

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Clinton City
2267 North 1500 West
Clinton, UT 84015

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of the Proportionate Share of the Net Pension Liability - Utah Retirement Systems, Schedule of Contributions - Utah Retirement Systems, and Notes to the Required Supplementary Information - Utah Retirement Systems 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of Clinton City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clinton City's internal control over financial reporting and compliance.

Wood Richards & Associates, PC

Ogden, Utah
December 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2015.

HIGHLIGHTS

Net position of the city increased by \$4,032,667. Of this amount, business-type activities increased by \$659,051 and governmental activities increased by \$3,373,616.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$78,493,684 (net position). Of this amount, \$9,625,467 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors.

The City's governmental funds reported a combined ending fund balance of \$4,146,297, an increase of \$970,981 compared to the prior years' ending amount. Of the combined total fund balance, \$1,718,400 is available for spending at the discretion of the City (unrestricted and unassigned fund balance).

The unrestricted and unassigned fund balance of the General Fund at June 30, 2015, totaling \$1,718,400, is 19.47% of the General Fund total revenues for the year. The General Fund has \$340,651 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$109,236 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods.

During the year, long-term debt for Clinton City decreased by \$540,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Position shows the overall net position of the City. Increases and decreases in net position are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Clinton City's business type activities are sewer, water, solid waste and storm water.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types. The two types are Governmental Funds and Proprietary Funds.

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Clinton City maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Clinton City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and the Special Revenue major fund to demonstrate compliance with this budget.

Clinton City has five Proprietary Funds: the water fund, the sewer fund, the solid waste fund, the storm water fund, and the sewer special service fund. The Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services. The Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. An Internal Service Fund is presented in a separate column in the Proprietary Fund financial statements.

There are several differences between Government-Wide and Fund Statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

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**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2015	2014	2015	2014	2015	2014
Cash	\$ 4,656,796	\$ 2,647,674	\$ 2,962,340	\$ 3,001,987	\$ 7,619,136	\$ 5,649,661
Other assets	2,924,396	2,513,734	920,903	799,911	3,845,299	3,313,645
Capital assets	50,428,742	48,809,147	23,248,552	22,404,979	73,677,294	71,214,126
Deferred outflows of resources	282,767	-	34,734	-	317,501	-
Total assets and deferred outflows	<u>58,292,701</u>	<u>53,970,555</u>	<u>27,166,529</u>	<u>26,206,877</u>	<u>85,459,230</u>	<u>80,177,432</u>
Noncurrent liabilities	2,528,351	1,945,233	183,413	31,646	2,711,764	1,976,879
Other liabilities	1,687,178	307,579	642,293	446,059	2,329,471	753,638
Total liabilities	<u>4,215,529</u>	<u>2,252,812</u>	<u>825,706</u>	<u>477,705</u>	<u>5,041,235</u>	<u>2,730,517</u>
Deferred inflows of resources	1,893,218	1,617,509	31,093	-	1,924,311	1,617,509
Total liabilities and deferred inflows	<u>6,108,747</u>	<u>3,870,321</u>	<u>856,799</u>	<u>477,705</u>	<u>6,965,546</u>	<u>4,348,026</u>
Net position:						
Net investment in capital assets	46,534,080	47,109,025	20,910,607	22,404,979	67,444,687	69,514,004
Restricted	1,268,283	1,143,923	155,247	271,654	1,423,530	1,415,577
Unrestricted	4,381,591	1,847,286	5,243,876	3,052,539	9,625,467	4,899,825
Total net position	<u>\$ 52,183,954</u>	<u>\$ 50,100,234</u>	<u>\$ 26,309,730</u>	<u>\$ 25,729,172</u>	<u>\$ 78,493,684</u>	<u>\$ 75,829,406</u>

The largest component of the City's net position, 85.92%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 1.81% of the total net position and is subject to external restrictions on how they may be used. The remaining 12.26% of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,443,419	\$ 1,897,062	\$ 4,504,001	\$ 3,966,453	\$ 6,947,420	\$ 5,863,515
Operating grants and contributions	659,693	726,883	-	-	659,693	726,883
Capital grants and contributions	2,337,342	172,697	-	-	2,337,342	172,697
General revenues:						
Property taxes	1,810,449	1,373,468	-	-	1,810,449	1,373,468
Sales taxes	2,978,217	2,849,574	-	-	2,978,217	2,849,574
Other taxes	1,218,498	1,256,859	-	-	1,218,498	1,256,859
Impact fees	-	-	430,232	166,502	430,232	166,502
Special revenues	208,420	152,667	-	-	208,420	152,667
Interest	13,640	11,684	13,030	12,238	26,670	23,922
Bond premium	-	6,464	-	-	-	6,464
Other	55,704	105,714	-	-	55,704	105,714
Total revenues	11,725,382	8,553,072	4,947,263	4,145,193	16,672,645	12,698,265
Expenses:						
General government	2,464,743	2,467,794	-	-	2,464,743	2,467,794
Public safety	3,083,543	3,145,954	-	-	3,083,543	3,145,954
Highways and public improvements	1,410,080	1,785,280	-	-	1,410,080	1,785,280
Parks and recreation	1,294,524	1,396,536	-	-	1,294,524	1,396,536
Cemeteries	53,652	52,873	-	-	53,652	52,873
Interest on debt	45,224	67,438	-	-	45,224	67,438
Sewer special service	-	-	59,987	58,241	59,987	58,241
Solid waste	-	-	1,208,264	1,226,462	1,208,264	1,226,462
Storm water	-	-	461,510	550,023	461,510	550,023
Water	-	-	1,243,070	1,233,442	1,243,070	1,233,442
Sewer	-	-	1,315,381	1,067,341	1,315,381	1,067,341
Total expenses	8,351,766	8,915,875	4,288,212	4,135,509	12,639,978	13,051,384
Change in net position	3,373,616	(362,803)	659,051	9,684	4,032,667	(353,119)
Net position-beginning	50,100,234	50,463,037	25,729,172	25,719,488	75,829,406	76,182,525
Prior year adjustment	(1,289,896)	-	(151,577)	-	(1,441,473)	-
Net position-beginning restated	48,810,338	50,463,037	25,577,595	25,719,488	74,387,933	76,182,525
Net position-ending	\$ 52,183,954	\$ 50,100,234	\$ 26,236,646	\$ 25,729,172	\$ 78,420,600	\$ 75,829,406

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Governmental Activities

The activities in the governmental funds resulted in a decrease in net position of \$3,373,616 for the year.

Business-Type Activities

The business-type activities increased net position by \$659,051. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a small surplus.

Capital Assets

Clinton City added \$2,844,422 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$583,806. The following assets were acquired or constructed: land easements \$127,749, machinery and equipment \$26,889; \$2,105,978 work in progress in the Cemetery and two road projects; and internal service equipment and vehicles in the amount of \$231,160. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund increased by \$566,594. The fund balances in the other Governmental Funds increased by \$404,387. The Net Position in the Enterprise Funds increased by \$659,051.

Long-Term Debt

The City currently owes \$1,135,000 on the Sales Tax Revenue Refunding Bond Series 2009. \$560,000 of the debt will be paid in the current year with \$575,000 remaining in long-term debt.

General Fund Budgets

Clinton City prepares its budget according to state statutes. The General Fund Budget was adjusted during the year.

Actual General Fund revenues were \$368,639 above the original budget and \$314,192 above the final adjusted budget. Actual General Fund expenditures before transfers were \$532,389 below the original budget and \$551,471 below the final adjusted budget.

ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Clinton City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the City's finances should be addressed to Clinton City, 2267 North 1500 West, Clinton City, Utah 84015.

BASIC FINANCIAL STATEMENTS

CLINTON CITY
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,926,713	\$ 2,807,093	\$ 5,733,806
Restricted cash	1,730,083	155,247	1,885,330
Accounts receivable	163,250	576,735	739,985
Due from other governmental units	2,758,904	-	2,758,904
Prepaid expenses	119,462	144,572	264,034
Internal balances	(190,584)	190,584	-
Net pension asset	73,364	9,012	82,376
Capital assets (net of accumulated depreciation):			
Land	9,905,596	525,674	10,431,270
Construction in progress	2,115,492	49,171	2,164,663
Infrastructure	20,375,113	20,910,607	41,285,720
Buildings	14,999,968	-	14,999,968
Improvements	2,023,444	-	2,023,444
Machinery and equipment	1,009,129	-	1,009,129
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	58,009,934	27,131,795	85,141,729
Deferred outflows of resources - pensions	282,767	34,734	317,501
TOTAL ASSETS AND DEFERRED OUTFLOWS	58,292,701	27,166,529	85,459,230
LIABILITIES			
Accounts payable	1,285,048	473,810	1,758,858
Deposits	402,130	168,483	570,613
Non-current liabilities:			
Due within one year	560,000	37,163	597,163
Due in more than one year	1,968,351	146,250	2,114,601
TOTAL LIABILITIES	4,215,529	825,706	5,041,235
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,640,090	-	1,640,090
Deferred inflows of resources related to pensions	253,128	31,093	284,221
TOTAL DEFERRED INFLOWS OF RESOURCES	1,893,218	31,093	1,924,311
NET POSITION			
Net investment in capital assets	46,534,080	20,910,607	67,444,687
Restricted for:			
Debt service - revenue bond	74,436	-	74,436
Redevelopment Agency	286,449	-	286,449
Perpetual care	430,369	-	430,369
Transportation impact fees	263,949	-	263,949
Park impact fees	213,080	-	213,080
Utility impact fees	-	155,247	155,247
Unrestricted	4,381,591	5,243,876	9,625,467
TOTAL NET POSITION	\$ 52,183,954	\$ 26,309,730	\$ 78,493,684

The accompanying notes are an integral part of these statements.

**CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 2,464,743	\$ 1,182,177	\$ -	\$ -	\$ (1,282,566)	\$ -	\$ (1,282,566)
Public safety	3,083,543	684,444	23,194	-	(2,375,905)	-	(2,375,905)
Highways and improvements	1,410,080	309,643	636,499	2,337,342	1,873,404	-	1,873,404
Parks and recreation	1,294,524	205,322	-	-	(1,089,202)	-	(1,089,202)
Cemeteries	53,652	61,833	-	-	8,181	-	8,181
Interest on long term debt	45,224	-	-	-	(45,224)	-	(45,224)
Total governmental activities	<u>8,351,766</u>	<u>2,443,419</u>	<u>659,693</u>	<u>2,337,342</u>	<u>(2,911,312)</u>	<u>-</u>	<u>(2,911,312)</u>
Business-type activities:							
Water	1,243,070	1,455,817	-	183,398	-	396,145	396,145
Sewer	1,315,381	1,391,615	-	-	-	76,234	76,234
Solid waste	1,208,264	1,174,984	-	-	-	(33,280)	(33,280)
Storm water	461,510	443,138	-	246,834	-	228,462	228,462
Sewer special service	59,987	38,447	-	-	-	(21,540)	(21,540)
Total business-type activities	<u>4,288,212</u>	<u>4,504,001</u>	<u>-</u>	<u>430,232</u>	<u>-</u>	<u>646,021</u>	<u>646,021</u>
Total primary government	<u>\$ 12,639,978</u>	<u>\$ 6,947,420</u>	<u>\$ 659,693</u>	<u>\$ 2,767,574</u>	<u>(2,911,312)</u>	<u>646,021</u>	<u>(2,265,291)</u>
General revenues:							
Property taxes					1,810,449	-	1,810,449
Sales taxes					2,978,217	-	2,978,217
Franchise taxes					1,077,527	-	1,077,527
Fees-in-lieu of taxes					140,971	-	140,971
Special revenues					208,420	-	208,420
Miscellaneous					55,704	-	55,704
Interest earnings					13,640	13,030	26,670
Total general revenues and transfers					<u>6,284,928</u>	<u>13,030</u>	<u>6,297,958</u>
Change in net position					<u>3,373,616</u>	<u>659,051</u>	<u>4,032,667</u>
Net position - beginning as restated (GASB 68)					<u>48,810,338</u>	<u>25,650,679</u>	<u>74,461,017</u>
Net position - ending					<u>\$ 52,183,954</u>	<u>\$ 26,309,730</u>	<u>\$ 78,493,684</u>

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,535,132	\$ 536,664	\$ 634,112	\$ 2,705,908
Restricted cash	340,651	-	1,389,432	1,730,083
Accounts receivable	163,250	-	-	163,250
Due from other governmental units	2,320,630	438,274	-	2,758,904
Prepaid expenses	109,236	-	-	109,236
Total assets	<u>\$ 4,468,899</u>	<u>\$ 974,938</u>	<u>\$ 2,023,544</u>	<u>\$ 7,467,381</u>
LIABILITIES				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	258,392	667,806	352,666	1,278,864
Customer deposits	402,130	-	-	402,130
Total liabilities	<u>660,522</u>	<u>667,806</u>	<u>352,666</u>	<u>1,680,994</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	1,640,090	-	-	1,640,090
Total deferred inflows of resources	<u>1,640,090</u>	<u>-</u>	<u>-</u>	<u>1,640,090</u>
FUND BALANCES				
Nonspendable:				
Prepays	109,236	-	-	109,236
Restricted for:				
Special revenue - RDA	-	-	286,449	286,449
Perpetual care	-	-	430,369	430,369
Park impact fees	-	-	213,080	213,080
Transportation impact fees	263,949	-	-	263,949
State liquor funds	2,266	-	-	2,266
Sales tax bond	74,436	-	-	74,436
Assigned to:				
Capital projects	-	307,132	263,226	570,358
Special revenue - HUD grant	-	-	457,446	457,446
Special revenue - other	-	-	20,308	20,308
Unassigned	1,718,400	-	-	1,718,400
Total fund balances	<u>2,168,287</u>	<u>307,132</u>	<u>1,670,878</u>	<u>4,146,297</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,468,899</u>	<u>\$ 974,938</u>	<u>\$ 2,023,544</u>	<u>\$ 7,467,381</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances - governmental funds:		\$ 4,146,297
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 9,905,596	
Construction in progress	2,115,492	
Infrastructure	31,910,701	
Buildings	18,269,267	
Improvements	3,268,029	
Machinery and equipment	1,183,000	
Accumulated depreciation	<u>(17,068,614)</u>	
		49,583,471
Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		
	903,913	
Less: Internal payable representing charges in excess of cost to business type activities.		
Prior years	(18,865)	
Current year	<u>(42,602)</u>	
		842,446
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.		
		71,313
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		
		274,861
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(246,051)
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Bonds payable	(1,135,000)	
Unamortized bond premium	12,928	
Net pension liability	(1,119,330)	
Compensated absences	<u>(246,981)</u>	
		<u>(2,488,383)</u>
Net position of governmental activities		<u><u>\$ 52,183,954</u></u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Taxes				
Property taxes	\$ 1,740,176	\$ -	\$ 70,273	\$ 1,810,449
Sales taxes	2,978,217	-	-	2,978,217
Franchise taxes	1,077,527	-	-	1,077,527
Fees-in-lieu of taxes	140,971	-	-	140,971
Licenses and permits	305,457	-	-	305,457
Intergovernmental	659,693	2,102,357	-	2,762,050
Charges for services	1,230,044	-	27,100	1,257,144
Fines and forfeitures	273,789	-	-	273,789
Miscellaneous revenue	209,318	-	29,500	238,818
Special revenues	208,420	-	-	208,420
Total revenues	<u>8,823,612</u>	<u>2,102,357</u>	<u>126,873</u>	<u>11,052,842</u>
EXPENDITURES				
Current				
General government	1,939,298	-	48,251	1,987,549
Public safety	3,176,020	-	-	3,176,020
Highways and public improvements	737,440	-	-	737,440
Parks and recreation	1,261,490	-	12,387	1,273,877
Cemeteries	54,671	-	-	54,671
Debt service				
Principal	540,000	-	-	540,000
Interest and fees	51,688	-	-	51,688
Capital outlay				
General government	13,086	-	-	13,086
Public safety	13,803	-	-	13,803
Highways and public improvements	-	1,868,410	356,015	2,224,425
Parks and recreation	-	-	-	-
Cemeteries	9,302	-	-	9,302
Total expenditures	<u>7,796,798</u>	<u>1,868,410</u>	<u>416,653</u>	<u>10,081,861</u>
Excess (deficiency) of revenues over expenditures	<u>1,026,814</u>	<u>233,947</u>	<u>(289,780)</u>	<u>970,981</u>
Other financing sources (uses)				
Transfers in	22,789	73,185	635,872	731,846
Transfers out	(483,009)	-	(248,837)	(731,846)
Total other financing sources and uses	<u>(460,220)</u>	<u>73,185</u>	<u>387,035</u>	<u>-</u>
Net change in fund balances	566,594	307,132	97,255	970,981
Fund balances - beginning of year	1,601,693	-	1,573,623	3,175,316
Fund balances - end of year	<u>\$ 2,168,287</u>	<u>\$ 307,132</u>	<u>\$ 1,670,878</u>	<u>\$ 4,146,297</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of
Activities are different because:

Net changes in fund balances - total governmental funds	\$	970,981
---------------------------------------------------------	----	---------

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.

Capital outlays	\$ 2,260,616	
Depreciation expense	<u>(1,261,255)</u>	999,361

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.

Infrastructure		583,806
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The governmental funds report the proceeds from the sale of assets as revenues, while the government-wide financial statements report the difference between the sale proceeds and the net book value of the assets sold as a gain or loss.

Net book value of assets sold		-
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Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The net income of certain activities of the Internal Service Fund is reported with governmental activities.

		88,734
--	--	--------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items is as follows:

Issuance of debt	-	
Amortization of premium	6,464	
Repayment of bond principal	<u>540,000</u>	546,464

Some expenses reported in the Statement of Activities do not require use of current financial resources and therefore, are not reported as expenditures in governmental funds.

		<u>184,270</u>
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Change in net position of governmental activities	\$	<u><u>3,373,616</u></u>
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The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 1,080,234	\$ 545,481	\$ 493,199
Accounts receivable	278,009	136,545	117,211
Interfund receivable	-	129,116	-
Prepaid expenses	144,572	-	-
Total current assets	<u>1,502,815</u>	<u>811,142</u>	<u>610,410</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Net pension asset	4,745	1,351	1,112
Land	239,711	-	-
Construction in progress	49,171	-	-
Water stock	1,763,100	-	-
Depreciable assets	11,424,647	5,585,391	307,143
Less: accumulated depreciation	<u>(3,697,293)</u>	<u>(1,412,842)</u>	<u>(307,143)</u>
Total noncurrent assets	<u>9,784,081</u>	<u>4,173,900</u>	<u>1,112</u>
Total assets	<u>11,286,896</u>	<u>4,985,042</u>	<u>611,522</u>
Deferred outflows of resources - pension	<u>18,288</u>	<u>5,207</u>	<u>4,286</u>
Total assets and deferred outflows of resources	<u>11,305,184</u>	<u>4,990,249</u>	<u>615,808</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	240,014	102,294	117,559
Compensated absences	19,626	5,303	4,516
Interfund payable	-	-	-
Deposits	168,483	-	-
Total current liabilities	<u>428,123</u>	<u>107,597</u>	<u>122,075</u>
Noncurrent liabilities:			
Net pension liability	<u>77,002</u>	<u>21,924</u>	<u>18,047</u>
Total noncurrent liabilities	<u>77,002</u>	<u>21,924</u>	<u>18,047</u>
Deferred inflows of resources - pension	<u>16,371</u>	<u>4,661</u>	<u>3,837</u>
Total liabilities and deferred inflows of resource:	<u>521,496</u>	<u>134,182</u>	<u>143,959</u>
NET POSITION			
Net investment in capital assets	7,727,354	4,172,549	-
Restricted - impact fees	-	-	-
Unrestricted	<u>3,056,334</u>	<u>683,518</u>	<u>471,849</u>
Total net position	<u>\$ 10,783,688</u>	<u>\$ 4,856,067</u>	<u>\$ 471,849</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer		Activities
Water	Special	Total	Internal
	Service		Service Fund
\$ 475,741	\$ 212,438	\$ 2,807,093	\$ 220,805
42,282	2,688	576,735	-
-	-	129,116	-
-	-	144,572	10,226
<u>518,023</u>	<u>215,126</u>	<u>3,657,516</u>	<u>231,031</u>
155,247	-	155,247	-
1,639	165	9,012	2,051
285,963	-	525,674	-
-	-	49,171	-
-	-	1,763,100	-
9,175,051	1,556,605	28,048,837	3,762,046
(1,638,960)	(81,992)	(7,138,230)	(2,916,776)
<u>7,978,940</u>	<u>1,474,778</u>	<u>23,412,811</u>	<u>847,321</u>
<u>8,496,963</u>	<u>1,689,904</u>	<u>27,070,327</u>	<u>1,078,352</u>
<u>6,318</u>	<u>635</u>	<u>34,734</u>	<u>7,906</u>
<u>8,503,281</u>	<u>1,690,539</u>	<u>27,105,061</u>	<u>1,086,258</u>
12,692	1,251	473,810	6,184
6,941	777	37,163	6,681
-	-	-	129,116
-	-	168,483	-
<u>19,633</u>	<u>2,028</u>	<u>679,456</u>	<u>141,981</u>
<u>26,603</u>	<u>2,674</u>	<u>146,250</u>	<u>33,287</u>
<u>26,603</u>	<u>2,674</u>	<u>146,250</u>	<u>33,287</u>
<u>5,656</u>	<u>568</u>	<u>31,093</u>	<u>7,077</u>
<u>51,892</u>	<u>5,270</u>	<u>856,799</u>	<u>182,345</u>
7,536,091	1,474,613	20,910,607	845,270
155,247	-	155,247	-
760,051	210,656	5,182,408	58,643
<u>\$ 8,451,389</u>	<u>\$ 1,685,269</u>	<u>26,248,262</u>	<u>\$ 903,913</u>
		61,468	
		<u>\$ 26,309,730</u>	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,270,394	\$ 1,389,725	\$ 1,174,984
Other	185,423	1,890	-
Total operating revenue	<u>1,455,817</u>	<u>1,391,615</u>	<u>1,174,984</u>
OPERATING EXPENSES			
Operation and maintenance	85,762	19,344	65,736
Sewage treatment	-	989,967	-
Source of supply	292,493	-	-
Depreciation	187,474	87,976	-
General expenses	251,699	87,784	158,059
Salaries	220,289	62,765	51,478
Employee benefits	121,201	29,128	29,711
Waste collection	-	-	348,659
Waste disposal	-	-	505,726
Vehicle operation	100,443	45,854	58,361
Total operating expenses	<u>1,259,361</u>	<u>1,322,818</u>	<u>1,217,730</u>
Operating income (loss)	<u>196,456</u>	<u>68,797</u>	<u>(42,746)</u>
NONOPERATING REVENUE (EXPENSES)			
Impact fees	86,040	-	-
Interest revenue	4,272	2,465	2,288
Gain on sale	-	-	-
Total nonoperating revenue	<u>90,312</u>	<u>2,465</u>	<u>2,288</u>
Income (loss) before contributions	286,768	71,262	(40,458)
Capital contributions	97,358	-	-
Change in net position	384,126	71,262	(40,458)
Net position - beginning as restated	<u>10,399,562</u>	<u>4,784,805</u>	<u>512,307</u>
Net position - ending	<u>\$ 10,783,688</u>	<u>\$ 4,856,067</u>	<u>\$ 471,849</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Changes in net position of business-type activities

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer		Activities
Water	Special	Total	Internal
	Service		Service Fund
\$ 438,412	\$ 28,847	\$ 4,302,362	\$ 809,752
4,726	9,600	201,639	4,561
443,138	38,447	4,504,001	814,313
87,486	5,813	264,141	347,517
-	8,613	998,580	-
-	-	292,493	-
130,902	22,237	428,589	191,910
87,784	5,028	590,354	-
76,092	7,801	418,425	95,358
37,149	3,995	221,184	46,237
-	-	348,659	-
-	-	505,726	-
50,247	7,758	262,663	7,120
469,660	61,245	4,330,814	688,142
(26,522)	(22,798)	173,187	126,171
160,530	-	246,570	-
2,963	1,042	13,030	674
-	-	-	4,491
163,493	1,042	259,600	5,165
136,971	(21,756)	432,787	131,336
86,304	-	183,662	-
223,275	(21,756)	616,449	131,336
8,228,114	1,707,025		772,577
<u>\$ 8,451,389</u>	<u>\$ 1,685,269</u>		<u>\$ 903,913</u>
		42,602	
		<u>\$ 659,051</u>	

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,457,494	\$ 1,360,404	\$ 1,175,984
Interfund services provided	-	-	-
Payments to employees	(227,429)	(64,618)	(52,484)
Payments to suppliers	(389,068)	(1,021,172)	(905,243)
Payments for interfund services used	(352,142)	(133,638)	(216,420)
Net cash from operating activities	<u>488,855</u>	<u>140,976</u>	<u>1,837</u>
Cash Flows From Noncapital Financing Activities			
Interfund loan	-	47,167	-
Net cash from noncapital financing activities	<u>-</u>	<u>47,167</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	86,040	-	-
Purchases of capital assets	(641,716)	(68,212)	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	<u>(555,676)</u>	<u>(68,212)</u>	<u>-</u>
Cash Flows From Investing Activities			
Interest and dividends received	4,272	2,465	2,288
Net cash from investing activities	<u>4,272</u>	<u>2,465</u>	<u>2,288</u>
Net increase (decrease in cash and cash equivalents)	(62,549)	122,396	4,125
Cash and cash equivalents, July 1	1,142,783	423,085	489,074
Cash and cash equivalents, June 30	<u><u>\$ 1,080,234</u></u>	<u><u>\$ 545,481</u></u>	<u><u>\$ 493,199</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 196,456	\$ 68,797	\$ (42,746)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	187,474	87,976	-
(Increase) decrease in prepaid expenses	(3,010)	-	-
(Increase) decrease in accounts receivable	(9,133)	(31,211)	1,000
Increase (decrease) in accounts payable	113,398	17,267	44,589
Increase (decrease) in compensated absences	2,327	842	1,213
Increase (decrease) in net pension liability	(9,467)	(2,695)	(2,219)
Increase (decrease) in deposits	10,810	-	-
Total adjustments	<u>292,399</u>	<u>72,179</u>	<u>44,583</u>
Net cash provided (used) by operating activities	<u><u>\$ 488,855</u></u>	<u><u>\$ 140,976</u></u>	<u><u>\$ 1,837</u></u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u><u>\$ 97,358</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer Special		Activities
Water	Service	Total	Internal
			Service Fund
\$ 442,803	\$ 37,677	\$ 4,474,362	\$ -
-	-	-	814,313
(78,634)	(7,723)	(430,888)	(98,500)
(115,120)	(17,769)	(2,448,372)	(397,399)
(138,031)	(12,786)	(853,017)	-
<u>111,018</u>	<u>(601)</u>	<u>742,085</u>	<u>318,414</u>
-	-	47,167	(47,167)
-	-	47,167	(47,167)
160,530	-	246,570	-
(378,571)	-	(1,088,499)	(231,160)
-	-	-	4,491
<u>(218,041)</u>	<u>-</u>	<u>(841,929)</u>	<u>(226,669)</u>
2,963	1,042	13,030	674
<u>2,963</u>	<u>1,042</u>	<u>13,030</u>	<u>674</u>
(104,060)	441	(39,647)	45,252
735,048	211,997	3,001,987	175,553
<u>\$ 630,988</u>	<u>\$ 212,438</u>	<u>\$ 2,962,340</u>	<u>\$ 220,805</u>
\$ (26,522)	\$ (22,798)	\$ 173,187	\$ 126,171
130,902	22,237	428,589	191,910
-	-	(3,010)	172
(335)	(770)	(40,449)	-
9,515	652	185,421	3,303
728	407	5,517	951
(3,270)	(329)	(17,980)	(4,093)
-	-	10,810	-
<u>137,540</u>	<u>22,197</u>	<u>568,898</u>	<u>192,243</u>
<u>\$ 111,018</u>	<u>\$ (601)</u>	<u>\$ 742,085</u>	<u>\$ 318,414</u>
<u>\$ 86,304</u>	<u>\$ -</u>	<u>\$ 183,662</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clinton City, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

Clinton City was incorporated in the State of Utah. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: Public safety, public utilities, highways and streets, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the following component units:

Blended component units: Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. The City has the following component units.

On June 9, 1992, the City adopted an ordinance creating the Clinton City Redevelopment Agency and designating the City Council of Clinton as the governing body of the Agency. The Redevelopment Agency is accounted for as a special revenue fund.

The City established the Clinton City Sanitary Sewer Special Service District to take care of a sewer lift station. This special service district is presented as a blended component unit with the enterprise funds.

In 2011, the City established Clinton PARCS to enhance community leadership and to promote liberal and fine arts. The component unit is presented as a blended component unit in the General Fund.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds* and for *proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental funds:

General Fund - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects fund accounts for the accumulation of resources to be used in capital projects of the City, which usually extend beyond one year.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Sewer Fund- The sewer fund is used to account for operations of the sewer system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Fund - The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Solid Waste Fund - The solid waste fund is used to account for operations of the solid waste system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Storm Water Fund - The storm water fund is used to account for operations of the storm water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sewer Special Service District Fund - The sewer special service district fund is used to account for operations of a sewer lift station (a) that is financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Additionally, the City reports the following fund type:

Internal Service Fund - The internal service fund is used to account for the operating costs of vehicles and equipment charged to the other departments or funds. The internal service fund primarily benefits the governmental funds and is included as part of governmental-type activities in the government-wide financial statements. The net profit or loss on the internal service fund operations is allocated to the functions that benefited from the goods or services provided on the basis of their proportionate benefit. This technique is commonly known as the look-back approach to internal service fund consolidations on the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

Unrestricted and restricted cash balances of both funds are combined to form a pool of cash which is managed by the City Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The City Treasurer invests unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The City considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Inventories

No significant inventories are maintained by the City, therefore none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

Capital Assets

General capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$5,000.

Infrastructure capital assets which are newly constructed are capitalized. The City currently has infrastructure assets recorded.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30-50 years
Improvements	10-70 years
Equipment	5-10 years
Infrastructure	25-70 years

Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported under this category, *unavailable revenue- property taxes*. These amounts are reported in both the government-wide statements and the governmental fund statements.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported under this category. *Unavailable revenue-property taxes* are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These amounts are reported in both the government-wide statements and the governmental fund statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

Equity

Fund financial statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Equity

- c. Committed fund balance - Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance - Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

Government-wide statements:

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

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

It is City's policy to first apply restricted resources when the expense is incurred for purposes for which both restricted and unrestricted net position are available.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Expenditures

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds except for the HUD Grant Special Revenue Fund which had no projected activity for the current year. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the City. Summary of City Budget Procedures and Calendar:

1. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for both the General and Special Revenue Funds.
3. Each year the City publishes a separate budget document prepared according to this legal level of control.
4. The City's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.
6. The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the City Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The City Treasurer is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

H. Compensated Absences

City policy provides for vested or accumulated vacation leave. All compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Restricted Resources

The City's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

K. Bond Premium

Bond premium related to the issuance of bonds is amortized over the life of the bond on a straight-line basis in the government-wide financial statements, but is recorded as revenue in the year of the bond issue in the governmental fund statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

The City's deposits are carried at cost.

At June 30, 2015, the carrying amount of the City's deposits was \$806,963 and the bank balance was \$859,610. Of the bank balance, \$368,172 was covered by federal depository insurance.

B. Investments

At year-end, investments consist of funds in the Utah Public Treasurer's Investment Fund. This investment is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. The investment is not categorized as to credit risk because it does not represent a security that exists in physical or book entry form. Investments are carried at cost which approximates their fair value.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

C. Summary

Investments not subject to categorizations:	Carrying Amount	Market Value
	<u> </u>	<u> </u>
Utah Public Treasurer's Investment Fund	\$ 6,811,920	\$ 6,845,710
	<u> </u>	<u> </u>
Petty cash	\$ 253	
Deposits	806,963	
Investment in Utah Public Treasurer's Investment fund	6,811,920	
Total deposits and investments	<u>\$ 7,619,136</u>	
Unrestricted cash	\$ 5,733,806	
Restricted cash - water	-	
Restricted cash - storm water	155,247	
Restricted cash - RDA fund	288,537	
Restricted cash - general fund	340,651	
Restricted cash - impact fees	213,080	
Restricted cash - cemetery	430,369	
Restricted cash - Housing Grant	457,446	
Total deposits and investments	<u>\$ 7,619,136</u>	

Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial credit risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for limiting credit risk for investments is to comply with the Money Management Act. The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance. The PTIF pool has not been rated. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary

Credit risk. Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. Government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of credit risk. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES

The table below disaggregates the balances due from other government units and amounts reported as accounts receivable on the statement of net position under governmental activities. The receivables in the business-type activities are all due from customers for utility services provided.

Governmental Activities:	Due from government units	Accounts Receivable	Total
	<u> </u>	<u> </u>	<u> </u>
Receivables:			
Businesses - Franchise Tax	\$ -	\$ 110,093	\$ 110,093
Ambulance Billing Service Provider	-	45,441	45,441
Customers	-	7,716	7,716
Utah State Tax Commission	533,895	-	533,895
Utah Department of Transportation	121,289	-	121,289
County - Current Property Taxes	25,356	-	25,356
Taxpayers - Unavailable Taxes	1,640,090	-	1,640,090
State Grants	438,274	-	438,274
Gross receivables	<u>2,758,904</u>	<u>163,250</u>	<u>2,922,154</u>
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$2,758,904</u>	<u>\$ 163,250</u>	<u>\$2,922,154</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES (Continued)

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ 55,580	\$ 202,812	\$ 258,392
Capital Projects Fund	-	667,806	667,806
Nonmajor Governmental Funds	-	352,666	352,666
Water Fund	125,985	114,029	240,014
Sewer Fund	96,502	5,792	102,294
Solid Waste Fund	85,369	32,190	117,559
Storm Water Fund	-	12,692	12,692
Sewer Special Service	-	1,251	1,251
Internal Service Fund	-	6,184	6,184
Total	\$ 363,436	\$ 1,395,422	\$ 1,758,858

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	(Deletions)	Balance June 30, 2015
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Land	\$ 9,777,847	\$ 127,749	\$ -	\$ 9,905,596
Work in process	9,513	2,105,978	-	2,115,491
Total nondepreciated assets	9,777,847	2,233,727	-	12,021,087
Depreciated Assets				
Internal service	3,597,662	228,338	(66,777)	3,759,223
Infrastructure	31,326,895	583,806	-	31,910,701
Improvements	3,268,029	-	-	3,268,029
Buildings	18,269,267	-	-	18,269,267
Machinery and equipment	1,156,111	26,889	-	1,183,000
Total depreciated assets	57,407,755	839,033	(66,777)	58,390,220
Less accumulated depreciation				
Internal service	(2,791,643)	(191,910)	66,777	(2,916,776)
Infrastructure	(10,891,212)	(644,376)	-	(11,535,588)
Improvements	(1,173,117)	(71,467)	-	(1,244,584)
Buildings	(2,812,567)	(456,732)	-	(3,269,299)
Machinery and equipment	(927,638)	(88,680)	-	(1,016,318)
Total accumulated depreciation	(17,262,862)	(1,453,165)	66,777	(19,982,565)
Net assets depreciated	40,144,893	(614,132)	-	38,407,655
Governmental activities capital assets, net	\$ 49,922,740	\$ 1,619,595	\$ -	\$ 50,428,742

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance
	June 30, 2014	Additions	(Deletions)	June 30, 2015
Nondepreciated Assets				
Land	\$ 290,549	235,125	\$ -	\$ 525,674
Construction in progress	-	49,171	-	49,171
Water rights	1,763,100	-	-	1,763,100
	<u>1,767,686</u>	<u>284,296</u>	<u>-</u>	<u>2,337,945</u>
Depreciated Assets				
Solid waste	307,143	-	-	307,143
Water system	10,969,869	454,778	-	11,424,647
Water equipment	-	-	-	-
Sewer system	7,073,784	68,212	-	7,141,996
Sewer equipment	-	-	-	-
Storm water improvements	8,710,175	464,876	-	9,175,051
Total depreciated assets	<u>27,060,971</u>	<u>987,866</u>	<u>-</u>	<u>28,048,837</u>
Less accumulated depreciation				
Solid waste	(307,143)	-	-	(307,143)
Water system & equipment	(3,509,819)	(187,474)	-	(3,697,293)
Sewer system & equipment	(1,384,621)	(110,213)	-	(1,494,834)
Storm water improvements	(1,508,058)	(130,902)	-	(1,638,960)
Total	<u>(6,298,305)</u>	<u>(428,589)</u>	<u>-</u>	<u>(7,138,230)</u>
Net assets depreciated	<u>20,762,666</u>	<u>559,277</u>	<u>-</u>	<u>20,910,607</u>
Business-type activities capital assets, net	<u>\$ 22,530,352</u>	<u>\$ 843,573</u>	<u>\$ -</u>	<u>\$ 23,248,552</u>

DEPRECIATION EXPENSE

	Governmental	Business	Totals
	Types	Types	
General government	\$ 508,523	\$ -	\$ 508,523
Public Safety	22,663	-	22,663
Public works	684,605	-	684,605
Parks and recreation	45,464	-	45,464
Internal service*	191,910	-	191,910
Water system	-	187,474	187,474
Sewer system	-	110,213	110,213
Storm water improvements	-	130,902	130,902
TOTAL	<u>\$ 1,453,165</u>	<u>\$ 428,589</u>	<u>\$ 1,881,754</u>

* Depreciation expense on capital assets held by the internal service fund is charged to the various functions based on their usage of the assets.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015, was as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 06/30/15</u>	<u>Current Portion</u>
GOVERNMENTAL ACTIVITIES						
Sales tax revenue bonds:						
Series 2009	3.0 - 3.25%	\$1,675,000	\$ -	\$ 540,000	\$1,135,000	\$ 560,000
TOTAL		<u>\$1,675,000</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$1,135,000</u>	<u>\$ 560,000</u>

Sales Tax Revenue Refunding Bonds Series 2009

On August 11, 2009, Clinton City issued \$4,180,000 of sales tax revenue bonds to provide resources that were applied immediately to redeem the \$4,105,000 of Sales Tax Revenue Bonds Series 2007. This current refunding was undertaken to reduce total debt service payments over 8 years by \$144,039 and resulted in an economic gain of \$130,815 based on the net present value benefit of the debt service savings.

The total Sales Tax Revenue Bond debt will be paid off by May 15, 2017. The balance outstanding at June 30, 2015 was \$1,135,000.

Annual requirement to amortize long-term debt as of June 30, 2015, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 560,000	\$ 35,487	\$ 595,487
2017	575,000	18,688	593,688
	<u>\$ 1,135,000</u>	<u>\$ 54,175</u>	<u>\$ 1,189,175</u>

NOTE 6 -BOND RESOLUTION COMPLIANCE

The Sales Tax Revenue Bonds Series 2009 require the City to establish a bond fund for the payment of principal and interest as the same become due and payable to achieve a proper matching of revenues with principal and interest payments. Each month the City is required to reserve one-twelfth (1/12) of the annual principal and interest payments due on the bonds. The reserve balance at year end was \$74,436.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employee retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Benefits Provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62*	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%
111 - Local Government Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
23 - Other Division A Contributory Tier 1	N/A	12.290%	22.750%
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%
Firefighters System			
31 - Division A Tier 1	N/A	15.050%	3.820%
132 - Division B Tier 2	N/A	N/A	10.800%

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, we reported a net pension asset of \$82,376 and a net pension liability of \$1,292,977.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2382980%	\$ -	\$ 725,873
Contributory System	0.3938350%	\$ -	\$ 113,599
Public Safety System	0.6418601%	\$ -	\$ 453,505
Firefighters System	1.2907006%	\$ 73,652	\$ -
Tier 2 Public Employees System	0.0632276%	\$ 625	\$ -
Tier 2 Public Safety and Firefighter System	0.1823782%	\$ 8,099	\$ -
Total Net Pension Asset/Liability		<u>\$ 82,376</u>	<u>\$ 1,292,977</u>

The net pension asset and liability was measure as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

For the year ended December 31, 2014, we recognized pension expense of \$505,070. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264	\$ 99,828
Changes in assumptions	-	184,394
Net difference between projected and actual earnings on pension plan investments	39,393	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	277,845	-
Total	\$ 317,502	\$ 284,222

\$277,845 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2015	\$ (72,379)
2016	(58,489)
2017	(52,815)
2018	(34,623)
2019	(8,584)
Thereafter	\$ (17,672)

Actuarial assumptions:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUC (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUC (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUC = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

**CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$ 3,473,120	\$ 1,210,601	\$ (653,350)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

NOTE 8 - POST-EMPLOYMENT BENEFITS

The only post-employment benefit offered by the City is health insurance for eighteen (18) months following termination. Employees covered and eligible are all employees who were covered by the insurance during employment. The participant is required to pay 100% of the premiums. The City is not required to contribute and therefore incurs no expense.

**CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 - RISK MANAGEMENT

Clinton City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman's compensation. As of June 30, 2015, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

NOTE 10 - AMOUNT TO BE PROVIDED FOR COMPENSATED ABSENCES

The accumulated unpaid vacation and compensatory time which would be paid if employees terminated employment June 30, 2015 was \$284,144.

NOTE 11 - INTER-FUND TRANSFERS AND BALANCES

Occasionally money is reallocated from one fund to another fund in order for the money to be used as it was originally intended. The transfers below took place for that very purpose and will not be repaid. Such amounts for the fiscal year ended June 30, 2015 were as follows:

Transfers Out	Transfers In					Total
	General	Roadway	Park	Community Arts	Capital Projects	
General	\$ -	\$ 412,064	\$ 70,945	\$ -	\$ -	\$ 483,009
Redevelopment	4,750	-	-	-	-	4,750
Perpetual Care	17,980	-	-	-	-	17,980
PARCS	59	-	-	2,863	-	2,922
Roadway	-	-	-	-	73,185	73,185
HUD Grant	-	150,000	-	-	-	150,000
Totals	<u>\$ 22,789</u>	<u>\$ 562,064</u>	<u>\$ 70,945</u>	<u>\$ 2,863</u>	<u>\$ 73,185</u>	<u>\$ 731,846</u>

At year end the Sewer Fund had an outstanding receivable from the Internal Service Fund in the amount of \$129,116. This loan is expected to be paid back within one year.

NOTE 12 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$70,273 for the downtown area. There were no tax increments paid to any other taxing agency. The outstanding principal amount of debt issued for this project at June 30, 2015 was \$-0-. The RDA expended funds in the following area:

Downtown beautification costs \$ 48,251

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - CONTINGENT LIABILITIES

Amount received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 14 - PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the City Council a tentative budget for the next fiscal year	1 st scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8 Before Jun. 22
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

NOTE 15 - COMPONENT UNIT

During the 2011 fiscal year, the City established a separate entity called Clinton PARCS which is a component unit of the City. Clinton PARCS was established to improve the quality of life for the residents of the City by enhancing community leadership, promoting liberal and fine arts, and assisting parks and recreation employees.

NOTE 16 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2015 all funds maintained expenditures below their appropriations.

The City is also required to maintain positive fund balances in each fund and has complied with this requirement.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 – COMMITMENTS

The City has entered into the following commitments as of June 30, 2015 for the forthcoming year(s):

<u>Project:</u>	<u>Purpose</u>	<u>Contract</u>	<u>Completed to Date</u>	<u>Remaining Commitment</u>
3000 West	Roadway project	\$ 3,593,609	\$ 782,451	\$ 2,811,158
		<u>\$ 3,593,609</u>	<u>\$ 782,451</u>	<u>\$ 2,811,158</u>

NOTE 18 - NEW ACCOUNTING STANDARD/PRIOR YEAR ADJUSTMENT

The Governmental Accounting Standards Board (GASB) issued Statement Number 68 and became effective for the City in the June 30, 2015 fiscal year and was applied retroactively. The requirement to apply GASB 68 this fiscal year resulted in an adjustment to prior period net position. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources and, if applicable, a Net Pension Asset. This accounting change did not require an adjustment to the fund financial statements. The net effect on net position is as follows:

	<u>Net Position - Beginning</u>	<u>GASB 68 Adjustments to Prior Year</u>	<u>Net Position - Beginning Restated</u>
Governmental Activities	50,100,234	(1,289,896)	48,810,338
Water	10,479,369	(79,807)	10,399,562
Sewer	4,807,528	(22,723)	4,784,805
Solid Waste	531,012	(18,705)	512,307
Storm Water	8,255,686	(27,572)	8,228,114
Sewer Special Service	1,709,796	(2,771)	1,707,025
Motor Pool	807,077	(34,500)	772,577

**REQUIRED SUPPLEMENTARY
INFORMATION**

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property taxes	\$ 1,646,169	\$ 1,646,169	\$ 1,740,176	\$ 94,007
Sales taxes	2,745,341	2,745,341	2,978,217	232,876
Utility franchise taxes	1,085,140	1,085,140	1,077,527	(7,613)
Fees-in-lieu of taxes	122,770	122,770	140,971	18,201
Licenses and permits	219,330	219,330	305,457	86,127
Intergovernmental revenue	671,880	671,880	659,693	(12,187)
Charges for services	1,216,638	1,271,198	1,230,044	(41,154)
Fines and forfeitures	299,840	299,840	273,789	(26,051)
Miscellaneous revenue	212,055	211,942	209,318	(2,624)
Special revenues	235,810	235,810	208,420	(27,390)
TOTAL REVENUES	8,454,973	8,509,420	8,823,612	314,192
EXPENDITURES				
General government:				
Legislative	79,245	79,245	77,079	2,166
City manager	273,455	273,455	270,258	3,197
Judicial	240,310	240,310	216,485	23,825
Professional and technical	367,419	371,039	371,939	(900)
City treasurer	451,864	451,864	437,097	14,767
Buildings	179,390	201,003	220,879	(19,876)
Elections	-	-	-	-
Community development	360,185	360,185	358,647	1,538
Total general government	1,951,868	1,977,101	1,952,384	24,717
Public safety:				
Law enforcement	1,787,362	1,787,362	1,777,825	9,537
Crossing guards	40,780	48,080	48,032	48
Fire protection	1,025,599	1,026,449	992,656	33,793
Ambulance services	325,202	379,762	358,307	21,455
DUI - enforcement	19,016	19,016	13,003	6,013
Total public safety	3,197,959	3,260,669	3,189,823	70,846
Highways and streets:				
Public works	227,173	230,460	228,411	2,049
Class "C" roads	923,880	851,732	509,029	342,703
Capital outlay	-	-	-	-
Total highways and streets	1,151,053	1,082,192	737,440	344,752

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 461,235	\$ 461,235	\$ 496,833	\$ (35,598)
Recreation	402,390	402,390	390,415	11,975
Recreation programs	424,240	424,240	302,906	121,334
Clinton Fun Days	80,690	80,690	71,336	9,354
Total parks and recreation	<u>1,368,555</u>	<u>1,368,555</u>	<u>1,261,490</u>	<u>107,065</u>
Cemeteries	<u>68,064</u>	<u>68,064</u>	<u>63,973</u>	<u>4,091</u>
Debt service:				
Principal	540,000	540,000	540,000	-
Interest	51,688	51,688	51,688	-
Total debt service	<u>591,688</u>	<u>591,688</u>	<u>591,688</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,329,187</u>	<u>8,348,269</u>	<u>7,796,798</u>	<u>551,471</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>125,786</u>	<u>161,151</u>	<u>1,026,814</u>	<u>865,663</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	265,136	314,186	-	(314,186)
Operating transfers in	7,672	7,672	22,789	15,117
Operating transfers out	(398,594)	(483,009)	(483,009)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(125,786)</u>	<u>(161,151)</u>	<u>(460,220)</u>	<u>(299,069)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>	<u>566,594</u>	<u>566,594</u>
Fund balance - July 1	<u>1,601,693</u>	<u>1,601,693</u>	<u>1,601,693</u>	<u>-</u>
Fund balance - June 30	<u><u>\$ 1,601,693</u></u>	<u><u>\$ 1,601,693</u></u>	<u><u>\$ 2,168,287</u></u>	<u><u>\$ 566,594</u></u>

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2014
 Last 10 fiscal years*

	<u>Noncontributory System</u>	<u>Contributory Retirement System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Proportion of the net pension liability (asset)	0.1671658%	0.3938350%	0.3606163%	1.2907006%	0.0206221%	0.5474741%
Proportion share of the net pension liability (asset)	\$ 725,873	\$ 113,599	\$ 453,505	\$ (73,652)	\$ (625)	\$ (8,099)
Covered employee payroll	\$ 1,460,824	\$ 210,676	\$ 654,191	\$ 337,205	\$ 101,318	\$ 226,345
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.7%	53.9%	69.3%	-21.8%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

See accompanying notes to required supplementary information

**CLINTON CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2014**

Last 10 fiscal years*

	<u>Noncontributory System</u>	<u>Contributory Retirement System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Contractually required contribution	\$ 262,738	\$ 29,223	\$ 177,623	\$ 11,506	\$ 8,508	\$ 24,669
Contributions in relation to the contractually required contribution	\$ (262,738)	\$ (29,223)	\$ (177,623)	\$ (11,506)	\$ (8,508)	\$ (24,669)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,460,824	\$ 210,676	\$ 654,191	\$ 337,205	\$ 101,318	\$ 226,345
Contribution as a percentage of covered-employee payroll**	17.99%	13.87%	27.15%	3.41%	8.40%	10.90%

* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

See accompanying notes to required supplementary information

CLINTON CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2014

Other Information Not Required as Part of RSI

The information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

Defined Contribution System

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan*	\$ 57,252	\$ 163,584
457 Plan	4,791	-
Roth IRA Plan	21,035	-
Traditional IRA Plan	-	-
HRA Plan	\$ -	\$ -

Tier 2 Defined Contribution 401(k) Plan.

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Capital Projects</u>			<u>Permanent Fund Perpetual Care</u>
	<u>Park Acquisition</u>	<u>Roadway Project</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 28,247	\$ 585,557	\$ 613,804	\$ -
Restricted cash	213,080	-	213,080	430,369
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 241,327</u>	<u>\$ 585,557</u>	<u>\$ 826,884</u>	<u>\$ 430,369</u>
LIABILITIES				
Accounts payable	\$ -	\$ 350,578	\$ 350,578	\$ -
Total liabilities	<u>-</u>	<u>350,578</u>	<u>350,578</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Park impact fees	213,080	-	213,080	-
Special revenue - RDA	-	-	-	-
Perpetual care	-	-	-	430,369
Special revenue - Housing Grant	-	-	-	-
Assigned for:				
Park acquisition	28,247	-	28,247	-
Roadway projects	-	234,979	234,979	-
CDBG grant	-	-	-	-
Community arts	-	-	-	-
Clinton citizen corp	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>241,327</u>	<u>234,979</u>	<u>476,306</u>	<u>430,369</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 241,327</u>	<u>\$ 585,557</u>	<u>\$ 826,884</u>	<u>\$ 430,369</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ -	\$ -	\$ 386	\$ 11,007	\$ 8,354	\$ 561	\$ 20,308	\$ 634,112
288,537	457,446	-	-	-	-	745,983	1,389,432
-	-	-	-	-	-	-	-
<u>\$ 288,537</u>	<u>\$ 457,446</u>	<u>\$ 386</u>	<u>\$ 11,007</u>	<u>\$ 8,354</u>	<u>\$ 561</u>	<u>\$ 766,291</u>	<u>\$ 2,023,544</u>
\$ 2,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,088	\$ 352,666
2,088	-	-	-	-	-	2,088	352,666
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	213,080
286,449	-	-	-	-	-	286,449	286,449
-	-	-	-	-	-	-	430,369
-	457,446	-	-	-	-	457,446	457,446
-	-	-	-	-	-	-	28,247
-	-	-	-	-	-	-	234,979
-	-	386	-	-	-	386	386
-	-	-	11,007	8,354	-	19,361	19,361
-	-	-	-	-	561	561	561
-	-	-	-	-	-	-	-
<u>286,449</u>	<u>457,446</u>	<u>386</u>	<u>11,007</u>	<u>8,354</u>	<u>561</u>	<u>764,203</u>	<u>1,670,878</u>
<u>\$ 288,537</u>	<u>\$ 457,446</u>	<u>\$ 386</u>	<u>\$ 11,007</u>	<u>\$ 8,354</u>	<u>\$ 561</u>	<u>\$ 766,291</u>	<u>\$ 2,023,544</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects			Permanent Fund Perpetual Care
	Park Acquisition	Roadway Project	Total	
REVENUES				
Perpetual care fees	\$ -	\$ -	\$ -	\$ 27,100
Interest income	408	2,720	3,128	2,146
Donations	1,145	-	1,145	-
Fees	-	-	-	-
Property taxes	-	-	-	-
Intergovernmental	-	6,137	6,137	-
Total revenues	1,553	8,857	10,410	29,246
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and public improvements	-	-	-	-
Parks and recreation	1,993	-	1,993	-
Cemeteries	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and public improvements	-	356,015	356,015	-
Parks and recreation	-	-	-	-
Cemeteries	-	-	-	-
Total expenditures	1,993	356,015	358,008	-
Excess (deficiency) of revenues over (under) expenditures	(440)	(347,158)	(347,598)	29,246
OTHER FINANCING SOURCES (USES)				
Transfers in	70,945	562,064	633,009	-
Transfers out	-	(73,185)	(73,185)	(17,980)
Loss on investments	-	-	-	-
Total other financing sources (uses)	70,945	488,879	559,824	(17,980)
Net change in fund balances	70,505	141,721	212,226	11,266
Fund balance - beginning of year	170,822	93,258	264,080	419,103
Fund balance - end of year	\$ 241,327	\$ 234,979	\$ 476,306	\$ 430,369

Special Revenue							Total
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,100
1,269	642	34	-	-	-	1,945	7,219
-	-	-	3,378	11,276	75	14,729	15,874
-	-	-	-	-	270	270	270
70,273	-	-	-	-	-	70,273	70,273
-	-	-	-	-	-	-	6,137
<u>71,542</u>	<u>642</u>	<u>34</u>	<u>3,378</u>	<u>11,276</u>	<u>345</u>	<u>87,217</u>	<u>126,873</u>
48,251	-	-	-	-	-	48,251	48,251
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,252	-	1,142	10,394	12,387
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	356,015
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>48,251</u>	<u>-</u>	<u>-</u>	<u>9,252</u>	<u>-</u>	<u>1,142</u>	<u>58,645</u>	<u>416,653</u>
<u>23,291</u>	<u>642</u>	<u>34</u>	<u>(5,874)</u>	<u>11,276</u>	<u>(797)</u>	<u>28,572</u>	<u>(289,780)</u>
-	-	-	2,863	-	-	2,863	635,872
(4,750)	(150,000)	-	-	(2,922)	-	(157,672)	(248,837)
-	-	-	-	-	-	-	-
<u>(4,750)</u>	<u>(150,000)</u>	<u>-</u>	<u>2,863</u>	<u>(2,922)</u>	<u>-</u>	<u>(154,809)</u>	<u>387,035</u>
18,541	(149,358)	34	(3,011)	8,354	(797)	(126,237)	97,255
267,908	606,804	352	14,018	-	1,358	890,440	1,573,623
<u>\$ 286,449</u>	<u>\$ 457,446</u>	<u>\$ 386</u>	<u>\$ 11,007</u>	<u>\$ 8,354</u>	<u>\$ 561</u>	<u>\$ 764,203</u>	<u>\$ 1,670,878</u>

AUDITORS' REPORTS & FINDINGS

**INDEPENDENT AUDITOR'S 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**

To the Mayor and City Council of
Clinton City
2267 North 1500 West
Clinton, UT 84015

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated December 21, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wood Richards & Associates, PC

Ogden, Utah
December 21, 2015

**INDEPENDENT AUDITOR’S REPORT IN ACCORDANCE WITH
THE STATE COMPLIANCE AUDIT GUIDE ON:**

- **COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**
- **COMPLIANCE FOR EACH MAJOR STATE PROGRAM**
- **INTERNAL CONTROL OVER COMPLIANCE**
- **SCHEDULE OF EXPENDITURES OF STATE AWARDS**

To the Mayor and City Council of
Clinton City
2267 North 1500 West
Clinton, UT 84015

Report On Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Clinton City’s compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Clinton City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Tax Levy Revenue Recognition
- Open and Public Meetings Act

Clinton City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

- Transportation Investment Fund

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on Clinton City’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*.

Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Clinton City or its major state programs occurred. An audit includes examining, on a test basis, evidence about Clinton City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Clinton City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Clinton City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Clinton City or on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings as items 2015-1 and 2015-2. Our opinion on compliance is not modified with respect to these matters.

Clinton City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Clinton City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of Clinton City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clinton City's internal control over compliance with the compliance requirements that could have a direct and material effect on Clinton City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 Clinton 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 general state or major state program compliance requirement 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 general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements. We issued our report thereon dated December 21, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Wood Richards & Associates, PC

Ogden, Utah
December 21, 2015

**CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2015**

State Legal Compliance – Budgetary Compliance

Finding 2015-01

Criteria: Each fund of the City must keep actual expenditures within their budgeted amounts. Additionally, the mayor and council should receive financial reports sufficient for them to review the budget to actual on a monthly basis.

Condition: The City's Community Arts Fund and the Capital Projects – 3000 West Fund had expenditures in excess of their budget and the mayor and council did not receive the financial reports necessary on a monthly basis.

Cause: The City incurred expenditures earlier than anticipated at the end of the year as opposed to the following fiscal year.

Effect: The City is not compliant with this requirement.

Recommendation: We recommend the City coordinate with the projects and other expenditures to appropriate the funds in the year they are incurred.

Management's Response: We agree with this recommendation and review financial reports with the mayor and council on a monthly basis.

State Legal Compliance – Enterprise Fund Interfund Services Provided

Finding 2015-02

Criteria: Departments of the general fund should pay the same rate for utility services of the enterprise funds as other customers of the utility.

Condition: The City uses its culinary water utility service in departments within the general fund and these departments are not being charged for this service.

Cause: The City does not have water meters on City owned facilities. Without usage information associated with the water utility service the City has not charged other departments and funds for their culinary water service.

Effect: The City is not compliant with this requirement.

Recommendation: We recommend the City install meters or perform a formal study to determine the correct amount to charge the other funds and departments for their water utility service and then record the transaction within the City's financial records.

Management's Response: We agree with this recommendation and will obtain the information necessary to begin to charge the departments and funds for the enterprise utility services they utilize.

Clinton City
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Transportation Investment Fund		2015	\$ 1,873,793
Class "C" Road Funds		2013	635,423
			<u>\$ 2,509,216</u>
<u>Comission on Criminal and Juvenile Justice</u>			
Bullet Proof Vest Grant			\$ 7,523
Alcohol Allotment			13,004
Subtotal – Comission on Criminal and Juvenile Justice			<u>\$ 20,527</u>
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			<u><u>\$ 2,529,743</u></u>