employee benefits | 403,794 | - | 403,794 | - |
| Insurance | 27,677 | 847 | 28,524 | 237,635 |
| Claims expense | - | - | - | 1,334,007 |
| Office supplies | 3,803 | - | 3,803 | - |
| Operating supplies: | | | | |
| Gas and oil | 94,623 | 23,451 | 118,074 | - |
| Other | 68,193 | - | 68,193 | - |
| Outside services | 770,278 | 1,717,406 | 2,487,684 | 60,131 |
| Repairs and maintenance | 656,033 | 41,451 | 697,484 | - |
| Telephone | 15,553 | - | 15,553 | - |
| Postage | 43,135 | - | 43,135 | - |
| Printing | 17,796 | - | 17,796 | - |
| Utilities | 537,277 | - | 537,277 | - |
| Rentals | 21,531 | - | 21,531 | - |
| Depreciation | 1,240,033 | 58,068 | 1,298,101 | - |

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|--|--|-------------------------------|----------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| Operating Expenses (Continued): | | | | |
| Amortization | 10,198 | - | 10,198 | - |
| Pro rata overhead to General Fund | 144,000 | - | 144,000 | - |
| Other | 27,277 | 2,198 | 29,475 | - |
| Total Operating Expenses | <u>5,186,982</u> | <u>1,843,421</u> | <u>7,030,403</u> | <u>1,631,773</u> |
| Operating Income (Loss) | <u>1,168,439</u> | <u>(65,822)</u> | <u>1,102,617</u> | <u>(301,187)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Interest income | 19,870 | 2,348 | 22,218 | 2 |
| Interest and fiscal charges | (482,853) | (520) | (483,373) | - |
| Total Nonoperating Revenues (Expenses), net | <u>(462,983)</u> | <u>1,828</u> | <u>(461,155)</u> | <u>2</u> |
| Income Before Capital Contributions | 705,456 | (63,994) | 641,462 | (301,185) |
| Capital Contributions and Grants | <u>131,558</u> | <u>-</u> | <u>131,558</u> | <u>-</u> |
| Change in Net Assets | 837,014 | (63,994) | 773,020 | (301,185) |
| Net Assets (Deficit) - Beginning | <u>18,124,721</u> | <u>879,345</u> | <u>19,004,066</u> | <u>(310,846)</u> |
| Net Assets (Deficit) - Ending | <u>\$ 18,961,735</u> | <u>\$ 815,351</u> | <u>\$ 19,777,086</u> | <u>\$ (612,031)</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

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

| | |
|--|-------------------|
| Change in Net Assets - Enterprise Funds | \$ 773,020 |
| Difference: | |
| The internal service fund's change in net assets is included in business-type activities to the extent attributed to business-type activities. | <u>(44,307)</u> |
| Change in Net Assets - Business-Type Activities | <u>\$ 728,713</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2011

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|--|--|-------------------------------|--------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers and users | \$ 6,277,409 | \$ 1,472,829 | \$ 7,750,238 | \$ 266,352 |
| Receipts from interfund services | - | - | - | 1,064,234 |
| Receipts from reinsurance | - | - | - | 320,970 |
| Payments to suppliers | (2,459,277) | (1,773,518) | (4,232,795) | (2,013,039) |
| Payments to employees | (1,358,939) | - | (1,358,939) | - |
| Payments for interfund services | (300,531) | - | (300,531) | - |
| Net Cash Provided (Used) By Operating Activities | <u>2,158,662</u> | <u>(300,689)</u> | <u>1,857,973</u> | <u>(361,483)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Advances to other funds | (78,200) | (121,921) | (200,121) | - |
| Repayments from other funds for advances | 628,620 | - | 628,620 | - |
| Advances from other funds | - | - | - | 363,572 |
| Net Cash Provided (Used) By Noncapital Financing Activities | <u>550,420</u> | <u>(121,921)</u> | <u>428,499</u> | <u>363,572</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of capital assets | (1,844,703) | (2,355) | (1,847,058) | - |
| Capital contributions and grants | 27,043 | - | 27,043 | - |
| Proceeds from notes payable | 1,974,509 | - | 1,974,509 | - |
| Principal paid on revenue bonds | (115,000) | - | (115,000) | - |
| Principal paid on general obligation bonds | (101,437) | - | (101,437) | - |
| Principal paid on capital leases | (16,507) | (20,749) | (37,256) | - |
| Principal paid on notes payable | (974,536) | - | (974,536) | - |
| Interest and fiscal charges paid on debt | (475,483) | (556) | (476,039) | - |
| Net Cash Used By Capital and Related Financing Activities | <u>(1,526,114)</u> | <u>(23,660)</u> | <u>(1,549,774)</u> | <u>-</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

| | 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 | 19,870 | 2,348 | 22,218 | 2 |
| Proceeds from investment maturities | 320,602 | - | 320,602 | - |
| Purchase of investments | <u>(320,602)</u> | <u>-</u> | <u>(320,602)</u> | <u>-</u> |
| Net Cash Provided By Investing Activities | <u>19,870</u> | <u>2,348</u> | <u>22,218</u> | <u>2</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,202,838 | (443,922) | 758,916 | 2,091 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>2,824,920</u> | <u>547,598</u> | <u>3,372,518</u> | <u>161</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 4,027,758</u> | <u>\$ 103,676</u> | <u>\$ 4,131,434</u> | <u>\$ 2,252</u> |
| NON-CASH CAPITAL FINANCING ACTIVITIES: | | | | |
| State loan proceeds receivable | <u>\$ 797,380</u> | <u>\$ -</u> | <u>\$ 797,380</u> | <u>\$ -</u> |
| Capital assets contributed by capital project funds | <u>\$ 104,515</u> | <u>\$ -</u> | <u>\$ 104,515</u> | <u>\$ -</u> |

(Continued)

CITY OF CLINTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2011

| | Enterprise Funds | | | Non-Major Internal Service Fund |
|---|--|-------------------------------|-------------------------|---|
| | Water and Sewer Operations Fund | Garbage Collection Fund | Total | Self-Funded Group Insurance Fund |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 1,168,439 | \$ (65,822) | \$ 1,102,617 | \$ (301,187) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 1,240,033 | 58,068 | 1,298,101 | - |
| Amortization | 10,198 | - | 10,198 | - |
| (Increase) decrease in receivables: | | | | |
| Accounts | (110,704) | - | (110,704) | - |
| Federal assistance | - | (108,258) | (108,258) | - |
| State grants | - | (43,420) | (43,420) | - |
| Claim refunds and reinsurance | - | - | - | 81,816 |
| Due from other funds | - | (153,093) | (153,093) | - |
| Special assessments | 11,439 | - | 11,439 | - |
| Increase (decrease) in payables: | | | | |
| Accounts | (355,811) | 11,836 | (343,975) | - |
| Claims | - | - | - | (142,112) |
| Due to other funds | 179,710 | - | 179,710 | - |
| Customer deposits | 21,253 | - | 21,253 | - |
| Compensated absences | (5,895) | - | (5,895) | - |
| Net Cash Provided (Used) By Operating Activities | <u>\$ 2,158,662</u> | <u>\$ (300,689)</u> | <u>\$ 1,857,973</u> | <u>\$ (361,483)</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2011

| | <u>Unemployment Compensation Benefit Fund</u> |
|---|---|
| <u>ASSETS</u> | |
| Cash | \$ 29,630 |
| Receivables | <u>92</u> |
| Total Assets | 29,722 |
| <u>LIABILITIES</u> | |
| Due to other funds | <u>111</u> |
| <u>NET ASSETS</u> | |
| Held in trust for City employees' unemployment benefits | <u>\$ 29,611</u> |

See accompanying notes to the basic financial statements.

CITY OF CLINTON
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 Year Ended September 30, 2011

| | Unemployment Compensation Benefit Fund |
|------------------------|--|
| ADDITIONS: | |
| Interest | \$ 110 |
| Total Additions | 110 |
| DEDUCTIONS: | |
| Unemployment claims | 19 |
| CHANGE IN NET ASSETS | 91 |
| NET ASSETS - BEGINNING | 29,520 |
| NET ASSETS - ENDING | \$ 29,611 |

See accompanying notes to the basic financial statements.

CITY OF CLINTON

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

(Continued)

Notes to Basic Financial Statements – 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.

PROPRIETARY FUNDS:

Water and Sewer Operations Fund

Accounts for the provision of water and sewer services.

Garbage Collection Fund

Accounts for the provision of refuse collection services.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION – Continued

| <u>Fund</u> | <u>Brief Description</u> |
|--|---|
| Nonmajor Funds: | |
| SPECIAL REVENUE FUNDS: | |
| Tourism Tax Fund | Accounts for revenues from a 2% tax imposed on hotel and motel room rentals within the city limits. These funds must be used to promote tourism and economic development. |
| Katrina CDBG Grant Fund | Accounts for the proceeds of a Federal grant that was used for economic development. |
| Special Law Enforcement Fund | Accounts for law enforcement grants and drug seizure property. The city receives a share of property seized when its policemen participate in a drug seizure. These funds must be used to augment existing law enforcement budgets. |
| DEBT SERVICE FUNDS: | |
| Clinton Parkway Bond and Interest Fund | Accumulates funds for payment of a general obligation bond issue - \$3,100,000 Public Improvement Series 1996 bonds. |
| Infrastructure Bond and Interest Fund | Accumulates funds for payment of general obligation bonds that are anticipated to be issued in 2012 for infrastructure improvements. |
| Hampstead Blvd. Bond and Interest Fund | Accumulates funds for payment of a \$3,431,321 portion of a general obligation bond issue – \$3,870,000 Public Improvement Series 2006 bonds, the remaining portion of which is being paid by the Water and Sewer Operations Fund. |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

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

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

| <u>Fund</u> | <u>Brief Description</u> |
|---|---|
| CAPITAL PROJECT FUNDS: | |
| ARRA - Bridge Replacement Project Fund | Accounts for the proceeds of a Federal grant that was used to replace certain bridges. |
| ARRA - Radio Read Meter Project Fund | Accounts for the proceeds of a Federal grant and loan that was used to implement a radio read water meter system for the Water and Sewer Operations Fund. |
| ARRA – Solid Waste Removal Project Fund | Accounts for the proceeds of a Federal grant that was used to construct a solid waste removal facility for the Water and Sewer Operations Fund. |
| Library Construction Project Fund | Accounts for the proceeds of a bond issue being used for the construction of a library facility. |
| Hampstead Boulevard Construction Project Fund | Accounts for the proceeds of bond issues being used for the construction of street, water and sewer improvements related to a retail development. |
| Parks and Recreation Project Fund | Accounts for the costs incurred for parks and recreation improvements funded by a loan from the Mississippi Development Bank. |
| Northside Corridor Project Fund | Accounts for the proceeds of a Federal grant being used for the construction of street improvements. |

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

PROPRIETARY FUND:

Self-Funded Group
Insurance Fund

This internal service fund accounts for the operations of the City's self-insured group medical plan. Funding is provided by premiums collected from City employees and other City funds.

FIDUCIARY FUND:

Unemployment Compensation
Benefit Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds and the fiduciary fund utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund and fiduciary fund equity is classified as net assets.

Basis of Accounting

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

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

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

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

Interfund Receivables and Payables

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

Receivables

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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

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 Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

Fund Financial Statements

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

Restricted Assets

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

Deferred Charges, Bond Discounts and Refunding Costs

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

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

Long-Term Debt

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES 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.

Equity Classifications

Government-wide Statements

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

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES AND EQUITY - Continued

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 City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the year ended September 30, 2011. In accordance with GASB Statement No. 54, 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.
- c) Committed fund balance – Consists of amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Mayor and Board of Aldermen.
- 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 an official or body to which the Mayor and Board of Aldermen has delegated the authority.
- e) Unassigned fund balance – Consists of the residual fund balance for the General Fund.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

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

Grant Revenues

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

Operating Revenues and Expenses

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

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.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. REVENUES, EXPENDITURES AND EXPENSES – Continued

Interfund Transfers

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

F. ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

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

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

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

(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

B. TAX LEVIES

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

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

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

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

C. DEFICIT FUND EQUITY

The Self-Funded Group Insurance Fund had a deficit fund equity of \$612,031 as of September 30, 2011 because of an increase in medical claims incurred. 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)

Notes to Basic Financial Statements – Continued

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. At September 30, 2011, all of the City's bank deposits (including restricted amounts) were covered under the collateral pool administered by the State Treasurer, with the exception of amounts held in bond trust accounts at an out-of-state bank. These bond trust accounts were insured under the Federal Deposit Insurance Corporation deposit insurance coverage applicable to accounts required by bond indentures.

Investments. During the year ended September 30, 2011, the City invested in U.S. Treasury Bills, which were held by a bank within trust accounts in the City's name. However, no investments were owned at year end.

NOTE 4. RECEIVABLES AND UNEARNED REVENUE

Receivables at September 30, 2011 consisted of the following:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| Water, sewer and garbage collection charges | \$ - | \$1,394,632 | \$ 1,394,632 |
| Special assessments: | | | |
| Due within one year | 27,037 | 4,429 | 31,466 |
| Due in more than one year | 432,601 | 157,382 | 589,983 |
| Property taxes | 6,088,608 | - | 6,088,608 |
| Sales and tourism taxes | 674,122 | - | 674,122 |
| Franchise charges | 188,532 | - | 188,532 |
| Federal assistance | 345,598 | 108,258 | 453,856 |
| State assistance | 21,374 | 840,800 | 862,174 |
| Other | 106,945 | - | 106,945 |
| | <u>7,884,817</u> | <u>2,505,501</u> | <u>10,390,318</u> |
| Allowance for uncollectible amounts | - | (349,774) | (349,774) |
| Net receivables | <u>\$7,884,817</u> | <u>\$2,155,727</u> | <u>\$10,040,544</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 4. RECEIVABLES AND UNEARNED REVENUE - Continued

In addition, unearned revenue, the majority of which is related to the receivables, consisted of the following at September 30, 2011:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------|
| Unearned property taxes, levied for use in the subsequent year | \$5,974,812 | \$ - | \$5,974,812 |
| Unearned grant revenue | <u>62,407</u> | <u>-</u> | <u>62,407</u> |
| | <u>\$6,037,219</u> | <u>\$ -</u> | <u>\$6,037,219</u> |

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|-----------------------|---------------------|---------------------------|
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land: | | | | |
| Right-of-way | \$ 6,245,374 | \$ 311,175 | \$ - | \$ 6,556,549 |
| Other land | 1,213,550 | - | - | 1,213,550 |
| Construction in progress | <u>426,085</u> | <u>644,422</u> | <u>(350,991)</u> | <u>719,516</u> |
| Total not being depreciated | <u>7,885,009</u> | <u>955,597</u> | <u>(350,991)</u> | <u>8,489,615</u> |
| Other capital assets: | | | | |
| Buildings | 17,009,173 | 525 | - | 17,009,698 |
| Other improvements | 10,154,195 | 67,603 | - | 10,221,798 |
| Equipment and vehicles | 7,981,781 | 269,569 | (67,094) | 8,184,256 |
| Infrastructure | <u>65,963,013</u> | <u>196,186</u> | <u>-</u> | <u>66,159,199</u> |
| | <u>101,108,162</u> | <u>533,883</u> | <u>(67,094)</u> | <u>101,574,951</u> |
| Accumulated depreciation: | | | | |
| Buildings | 2,899,287 | 464,500 | - | 3,363,787 |
| Other improvements | 5,154,070 | 387,495 | - | 5,541,565 |
| Equipment and vehicles | 5,732,670 | 490,619 | (66,812) | 6,156,477 |
| Infrastructure | <u>22,610,362</u> | <u>2,975,602</u> | <u>-</u> | <u>25,585,964</u> |
| | <u>36,396,389</u> | <u>4,318,216</u> | <u>(66,812)</u> | <u>40,647,793</u> |
| Net other capital assets | <u>64,711,773</u> | <u>(3,784,333)</u> | <u>(282)</u> | <u>60,927,158</u> |
| Capital assets, net | <u>\$ 72,596,782</u> | <u>\$ (2,828,736)</u> | <u>\$ (351,273)</u> | <u>\$ 69,416,773</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 5. CAPITAL ASSETS – Continued

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-----------------------|---------------------|
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 177,512 | \$ - | \$ - | \$ 177,512 |
| Construction in progress | 5,186,291 | 1,139,924 | (6,320,001) | 6,214 |
| Certificate of authority | 800,000 | - | - | 800,000 |
| Total not being depreciated | <u>6,163,803</u> | <u>1,139,924</u> | <u>(6,320,001)</u> | <u>983,726</u> |
| Other capital assets: | | | | |
| Water and sewer systems and improvements | 42,691,435 | 7,056,448 | - | 49,747,883 |
| Buildings | 272,380 | 25,724 | - | 298,104 |
| Equipment and vehicles | 2,342,685 | 49,478 | - | 2,392,163 |
| | <u>45,306,500</u> | <u>7,131,650</u> | <u>-</u> | <u>52,438,150</u> |
| Accumulated depreciation: | | | | |
| Water and sewer systems and improvements | 17,819,318 | 1,155,368 | - | 18,974,686 |
| Buildings | 85,880 | 12,022 | - | 97,902 |
| Equipment and vehicles | 1,826,588 | 130,711 | - | 1,957,299 |
| | <u>19,731,786</u> | <u>1,298,101</u> | <u>-</u> | <u>21,029,887</u> |
| Net other capital assets | <u>25,574,714</u> | <u>5,833,549</u> | <u>-</u> | <u>31,408,263</u> |
| Capital assets, net | <u>\$31,738,517</u> | <u>\$ 6,973,473</u> | <u>\$ (6,320,001)</u> | <u>\$32,391,989</u> |

Depreciation expense was charged to functions as follows:

| | |
|---------------------------|--------------------|
| Governmental activities: | |
| General government | \$ 26,747 |
| Public safety | 326,118 |
| Public works | 3,084,226 |
| Culture and recreation | 881,125 |
| | <u>\$4,318,216</u> |
| Business-type activities: | |
| Water | \$ 400,566 |
| Sewer | 839,467 |
| Garbage collection | 58,068 |
| | <u>\$1,298,101</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, 2011 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>Nonmajor Internal Service Fund</u> | <u>Unemployment Compensation Benefit Fund</u> | |
| General Fund | \$ - | \$ 51,717 | \$ 207,431 | \$ 312,800 | \$ 111 | \$ 572,059 |
| Water and Sewer Operations Fund | - | - | - | 78,200 | - | 78,200 |
| Garbage Collection Fund | 152,264 | - | 125,386 | 125,072 | - | 402,722 |
| Nonmajor Governmental Funds | 167,550 | - | 4,627 | - | - | 172,177 |
| Total | <u>\$ 319,814</u> | <u>\$ 51,717</u> | <u>\$ 337,444</u> | <u>\$ 516,072</u> | <u>\$ 111</u> | <u>\$ 1,225,158</u> |

The majority of interfund transfers were to fund debt service. Interfund transfers during the year ended September 30, 2011 were as follows:

| <u>Transfer To</u> | <u>Transfer From</u> | | |
|-----------------------------|----------------------|------------------------------------|----------------|
| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
| General Fund | \$ - | \$ 1,444 | \$ 1,444 |
| Nonmajor Governmental Funds | 146,177 | 29,173 | 175,350 |
| Total | <u>\$ 146,177</u> | <u>\$ 30,617</u> | <u>176,794</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 7. ACCOUNTS PAYABLE

Accounts payable at September 30, 2011 consisted of the following:

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|--|------------------------------------|--|--------------------|
| Accounts payable to vendors | \$ 327,010 | \$ 290,760 | \$ 617,770 |
| Cash bonds and evidence held | 169,231 | - | 169,231 |
| Payroll withholdings and employee benefits | <u>213,042</u> | <u>-</u> | <u>213,042</u> |
| Total | <u>\$ 709,283</u> | <u>\$ 290,760</u> | <u>\$1,000,043</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, 2011, 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 \$137,430 to \$252,694 through July 1, 2026; interest varies from 4.0% to 5.625%. \$ 2,846,134

\$8,000,000 Public Improvement – Series 2008 serial bonds dated September 1, 2008; due in annual installments of \$285,000 to \$585,000 through September 1, 2028; interest varies from 3.5% to 4.0%. 7,215,000
10,061,134

Tax Increment Limited Obligation Bonds:

\$465,000 Land Improvement – Series 1996 serial bonds dated March 1, 1996; due in annual installments of \$35,000 to \$40,000 through March 1, 2016; interest varies from 5.3% to 5.7%. 190,000

\$1,200,000 Land Improvement – Series 2000 serial bonds dated April 1, 2000; due in annual installments of \$65,000 to \$105,000 through April 1, 2020; interest varies from 5.7% to 6.25%. 740,000

\$250,000 Land Improvement – Series 2004 serial bonds dated February 1, 2004; due in annual installments of \$17,000 to \$20,000 through March 1, 2019; interest at 4.25%. 148,500

\$485,000 Land Improvement – Series 2007 serial bonds dated March 15, 2007; due in annual installments of \$35,000 to \$50,000 through March 15, 2019; interest at 4.8%. 350,000
1,428,500

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

Notes Payable:

\$1,000,000 loan payable to the Mississippi Development Authority; monthly installments of \$7,272, including interest at 3.75%, with the final payment due March 1, 2013; secured by the City's share of sales tax collected by the State. 120,207

\$212,747 loan payable to the Mississippi Development Authority; monthly installments of \$1,469, including interest at 3%, with the final payment due October 1, 2013; secured by the City's share of sales tax collected by the State. 34,184

\$7,750,000 loan payable to the Mississippi Development Bank; principal due in annual installments of \$310,000 to \$690,000 through November 1, 2024; interest varies from 3.375% to 4.500% and is payable semiannually; secured by the City's share of sales tax collected by the State. 6,705,000
6,859,391

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. 143,082

\$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%; with a balloon payment of \$30,900 at the September, 2013 maturity date. 45,587

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

A. GOVERNMENTAL ACTIVITIES DEBT – Continued

| | |
|---|---------------------------------|
| \$19,568 equipment lease dated May 12, 2009; monthly payments of \$571, including interest at 3.23%; final payment due March 12, 2012. | 3,953 |
| \$18,945 equipment lease dated May 12, 2009; monthly payments of \$553, including interest at 3.23%; final payment due March 12, 2012. | 3,827 |
| \$19,266 equipment lease dated April 15, 2009; monthly payments of \$562, including interest at 3.23%; final payment due April 15, 2012. | 3,894 |
| \$105,585 equipment lease dated June 16, 2009; monthly payments of \$3,080, including interest at 3.20%; final payment due June 16, 2012. | 27,353 |
| \$23,893 equipment lease dated July 1, 2009; monthly payments of \$697, including interest at 3.19%; final payment due July 1, 2012. | 6,867 |
| \$437,082 equipment lease dated September 15, 2009; monthly payments of \$4,402, including interest at 3.89%; final payment due September 15, 2019. | 362,693 |
| \$105,390 equipment lease dated May 17, 2011; monthly payments of \$3,052, including interest at 2.73%; final payment due May 17, 2014. | 94,101 |
| \$17,291 equipment lease dated May 3, 2011; monthly payments of \$477, including interest at 2.92%; final payment due July 3, 2014. | <u>15,545</u> <u>706,902</u> |
| Total Governmental Activities Long-Term Debt | <u>\$19,055,927</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT

As of September 30, 2011, the long-term debt principal payable from business-type activities consisted of the following:

General Obligation Bonds:

\$1,600,000 Water Improvement – Series 1998 serial bonds dated March 1, 1998; due in annual installments of \$90,000 to \$120,000 through March 1, 2018; interest varies from 4.7% to 4.8%. \$ 755,000

\$438,679 portion of Public Improvement Series 2006 serial bonds dated July 1, 2006; due in annual installments of \$17,570 to \$32,306 through July 1, 2026; interest varies from 4% to 5.625%. 363,865
1,118,865

Revenue Bonds:

\$1,440,000 Sewer System Revenue Refunding – Series 1995 serial bonds dated December 1, 1995; due in annual installments of \$120,000 to \$135,000 through October 1, 2013; interest varies from 5.65% to 5.75%; secured by Water and Sewer Operations Fund revenues. 380,000

Notes Payable:

\$1,705,144 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$10,872, including interest at 4.5%; secured by the City's share of sales tax collected by the State; final payment due April 1, 2015. 431,005

\$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. 6,506,338

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

B. BUSINESS-TYPE ACTIVITIES DEBT - Continued

| | |
|---|-----------|
| \$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. | 815,293 |
| \$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. | 370,365 |
| \$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. | 190,011 |
| \$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. | 365,665 |
| \$3,719,450 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$19,142, including interest at 2%; secured by the City's share of sales tax collected by the State; final payment due November 1, 2026. | 3,002,900 |
| \$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. | 1,838,199 |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT – Continued

B. BUSINESS-TYPE ACTIVITIES DEBT – Continued

| | |
|---|-------------------------------------|
| \$2,217,778 loan payable to the Mississippi Department of Environmental Quality; monthly installments of \$11,075, including interest at 1.75%, secured by the City's share of sales tax collected by the State; final payment due February 1, 2031. | 2,186,349 |
| \$1,000,000 maximum loan available from the Mississippi Development Authority with \$797,380 proceeds utilized; 240 monthly installments of \$4,035 (based on proceeds utilized), including interest at 2.00%, beginning May, 2012; secured by the City's share of sales tax collected by the State; final payment due April, 2032. | <u>797,380</u> <u>16,503,505</u> |
| Capital Lease Obligations: | |
| \$69,761 equipment lease dated May 15, 2007; monthly payments of \$872, including interest at 4.26%, with a balloon payment of \$28,180 at the June, 2012 maturity date. | 34,163 |
| \$69,160 equipment lease dated August 15, 2008; monthly payments of \$773, including interest at 3.17%, with a balloon payment of \$30,900 at the September, 2013 maturity date. | 45,587 |
| \$112,660 equipment lease dated October 15, 2005; monthly payments of \$1,775, including interest at 4.25%; final payment due October 15, 2011. | <u>1,769</u> <u>81,519</u> |
| Unamortized bond refunding cost and bond discount | <u>(18,304)</u> |
| Total Business-Type Activities Long-Term Debt | <u>\$18,065,585</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

C. DEBT SERVICE REQUIREMENTS

The future debt service requirements for all notes and bonds outstanding as of September 30, 2011, are as follows:

| GOVERNMENTAL ACTIVITIES: FISCAL YEAR(S) | General Obligation Bonds | | Notes Payable | | Limited Obligation Bonds | | Totals |
|---|--------------------------|---------------------|---------------------|---------------------|--------------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2012 | \$ 422,430 | \$ 404,633 | \$ 431,032 | \$ 262,860 | \$ 152,000 | \$ 78,231 | \$ 1,751,186 |
| 2013 | 441,863 | 385,503 | 398,359 | 244,958 | 162,000 | 70,269 | 1,702,952 |
| 2014 | 466,297 | 365,523 | 360,000 | 231,005 | 168,500 | 61,676 | 1,653,001 |
| 2015 | 490,163 | 344,494 | 380,000 | 218,375 | 179,000 | 52,640 | 1,664,672 |
| 2016 | 509,030 | 324,449 | 400,000 | 204,620 | 184,000 | 42,932 | 1,665,031 |
| 2017-2021 | 2,915,979 | 1,309,265 | 2,365,000 | 777,092 | 583,000 | 80,192 | 8,030,528 |
| 2022-2026 | 3,660,372 | 683,146 | 2,525,000 | 223,068 | - | - | 7,091,586 |
| 2027-2028 | 1,155,000 | 69,600 | - | - | - | - | 1,224,600 |
| | <u>\$ 10,061,134</u> | <u>\$ 3,886,613</u> | <u>\$ 6,859,391</u> | <u>\$ 2,161,978</u> | <u>\$ 1,428,500</u> | <u>\$ 385,940</u> | <u>\$ 24,783,556</u> |

| BUSINESS-TYPE ACTIVITIES: FISCAL YEAR(S) | General Obligation Bonds | | Notes Payable | | Revenue Bonds | | Totals |
|--|--------------------------|-------------------|----------------------|---------------------|-------------------|------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2012 | \$ 107,570 | \$ 49,476 | \$ 1,148,216 | \$ 393,902 | \$ 120,000 | \$ 18,278 | \$ 1,837,442 |
| 2013 | 113,137 | 44,116 | 1,191,722 | 366,537 | 125,000 | 11,325 | 1,851,837 |
| 2014 | 123,703 | 38,320 | 1,225,376 | 332,882 | 135,000 | 3,881 | 1,859,162 |
| 2015 | 129,837 | 32,108 | 1,205,290 | 298,611 | - | - | 1,665,846 |
| 2016 | 135,970 | 25,865 | 1,160,056 | 267,739 | - | - | 1,589,630 |
| 2017-2021 | 359,021 | 56,181 | 6,276,728 | 862,448 | - | - | 7,554,378 |
| 2022-2026 | 149,627 | 18,454 | 2,988,805 | 263,245 | - | - | 3,420,131 |
| 2027-2031 | - | - | 1,291,238 | 55,346 | - | - | 1,346,584 |
| 2032 | - | - | 16,074 | 66 | - | - | 16,140 |
| | <u>\$ 1,118,865</u> | <u>\$ 264,520</u> | <u>\$ 16,503,505</u> | <u>\$ 2,840,776</u> | <u>\$ 380,000</u> | <u>\$ 33,484</u> | <u>\$ 21,141,150</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, 2011, are as follows:

| <u>Fiscal Year(s)</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| 2012 | \$ 197,166 | \$ 46,212 |
| 2013 | 180,037 | 38,633 |
| 2014 | 128,240 | - |
| 2015 | 64,385 | - |
| 2016 | 52,829 | - |
| 2017-2019 | <u>158,487</u> | <u>-</u> |
| Total minimum lease payments | 781,144 | 84,845 |
| Less amount representing interest | <u>(74,242)</u> | <u>(3,326)</u> |
| Present value of future minimum lease payments | <u>\$ 706,902</u> | <u>\$ 81,519</u> |

The following is an analysis of equipment leased under capital leases as of September 30, 2011:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--------------------------|------------------------------------|-------------------------------------|
| Equipment cost | \$1,217,277 | \$ 251,581 |
| Accumulated depreciation | <u>(487,659)</u> | <u>(187,754)</u> |
| Carrying Value | <u>\$ 729,618</u> | <u>\$ 63,827</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2011, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------------|--------------------|----------------------|---------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| General obligation bonds | \$10,759,698 | \$ - | \$ (698,564) | \$10,061,134 | \$ 422,430 |
| Notes payable | 7,266,217 | - | (406,826) | 6,859,391 | 431,032 |
| Limited obligation bonds | 1,569,500 | - | (141,000) | 1,428,500 | 152,000 |
| Capital lease obligations | 823,658 | 122,681 | (239,437) | 706,902 | 175,665 |
| | 20,419,073 | 122,681 | (1,485,827) | 19,055,927 | 1,181,127 |
| Compensated absences | 557,160 | 279,896 | (263,261) | 573,795 | 300,000 |
| Net pension obligation | 854,957 | 210,873 | (185,900) | 879,930 | - |
| | <u>\$21,831,190</u> | <u>\$ 613,450</u> | <u>\$(1,934,988)</u> | <u>\$20,509,652</u> | <u>\$1,481,127</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| General obligation bonds | \$ 1,220,302 | \$ - | \$ (101,437) | \$ 1,118,865 | \$ 107,570 |
| Notes payable | 15,771,033 | 1,707,008 | (974,536) | 16,503,505 | 1,148,216 |
| Revenue bonds | 495,000 | - | (115,000) | 380,000 | 120,000 |
| Capital lease obligations | 118,775 | - | (37,256) | 81,519 | 43,881 |
| Unamortized bond refunding cost and bond discount | (27,454) | - | 9,150 | (18,304) | - |
| | 17,577,656 | 1,707,008 | (1,219,079) | 18,065,585 | 1,419,667 |
| Compensated absences | 85,184 | 58,215 | (64,110) | 79,289 | 56,500 |
| | <u>\$17,662,840</u> | <u>\$1,765,223</u> | <u>\$(1,283,189)</u> | <u>\$18,144,874</u> | <u>\$1,476,167</u> |

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

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

D. CHANGES IN LONG-TERM LIABILITIES -Continued

Interest and fiscal charges incurred on long-term debt during the year ended September 30, 2011 were as follows:

| | |
|---------------------------|--------------------|
| Governmental activities | <u>\$ 845,542</u> |
| Business-type activities: | |
| Water | 159,404 |
| Sewer | 314,299 |
| Garbage collection | <u>520</u> |
| | <u>474,223</u> |
| | <u>\$1,319,765</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 \$4,065,484 during the current year and made current year principal and interest payments on the notes payable to the State totaling \$2,056,420, which was approximately 51% of the pledged revenue. As of September 30, 2011, the future principal and interest requirements for the notes payable totaled \$28,365,650, and the maturity dates of the notes payable extend through April, 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 \$175,350, and the City also received \$54,864 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 \$226,511, which was approximately 98% of the pledged revenues. As of September 30, 2011, the future principal and interest requirements for the bonds totaled \$1,814,440, and the maturity dates extend through April, 2020.

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 8. LONG-TERM DEBT - Continued

E. REVENUE PLEDGED TO SECURE DEBT - Continued

The City has pledged Water and Sewer Operations Fund revenues, net of operating expenses, to repay revenue bonds issued for a utility improvement project. The Water and Sewer Operations Fund had operating income of \$1,168,439 in the current year, and the current year principal and interest payments made by the City on the revenue bonds totaled \$139,887, which was approximately 12% of the pledged net revenues. As of September 30, 2011, the future principal and interest requirements for the revenue bonds totaled \$413,484, and the maturity dates extend through October, 2013.

NOTE 9. LEASE RENTAL REVENUE

The City receives annual lease payments of \$10,100 for industrial plant property. The lease automatically renews every ten years through the year 2067, unless terminated by the lessee. At the end of the lease, the lessee may purchase the property from the City at a reasonable market value at that time (excluding the value of improvements previously made by the lessee). The leased property's remaining undepreciated cost as of September 30, 2011 was as follows:

| | |
|--------------------------|------------------------------------|
| | <u>Governmental Activities</u> |
| Property cost | \$ 955,000 |
| Accumulated depreciation | <u>(831,500)</u> |
| Carrying value | <u>\$ 123,500</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> |
|--------------------|------------------------------------|-------------------------------------|
| 2012 | \$ 10,100 | \$ 71,448 |
| 2013 | 10,100 | 35,241 |
| 2014 | 10,100 | - |
| 2015 | 10,100 | - |
| 2016 | 10,100 | - |
| 2017-2018 | <u>20,200</u> | <u>-</u> |
| | <u>\$ 70,700</u> | <u>\$ 106,689</u> |

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 10. OPERATING LEASE OBLIGATIONS

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

| <u>Fiscal Year(s)</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---------------------------------|------------------------------------|-------------------------------------|
| 2012 | \$ 81,122 | \$ 13,530 |
| 2013 | 50,855 | 13,530 |
| 2014 | 50,425 | 13,530 |
| 2015 | 48,969 | 13,530 |
| 2016 | 48,581 | 13,530 |
| 2017-2021 | 242,904 | 67,650 |
| 2022-2026 | 225,805 | 54,850 |
| 2027-2031 | 179,344 | 42,950 |
| 2032-2033 | <u>18,500</u> | <u>11,960</u> |
| Total minimum lease payments | <u>\$ 946,505</u> | <u>\$ 245,060</u> |

Rent expense during the year ended September 30, 2011 for all operating leases was as follows:

| | |
|--------------------------|-------------------|
| Governmental activities | \$ 128,078 |
| Business-type activities | <u>21,531</u> |
| | <u>\$ 149,609</u> |

NOTE 11. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Deferred Compensation Plan

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

(Continued)

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

A. Deferred Compensation Plan - Continued

Funding Policy. Plan contributions by City employees are optional, and are limited by the Internal Revenue Code. City employees contributed approximately \$76,000 to the plan for the year ended September 30, 2011. The City does not make any contributions to the plan.

B. Public Employees' Retirement System

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

Funding Policy: PERS members are currently required to contribute 9% of their annual covered salary, and the City of Clinton is required to contribute at an actuarially-determined rate. The current City of Clinton contribution rate is 12% of the annual covered payroll through December 31, 2011 and 12.93% 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, 2011, 2010, and 2009 were \$1,468,397, \$1,347,257, and \$1,335,463, 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, 2011, CDRF members contributed 8% of their annual covered salary, and the City of Clinton contributed the avails of a 0.99 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, | | |
|--|---------------------|--------------------|-------------------|
| | 2010 | 2009 | 2008 |
| Actuarial Value of Plan Assets | \$ 8,082,000 | \$8,617,000 | \$ 8,944,000 |
| Actuarial Accrued Liability | <u>9,999,000</u> | <u>9,928,000</u> | <u>9,685,000</u> |
| Unfunded Actuarial Liability | <u>\$ 1,917,000</u> | <u>\$1,311,000</u> | <u>\$ 741,000</u> |
| Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability | 80.8% | 86.8% | 92.3% |
| Annual Covered Payroll | \$ 320,000 | \$ 314,000 | \$ 307,000 |
| Ratio of Unfunded Actuarial Accrued Liability to Annual Covered Payroll | 599.1% | 417.5% | 241.4% |

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

| Fiscal Year Ended | September 30, | | |
|---|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2009 |
| Annual required employer contribution | \$ 223,679 | \$ 176,137 | \$ 120,608 |
| Interest on net pension obligation | 68,397 | 62,986 | 65,481 |
| Adjustment to annual required contribution | <u>(81,202)</u> | <u>(73,756)</u> | <u>(75,718)</u> |
| Annual pension cost | 210,874 | 165,367 | 110,371 |
| Actual employer contribution | <u>(185,901)</u> | <u>(97,731)</u> | <u>(141,558)</u> |
| Change in net pension obligation | 24,973 | 67,636 | (31,187) |
| Beginning net pension obligation | <u>854,957</u> | <u>787,321</u> | <u>818,508</u> |
| Ending net pension obligation | <u>\$ 879,930</u> | <u>\$ 854,957</u> | <u>\$ 787,321</u> |
| Percentage of annual pension cost contributed | 88.16% | 59.10% | 128.26% |

(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, 2011 was determined as part of the September 30, 2010 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, 2010 was 24 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. Except for the medical self-insurance plan stop-loss coverage discussed below, 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, 2011.

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 \$449 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. However, the stop-loss coverage for a certain individual was set at \$180,000 (rather than \$60,000) in the previous policy year. The aggregate stop-loss coverage attachment point for the current policy year (which began August 1, 2011) is approximately \$1,856,000, while the previous policy year had an aggregate stop-loss coverage attachment point of approximately \$1,250,000. The stop-loss coverage amounts apply to claims incurred during the policy period that are paid up to three months after the policy period.

The costs associated with the medical self-insurance plan are reported as interfund transactions and are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Enterprise Funds. The liabilities reported are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on complex factors, the process used in computing

(Continued)

Notes to Basic Financial Statements – Continued

NOTE 14. RISK MANAGEMENT – Continued

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

| | <u>Year Ended September 30,</u> | |
|---|---------------------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Claims liability, October 1 | \$ 339,652 | \$ 125,025 |
| Current year claims and changes in estimates | 1,334,007 | 1,175,190 |
| Claims paid in current year | <u>(1,476,119)</u> | <u>(960,563)</u> |
| Claims liability, September 30 | <u>\$ 197,540</u> | <u>\$ 339,652</u> |

NOTE 15. SUBSEQUENT EVENTS

The City has expressed its intent to issue general obligation bonds totaling \$4.25 million for various improvements to municipal buildings and infrastructure, and the anticipated repayment term for the bonds is twenty years.

In addition, the City has approved the purchase of a \$443 thousand fire department pumper truck to be financed over ten years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis, See Note A) | Variance with Final Budget - Over (Under) |
|---|---------------------|---------------------|--|---|
| | Original | Final | | |
| AVAILABLE | | | | |
| Licenses and permits | \$ 883,800 | \$ 928,500 | \$ 916,381 | \$ (12,119) |
| State grants | 275,928 | 360,928 | 297,834 | (63,094) |
| State shared revenues | 4,159,500 | 4,311,900 | 4,418,152 | 106,252 |
| Local grants | 85,000 | 86,900 | 46,159 | (40,741) |
| Federal grants | 86,000 | 238,000 | 208,375 | (29,625) |
| Charges for services | 77,350 | 93,900 | 113,933 | 20,033 |
| Fines and forfeitures | 450,000 | 513,700 | 505,174 | (8,526) |
| Interest earned | 20,000 | 6,000 | 6,445 | 445 |
| Miscellaneous | 155,000 | 410,090 | 411,599 | 1,509 |
| Total receipts, other than taxes | 6,192,578 | 6,949,918 | 6,924,052 | (25,866) |
| Beginning fund balance | 196,991 | 415,018 | 415,018 | - |
| Total available, other than taxes | 6,389,569 | 7,364,936 | 7,339,070 | (25,866) |
| Ad valorem taxes to be provided by levy | 6,278,414 | 6,174,314 | 6,148,312 | (26,002) |
| Total Available From All Sources | <u>\$12,667,983</u> | <u>\$13,539,250</u> | <u>\$ 13,487,382</u> | <u>\$ (51,868)</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Elected officials: | | | | |
| Personal services | \$ 286,081 | \$ 285,081 | \$ 284,766 | \$ (315) |
| Supplies | 10,000 | 5,800 | 4,799 | (1,001) |
| Other services and charges | 34,845 | 60,045 | 55,514 | (4,531) |
| Total elected officials | <u>330,926</u> | <u>350,926</u> | <u>345,079</u> | <u>(5,847)</u> |
| Court services: | | | | |
| Personal services | 209,734 | 205,034 | 193,219 | (11,815) |
| Supplies | 6,300 | 6,300 | 2,166 | (4,134) |
| Other services and charges | 56,640 | 69,440 | 61,334 | (8,106) |
| Total court services | <u>272,674</u> | <u>280,774</u> | <u>256,719</u> | <u>(24,055)</u> |
| Administration: | | | | |
| Personal services | 297,630 | 289,602 | 287,478 | (2,124) |
| Supplies | 19,300 | 19,300 | 12,164 | (7,136) |
| Other services and charges | 171,023 | 172,123 | 165,716 | (6,407) |
| Capital outlay | - | 32,200 | 32,153 | (47) |
| Total administration | <u>487,953</u> | <u>513,225</u> | <u>497,511</u> | <u>(15,714)</u> |
| Community development: | | | | |
| Personal services | 172,640 | 173,440 | 173,438 | (2) |
| Supplies | 11,200 | 10,400 | 9,903 | (497) |
| Other services and charges | 38,240 | 82,440 | 82,401 | (39) |
| Debt service | 6,747 | 6,747 | 6,717 | (30) |
| Total community development | <u>228,827</u> | <u>273,027</u> | <u>272,459</u> | <u>(568)</u> |
| Total General Government | <u>1,320,380</u> | <u>1,417,952</u> | <u>1,371,768</u> | <u>(46,184)</u> |

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2011

| | 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 | 3,040,764 | 3,124,964 | 3,111,266 | (13,698) |
| Supplies | 214,202 | 378,064 | 383,007 | 4,943 |
| Other services and charges | 199,011 | 253,011 | 258,780 | 5,769 |
| Capital outlay | - | 105,390 | 105,390 | - |
| Debt service | 42,761 | 52,000 | 54,970 | 2,970 |
| Total law enforcement | <u>3,496,738</u> | <u>3,913,429</u> | <u>3,913,413</u> | <u>(16)</u> |
| Fire protection: | | | | |
| Personal services | 2,757,199 | 2,770,799 | 2,740,022 | (30,777) |
| Supplies | 151,700 | 199,862 | 200,078 | 216 |
| Other services and charges | 200,184 | 202,784 | 202,595 | (189) |
| Debt service | 284,086 | 289,000 | 288,489 | (511) |
| Total fire protection | <u>3,393,169</u> | <u>3,462,445</u> | <u>3,431,184</u> | <u>(31,261)</u> |
| Inspection: | | | | |
| Personal services | 95,610 | 95,610 | 95,535 | (75) |
| Supplies | 11,150 | 11,150 | 5,768 | (5,382) |
| Other services and charges | 11,614 | 11,614 | 7,413 | (4,201) |
| Total inspection | <u>118,374</u> | <u>118,374</u> | <u>108,716</u> | <u>(9,658)</u> |
| Total Public Safety | <u>7,008,281</u> | <u>7,494,248</u> | <u>7,453,313</u> | <u>(40,935)</u> |
| Street: | | | | |
| Personal services | 1,023,560 | 939,560 | 938,817 | (743) |
| Supplies | 210,750 | 321,950 | 321,703 | (247) |
| Other services and charges | 490,795 | 596,795 | 596,764 | (31) |
| Capital outlay | 223,000 | 202,000 | 196,298 | (5,702) |
| Debt service | 110,909 | 110,909 | 110,311 | (598) |
| Total Street | <u>2,059,014</u> | <u>2,171,214</u> | <u>2,163,893</u> | <u>(7,321)</u> |

(Continued)

CITY OF CLINTON
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - CONTINUED
Year Ended September 30, 2011

| | 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 | 846,059 | 784,599 | 783,956 | (643) |
| Supplies | 154,880 | 259,730 | 259,691 | (39) |
| Other services and charges | 182,554 | 210,159 | 211,464 | 1,305 |
| Capital outlay | - | 77,300 | 76,175 | (1,125) |
| Debt service | 500,152 | 500,152 | 498,630 | (1,522) |
| Total Parks and Recreation | <u>1,683,645</u> | <u>1,831,940</u> | <u>1,829,916</u> | <u>(2,024)</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> |
| Library: | | | | |
| Supplies | - | 12,000 | 11,251 | (749) |
| Other services and charges | - | 23,300 | 23,219 | (81) |
| Capital outlay | - | 14,800 | 14,773 | (27) |
| Total Library | <u>-</u> | <u>50,100</u> | <u>49,243</u> | <u>(857)</u> |
| Economic development: | | | | |
| Personal services | 48,951 | 48,951 | 48,654 | (297) |
| Supplies | 2,175 | 2,175 | 1,638 | (537) |
| Other services and charges | 132,782 | 132,782 | 116,511 | (16,271) |
| Total Economic Development | <u>183,908</u> | <u>183,908</u> | <u>166,803</u> | <u>(17,105)</u> |
| Main Street: | | | | |
| Personal services | 54,417 | 54,417 | 54,403 | (14) |
| Supplies | 5,200 | 5,200 | 3,139 | (2,061) |
| Other services and charges | 10,500 | 10,500 | 8,648 | (1,852) |
| Total Main Street | <u>70,117</u> | <u>70,117</u> | <u>66,190</u> | <u>(3,927)</u> |
| Transfers and other charges | 146,477 | 146,477 | 146,252 | (225) |
| Total expenditures | 12,491,822 | 13,385,956 | 13,267,378 | (118,578) |
| Ending fund balance | 176,161 | 153,294 | 220,004 | 66,710 |
| Total Expenditures and Ending Fund Balance | <u>\$12,667,983</u> | <u>\$13,539,250</u> | <u>\$ 13,487,382</u> | <u>\$ (51,868)</u> |

CITY OF CLINTON
 GENERAL FUND
 NOTE TO BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

NOTE A. Budgetary Basis Reconciliation

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

| | |
|--|----------------------|
| Available - Budgetary Comparison Schedule | \$ 13,487,382 |
| Differences: | |
| GAAP basis receivables are reflected as budgetary basis available in the year received | 251,500 |
| Overhead reimbursements from other funds are included in budgetary basis available. | (144,000) |
| Other financing sources are included in budgetary basis available | (138,276) |
| Beginning fund balance is included in budgetary basis available | <u>(415,018)</u> |
| Revenues - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ 13,041,588</u> |
| | |
| Expenditures - Budgetary Comparison Schedule | \$ 13,267,378 |
| 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. | 148,050 |
| Overhead reimbursements from other funds are included in budgetary basis available. | (144,000) |
| Other financing uses are included in budgetary basis expenditures | <u>(146,177)</u> |
| Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ 13,125,251</u> |
| | |
| Other Financing Sources (Uses) - Budgetary Comparison Schedule | \$ - |
| Differences: | |
| Other financing sources are included in budgetary basis available | 138,276 |
| Other financing uses are included in budgetary basis expenditures | <u>(146,177)</u> |
| Other Financing Sources (Uses) - Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ (7,901)</u> |

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENT FUNDS
September 30, 2011

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|--------------------------|-----------------------------|--|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 180,591 | \$ 722,692 | \$ 448,388 | \$ 1,351,671 |
| Receivables: | | | | |
| Property taxes | - | 909,631 | - | 909,631 |
| Tourism tax | 20,657 | - | - | 20,657 |
| Federal assistance | - | - | 68,479 | 68,479 |
| Special assessments | - | 459,638 | - | 459,638 |
| Due from other funds | - | 32,849 | 139,328 | 172,177 |
| Total Assets | <u>\$201,248</u> | <u>\$2,124,810</u> | <u>\$ 656,195</u> | <u>\$ 2,982,253</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 3,162 | \$ 3,577 | \$ 15,519 | \$ 22,258 |
| Unearned property taxes | - | 891,441 | - | 891,441 |
| Unearned grant revenue | 54,132 | - | - | 54,132 |
| Unavailable special assessments | - | 459,638 | - | 459,638 |
| Due to other funds | 35,784 | 1,765 | 14,168 | 51,717 |
| Total Liabilities | <u>93,078</u> | <u>1,356,421</u> | <u>29,687</u> | <u>1,479,186</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Economic development | 91,237 | - | - | 91,237 |
| Debt service | - | 756,744 | - | 756,744 |
| Capital outlay | 16,933 | - | 626,508 | 643,441 |
| Assigned to debt service | - | 12,090 | - | 12,090 |
| Unassigned | - | (445) | - | (445) |
| Total Fund Balance | <u>108,170</u> | <u>768,389</u> | <u>626,508</u> | <u>1,503,067</u> |
| Total Liabilities and Fund Balances | <u>\$201,248</u> | <u>\$2,124,810</u> | <u>\$ 656,195</u> | <u>\$ 2,982,253</u> |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2011

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|-----------------------------|--------------------------|-----------------------------|--|
| Revenues: | | | | |
| Property taxes | \$ - | \$ 1,177,710 | \$ - | \$ 1,177,710 |
| Intergovernmental | 124,435 | 76,123 | 541,157 | 741,715 |
| Charges for services | 19,157 | - | - | 19,157 |
| Fines and forfeitures | 5,337 | - | - | 5,337 |
| Special assessments | - | 27,037 | - | 27,037 |
| Interest | 825 | 8,535 | 3,306 | 12,666 |
| Contributions | 27,183 | - | - | 27,183 |
| | <u>176,937</u> | <u>1,289,405</u> | <u>544,463</u> | <u>2,010,805</u> |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 12,623 | - | 12,623 |
| Public Safety | 13,593 | - | - | 13,593 |
| Culture and Recreation | 79,742 | - | - | 79,742 |
| Economic Development | 78,251 | - | - | 78,251 |
| Debt Service | 1,908 | 1,374,444 | - | 1,376,352 |
| Capital Outlay | 28,688 | - | 721,588 | 750,276 |
| | <u>202,182</u> | <u>1,387,067</u> | <u>721,588</u> | <u>2,310,837</u> |
| Total Expenditures | | | | |
| Excess of Expenditures Over Revenues | <u>(25,245)</u> | <u>(97,662)</u> | <u>(177,125)</u> | <u>(300,032)</u> |

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year Ended September 30, 2011

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|-----------------------------|--------------------------|-----------------------------|--|
| Other Financing Sources (Uses): | | | | |
| Capital leases | 17,291 | - | - | 17,291 |
| Transfers in | - | 175,350 | - | 175,350 |
| Transfers out | - | (29,173) | (1,444) | (30,617) |
| Total Other Financing Sources (Uses) | <u>17,291</u> | <u>146,177</u> | <u>(1,444)</u> | <u>162,024</u> |
| Net Change in Fund Balances | (7,954) | 48,515 | (178,569) | (138,008) |
| Fund Balances - Beginning | <u>116,124</u> | <u>719,874</u> | <u>805,077</u> | <u>1,641,075</u> |
| Fund Balances - Ending | <u>\$ 108,170</u> | <u>\$ 768,389</u> | <u>\$ 626,508</u> | <u>\$ 1,503,067</u> |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2011

| | Tourism Tax Fund | Special Law Enforcement Fund | Total Nonmajor Special Revenue Funds |
|--------------------------------------|------------------------|---------------------------------------|---|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 125,197 | \$ 55,394 | \$ 180,591 |
| Tourism tax receivable | <u>20,657</u> | <u>-</u> | <u>20,657</u> |
| Total Assets | <u>\$ 145,854</u> | <u>\$ 55,394</u> | <u>\$ 201,248</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,900 | \$ 1,262 | \$ 3,162 |
| Unearned grant revenue | - | 54,132 | 54,132 |
| Due to other funds | <u>35,784</u> | <u>-</u> | <u>35,784</u> |
| Total Liabilities | <u>37,684</u> | <u>55,394</u> | <u>93,078</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Economic development | 91,237 | - | 91,237 |
| Capital outlay | <u>16,933</u> | <u>-</u> | <u>16,933</u> |
| Total Fund Balances | <u>108,170</u> | <u>-</u> | <u>108,170</u> |
| Total Liabilities and Fund Balances | <u>\$ 145,854</u> | <u>\$ 55,394</u> | <u>\$ 201,248</u> |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2011

| | Tourism Tax Fund | Special Law Enforcement Fund | Total Nonmajor Special Revenue Funds |
|--------------------------------|------------------------|---------------------------------------|---|
| Revenues: | | | |
| Intergovernmental: | | | |
| Tourism tax | \$ 113,260 | \$ - | \$ 113,260 |
| Federal grants | - | 11,175 | 11,175 |
| | <u>113,260</u> | <u>11,175</u> | <u>124,435</u> |
| Charges for services | 19,157 | - | 19,157 |
| Fines and forfeitures | - | 5,337 | 5,337 |
| Interest | 689 | 136 | 825 |
| Contributions | 27,183 | - | 27,183 |
| Total Revenues | <u>160,289</u> | <u>16,648</u> | <u>176,937</u> |
| Expenditures: | | | |
| Public Safety: | | | |
| Supplies | - | 13,433 | 13,433 |
| Other services and charges | - | 160 | 160 |
| | <u>-</u> | <u>13,593</u> | <u>13,593</u> |
| Culture and Recreation: | | | |
| Personal services | 39,355 | - | 39,355 |
| Supplies | 17,068 | - | 17,068 |
| Other services and charges | 23,319 | - | 23,319 |
| | <u>79,742</u> | <u>-</u> | <u>79,742</u> |
| Economic Development: | | | |
| Other services and charges | 78,251 | - | 78,251 |
| Debt service | - | 1,908 | 1,908 |
| Capital outlay | 10,250 | 18,438 | 28,688 |
| Total Expenditures | <u>168,243</u> | <u>33,939</u> | <u>202,182</u> |

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 Year Ended September 30, 2011

| | Tourism Tax Fund | Special Law Enforcement Fund | Total Nonmajor Special Revenue Funds |
|--------------------------------------|------------------------|---------------------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Excess of Expenditures over Revenues | (7,954) | (17,291) | (25,245) |
| Other Financing Sources: | | | |
| Capital leases | <u> -</u> | <u> 17,291</u> | <u> 17,291</u> |
| Net Change in Fund Balances | (7,954) | - | (7,954) |
| Fund Balances - Beginning | <u> 116,124</u> | <u> -</u> | <u> 116,124</u> |
| Fund Balances - Ending | <u>\$ 108,170</u> | <u>\$ -</u> | <u>\$ 108,170</u> |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

| | Clinton Parkway Bond and Interest Fund | Infrastructure Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Quisenberry Library Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Tax Increment Financing Bond and Interest Fund - Prugon | Total Nonmajor Debt Service Funds |
|--------------------------------|--|---------------------------------------|--|--|---|--|---|---|-----------------------------------|
| <u>ASSETS</u> | | | | | | | | | |
| Cash and cash equivalents | \$ 53,044 | \$ - | \$ 71,377 | \$ 583,811 | \$ 1,320 | \$ 6,704 | \$ 1,077 | \$ 5,359 | \$ 722,692 |
| Property taxes receivable | 4,872 | 259,104 | 251,390 | 394,265 | - | - | - | - | 909,631 |
| Special assessments receivable | - | - | 459,638 | - | - | - | - | - | 459,638 |
| Due from other funds | - | - | 32,849 | - | - | - | - | - | 32,849 |
| Total Assets | \$ 57,916 | \$ 259,104 | \$ 815,254 | \$ 978,076 | \$ 1,320 | \$ 6,704 | \$ 1,077 | \$ 5,359 | \$ 2,124,810 |

LIABILITIES AND FUND BALANCES

| | | | | | | | | | |
|--|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| <u>Liabilities:</u> | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 2,527 | \$ - | \$ - | \$ - | \$ 1,050 | \$ 3,577 |
| Unearned property taxes | - | 259,104 | 246,766 | 385,571 | - | - | - | - | 891,441 |
| Unavailable special assessments | - | - | 459,638 | - | - | - | - | - | 459,638 |
| Due to other funds | - | - | - | - | 1,765 | - | - | - | 1,765 |
| Total Liabilities | - | 259,104 | 706,404 | 388,098 | 1,765 | - | - | 1,050 | 1,356,421 |
| <u>Fund Balances:</u> | | | | | | | | | |
| Restricted for debt service | 57,916 | - | 108,850 | 589,978 | - | - | - | - | 756,744 |
| Assigned to debt service | - | - | - | - | (445) | 6,704 | 1,077 | 4,309 | 12,090 |
| Unassigned | - | - | - | - | (445) | - | - | - | (445) |
| Total Fund Balances | 57,916 | - | 108,850 | 589,978 | (445) | 6,704 | 1,077 | 4,309 | 768,389 |
| Total Liabilities and Fund Balances | \$ 57,916 | \$ 259,104 | \$ 815,254 | \$ 978,076 | \$ 1,320 | \$ 6,704 | \$ 1,077 | \$ 5,359 | \$ 2,124,810 |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

| | Clinton Parkway Bond and Interest Fund | Infrastructure Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Quisenberry Library Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Tax Increment Financing Bond and Interest Fund - Prugon | Total Nonmajor Debt Service Funds |
|--|--|--|--|--|--|--|--|---|--|
| Revenues: | | | | | | | | | |
| Property taxes | \$ 315,044 | \$ - | \$ 299,896 | \$ 562,770 | \$ - | \$ - | \$ - | \$ - | \$ 1,177,710 |
| Intergovernmental: | | | | | | | | | |
| State grants | 5,687 | - | 5,416 | 10,156 | - | - | - | - | 21,259 |
| County shared revenues | 5,687 | - | 5,416 | 10,156 | 19,864 | 35,000 | - | - | 54,864 |
| | | | | | 19,864 | 35,000 | - | - | 76,123 |
| Special assessments | - | - | 27,037 | - | - | - | - | - | 27,037 |
| Interest | 822 | - | 2,604 | 5,025 | 7 | 35 | 10 | 32 | 8,535 |
| Total Revenues | 321,553 | - | 334,953 | 577,951 | 19,871 | 35,035 | 10 | 32 | 1,289,405 |
| Expenditures: | | | | | | | | | |
| General government: | | | | | | | | | |
| Other services and charges | 3,600 | - | 3,064 | 5,959 | - | - | - | - | 12,623 |
| Debt service | 311,479 | - | 258,885 | 574,484 | 42,510 | 108,515 | 22,991 | 55,580 | 1,374,444 |
| Total Expenditures | 315,079 | - | 261,949 | 580,443 | 42,510 | 108,515 | 22,991 | 55,580 | 1,387,067 |
| Excess (Deficiency) of Revenues Over Expenditures | 6,474 | - | 73,004 | (2,492) | (22,639) | (73,480) | (22,981) | (55,548) | (97,662) |

(Continued)

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUNDS
September 30, 2011

| | Clinton Parkway Bond and Interest Fund | Infrastructure Bond and Interest Fund | Hampstead Blvd. Bond and Interest Fund | Quisenberry Library Bond and Interest Fund | Tax Increment Financing Bond and Interest Fund - United Artists | Tax Increment Financing Bond and Interest Fund - Walmart | Tax Increment Financing Bond and Interest Fund - Parkway Center | Tax Increment Financing Bond and Interest Fund - Prugon | Total Nonmajor Debt Service Funds |
|---|--|--|--|--|--|--|--|---|--|
| Other Financing Sources (Uses): | | | | | | | | | |
| Transfers in | - | - | - | - | 23,262 | 74,516 | 22,991 | 54,581 | 175,350 |
| Transfers out | (7,803) | - | (7,434) | (13,936) | - | - | - | - | (29,173) |
| Total Other Financing Sources (Uses) | (7,803) | - | (7,434) | (13,936) | 23,262 | 74,516 | 22,991 | 54,581 | 146,177 |
| Net Change in Fund Balances | (1,329) | - | 65,570 | (16,428) | 623 | 1,036 | 10 | (967) | 48,515 |
| Fund Balances - Beginning | 59,245 | - | 43,280 | 606,406 | (1,068) | 5,668 | 1,067 | 5,276 | 719,874 |
| Fund Balances - Ending | \$ 57,916 | \$ - | \$ 108,850 | \$ 589,978 | \$ (445) | \$ 6,704 | \$ 1,077 | \$ 4,309 | \$ 768,389 |

CITY OF CLINTON

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2011

| | ARRA- Bridge Replacement Project Fund | ARRA- Radio Read Meter Project Fund | ARRA- Solid Waste Removal Project Fund | Library Construction Project Fund | Hampstead Boulevard Construction Project Fund | Parks and Recreation Project Fund | Northside Corridor Project Fund | Total Nonmajor Capital Projects Funds |
|--|---|---|--|--|---|--|--|---|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 262,000 | \$ 186,388 | \$ - | \$ - | \$ 448,388 |
| Federal assistance receivable | 14,168 | - | - | - | - | - | 54,311 | 68,479 |
| Due from other funds | - | - | - | - | - | - | 139,328 | 139,328 |
| Total Assets | \$ 14,168 | \$ - | \$ - | \$ 262,000 | \$ 186,388 | \$ - | \$ 193,639 | \$ 656,195 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 25 | \$ 15,472 | \$ - | \$ 22 | \$ 15,519 |
| Due to other funds | 14,168 | - | - | - | - | - | - | 14,168 |
| Total Liabilities | 14,168 | - | - | 25 | 15,472 | - | 22 | 29,687 |
| Fund Balances: | | | | | | | | |
| Restricted for capital outlay | - | - | - | 261,975 | 170,916 | - | 193,617 | 626,508 |
| Total Liabilities and Fund Balances | \$ 14,168 | \$ - | \$ - | \$ 262,000 | \$ 186,388 | \$ - | \$ 193,639 | \$ 656,195 |

CITY OF CLINTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended September 30, 2011

| | ARRA- Bridge Replacement Project Fund | ARRA- Radio Read Meter Project Fund | ARRA- Solid Waste Removal Project Fund | Library Construction Project Fund | Hampstead Boulevard Construction Project Fund | Parks and Recreation Project Fund | Northside Corridor Project Fund | Total Nonmajor Capital Projects Funds |
|--------------------------------------|---|---|--|--|---|--|--|---|
| Revenues: | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Federal grants | \$ 14,168 | \$ 104,515 | \$ - | \$ - | \$ - | \$ - | \$ 422,474 | \$ 541,157 |
| Interest | - | - | - | 1,716 | 1,540 | - | 50 | 3,306 |
| Total Revenues | <u>14,168</u> | <u>104,515</u> | <u>-</u> | <u>1,716</u> | <u>1,540</u> | <u>-</u> | <u>422,524</u> | <u>544,463</u> |
| Expenditures: | | | | | | | | |
| Capital Outlay | 14,168 | 104,515 | - | 19,205 | 123,984 | - | 459,716 | 721,588 |
| Total Expenditures | <u>14,168</u> | <u>104,515</u> | <u>-</u> | <u>19,205</u> | <u>123,984</u> | <u>-</u> | <u>459,716</u> | <u>721,588</u> |
| Excess of Expenditures Over Revenues | - | - | - | (17,489) | (122,444) | - | (37,192) | (177,125) |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfers out | - | - | - | - | - | (1,444) | - | (1,444) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | (1,444) | - | (1,444) |
| Net Change in Fund Balances | - | - | - | (17,489) | (122,444) | (1,444) | (37,192) | (178,569) |
| Fund Balances - Beginning | - | - | - | 279,464 | 293,360 | 1,444 | 230,809 | 805,077 |
| Fund Balances - Ending | \$ - | \$ - | \$ - | \$ 261,975 | \$ 170,916 | \$ - | \$ 193,617 | \$ 626,508 |

CITY OF CLINTON
 TOURISM TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Tourism taxes | \$ 125,000 | \$ 110,000 | \$ 109,322 | \$ (678) |
| Interest earned | 2,000 | 600 | 690 | 90 |
| Donations - private sources | 500 | 19,800 | 27,183 | 7,383 |
| Sales | 21,000 | 21,000 | 19,027 | (1,973) |
| Other | 500 | 1,320 | 130 | (1,190) |
| Total Receipts | <u>149,000</u> | <u>152,720</u> | <u>156,352</u> | <u>3,632</u> |
| Beginning fund balance | <u>75,313</u> | <u>100,026</u> | <u>100,026</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 224,313</u> | <u>\$ 252,746</u> | <u>\$ 256,378</u> | <u>\$ 3,632</u> |
| <u>EXPENDITURES</u> | | | | |
| Visitor center: | | | | |
| Personal services | \$ 39,365 | \$ 39,365 | \$ 39,355 | \$ (10) |
| Supplies: | | | | |
| Cost of sales | 15,250 | 18,300 | 10,551 | (7,749) |
| Other | 6,100 | 6,100 | 5,985 | (115) |
| Other services and charges | 27,072 | 27,072 | 22,734 | (4,338) |
| Capital outlay | <u>-</u> | <u>10,300</u> | <u>10,250</u> | <u>(50)</u> |
| Total visitor center | 87,787 | 101,137 | 88,875 | (12,262) |
| Tourism promotion: | | | | |
| Other services and charges | <u>113,950</u> | <u>103,650</u> | <u>78,251</u> | <u>(25,399)</u> |
| Total Expenditures | 201,737 | 204,787 | 167,126 | (37,661) |
| Ending fund balance | <u>22,576</u> | <u>47,959</u> | <u>89,252</u> | <u>41,293</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 224,313</u> | <u>\$ 252,746</u> | <u>\$ 256,378</u> | <u>\$ 3,632</u> |

CITY OF CLINTON

KATRINA CDBG GRANT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

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

CITY OF CLINTON

SPECIAL LAW ENFORCEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Asset forfeitures: | | | | |
| U.S. Justice Department | \$ 5,000 | \$ 40,000 | \$ 42,645 | \$ 2,645 |
| Local | - | 5,000 | 5,337 | 337 |
| Grants | - | - | 883 | 883 |
| Interest earned | - | - | 136 | 136 |
| Donations - private sources | 3,000 | 3,000 | - | (3,000) |
| Proceeds from lease | - | 17,291 | 17,291 | - |
| Total Receipts | <u>8,000</u> | <u>65,291</u> | <u>66,292</u> | <u>1,001</u> |
| Beginning fund balance | <u>29,842</u> | <u>21,779</u> | <u>21,779</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 37,842</u> | <u>\$ 87,070</u> | <u>\$ 88,071</u> | <u>\$ 1,001</u> |
| <u>EXPENDITURES</u> | | | | |
| Supplies | \$ 5,000 | \$ 12,200 | \$ 12,171 | \$ (29) |
| Other services and charges | 5,000 | 700 | 160 | (540) |
| Capital outlay | - | 18,438 | 18,438 | - |
| Debt service | - | 960 | 1,908 | 948 |
| Total Expenditures | <u>10,000</u> | <u>32,298</u> | <u>32,677</u> | <u>379</u> |
| Ending fund balance | <u>27,842</u> | <u>54,772</u> | <u>55,394</u> | <u>622</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 37,842</u> | <u>\$ 87,070</u> | <u>\$ 88,071</u> | <u>\$ 1,001</u> |

CITY OF CLINTON

CLINTON PARKWAY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|--|------------------|------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Homestead exemption reimbursement | \$ - | \$ - | \$ 5,687 | \$ 5,687 |
| Interest earned | - | - | 822 | 822 |
| Total receipts, other than taxes | - | - | 6,509 | 6,509 |
| Beginning fund balance | 45,726 | 54,068 | 54,068 | - |
| Total available, other than taxes | 45,726 | 54,068 | 60,577 | 6,509 |
| Ad valorem taxes to be provided by levy | 318,658 | 318,658 | 315,349 | (3,309) |
| Total Available From All Sources | \$ 364,384 | \$ 372,726 | \$ 375,926 | \$ 3,200 |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 3,686 | \$ 3,686 | \$ 3,600 | \$ (86) |
| Debt service | 311,988 | 311,988 | 311,479 | (509) |
| Transfers to other funds | 7,803 | 7,803 | 7,803 | - |
| Total Expenditures | 323,477 | 323,477 | 322,882 | (595) |
| Ending fund balance | 40,907 | 49,249 | 53,044 | 3,795 |
| Total Expenditures and Ending Fund Balance | \$ 364,384 | \$ 372,726 | \$ 375,926 | \$ 3,200 |

CITY OF CLINTON

HAMPSTEAD BOULEVARD BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Homestead exemption reimbursement | \$ - | \$ - | \$ 5,416 | \$ 5,416 |
| Interest earned | - | - | 2,604 | 2,604 |
| Special assessments | 28,930 | 28,930 | 27,037 | (1,893) |
| Total receipts, other than taxes | 28,930 | 28,930 | 35,057 | 6,127 |
| Beginning fund balance | 7,884 | 38,336 | 38,336 | - |
| Total available, other than taxes | 36,814 | 67,266 | 73,393 | 6,127 |
| Ad valorem taxes to be provided by levy | 303,485 | 303,485 | 300,216 | (3,269) |
| Total Available From All Sources | <u>\$ 340,299</u> | <u>\$ 370,751</u> | <u>\$ 373,609</u> | <u>\$ 2,858</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 3,511 | \$ 3,511 | \$ 3,064 | \$ (447) |
| Debt service | 294,794 | 294,794 | 258,885 | (35,909) |
| Transfers | 7,434 | 7,434 | 7,434 | - |
| Total Expenditures | 305,739 | 305,739 | 269,383 | (36,356) |
| Ending fund balance | 34,560 | 65,012 | 104,226 | 39,214 |
| Total Expenditures and Ending Fund Balance | <u>\$ 340,299</u> | <u>\$ 370,751</u> | <u>\$ 373,609</u> | <u>\$ 2,858</u> |

CITY OF CLINTON

QUISENBERRY LIBRARY BOND AND INTEREST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|---------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Homestead exemption reimbursement | \$ - | \$ - | \$ 10,156 | \$ 10,156 |
| Interest earned | - | - | 5,025 | 5,025 |
| Total receipts, other than taxes | - | - | 15,181 | 15,181 |
| Beginning fund balance | 548,406 | 597,147 | 597,147 | - |
| Total available, other than taxes | 548,406 | 597,147 | 612,328 | 15,181 |
| Ad valorem taxes to be provided by levy | 569,031 | 569,031 | 563,335 | (5,696) |
| Total Available From All Sources | <u>\$ 1,117,437</u> | <u>\$ 1,166,178</u> | <u>\$ 1,175,663</u> | <u>\$ 9,485</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 6,583 | \$ 6,583 | \$ 5,959 | \$ (624) |
| Debt service | 573,484 | 573,484 | 571,984 | (1,500) |
| Transfers to other funds | 13,936 | 13,936 | 13,936 | - |
| Total Expenditures | 594,003 | 594,003 | 591,879 | (2,124) |
| Ending fund balance | 523,434 | 572,175 | 583,784 | 11,609 |
| Total Expenditures and Ending Fund Balance | <u>\$ 1,117,437</u> | <u>\$ 1,166,178</u> | <u>\$ 1,175,663</u> | <u>\$ 9,485</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - UNITED ARTISTS
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 23,262 | \$ 23,262 | \$ 23,262 | \$ - |
| Receipt from Hinds County | 19,258 | 19,258 | 19,863 | 605 |
| Interest earned | 500 | 500 | 7 | (493) |
| Total Receipts | 43,020 | 43,020 | 43,132 | 112 |
| Beginning fund balance | (401) | (1,068) | (1,068) | - |
| Total Available From All Sources | <u>\$ 42,619</u> | <u>\$ 41,952</u> | <u>\$ 42,064</u> | <u>\$ 112</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 42,520 | \$ 42,520 | \$ 42,509 | \$ (11) |
| Total Expenditures | 42,520 | 42,520 | 42,509 | (11) |
| Ending fund balance | 99 | (568) | (445) | 123 |
| Total Expenditures and Ending Fund Balance | <u>\$ 42,619</u> | <u>\$ 41,952</u> | <u>\$ 42,064</u> | <u>\$ 112</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - WALMART
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 74,515 | \$ 74,515 | \$ 74,516 | \$ 1 |
| Receipt from Hinds County | 35,000 | 35,000 | 35,000 | - |
| Interest earned | - | - | 35 | 35 |
| Total Receipts | <u>109,515</u> | <u>109,515</u> | <u>109,551</u> | <u>36</u> |
| Beginning fund balance | <u>4,429</u> | <u>5,668</u> | <u>5,668</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 113,944</u> | <u>\$ 115,183</u> | <u>\$ 115,219</u> | <u>\$ 36</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 109,515 | \$ 109,515 | \$ 108,515 | \$ (1,000) |
| Total Expenditures | <u>109,515</u> | <u>109,515</u> | <u>108,515</u> | <u>(1,000)</u> |
| Ending fund balance | <u>4,429</u> | <u>5,668</u> | <u>6,704</u> | <u>1,036</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 113,944</u> | <u>\$ 115,183</u> | <u>\$ 115,219</u> | <u>\$ 36</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PARKWAY CENTER
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 22,991 | \$ 22,991 | \$ 22,991 | \$ - |
| Interest earned | - | - | 10 | 10 |
| Total Receipts | 22,991 | 22,991 | 23,001 | 10 |
| Beginning fund balance | 1,007 | 1,067 | 1,067 | - |
| Total Available From All Sources | <u>\$ 23,998</u> | <u>\$ 24,058</u> | <u>\$ 24,068</u> | <u>\$ 10</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 22,991 | \$ 22,991 | \$ 22,991 | \$ - |
| Total Expenditures | 22,991 | 22,991 | 22,991 | - |
| Ending fund balance | 1,007 | 1,067 | 1,077 | 10 |
| Total Expenditures and Ending Fund Balance | <u>\$ 23,998</u> | <u>\$ 24,058</u> | <u>\$ 24,068</u> | <u>\$ 10</u> |

CITY OF CLINTON

TAX INCREMENT FINANCING BOND AND INTEREST FUND - PRUGON
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Transfers from other funds | \$ 54,580 | \$ 54,580 | \$ 54,581 | \$ 1 |
| Interest earned | - | - | 32 | 32 |
| Total receipts | 54,580 | 54,580 | 54,613 | 33 |
| Beginning fund balance | 4,144 | 5,276 | 5,276 | - |
| Total Available From All Sources | <u>\$ 58,724</u> | <u>\$ 59,856</u> | <u>\$ 59,889</u> | <u>\$ 33</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | \$ 54,580 | \$ 54,580 | \$ 54,530 | \$ (50) |
| Total Expenditures | 54,580 | 54,580 | 54,530 | (50) |
| Ending fund balance | 4,144 | 5,276 | 5,359 | 83 |
| Total Expenditures and Ending Fund Balance | <u>\$ 58,724</u> | <u>\$ 59,856</u> | <u>\$ 59,889</u> | <u>\$ 33</u> |

CITY OF CLINTON

ARRA - BRIDGE REPLACEMENT PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 100,000 | \$ 177,276 | \$ 177,276 | \$ - |
| Total Receipts | 100,000 | 177,276 | 177,276 | - |
| Beginning fund balance | - | (177,276) | (177,276) | - |
| Total Available From All Sources | \$ 100,000 | \$ - | \$ - | \$ - |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 100,000 | \$ 14,168 | \$ - | \$ (14,168) |
| Capital outlay | - | - | 14,168 | 14,168 |
| Total Expenditures | 100,000 | 14,168 | 14,168 | - |
| Ending fund balance | - | (14,168) | (14,168) | - |
| Total Expenditures and Ending Fund Balance | \$ 100,000 | \$ - | \$ - | \$ - |

CITY OF CLINTON

ARRA - RADIO READ METER PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 400,000 | \$ 416,269 | \$ 457,624 | \$ 41,355 |
| Total Receipts | 400,000 | 416,269 | 457,624 | 41,355 |
| Beginning fund balance | - | (186,728) | (186,728) | - |
| Total Available From All Sources | <u>\$ 400,000</u> | <u>\$ 229,541</u> | <u>\$ 270,896</u> | <u>\$ 41,355</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 400,000 | \$ 229,541 | \$ - | \$ (229,541) |
| Capital outlay | - | - | 270,896 | 270,896 |
| Total Expenditures | 400,000 | 229,541 | 270,896 | 41,355 |
| Ending fund balance | - | - | - | - |
| Total Expenditures and Ending Fund Balance | <u>\$ 400,000</u> | <u>\$ 229,541</u> | <u>\$ 270,896</u> | <u>\$ 41,355</u> |

CITY OF CLINTON

ARRA - SOLID WASTE REMOVAL PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 350,000 | \$ 413,976 | \$ 413,976 | \$ - |
| Total Receipts | 350,000 | 413,976 | 413,976 | - |
| Beginning fund balance | - | (413,976) | (413,976) | - |
| Total Available From All Sources | <u>\$ 350,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 350,000 | \$ - | \$ - | \$ - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 350,000 | - | - | - |
| Ending fund balance | - | - | - | - |
| Total Expenditures and Ending Fund Balance | <u>\$ 350,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF CLINTON
HAMPSTEAD BOULEVARD CONSTRUCTION PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget - Over (Under)</u> |
|---|-------------------------|-------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>AVAILABLE</u> | | | | |
| Interest earned | \$ - | \$ 1,126 | \$ 1,540 | \$ 414 |
| Total Receipts | - | 1,126 | 1,540 | 414 |
| Beginning fund balance | - | 294,101 | 294,101 | - |
| Total Available From All Sources | <u>\$ -</u> | <u>\$ 295,227</u> | <u>\$ 295,641</u> | <u>\$ 414</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ - | \$ 115,475 | \$ - | \$ (115,475) |
| Capital outlay | - | - | 115,464 | 115,464 |
| Total Expenditures | - | 115,475 | 115,464 | (11) |
| Ending fund balance | - | 179,752 | 180,177 | 425 |
| Total Expenditures and Ending Fund Balance | <u>\$ -</u> | <u>\$ 295,227</u> | <u>\$ 295,641</u> | <u>\$ 414</u> |

CITY OF CLINTON

PARKS AND RECREATION PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|------------------|----------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Interest earned | \$ - | \$ - | \$ - | \$ - |
| Total Receipts | - | - | - | - |
| Beginning fund balance | - | 1,444 | 1,444 | - |
| Total Available From All Sources | \$ - | \$ 1,444 | \$ 1,444 | \$ - |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ - | \$ 1,444 | \$ - | \$ (1,444) |
| Transfers to other funds | - | - | 1,444 | 1,444 |
| Total Expenditures | - | 1,444 | 1,444 | - |
| Ending fund balance | - | - | - | - |
| Total Expenditures and Ending Fund Balance | \$ - | \$ 1,444 | \$ 1,444 | \$ - |

CITY OF CLINTON

NORTHSIDE CORRIDOR PROJECT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|---------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Grant income - State of Mississippi | \$ 1,000,000 | \$ 466,141 | \$ 445,020 | \$ (21,121) |
| Interest earned | - | - | 50 | 50 |
| Total Receipts | 1,000,000 | 466,141 | 445,070 | (21,071) |
| Beginning fund balance | 11,083 | 187,934 | 187,934 | - |
| Total Available From All Sources | <u>\$ 1,011,083</u> | <u>\$ 654,075</u> | <u>\$ 633,004</u> | <u>\$ (21,071)</u> |
| <u>EXPENDITURES</u> | | | | |
| Supplies | \$ - | \$ 471,475 | \$ - | \$ (471,475) |
| Other services and charges | 500,000 | 182,600 | - | (182,600) |
| Capital outlay | 500,000 | - | 493,698 | 493,698 |
| Total Expenditures | 1,000,000 | 654,075 | 493,698 | (160,377) |
| Ending fund balance | 11,083 | - | 139,306 | 139,306 |
| Total Expenditures and Ending Fund Balance | <u>\$ 1,011,083</u> | <u>\$ 654,075</u> | <u>\$ 633,004</u> | <u>\$ (21,071)</u> |

CITY OF CLINTON
LIBRARY CONSTRUCTION PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2011

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| <u>AVAILABLE</u> | | | | |
| Interest earned | \$ - | \$ 1,143 | \$ 1,716 | \$ 573 |
| Total Receipts | - | 1,143 | 1,716 | 573 |
| Beginning fund balance | <u>100,000</u> | <u>279,464</u> | <u>279,464</u> | <u>-</u> |
| Total Available From All Sources | <u>\$ 100,000</u> | <u>\$ 280,607</u> | <u>\$ 281,180</u> | <u>\$ 573</u> |
| <u>EXPENDITURES</u> | | | | |
| Other services and charges | \$ 100,000 | \$ 19,205 | \$ - | \$ (19,205) |
| Capital outlay | <u>-</u> | <u>-</u> | <u>19,205</u> | <u>19,205</u> |
| Total Expenditures | 100,000 | 19,205 | 19,205 | - |
| Ending fund balance | <u>-</u> | <u>261,402</u> | <u>261,975</u> | <u>573</u> |
| Total Expenditures and Ending Fund Balance | <u>\$ 100,000</u> | <u>\$ 280,607</u> | <u>\$ 281,180</u> | <u>\$ 573</u> |

CITY OF CLINTON

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND OTHERS

September 30, 2011

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

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2011

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Grant Number | Program or Award Amount | Receivable (Deferred) at October 1, 2010 | Receipts | Receivable (Deferred) at September 30, 2011 | Expenditures |
|--|---------------------|--|-------------------------|--|-----------|---|--------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Direct: | | | | | | | |
| Emergency Watershed Protection Program | 10.923 | 68-4423-10-2022 | \$ 73,100 | \$ - | \$ 73,100 | \$ - | \$ 73,100 |
| U.S. DEPARTMENT OF JUSTICE | | | | | | | |
| Direct: | | | | | | | |
| Federal Equitable Sharing Program | 16.MS0250300 | MS0250300 | - | (21,779) | 42,645 | (54,132) | 10,292 |
| Bulletproof Vest Partnership Program | 16.607 | N/A | - | - | 2,138 | - | 2,138 |
| Passed Through Mississippi Department of Public Safety: | | | | | | | |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | 16.803 | 09ZC2061 | 11,378 | - | 11,378 | - | 11,378 |
| Total U.S. Department of Justice | | | | (21,779) | 56,161 | (54,132) | 23,808 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Passed Through Mississippi Department of Transportation: | | | | | | | |
| Highway Planning and Construction | 20.205 | STPD-7306-00(004) | 2,475,000 | 76,857 | 445,020 | 54,311 | 422,474 |
| ARRA-Highway Planning and Construction | 20.205 | 104102-801000 STP-0025-00(033) 105586-701000 | 1,725,254 | 177,276 | 188,890 | 14,168 | 25,782 |
| Passed Through Mississippi Department of Wildlife, Fisheries and Parks: | | | | | | | |
| Recreational Trails Program | 20.219 | 28-RTP-0180 | 39,000 | - | - | 14,935 | 14,935 |
| Passed Through Mississippi Department of Public Safety: | | | | | | | |
| State and Community Highway Safety | 20.600 | 10RS2061 | 120,681 | 4,160 | 4,160 | - | - |
| Passed Through Mississippi Department of Public Safety: | | | | | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | 10TA2061 | 30,350 | 11,840 | 11,840 | - | - |
| Passed Through Mississippi Department of Public Safety: | | | | | | | |
| Alcohol Open Container Requirements | 20.607 | 11TA2061 | 27,305 | - | 27,305 | - | 27,305 |
| Total U.S. Department of Transportation | | | | 270,133 | 677,215 | 83,414 | 490,496 |

(Continued)

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

| Federal CFDA Number | Grant Number | Program or Award Amount | Receivable (Deferred) at October 1, 2010 | Receipts | Receivable (Deferred) at September 30, 2011 | Expenditures |
|--|--|-------------------------------|---|---------------------|--|---------------------|
| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | | | | | | |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| Passed Through Mississippi Department of Environmental Quality: | | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | | | | | | |
| 66.458 | SRF-C280805-04- 0-ARSR | 2,217,778 | 1,064,881 | 2,027,377 | - | 962,496 |
| 66.458 | SRF-C280805-04- 0-ARSR | 1,900,000 | 413,976 | 413,976 | - | - |
| | | | <u>1,478,857</u> | <u>2,441,353</u> | - | <u>962,496</u> |
| ARRA-Capitalization Grants for Clean Water State Revolving Funds | | | | | | |
| Passed Through Mississippi Department of Health: | | | | | | |
| Capitalization Grants for Drinking Water State Revolving Funds | | | | | | |
| 66.468 | DWI-H280-088-02 | 146,646 | - | (28,998) | - | (28,998) |
| 66.468 | DWI-H280-088-02 | 1,920,453 | 353,109 | 457,624 | - | 104,515 |
| | | | <u>353,109</u> | <u>428,626</u> | - | <u>75,517</u> |
| | Total U.S. Environmental Protection Agency | | <u>1,831,966</u> | <u>2,869,979</u> | - | <u>1,038,013</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| Passed Through Mississippi Emergency Management Agency: | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | | | |
| 97.036 | FEMA-1604-DR-MS | 548,102 | 1,030 | - | - | (1,030) |
| 97.036 | FEMA-1764-DR-MS | 186,350 | 9,747 | - | 9,747 | - |
| 97.036 | FEMA-1972-DR-MS | 361,658 | - | 152,264 | 209,394 | 361,658 |
| | | | <u>10,777</u> | <u>152,264</u> | <u>219,141</u> | <u>360,628</u> |
| Passed Through Mississippi Department of Public Safety: | | | | | | |
| Homeland Security Grant Program | | | | | | |
| 97.067 | 09HS147 | 104,389 | - | 79,339 | 25,050 | 104,389 |
| 97.067 | 10LE147 | 50,000 | - | - | 50,000 | 50,000 |
| 97.067 | 10LE147A | 22,250 | - | - | 22,250 | 22,250 |
| 97.067 | 08HS147 | 54,000 | - | - | 54,000 | 54,000 |
| | | | - | <u>79,339</u> | <u>151,300</u> | <u>230,639</u> |
| | Total U.S. Department of Homeland Security | | <u>10,777</u> | <u>231,603</u> | <u>370,441</u> | <u>591,267</u> |
| | Grand Total - All Programs | | <u>\$ 2,091,997</u> | <u>\$ 3,908,058</u> | <u>\$ 399,723</u> | <u>\$ 2,216,684</u> |
| Reconciliation of federal awards schedule to government-wide financial statements: | | | | | | |
| Expenditures of federal awards per schedule | | | | | | |
| \$ 2,216,684 | | | | | | |
| Loan proceeds reflected as a liability in financial statements | | | | | | |
| (909,631) | | | | | | |
| Federal grant revenue per government-wide financial statements | | | | | | |
| \$ 1,307,053 | | | | | | |

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

Non-cash expenditures:

The expenditures for the ARRA-Highway Planning and Construction award include non-cash engineering services totaling \$11,614 that were provided by the pass-through grantor.

STATISTICAL SECTION

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | 107-111 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes. | 112-115 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. | 116-120 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments. | 121-122 |
| Operating Information | |
| These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs. | 123-125 |
| Sources: Unless otherwise noted, the information in these schedules is derived from the annual reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. | |

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

| | Fiscal Year | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$51,322,208 | \$53,347,815 | \$52,779,694 | \$53,845,605 | \$54,470,872 | \$30,967,159 | \$27,169,774 | \$26,861,069 | \$24,091,123 |
| Restricted for: | | | | | | | | | |
| Capital projects | 16,933 | - | - | - | - | - | - | - | 89,890 |
| Debt service | 1,159,747 | 1,135,099 | 1,063,256 | 924,770 | 27,463 | 104,783 | 117,890 | 216,422 | 224,243 |
| Economic development | 91,237 | 116,124 | 132,199 | 160,920 | 142,497 | 106,481 | 97,635 | 128,996 | 203,937 |
| Public safety | - | - | - | - | - | - | - | 7,022 | 16,721 |
| Unrestricted | (862,626) | (473,508) | (673,005) | (810,946) | (725,237) | 434,830 | 207,107 | (835,299) | (404,160) |
| Total governmental activities net assets | 51,727,499 | 54,125,530 | 53,302,144 | 54,120,349 | 53,915,595 | 31,613,253 | 27,592,406 | 26,378,210 | 24,221,734 |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$14,386,115 | \$14,230,770 | \$12,044,591 | \$12,087,642 | \$11,696,661 | \$11,414,089 | \$12,223,511 | \$13,158,192 | \$13,389,320 |
| Restricted for: | | | | | | | | | |
| Capital projects | 586,224 | 711,851 | 705,560 | 724,163 | 707,078 | 709,116 | 737,121 | 1,058,020 | 912,779 |
| Debt service | 259,852 | 262,504 | 251,896 | 148,252 | 153,187 | 153,507 | 158,313 | 156,890 | 157,817 |
| Unrestricted | 4,453,967 | 3,752,320 | 2,647,785 | 2,004,915 | 1,776,539 | 1,317,923 | 1,517,795 | 1,908,061 | 2,380,699 |
| Total business-type activities net assets | \$ 19,686,158 | \$ 18,957,445 | \$ 15,649,832 | \$ 14,964,972 | \$ 14,333,465 | \$ 13,594,635 | \$ 14,636,740 | \$ 16,281,163 | \$ 16,840,615 |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 65,708,323 | \$ 67,578,585 | \$ 64,824,285 | \$ 65,933,247 | \$ 66,167,533 | \$ 42,381,248 | \$ 39,393,285 | \$ 40,019,261 | \$ 37,480,443 |
| Restricted for: | | | | | | | | | |
| Capital projects | 603,157 | 711,851 | 705,560 | 724,163 | 707,078 | 709,116 | 737,121 | 1,058,020 | 1,002,669 |
| Debt service | 1,419,599 | 1,397,603 | 1,315,152 | 1,073,022 | 180,650 | 258,290 | 276,203 | 373,312 | 382,060 |
| Economic development | 91,237 | 116,124 | 132,199 | 160,920 | 142,497 | 106,481 | 97,635 | 128,996 | 203,937 |
| Public safety | - | - | - | - | - | - | - | 7,022 | 16,721 |
| Unrestricted | 3,591,341 | 3,276,812 | 1,974,780 | 1,193,969 | 1,051,302 | 1,752,753 | 1,724,902 | 1,072,762 | 1,976,519 |
| Total primary government net assets | \$ 71,413,657 | \$ 73,082,975 | \$ 68,951,976 | \$ 69,085,321 | \$ 68,249,060 | \$ 45,207,888 | \$ 42,229,146 | \$ 42,659,373 | \$ 41,062,349 |

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

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

| | Fiscal Year | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 1,295,150 | \$ 1,197,270 | \$ 1,228,162 | \$ 1,201,743 | \$ 1,249,825 | \$ 1,172,479 | \$ 1,161,010 | \$ 1,086,798 | \$ 1,014,001 |
| Public safety | 7,535,290 | 7,315,429 | 7,073,641 | 7,134,969 | 7,431,687 | 7,080,151 | 6,847,513 | 6,443,036 | 5,908,854 |
| Public works | 5,026,298 | 4,888,047 | 4,833,401 | 4,685,385 | 3,836,761 | 3,452,165 | 3,255,356 | 3,060,639 | 2,879,876 |
| Culture and recreation | 2,317,690 | 1,762,446 | 1,879,882 | 1,926,502 | 1,787,511 | 1,676,823 | 1,414,397 | 1,219,893 | 1,036,787 |
| Economic development | 317,747 | 316,451 | 344,131 | 234,758 | 837,315 | 135,868 | 148,948 | 145,971 | 136,369 |
| Interest and fiscal charges on long term debt | 645,542 | 887,988 | 928,450 | 685,012 | 686,384 | 611,831 | 596,185 | 351,396 | 396,780 |
| Total governmental activities expenses | 17,337,717 | 16,367,631 | 16,287,667 | 15,668,369 | 15,829,483 | 14,129,317 | 13,423,409 | 12,307,733 | 11,372,667 |
| Business-type activities: | | | | | | | | | |
| Water | 2,568,438 | 2,297,458 | 2,346,405 | 2,503,630 | 2,541,141 | 2,482,614 | - | - | - |
| Sewer | 3,189,289 | 2,945,647 | 3,009,499 | 3,098,919 | 2,964,712 | 2,974,735 | - | - | - |
| Total Water and sewer | 5,757,727 | 5,243,105 | 5,355,904 | 5,602,549 | 5,505,853 | 5,457,349 | 5,240,282 | 5,060,824 | 4,950,882 |
| Garbage collection | 1,643,939 | 1,463,908 | 1,459,153 | 1,372,285 | 1,203,390 | 1,157,350 | 1,078,549 | 979,993 | 932,363 |
| Total business-type activities expenses | 7,601,666 | 6,707,013 | 6,815,057 | 6,974,834 | 6,709,243 | 6,614,699 | 6,318,831 | 6,040,817 | 5,883,245 |
| Total primary government expenses | \$ 24,939,383 | \$ 23,074,644 | \$ 23,102,724 | \$ 22,643,203 | \$ 22,538,726 | \$ 20,744,016 | \$ 19,742,240 | \$ 18,348,550 | \$ 17,255,912 |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for Services: | \$ 41,758 | \$ 42,062 | \$ 43,106 | \$ 41,853 | \$ 53,398 | \$ 66,944 | \$ - | \$ - | \$ - |
| General government | 689,661 | 611,768 | 606,184 | 728,753 | 615,543 | 644,333 | 474,684 | 341,573 | 376,717 |
| Public safety | - | - | - | - | 2,701 | - | 4,180 | 980 | 540 |
| Public works | 118,597 | 71,602 | 70,769 | 92,264 | 74,893 | 73,856 | 50,624 | 30,532 | 11,145 |
| Culture and recreation | 344,057 | 227,641 | 415,524 | 186,256 | 371,603 | 232,944 | 596,968 | 391,053 | 247,526 |
| Operating grants and contributions | 890,250 | 3,040,032 | 957,001 | 2,808,410 | 25,759,946 | 4,272,198 | 1,110,098 | 3,050,960 | 558,635 |
| Capital grants and contributions | 2,084,323 | 3,993,105 | 2,092,584 | 3,857,536 | 26,878,084 | 5,290,275 | 2,236,554 | 3,815,098 | 1,194,563 |
| Total governmental activities program revenues | 3,586,497 | 3,453,702 | 3,241,835 | 3,127,139 | 2,974,619 | 2,595,539 | 4,368,760 | 4,219,031 | 4,135,457 |
| Business-type activities: | | | | | | | | | |
| Charges for services: | 2,812,509 | 2,835,891 | 2,672,842 | 2,564,094 | 2,327,178 | 2,014,796 | 1,135,144 | 988,470 | 857,352 |
| Water | 6,399,006 | 6,289,593 | 5,914,677 | 5,691,233 | 5,301,797 | 4,610,335 | 4,368,760 | 4,219,031 | 4,135,457 |
| Sewer | 1,473,657 | 1,501,881 | 1,490,615 | 1,466,542 | 1,398,013 | 1,326,743 | 1,135,144 | 988,470 | 857,352 |
| Total Water and sewer | 303,942 | - | - | - | 111,419 | 83,090 | - | - | - |
| Garbage collection | 131,557 | 2,087,111 | - | 267,973 | 312,490 | 376,928 | 61,917 | 176,750 | 74,308 |
| Operating grants and contributions | 8,308,162 | 9,878,585 | 7,405,292 | 7,425,748 | 7,123,719 | 6,397,096 | 5,565,821 | 5,384,251 | 5,067,117 |
| Capital grants and contributions | \$ 10,392,485 | \$ 13,871,690 | \$ 9,497,876 | \$ 11,283,284 | \$ 34,001,803 | \$ 11,687,371 | \$ 7,802,375 | \$ 9,199,349 | \$ 6,261,680 |
| Total business-type activities program revenues | 8,308,162 | 9,878,585 | 7,405,292 | 7,425,748 | 7,123,719 | 6,397,096 | 5,565,821 | 5,384,251 | 5,067,117 |
| Total primary government program revenues | \$ 10,392,485 | \$ 13,871,690 | \$ 9,497,876 | \$ 11,283,284 | \$ 34,001,803 | \$ 11,687,371 | \$ 7,802,375 | \$ 9,199,349 | \$ 6,261,680 |

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

| | Fiscal Year | | | | | | | | |
|---|------------------------|-----------------------|------------------------|------------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Net (Expense)/Revenue | | | | | | | | | |
| Governmental activities | \$ (15,253,394) | \$ (12,374,526) | \$ (14,195,083) | \$ (12,010,833) | \$ 11,048,601 | \$ (8,839,042) | \$ (11,186,855) | \$ (8,492,635) | \$ (10,178,104) |
| Business-type activities | 706,496 | 3,171,572 | 590,235 | 450,914 | 414,476 | (217,603) | (753,010) | (656,566) | (816,128) |
| Total primary government net expense | \$ (14,546,898) | \$ (9,202,954) | \$ (13,604,848) | \$ (11,559,919) | \$ 11,463,077 | \$ (9,056,645) | \$ (11,939,865) | \$ (9,149,201) | \$ (10,994,232) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property taxes | \$ 7,320,042 | \$ 7,429,214 | \$ 7,406,761 | \$ 6,180,192 | \$ 5,592,005 | \$ 6,140,450 | \$ 6,333,652 | \$ 5,794,411 | \$ 5,374,262 |
| Local sales tax | 113,260 | 112,078 | 125,381 | 118,467 | 103,974 | 109,364 | 90,723 | 69,403 | 81,288 |
| Franchise charges based on gross receipts | 689,366 | 725,911 | 731,354 | 791,583 | 716,451 | 856,104 | 727,125 | 679,315 | 662,865 |
| Grants and contributions | | | | | | | | | |
| State grants and shared revenues | 4,576,288 | 4,599,824 | 4,685,473 | 4,896,394 | 4,767,196 | 4,694,966 | 3,997,194 | 3,884,441 | 3,953,387 |
| County shared revenues | 90,628 | 89,995 | 96,706 | 89,871 | 70,215 | 69,465 | 65,213 | 64,247 | 64,798 |
| Interest | 19,115 | 109,541 | 237,136 | 125,437 | 181,607 | 104,738 | 140,371 | 80,273 | 108,062 |
| Miscellaneous | 46,664 | 131,349 | 94,067 | 13,673 | 12,644 | 6,642 | 85,258 | 77,021 | 51,196 |
| Transfers | - | - | - | - | (190,381) | 878,160 | 961,515 | - | (204) |
| Total governmental activities | 12,855,363 | 13,197,912 | 13,376,878 | 12,215,617 | 11,253,711 | 12,859,889 | 12,401,051 | 10,849,111 | 10,295,654 |
| Business-type activities: | | | | | | | | | |
| Interest | 22,217 | 117,071 | 94,625 | 151,627 | 123,259 | 53,658 | 70,102 | 97,114 | 116,470 |
| Miscellaneous | - | 16,970 | - | 28,966 | 10,714 | - | - | - | - |
| Transfers | - | - | - | - | 190,381 | (878,160) | (961,515) | - | 204 |
| Total business-type activities | 22,217 | 136,041 | 94,625 | 180,593 | 324,354 | (824,502) | (891,413) | 97,114 | 116,674 |
| Total primary government | \$ 12,677,580 | \$ 13,333,953 | \$ 13,471,503 | \$ 12,396,210 | \$ 11,578,065 | \$ 12,035,387 | \$ 11,509,638 | \$ 10,746,225 | \$ 10,412,328 |
| Change in Net Assets | | | | | | | | | |
| Governmental activities | \$ (2,398,031) | \$ 623,386 | \$ (818,205) | \$ 204,764 | \$ 22,302,312 | \$ 4,020,647 | \$ 1,214,196 | \$ 2,156,476 | \$ 117,550 |
| Business-type activities | 728,713 | 3,307,613 | 664,860 | 631,507 | 738,830 | (1,042,105) | (1,644,423) | (559,452) | (699,454) |
| Total primary government | \$ (1,669,318) | \$ 4,130,999 | \$ (133,345) | \$ 836,291 | \$ 23,041,142 | \$ 2,978,742 | \$ (430,227) | \$ 1,597,024 | \$ (581,904) |

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

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General Fund | | | | | | | | | | |
| Unassigned | \$ 1,289,967 | \$ 1,381,631 | \$ 913,471 | \$ 1,032,351 | \$ 1,178,097 | \$ 2,163,452 | \$ 1,659,269 | \$ 1,859,017 | \$ 1,994,892 | \$ 2,330,866 |
| Total general fund | \$ 1,289,967 | \$ 1,361,631 | \$ 913,471 | \$ 1,032,351 | \$ 1,178,097 | \$ 2,163,452 | \$ 1,659,269 | \$ 1,859,017 | \$ 1,994,892 | \$ 2,330,866 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Economic development | \$ 91,237 | \$ 116,124 | \$ 132,199 | \$ 160,920 | \$ 142,467 | \$ 106,481 | \$ 97,635 | \$ 128,996 | \$ 203,937 | \$ 125,398 |
| Law enforcement | - | - | - | - | - | - | - | 7,022 | 16,721 | 10,927 |
| Debt service | 756,744 | 708,931 | 629,709 | 546,691 | 42,144 | 122,054 | 233,944 | 205,910 | 215,967 | 292,334 |
| Capital projects | 643,441 | 805,077 | 2,637,480 | 8,217,203 | 876,115 | 2,454,395 | 3,446,963 | 520,610 | 628,355 | 523,310 |
| Assigned to debt service | 12,090 | 12,011 | 9,477 | 4,536 | 3,402 | 3,049 | 2,525 | 10,512 | 8,276 | 6,511 |
| Unassigned | (445) | (1,088) | (15,133) | (81,507) | (140,658) | (133,001) | (49,934) | (546,438) | (25,794) | (145,806) |
| Total all other governmental funds | \$ 1,503,067 | \$ 1,641,075 | \$ 3,393,732 | \$ 8,848,043 | \$ 923,470 | \$ 2,552,978 | \$ 3,731,133 | \$ 326,612 | \$ 1,047,462 | \$ 812,674 |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 7,320,042 | \$ 7,429,215 | \$ 7,406,782 | \$ 6,180,193 | \$ 5,592,004 | \$ 6,140,451 | \$ 6,333,652 | \$ 5,794,411 | \$ 5,374,263 | \$ 5,029,178 |
| Licenses and permits | 888,812 | 845,985 | 833,155 | 926,357 | 858,179 | 1,038,820 | 688,356 | 774,470 | 742,239 | 691,101 |
| Intergovernmental | 5,997,122 | 9,154,734 | 6,253,242 | 6,168,178 | 5,820,982 | 7,949,043 | 4,989,247 | 5,637,951 | 4,879,358 | 4,029,531 |
| Charges for services | 133,960 | 83,350 | 87,574 | 122,907 | 117,205 | 87,287 | 68,869 | 41,667 | 16,560 | 20,860 |
| Fines and forfeitures | 510,870 | 508,806 | 521,252 | 597,229 | 469,583 | 481,673 | 301,558 | 236,263 | 292,447 | 348,818 |
| Special assessments | 27,037 | 27,037 | 27,037 | - | - | - | - | - | - | - |
| Interest | 19,111 | 109,542 | 237,135 | 125,436 | 181,606 | 104,738 | 140,371 | 80,273 | 104,734 | 62,345 |
| Contributions | 110,262 | 37,175 | 26,844 | 170,301 | 74,521 | 10,363 | 36,163 | 186,727 | - | - |
| Miscellaneous | 45,377 | 63,023 | 284,221 | 179,466 | 184,570 | 235,658 | 183,002 | 200,672 | 197,067 | 207,742 |
| Total revenues | 15,052,393 | 18,288,867 | 15,657,222 | 14,470,067 | 13,298,650 | 16,048,031 | 12,939,218 | 12,952,434 | 11,606,688 | 10,389,575 |
| Expenditures | | | | | | | | | | |
| General government | 1,206,610 | 1,121,351 | 1,329,550 | 1,278,437 | 1,324,171 | 1,259,455 | 1,248,345 | 1,182,998 | 1,086,016 | 939,228 |
| Public safety | 7,041,411 | 6,763,551 | 6,943,292 | 6,708,614 | 6,949,936 | 6,678,961 | 6,327,787 | 5,858,567 | 5,315,644 | 5,172,978 |
| Public works | 1,898,236 | 1,828,058 | 1,843,458 | 1,821,997 | 1,793,781 | 1,766,389 | 1,670,618 | 1,534,478 | 1,435,214 | 1,260,870 |
| Culture and recreation | 1,407,879 | 1,219,791 | 1,279,317 | 1,271,219 | 1,255,120 | 1,116,715 | 998,511 | 850,225 | 701,510 | 676,953 |
| Economic development | 315,093 | 314,068 | 345,591 | 231,380 | 381,262 | 147,232 | 148,190 | 144,742 | 135,315 | 125,034 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 65,651 |
| Debt service: Principal | 1,485,827 | 1,483,656 | 1,357,111 | 941,078 | 1,213,164 | 1,058,352 | 1,448,231 | 891,152 | 820,284 | 823,129 |
| Interest and fiscal charges | 849,842 | 897,861 | 947,420 | 787,730 | 284,171 | 792,319 | 561,584 | 355,332 | 404,965 | 450,412 |
| Capital outlay | 1,231,390 | 8,213,953 | 7,371,931 | 1,837,775 | 3,056,758 | 8,987,111 | 7,100,155 | 3,480,012 | 2,059,423 | 1,611,952 |
| Total expenditures | 15,436,088 | 21,620,289 | 21,417,670 | 14,858,210 | 16,258,383 | 21,806,534 | 19,504,421 | 14,297,506 | 11,958,371 | 11,125,707 |
| Excess of revenues over (under) expenditures | (383,695) | (3,551,422) | (5,760,448) | (388,143) | (2,959,733) | (5,758,503) | (6,565,203) | (1,345,072) | (351,683) | (736,132) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital lease proceeds | 122,661 | 437,082 | 187,257 | 166,970 | - | - | 1,058,461 | 241,740 | 244,593 | - |
| Loan proceeds | - | 1,735,152 | - | - | - | - | 7,750,000 | - | - | - |
| Proceeds from sale of capital assets | 31,442 | 74,591 | - | - | - | - | - | - | 10,060 | 11,285 |
| Bond issue proceeds | - | - | - | 8,000,000 | 485,000 | 3,870,000 | - | 250,000 | - | - |
| Operating transfers in | 178,794 | 178,709 | 179,256 | 840,068 | 830,291 | 1,335,930 | 1,065,140 | 165,814 | 540,502 | 163,036 |
| Operating transfers out | (176,794) | (176,709) | (179,256) | (840,068) | (970,427) | (457,770) | (103,625) | (169,207) | (544,658) | (163,036) |
| Total other financing sources (uses) | 154,123 | 2,246,825 | 187,257 | 8,166,970 | 344,664 | 4,748,160 | 9,769,976 | 488,347 | 250,497 | 11,285 |
| Net change in fund balance | \$ (229,572) | \$ (1,304,597) | \$ (5,573,191) | \$ 7,778,827 | \$ (2,614,869) | \$ (1,010,343) | \$ 3,204,773 | \$ (856,725) | \$ (101,188) | \$ (724,947) |
| Debit service as a percentage of noncapital expenditures | 16.4% | 17.4% | 16.4% | 13.1% | 11.3% | 14.4% | 16.2% | 11.5% | 12.4% | 13.4% |

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 |
|-------------|----------------------|---------------------|-------------------|----------------------------------|---------------------------|------------------------------|---------------------------|--|
| | | | | | | | | |
| 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 | 48,949,701 | 11,912,549 | 158,680,512 | 38.74 | 1,058,882,537 |
| 2007 | 57,797,679 | 44,014,707 | 17,810,025 | 50,433,045 | 11,577,107 | 158,478,349 | 35.74 | 1,042,480,750 |
| 2006 | 63,525,005 | 46,639,628 | 16,710,810 | 47,487,431 | 11,782,303 | 162,580,571 | 35.74 | 1,098,054,710 |
| 2005 | 61,364,882 | 47,867,460 | 15,884,613 | 45,539,653 | 12,869,729 | 157,786,879 | 35.74 | 1,061,764,193 |
| 2004 | 65,593,266 | 41,425,915 | 15,146,681 | 45,741,111 | 12,662,371 | 155,244,602 | 35.74 | 1,058,929,960 |
| 2003 | 63,584,907 | 38,980,962 | 16,086,360 | 43,968,434 | 12,263,714 | 150,356,949 | 35.74 | 1,026,888,857 |
| 2002 | 54,638,448 | 33,553,411 | 17,366,682 | 42,805,846 | 11,188,605 | 137,175,782 | 35.74 | 916,651,870 |

- (1) Source: Hinds County Tax Assessor.
- (2) Tax Rate per \$1,000 of assessed value.
- (3) Property values in the annexed area were not included in the 2007 taxable assessed value because of a lawsuit objecting to the annexation.
- (4) Residential and Commercial property was reassessed for the 2009 fiscal year.

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

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

| Fiscal Year | City of Clinton | | | Total | Overlapping Rates (a) | | Total |
|-------------|-----------------|-------------------|----------------------------|-------|--------------------------------|------------------|--------|
| | General Fund | Debt Service Fund | Fire & Police Pension Fund | | Clinton Public School District | Hinds County (1) | |
| 2011 | 31.47 | 6.28 | 0.99 | 38.74 | 54.57 | 37.33 | 130.64 |
| 2010 | 31.95 | 6.28 | 0.51 | 38.74 | 54.57 | 37.33 | 130.64 |
| 2009 | 31.33 | 6.70 | 0.71 | 38.74 | 54.57 | 37.33 | 130.64 |
| 2008 | 32.82 | 5.05 | 0.87 | 38.74 | 54.57 | 39.12 | 132.43 |
| 2007 | 33.67 | 1.50 | 0.57 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2006 | 33.67 | 1.50 | 0.57 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2005 | 33.54 | 1.90 | 0.30 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2004 | 33.28 | 2.25 | 0.21 | 35.74 | 54.57 | 39.12 | 129.43 |
| 2003 | 33.28 | 2.35 | 0.11 | 35.74 | 51.82 | 37.41 | 124.97 |
| 2002 | 32.90 | 2.35 | 0.49 | 35.74 | 52.22 | 37.41 | 125.37 |

(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 Seven Years Ago

| <u>Name of Taxpayer</u> | <u>2010 Assessed Property</u> | | <u>Percentage of Total Assessed Valuation</u> | <u>2003 Assessed Property</u> | | <u>Percentage of Total Assessed Valuation</u> |
|--|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <u>Valuation</u> | <u>Rank</u> | | <u>Valuation</u> | <u>Rank</u> | |
| Entergy | 10,641,609 | 1 | 6.83% | 7,133,081 | 1 | 5.98% |
| Delphi Automotive Systems | 3,102,017 | 2 | 1.99% | 5,203,792 | 3 | 4.36% |
| 5C Clinton M5 LLC | 2,865,290 | 3 | 1.84% | 0 | 0 | 0.00% |
| Reserve at Woodchase | 2,090,316 | 4 | 1.34% | 1,777,817 | 7 | 1.49% |
| Wal-Mart Stores | 1,684,723 | 5 | 1.08% | 3,553,878 | 4 | 2.98% |
| BellSouth | 1,605,731 | 6 | 1.03% | 1,846,289 | 6 | 1.55% |
| Clinton Assisted Living | 1,145,832 | 7 | 0.74% | 1,058,122 | 9 | 0.89% |
| CA New Plan Venture | 1,030,021 | 8 | 0.66% | 0 | | 0.00% |
| Home Depot, USA | 977,394 | 9 | 0.63% | 0 | 0 | 0.00% |
| Ridgeview West LLC | 585,078 | 10 | 0.38% | 0 | | 0.00% |
| MCI, Inc. | 0 | | 0.00% | 5685616 | 2 | 4.77% |
| EDS Information Systems | 0 | | 0.00% | 2,542,673 | 5 | 2.13% |
| Gulf States Cannery | 529,568 | | 0.34% | 1,615,347 | 8 | 1.35% |
| Leon V Ghetti | 0 | | 0.00% | 887,652 | 10 | 0.74% |
| Total taxable assessed value of ten largest taxpayers | 26,257,579 | | 16.85% | 31,304,267 | | 26.24% |
| Total taxable assessed value of remaining taxpayers | 129,616,126 | | 83.15% | 87,991,093 | | 73.76% |
| Total taxable assessed value of all taxpayers | 155,873,705 | | 100.00% | 119,295,360 | | 100.00% |

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

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

Total taxable assessed value excludes automobiles.

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

| Fiscal Year | Total Tax Levy (2) | Collected Within Year for Which Levied | Percent of Levy | Collected in Subsequent Years | Total Collections To Date | Total Collections To Date as a % of Levy |
|-------------|--------------------|--|-----------------|-------------------------------|---------------------------|--|
| 2011 | \$ 7,350,400 | \$ 7,245,846 | 98.6% | \$ 0 | 7,245,846 | 98.6% |
| 2010 | 7,357,332 | 7,353,261 | 99.9% | 4,071 | 7,357,332 | 100.0% |
| 2009 | 7,305,271 | 7,303,422 | 99.9% | 1,849 | 7,305,271 | 100.0% |
| 2008 | 6,147,283 | 6,058,013 | 98.5% | 55,930 | 6,113,943 | 99.5% |
| 2007 | 5,631,744 | 5,507,544 | 97.8% | 59,657 | 5,567,201 | 98.9% |
| 2006 | 5,794,159 | 5,559,586 | 96.0% | 40,931 | 5,600,517 | 96.7% |
| 2005 | 5,776,372 | 5,675,721 | 98.3% | 42,935 | 5,718,656 | 99.0% |
| 2004 | 5,167,135 | 5,139,047 | 99.5% | 28,088 | 5,167,135 | 100.0% |
| 2003 | 5,001,308 | 4,944,411 | 98.9% | 34,502 | 4,978,913 | 99.6% |
| 2002 | 4,602,709 | 4,547,684 | 98.8% | 32,415 | 4,580,099 | 99.5% |

(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 | Increment Limited Bonds | Notes Payable | Capital Leases | General Obligation Bonds | Revenue Bonds | Notes Payable | Capital Leases | | | |
| 2011 | \$ 10,061,134 | \$ 1,428,500 | \$ 6,859,391 | \$ 706,902 | \$ 1,118,865 | \$ 380,000 | \$ 16,503,505 | \$ 81,519 | \$ 37,139,816 | 4.11% | \$ 1,473 |
| 2010 | 10,759,698 | 1,569,500 | 7,266,217 | 823,658 | 1,220,302 | 495,000 | 15,771,033 | 118,775 | 38,024,183 | 3.92% | 1,508 |
| 2009 | 11,423,829 | 1,705,500 | 7,633,026 | 683,292 | 1,421,171 | 600,000 | 13,691,741 | 165,345 | 37,323,904 | 3.68% | 1,418 |
| 2008 | 12,054,092 | 1,841,000 | 7,973,665 | 746,743 | 1,610,908 | 700,000 | 14,371,561 | 229,294 | 39,527,263 | 3.97% | 1,497 |
| 2007 | 4,414,923 | 1,960,000 | 8,191,085 | 823,600 | 1,790,077 | 795,000 | 15,216,424 | 260,044 | 33,451,153 | 3.36% | 1,267 |
| 2006 | 5,195,000 | 1,554,000 | 8,357,834 | 1,010,958 | 1,515,000 | 885,000 | 15,811,793 | 304,235 | 34,633,820 | 3.48% | 1,312 |
| 2005 | 1,550,000 | 1,632,000 | 8,439,154 | 1,214,990 | 1,655,000 | 970,000 | 13,859,057 | 275,194 | 29,595,395 | 2.98% | 1,184 |
| 2004 | 1,760,000 | 1,705,000 | 767,394 | 803,520 | 1,795,000 | 1,055,000 | 12,207,162 | 264,880 | 20,357,956 | 2.05% | 814 |
| 2003 | 1,960,000 | 1,515,000 | 843,720 | 706,606 | 1,930,000 | 1,135,000 | 12,607,261 | 223,401 | 20,920,988 | 2.10% | 896 |
| 2002 | 2,150,000 | 1,570,000 | 916,854 | 584,163 | 1,400,000 | 1,210,000 | 12,241,507 | 136,831 | 20,209,355 | 2.03% | 866 |

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

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

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

See Schedule 14 for personal income and population data.

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

| <u>Fiscal Year</u> | <u>Popula- tion (1)</u> | <u>Estimated Actual Value of Taxable Property (2)</u> | <u>General Obligation Bonds (3, 4)</u> | <u>Ratio of Bonded Debt to Estimated Actual Value</u> | <u>Bonded Debt per Capita (5)</u> |
|--------------------|-----------------------------|---|--|---|---|
| 2011 | 25,216 | \$ 1,341,464,783 | \$ 11,179,999 | 0.83% | \$ 443 |
| 2010 | 25,216 | \$ 1,338,931,987 | \$ 11,980,000 | 0.89% | \$ 475 |
| 2009 | 26,313 | 1,335,254,853 | 12,845,000 | 0.96% | 488 |
| 2008 | ** 26,400 | 1,058,882,537 | 13,665,000 | 1.29% | 518 |
| 2007 | ** 26,400 | 1,042,480,750 | 6,205,000 | 0.60% | 235 |
| 2006 | ** 26,400 | 1,098,054,710 | 6,710,000 | 0.61% | 254 |
| 2005 | * 25,000 | 1,061,764,193 | 3,205,000 | 0.30% | 128 |
| 2004 | * 25,000 | 1,058,929,960 | 3,555,000 | 0.34% | 142 |
| 2003 | 23,347 | 1,026,888,857 | 3,890,000 | 0.38% | 167 |
| 2002 | 23,347 | 916,651,870 | 4,200,000 | 0.46% | 180 |

* 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, 2011

| <u>Jurisdiction</u> | <u>General Obligation Debt Outstanding</u> | <u>Percentage Applicable to City of Clinton (1)</u> | <u>Amount Applicable to City of Clinton</u> |
|-----------------------------------|--|---|---|
| Overlapping: | | | |
| Clinton Separate School District | \$ 36,465,000 | 84.9% (1) | 30,965,658 |
| Hinds County | \$ 47,518,000 | 11.4% (1) | 5,419,850 |
| | | | <u>36,385,508</u> |
| Direct: | | | |
| City of Clinton | \$ 10,061,134 * | 100.0% | \$ <u>10,061,134</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 46,446,642</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 Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| AUTHORIZED DEBT LIMIT 15% RULE | | | | | | | | | | |
| Assessed value of taxable property | \$ 204,056 | \$ 203,912 | \$ 202,111 | \$ 170,593 | \$ 170,055 | \$ 174,363 | \$ 170,657 | \$ 155,243 | \$ 153,189 | \$ 137,176 |
| Debt limitation - 15% of net assessed value | 30,608 | 30,587 | 30,317 | 25,589 | 25,508 | 26,154 | 25,599 | 23,286 | 22,978 | 20,576 |
| Less subject indebtedness: | | | | | | | | | | |
| General obligation bond | 10,061 | 10,760 | 11,424 | 12,054 | 4,415 | 5,195 | 1,550 | 1,760 | 1,960 | 2,150 |
| Tax increment limited obligation bonds | 1,428 | 1,569 | 1,705 | 1,841 | 1,960 | 1,554 | 1,632 | 1,705 | 1,515 | 1,570 |
| Legal debt margin under 15 percent rule | \$ 19,119 | \$ 18,258 | \$ 17,188 | \$ 11,694 | \$ 19,133 | \$ 19,405 | \$ 22,417 | \$ 19,821 | \$ 19,503 | \$ 16,856 |

AUTHORIZED DEBT LIMIT 20% RULE

| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Assessed value of taxable property | \$ 204,056 | \$ 203,912 | \$ 202,111 | \$ 170,593 | \$ 170,055 | \$ 174,363 | \$ 170,657 | \$ 155,243 | \$ 153,189 | \$ 137,176 |
| Debt limitation - 20% of net assessed value | \$ 40,811 | \$ 40,762 | \$ 40,422 | \$ 34,119 | \$ 34,011 | \$ 34,873 | \$ 34,131 | \$ 31,049 | \$ 30,638 | \$ 27,435 |
| Less subject indebtedness: | | | | | | | | | | |
| General obligation bond | 11,180 | 11,980 | 12,845 | 13,665 | 6,205 | 6,710 | 3,205 | 3,555 | 3,890 | 4,200 |
| Tax increment limited obligation bonds | 1,428 | 1,569 | 1,705 | 1,841 | 1,960 | 1,554 | 1,632 | 1,705 | 1,515 | 1,570 |
| Other | 788 | 942 | 849 | 976 | 1,084 | 1,315 | 1,490 | 1,068 | 930 | 720 |
| Legal debt margin under 20 percent rule | \$ 27,415 | \$ 26,291 | \$ 25,023 | \$ 17,637 | \$ 24,762 | \$ 25,294 | \$ 27,804 | \$ 24,721 | \$ 24,303 | \$ 20,945 |

Total net debt applicable to the limit
 as a percentage of debt limit 15% rule

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 37.54% | 40.31% | 43.31% | 54.30% | 24.99% | 25.80% | 12.43% | 14.88% | 15.12% | 18.08% |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Total net debt applicable to the limit
 as a percentage of debt limit 20% rule

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 32.82% | 35.53% | 38.10% | 48.31% | 27.19% | 27.47% | 18.54% | 20.38% | 20.68% | 23.66% |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

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

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

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

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

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

| Fiscal Year | Water and Sewer Revenue Bonds | | | | | Tax Increment Financing Bonds | | | | | Notes Payable to State of Mississippi | | | | |
|-------------|-------------------------------|--------------|-------------------------|--------------|----------|--|--------------|----------|---------------|--------------|---------------------------------------|-----------|----------|----------|--|
| | Revenues | Expenses (1) | Less: Available Revenue | Debt Service | | Incremental Property Taxes Collected (2) | Debt Service | | Sales Tax (3) | Debt Service | | Principal | Interest | Coverage | |
| | | | | Principal | Interest | | Principal | Interest | | Principal | Interest | | | | |
| 2011 | \$ 6,375 | \$ 4,395 | 1,960 | \$ 115 | \$ 25 | \$ 230 | \$ 141 | \$ 86 | \$ 4,065 | \$ 1,382 | \$ 644 | 2.01 | 2.01 | | |
| 2010 | 6,310 | 3,844 | 2,468 | 105 | 31 | 233 | 136 | 92 | 4,078 | 1,263 | 663 | 2.12 | 2.12 | | |
| 2009 | 5,985 | 4,077 | 1,908 | 100 | 37 | 235 | 136 | 101 | 4,205 | 1,211 | 704 | 2.20 | 2.20 | | |
| 2008 | 5,769 | 4,217 | 1,552 | 95 | 42 | 230 | 120 | 108 | 4,305 | 1,062 | 741 | 2.39 | 2.39 | | |
| 2007 | 5,341 | 4,127 | 1,214 | 90 | 47 | 185 | 79 | 88 | 4,152 | 897 | 730 | 2.55 | 2.55 | | |
| 2006 | 4,638 | 4,111 | 527 | 85 | 51 | 189 | 78 | 91 | 4,017 | 726 | 861 | 2.50 | 2.50 | | |
| 2005 | 4,435 | 3,888 | 547 | 85 | 55 | 154 | 73 | 90 | 3,337 | 653 | 410 | 3.14 | 3.14 | | |
| 2004 | 4,314 | 3,696 | 618 | 80 | 59 | 149 | 60 | 87 | 3,294 | 603 | 166 | 4.28 | 4.28 | | |
| 2003 | 4,247 | 3,575 | 672 | 75 | 83 | 147 | 55 | 91 | 3,341 | 573 | 87 | 5.06 | 5.06 | | |
| 2002 | 4,182 | 3,805 | 557 | 70 | 67 | 145 | 50 | 94 | 3,083 | 282 | 93 | 8.22 | 8.22 | | |

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

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

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

| Fiscal Year | Popula- tion (1) | Per Capita Income (4) ** | Total Personal Income | Median Age (1) | Education Level in | | | Unemploy- ment Rate (4) |
|-------------|---------------------|--------------------------------|-----------------------------|-------------------|-------------------------------------|-----------------------------|------|-------------------------------|
| | | | | | Years of Formal Schooling (1) | School Enrollment (3) | | |
| 2011 | 25,216 | \$ 35,865 | 904,371,840 | 35.2 | 14.1 | 4,535 | 8.8% | |
| 2010 | 25,216 | 38,502 | 970,866,432 | 35.2 | 14.1 | 4,509 | 8.8% | |
| 2009 | 26,313 | 38,502 | 1,013,103,126 | 35.2 | 14.1 | 4,635 | 7.9% | |
| 2008 | 26,400 | 37,679 | 994,725,600 | 33.1 | 14.1 | 4,718 | 4.1% | |
| 2007 | 26,400 | 36,292 | 958,108,800 | 33.1 | 14.1 | 4,752 | 5.3% | |
| 2006 | 26,400 | 33,579 | 886,485,600 | 33.1 | 14.1 | 4,859 | 5.0% | |
| 2005 * | 25,000 | 33,579 | 839,475,000 | 33.1 | 14.1 | 4,956 | 7.2% | |
| 2004 * | 25,000 | 31,054 | 776,350,000 | 33.1 | 14.1 | 4,835 | 5.0% | |
| 2003 | 23,347 | 28,965 | 676,256,174 | 33.1 | 14.1 | 4,956 | 3.7% | |
| 2002 | 23,347 | 28,013 | 654,017,410 | 33.1 | 14.1 | 4,847 | 5.1% | |

(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 Six Years Ago**

| <u>Employer</u> | <u>2011</u> | | <u>2005</u> | |
|--------------------------------|------------------|--|------------------|--|
| | <u>Employees</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Percentage of Total City Employment</u> |
| MCI/Skytel | - | 0.00% | 1,148 | 8.21% |
| Delphi Corporation | - | 0.00% | 1,135 | 8.12% |
| Clinton Public School District | 550 | 4.22% | 600 | 4.29% |
| Wal-Mart SuperCenter | 520 | 3.99% | 500 | 3.58% |
| Mississippi College | 450 | 3.45% | 450 | 3.22% |
| City of Clinton | 218 | 1.67% | 201 | 1.44% |
| Kroger | 130 | 1.00% | 130 | 0.93% |
| Winn-Dixie Stores, Inc. | - | 0.00% | 110 | 0.79% |
| Verizon | 500 | 3.83% | - | 0.00% |
| AKZO Noble Coatings, Inc. | 129 | 0.99% | - | 0.00% |
| Reznick Insurance | 123 | 0.94% | - | 0.00% |
| Home Depot | 143 | 1.10% | - | 0.00% |
| Total | 2,763 | 21.19% | 4,274 | 30.57% |

Source: City of Clinton Economic Development Department

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

Information for this schedule was not available prior to 2005.

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

| Function/Program | Full-time-Equivalent Employees as of September 30th | | | | | | | | | |
|---------------------------------|---|------|------|------|------|------|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| General government | | | | | | | | | | |
| Mayor and Alderman | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Administration | 5 | 4 | 5 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Court | 5 | 4 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Planning/Zoning and Inspections | 5 | 5 | 5 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| Police | | | | | | | | | | |
| Officers | 45 | 48 | 48 | 48 | 50 | 52 | 49 | 45 | 39 | 43 |
| Civilians | 17 | 14 | 14 | 14 | 14 | 15 | 14 | 15 | 13 | 14 |
| Fire | | | | | | | | | | |
| Fire fighters and Officers | 47 | 47 | 45 | 47 | 45 | 45 | 44 | 49 | 47 | 45 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Street | 25 | 25 | 26 | 24 | 25 | 23 | 22 | 21 | 21 | 20 |
| Water | 18 | 18 | 18 | 19 | 18 | 20 | 16 | 16 | 18 | 17 |
| Wastewater | 11 | 11 | 11 | 11 | 11 | 14 | 15 | 15 | 15 | 16 |
| Parks and Recreation | 15 | 19 | 19 | 17 | 15 | 16 | 18 | 16 | 13 | 11 |
| Mainstreet | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Economic Development | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 205 | 207 | 206 | 204 | 203 | 209 | 200 | 199 | 188 | 188 |

Source: City Clerk Office

Notes:

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

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

| Function/Program | Fiscal Year | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General government | | | | | | | | |
| Building permits issued | 840 | 70 | 73 | 97 | 112 | 162 | 176 | 141 |
| Police | | | | | | | | |
| Physical arrests | 1,522 | 1,564 | 1,203 | 1,240 | 1,847 | 1,451 | 1,042 | 1,016 |
| Parking violations | 602 | 196 | 259 | 683 | 2,898 | 3,706 | 3,529 | 2,428 |
| Traffic violations | 5,697 | 7,200 | 5,152 | 5,260 | 613 | 317 | 113 | 134 |
| Fire | | | | | | | | |
| Emergency responses | 1,604 | 2,030 | 2,082 | 2,065 | 1,884 | 1,918 | 2,086 | 1,848 |
| Fires extinguished | 99 | 75 | 70 | 87 | 103 | * | * | * |
| Inspections | 280 | 255 | 250 | 438 | 300 | 40 | 147 | 172 |
| Water | | | | | | | | |
| New connections | 98 | 60 | 80 | 154 | 168 | 162 | 176 | 141 |
| Total connections | 8,805 | 8,819 | 8,731 | 8,644 | 8,867 | 8,908 | 8,200 | 7,994 |
| Average daily consumption (millions of gallons) | 3.5 | 3.4 | 3.3 | 3.3 | 3.3 | 3.5 | 3.5 | 3.5 |
| Peak daily consumption (millions of gallons) | 3.8 | 3.6 | 3.6 | 4.1 | 4.1 | 4.7 | 4.7 | 4.7 |
| Wastewater | | | | | | | | |
| Total connections | 7,859 | 7,859 | 7,840 | 7,763 | 8,851 | 8,088 | 7,458 | 7,252 |
| Average daily consumption (millions of gallons) | 3.3 | 3.1 | 3.1 | 2.6 | 2.6 | 3.2 | 3.2 | 3.2 |
| Peak daily consumption (millions of gallons) | 8.9 | 8.8 | 8.8 | 10.1 | 10.1 | 10.3 | 10.3 | 10.3 |

* Information not available.

Sources: Various city departments

Notes:

- (1) Only eight years of data were readily available for this schedule.
- (2) Building permits increased in 2011 primarily due to the rebuilding as a result of a tornado.

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

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

Sources: Various city departments

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

INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND INTERNAL CONTROL

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City in a separate letter dated March 21, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

Tamm, Brown & Ross Co.

March 21, 2012

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

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

Compliance

We have audited the City of Clinton, Mississippi's (the City) 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 each of the City's major federal programs for the year ended September 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

(Continued)

Internal Control Over Compliance

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

A *deficiency* in internal control over compliance exists when the design or operation of a control 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.

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

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

Tamm, Brown & Russ Co.

March 21, 2012

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

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

We have audited the accompanying financial statements of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures disclosed no material instances of noncompliance with state laws and regulations. However, we noted certain matters that we reported to management of the City in a separate letter dated March 21, 2012.

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 21, 2012

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 20.205 | Highway Planning and Construction |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |
| 97.036 | Disaster Grants – Public Assistance |

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

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-1 Significant Deficiency – Special Event Fees

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

Condition: We noted that minimal controls appeared to be in place over cash collections at special events of the City's Parks and Recreation Department.

Cause: The number of special events hosted by the Parks and Recreation Department has increased over the last several years, and the controls in place are no longer adequate for the volume of special events revenue generated.

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

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

Response: The City's Finance and Administration Department will assist the Parks and Recreation Department in developing and implementing appropriate controls over special event fee collections.

2011-2 Significant Deficiency – Petty Cash

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

(Continued)

CITY OF CLINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-2 Significant Deficiency – Petty Cash

- Condition:** We noted that the petty cash fund transactions of the City's Parks and Recreation Department did not appear to be properly documented and recorded in the City's accounting system.
- Cause:** Special event fee cash collections appear to have been used to replenish the Parks and Recreation Department's petty cash fund rather than being deposited into the City's bank account.
- Effect:** Special event fee collections that were placed into the petty cash fund were not recorded in the City's accounting system. In addition, the petty cash purchases made with these funds were not recorded in the City's accounting system and were not subjected to the spending control provided by the City's adopted budget.
- Recommendation:**
We recommend that the City's Finance and Administration Department review the petty cash procedures of City departments that utilize petty cash funds. A petty cash replenishment form should be submitted periodically to the Finance and Administration Department in order to document the beginning petty cash fund balance, the purchases made with petty cash since the last replenishment, and the ending petty cash fund balance. Supporting documentation for the petty cash purchases should accompany the petty cash replenishment form, and these purchase transactions should then be recorded in the City's accounting system upon replenishment of the petty cash fund. In addition, we recommend that the City's Finance and Administration Department conduct periodic unannounced counts of each department's petty cash fund to ensure that the cash and purchases documentation in the petty cash fund at that point in time are equal to the authorized petty cash fund amount.
- Response:** The City's Finance and Administration Department will assist the Parks and Recreation Department and the City's other departments in developing and implementing appropriate controls over the City's petty cash funds.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CLINTON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2011

No audit findings related to federal awards were reported in the audit of the year ended September 30, 2010.

TANN, BROWN & RUSS CO., PLLC
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MANAGEMENT LETTER

Honorable Mayor & Board of Aldermen
City of Clinton
Clinton, Mississippi

In planning and performing our audit of the financial statements of the City of Clinton, Mississippi (the City) as of and for the year ended September 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the City's 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency that are presented for your consideration. A separate report dated March 21, 2012 contains our report on significant deficiencies in the City's internal control. This letter does not affect our report dated March 21, 2012, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and recommendations are summarized as follows:

Bank Accounts

- Reconciliation of the City's monthly bank account statements to the accounting system cash balances is a primary control to ensure that all transactions are properly recorded in the accounting system. We noted that the year end bank account balances in the accounting system had not been adjusted to correct numerous differences that had been identified throughout the year during the bank account reconciliation process. We recommend that all bank statements be reconciled to the accounting system each month and any posting errors be corrected in a timely manner.

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Self-Funded Group Insurance Fund

- Fox Everett maintains a bank account for the benefit of (FBO) the City's Self-Funded Group Insurance Fund in order to receive funds from the City for the payment of approved medical claims and administrative costs. However, we noted that a balance of approximately \$75,000 has accumulated in this FBO bank account as a result of voided checks and old outstanding checks that have not cleared the bank account. In addition, the FBO bank account monthly statements did not appear to be reconciled to the City's accounting system on a regular basis. Since the City's funds are required to be held in a commissioned municipal repository, we recommend that the City reduce future transfers of funds into the FBO account in order to utilize the balance already in the account, which totals approximately \$63,000. In addition, we recommend that the old outstanding checks, which total approximately \$12,000, be investigated to determine whether the checks should be reissued by Fox Everett (if the amounts are still owed) or removed from the outstanding check list (if the amounts are no longer owed). The FBO bank account statements should be reconciled to the City's accounting system on a monthly basis in order to detect and correct any posting errors and old outstanding checks in a timely manner.

Payroll Clearing Fund

- The City's Payroll Clearing Fund is utilized to process the payroll transactions for the City's various other funds. We noted that the payroll withholding accounts for payroll taxes and employee benefits in the City's accounting system were not periodically reconciled to the amounts actually owed to the applicable taxing authorities and benefit plan administrators. As a result, several of the payroll withholding accounts in the accounting system had to be adjusted by a total of approximately \$48,000 during the audit process in order to properly reflect the amounts withheld but not yet remitted. We recommend that procedures be developed to periodically reconcile these payroll withholding accounts in order to detect and correct posting errors in a timely manner.

Accounts Payable Clearing Fund

- The City's Accounts Payable Clearing Fund is utilized to accumulate and pay amounts owed to the City's vendors and service providers for the City's various other funds. We noted that the accounts payable balance reflected in the accounting system was not periodically reconciled to the subsidiary records of amounts actually owed to vendors and service providers. As a result, posting errors totaling approximately \$44,000 in the accounts payable balance had to be corrected during the audit process. We recommend that procedures be developed to periodically reconcile the accounts payable balance in order to detect and correct posting errors in a timely manner.

Budgeting

- Expenditures in capital project funds are generally capital outlay expenditures by nature since they are costs necessary to complete the capital projects. However, we noted that a significant amount of expenditures in the City's capital project funds were budgeted and recorded in the accounting system as "other services and charges" rather than as "capital outlay". These expenditures were reclassified as capital outlay for annual financial statement purposes, which resulted in the actual capital outlay expenditures exceeding the budgeted amounts for these funds. We recommend that capital project fund expenditures be budgeted and recorded as "capital outlay" in order to properly reflect the nature of the expenditures.
- Mississippi Code section 21-35-15 prohibits expenditures in excess of the adopted budget, except for capital outlay, emergencies, and election expenses. We noted that several budgeted line item amounts within certain funds were exceeded, as detailed below, with no known exemption to the budget compliance requirements. Noncompliance with these requirements could expose the City's officials to personal liability for twice the amount of expenditures in excess of budgeted amounts. We recommend that the City's expenditures be closely monitored at all times.

Following are the budgeted line items with expenditures in excess of the budgeted amounts for the year ended September 30, 2011:

| | <u>Final Budget</u> | <u>Actual Expenditures</u> | <u>Excess</u> |
|---|-------------------------|--------------------------------|---------------|
| GENERAL FUND: | | | |
| Law Enforcement: | | | |
| Supplies | \$ 378,064 | \$ 383,007 | \$ 4,943 |
| Other services and charges | 253,011 | 258,780 | 5,769 |
| Debt service | 52,000 | 54,970 | 2,970 |
| Fire Protection: | | | |
| Supplies | 199,862 | 200,078 | 216 |
| Parks and Recreation: | | | |
| Other services and charges | 210,159 | 211,464 | 1,305 |
| KATRINA CDBG GRANT FUND: | | | |
| Other services and charges | - | 1,600 | 1,600 |
| SPECIAL LAW ENFORCEMENT FUND: | | | |
| Debt service | 960 | 1,908 | 948 |
| PARKS AND RECREATION PROJECT FUND: | | | |
| Transfers to other funds | - | 1,444 | 1,444 |
| SELF-FUNDED GROUP INSURANCE FUND: | | | |
| Other services and charges | 1,933,755 | 1,950,893 | 17,138 |

(Continued)

We wish to thank the City's management for their support and assistance during our audit.

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

Tenn, Brown & Rice Co.

March 21, 2012