

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7

Basic Financial Statements:

Government Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Governmental Funds Statements:	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Proprietary Fund Statements:	
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	15
Statement of Cash Flows – Proprietary Funds	16-17
Notes to the Financial Statements	18-42

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes to Fund Balances	
Budget and Actual – General Fund	43-44
Schedule of the Proportionate Share of the Net Pension Liability	45
Schedule of Contributions	46
Notes to the Required Supplementary Information	47

Supplementary Information:

Combining Balance Sheet – Nonmajor funds	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor funds	49

Auditors' Reports and Schedule of Findings:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	50-51
Independent Auditors' Report in Accordance with the State Compliance Audit Guide	52-53
Schedule of Findings	54-55

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Clinton City

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, 2016, 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, 2016, 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 management's discussion and analysis, budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-7 and 43-47 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 2, 2016, 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 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2016.

HIGHLIGHTS

Net position of the city increased by \$4,065,490. Of this amount, business-type activities increased by \$599,556 and governmental activities increased by \$3,465,934.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$82,559,174 (net position). Of this amount, \$9,257,730 (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 \$4,717,653, an increase of \$571,356 compared to the prior years' ending amount. Of the combined total fund balance, \$2,543,675 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, 2016, totaling \$2,584,066, is 26.98% of the General Fund total revenues for the year. The General Fund has \$268,740 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$40,391 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 \$560,000.

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, 2016**

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 twelve 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 and Capital Projects Fund which are considered to be major funds. Data from the other ten 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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BASIC FINANCIAL STATEMENTS

CLINTON CITY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,311,777	\$ 2,982,068	\$ 6,293,845
Restricted cash	1,664,318	651,462	2,315,780
Accounts receivable	193,731	620,214	813,945
Due from other governmental units	2,557,485	-	2,557,485
Prepaid expenses	70,914	152,320	223,234
Internal balances	(205,843)	205,843	-
Net pension asset	29,277	3,597	32,874
Capital assets (net of accumulated depreciation):			
Land	9,905,596	525,674	10,431,270
Construction in progress	4,659,455	178,508	4,837,963
Infrastructure	20,260,303	20,633,183	40,893,486
Buildings	14,543,237	-	14,543,237
Improvements	2,230,538	-	2,230,538
Machinery and equipment	1,072,028	-	1,072,028
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	60,292,816	27,715,969	88,008,785
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	954,283	117,223	1,071,506
TOTAL ASSETS AND DEFERRED OUTFLOWS	61,247,099	27,833,192	89,080,291
LIABILITIES			
Accounts payable and accrued expenses	435,548	414,435	849,983
Accounts payable from restricted resources	14,242	17,816	32,058
Deposits	646,905	182,785	829,690
Non-current liabilities:			
Due within one year	575,000	48,257	623,257
Due in more than one year	1,974,936	226,789	2,201,725
TOTAL LIABILITIES	3,646,631	890,082	4,536,713
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,675,219	-	1,675,219
Deferred inflows of resources related to pensions	275,360	33,824	309,184
TOTAL DEFERRED INFLOWS OF RESOURCES	1,950,579	33,824	1,984,403
NET POSITION			
Net investment in capital assets	48,196,287	23,100,465	71,296,752
Restricted for:			
Debt service - revenue bond	73,961	-	73,961
Redevelopment Agency	312,548	-	312,548
Perpetual care	477,091	-	477,091
Transportation impact fees	54,765	-	54,765
Park impact fees	434,865	-	434,865
Utility impact fees	-	651,462	651,462
Unrestricted	6,100,371	3,157,359	9,257,730
TOTAL NET POSITION	\$ 55,649,888	\$ 26,909,286	\$ 82,559,174

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
PRIMARY GOVERNMENT:									
Governmental activities:									
General government	\$ 2,510,697	\$ 867,507	\$ -	\$ -	\$ (1,643,190)	\$ -	\$ (1,643,190)		
Public safety	3,277,937	789,511	23,911	48,736	(2,415,779)	-	(2,415,779)		
Highways and improvements	1,526,592	454,455	739,444	2,459,164	2,126,471	-	2,126,471		
Parks and recreation	1,206,251	228,307	-	179,111	(798,833)	-	(798,833)		
Cemeteries	58,241	82,595	-	-	24,354	-	24,354		
Interest on long term debt	29,024	-	-	-	(29,024)	-	(29,024)		
Total governmental activities	<u>8,608,743</u>	<u>2,422,375</u>	<u>763,355</u>	<u>2,687,011</u>	<u>(2,736,002)</u>	<u>-</u>	<u>(2,736,002)</u>		
Business-type activities:									
Water	1,434,610	1,532,521	-	168,405	-	266,316	266,316		
Sewer	1,600,769	1,641,467	-	-	-	40,698	40,698		
Solid waste	1,243,977	1,285,504	-	-	-	41,527	41,527		
Storm water	474,009	448,211	-	267,238	-	241,440	241,440		
Sewer special service	65,921	51,249	-	-	-	(14,672)	(14,672)		
Total business-type activities	<u>4,819,286</u>	<u>4,958,952</u>	<u>-</u>	<u>435,643</u>	<u>-</u>	<u>575,309</u>	<u>575,309</u>		
Total primary government	<u>\$ 13,428,029</u>	<u>\$ 7,381,327</u>	<u>\$ 763,355</u>	<u>\$ 3,122,654</u>	<u>(2,736,002)</u>	<u>575,309</u>	<u>(2,160,693)</u>		
General revenues:									
Property taxes				1,758,498	-	1,758,498			
Sales taxes				3,084,655	-	3,084,655			
Franchise taxes				1,111,633	-	1,111,633			
Fees-in-lieu of taxes				152,099	-	152,099			
Miscellaneous				71,165	-	71,165			
Interest earnings				23,886	24,247	48,133			
Total general revenues and transfers				<u>6,201,936</u>	<u>24,247</u>	<u>6,226,183</u>			
Change in net position				<u>3,465,934</u>	<u>599,556</u>	<u>4,065,490</u>			
Net position - beginning				<u>52,183,954</u>	<u>26,309,730</u>	<u>78,493,684</u>			
Net position - ending				<u>\$ 55,649,888</u>	<u>\$ 26,909,286</u>	<u>\$ 82,559,174</u>			

The accompanying notes are an integral part of these statements.

CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,506,430	\$ 96,443	\$ 426,737	\$ 3,029,610
Restricted cash	268,740	-	1,395,578	1,664,318
Accounts receivable	193,731	-	-	193,731
Due from other governmental units	2,427,276	130,209	-	2,557,485
Prepaid expenses	40,391	-	-	40,391
Total assets	\$ 5,436,568	\$ 226,652	\$ 1,822,315	\$ 7,485,535
LIABILITIES				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	256,746	172,307	2,463	431,516
Accounts payable from restricted sources	4,892	-	9,350	14,242
Customer deposits	646,905	-	-	646,905
Total liabilities	908,543	172,307	11,813	1,092,663
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	1,675,219	-	-	1,675,219
Total deferred inflows of resources	1,675,219	-	-	1,675,219
FUND BALANCES				
Nonspendable:				
Prepays	40,391	-	-	40,391
Restricted for:				
Special revenue - RDA	-	-	312,548	312,548
Perpetual care	-	-	477,091	477,091
Park impact fees	140,014	-	294,851	434,865
Transportation impact fees	54,765	-	-	54,765
State liquor funds	-	-	-	-
Sales tax bond	73,961	-	-	73,961
Assigned to:				
Capital projects	-	54,345	380,079	434,424
Special revenue - HUD grant	-	-	308,045	308,045
Special revenue - other	-	-	37,888	37,888
Unassigned	2,543,675	-	-	2,543,675
Total fund balances	2,852,806	54,345	1,810,502	4,717,653
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,436,568	\$ 226,652	\$ 1,822,315	\$ 7,485,535

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, 2016

Total fund balances - governmental funds: \$ 4,717,653

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	4,659,455
Infrastructure	32,465,113
Buildings	18,269,267
Improvements	3,550,873
Machinery and equipment	1,229,863
Accumulated depreciation	<u>(18,304,931)</u>
	51,775,235

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. 1,085,962

Less: Internal payable representing charges in excess of cost to business type activities.

Prior years	(61,468)
Current year	<u>(62,425)</u>
	962,069

Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds. 28,459

Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements. 927,602

Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements. (267,661)

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	(575,000)
Unamortized bond premium	6,464
Net pension liability	(1,689,305)
Compensated absences	<u>(235,628)</u>

Net position of governmental activities \$ 55,649,888

CLINTON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 1,684,126	\$ -	\$ 74,372	\$ 1,758,498
Sales taxes	3,084,655	-	-	3,084,655
Franchise taxes	1,111,633	-	-	1,111,633
Fees-in-lieu of taxes	152,099	-	-	152,099
Licenses and permits	461,194	-	-	461,194
Intergovernmental	763,356	2,344,867	-	3,108,223
Charges for services	1,364,235	-	36,850	1,401,085
Fines and forfeitures	283,382	-	-	283,382
Miscellaneous revenue	195,166	-	36,280	231,446
Special revenues	326,565	-	-	326,565
Total revenues	9,426,411	2,344,867	147,502	11,918,780
EXPENDITURES				
Current				
General government	2,005,564	-	45,837	2,051,401
Public safety	3,287,650	-	-	3,287,650
Highways and public improvements	801,616	-	6,950	808,566
Parks and recreation	1,153,061	-	1,558	1,154,619
Cemeteries	57,890	-	-	57,890
Debt service				
Principal	560,000	-	-	560,000
Interest and fees	35,488	-	-	35,488
Capital outlay				
General government	6,548	-	-	6,548
Public safety	34,815	-	-	34,815
Highways and public improvements	281,005	2,597,654	449,352	3,328,011
Parks and recreation	-	-	7,339	7,339
Cemeteries	15,097	-	-	15,097
Total expenditures	8,238,734	2,597,654	511,036	11,347,424
Excess (deficiency) of revenues over expenditures	1,187,677	(252,787)	(363,534)	571,356
Other financing sources (uses)				
Transfers in	4,809	-	668,550	673,359
Transfers out	(507,967)	-	(165,392)	(673,359)
Total other financing sources and uses	(503,158)	-	503,158	-
Net change in fund balances	684,519	(252,787)	139,624	571,356
Fund balances - beginning of year	2,168,287	307,132	1,670,878	4,146,297
Fund balances - end of year	\$ 2,852,806	\$ 54,345	\$ 1,810,502	\$ 4,717,653

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, 2016

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds \$ 571,356

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	\$ 3,391,809	
Depreciation expense	<u>(1,236,319)</u>	2,155,490

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	36,273
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The Statement of Activities includes the net pension benefit (expense from the adoption of GASB 68, which is not included in the fund financial statements). 5,374

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. 119,624

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>560,000</u>	566,464

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. 11,353

Change in net position of governmental activities \$ 3,465,934

CLINTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

Business-Type Activities - Enterprise Funds

	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 928,675	\$ 764,732	\$ 478,534
Accounts receivable	291,301	156,804	126,763
Interfund receivable	-	81,950	-
Prepaid expenses	152,320	-	-
Total current assets	<u>1,372,296</u>	<u>1,003,486</u>	<u>605,297</u>
Noncurrent assets:			
Restricted cash and cash equivalents	337,107	-	-
Net pension asset	1,894	539	444
Land	239,711	-	-
Construction in progress	59,974	13,102	-
Water stock	1,763,100	-	-
Depreciable assets	11,586,329	5,585,391	307,143
Less: accumulated depreciation	<u>(3,890,694)</u>	<u>(1,502,026)</u>	<u>(307,143)</u>
Total noncurrent assets	<u>10,097,421</u>	<u>4,097,006</u>	<u>444</u>
Total assets	<u>11,469,717</u>	<u>5,100,492</u>	<u>605,741</u>
Deferred outflows of resources - pension	<u>61,719</u>	<u>17,573</u>	<u>14,465</u>
Total assets and deferred outflows of resources	<u>11,531,436</u>	<u>5,118,065</u>	<u>620,206</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	139,045	167,606	76,266
Accounts payable from restricted sources	957	8,267	-
Compensated absences	24,753	7,941	4,750
Salaries & Wages Payable	12,114	4,540	2,488
Interfund payable	-	-	-
Deposits	182,785	-	-
Total current liabilities	<u>359,654</u>	<u>188,354</u>	<u>83,504</u>
Noncurrent liabilities:			
Net pension liability	<u>119,406</u>	<u>33,998</u>	<u>27,986</u>
Total noncurrent liabilities	<u>119,406</u>	<u>33,998</u>	<u>27,986</u>
Deferred inflows of resources - pension	<u>17,809</u>	<u>5,070</u>	<u>4,174</u>
Total liabilities and deferred inflows of resource	<u>496,869</u>	<u>227,422</u>	<u>115,664</u>
NET POSITION			
Net investment in capital assets	9,758,420	4,096,467	-
Restricted - impact fees & customer deposits	337,107	-	-
Unrestricted	939,040	794,176	504,542
Total net position	<u>\$ 11,034,567</u>	<u>\$ 4,890,643</u>	<u>\$ 504,542</u>

Adjustment to reflect the consolidation of internal service fund activities

related to enterprise funds

Net position of business-type activities

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund	
Storm Water	Sewer Special Service	Total		
\$ 590,748	\$ 219,379	\$ 2,982,068	\$ 282,167	
41,280	4,066	620,214	-	
-	-	81,950	-	
-	-	152,320	30,523	
<u>632,028</u>	<u>223,445</u>	<u>3,836,552</u>		<u>312,690</u>
314,355	-	651,462	-	
654	66	3,597	818	
285,963	-	525,674	-	
105,432	-	178,508	-	
-	-	1,763,100	-	
9,177,251	1,556,605	28,212,719	4,027,873	
<u>(1,775,444)</u>	<u>(104,229)</u>	<u>(7,579,536)</u>		<u>(3,131,952)</u>
<u>8,108,211</u>	<u>1,452,442</u>	<u>23,755,524</u>		<u>896,739</u>
<u>8,740,239</u>	<u>1,675,887</u>	<u>27,592,076</u>		<u>1,209,429</u>
<u>21,323</u>	<u>2,143</u>	<u>117,223</u>		<u>26,681</u>
<u>8,761,562</u>	<u>1,678,030</u>	<u>27,709,299</u>		<u>1,236,110</u>
5,969	1,333	390,220	1,836	
8,593	-	17,816	-	
9,873	940	48,257	4,849	
4,703	370	24,215	2,196	
-	-	-	81,950	
-	-	182,785	-	
<u>29,138</u>	<u>2,643</u>	<u>663,293</u>		<u>90,831</u>
<u>41,253</u>	<u>4,146</u>	<u>226,789</u>		<u>51,618</u>
<u>41,253</u>	<u>4,146</u>	<u>226,789</u>		<u>51,618</u>
<u>6,153</u>	<u>618</u>	<u>33,824</u>		<u>7,699</u>
<u>76,544</u>	<u>7,407</u>	<u>923,906</u>		<u>150,148</u>
7,793,202	1,452,376	23,100,465	895,921	
314,355	-	651,462	-	
<u>577,461</u>	<u>218,247</u>	<u>3,033,466</u>		<u>190,041</u>
<u>\$ 8,685,018</u>	<u>\$ 1,670,623</u>	<u>\$ 26,785,393</u>		<u>\$ 1,085,962</u>
		123,893		
		<u>\$ 26,909,286</u>		

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Business-Type Activities - Enterprise Funds			
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,371,857	\$ 1,641,467	\$ 1,285,504
Other	160,664	-	-
Total operating revenue	<u>1,532,521</u>	<u>1,641,467</u>	<u>1,285,504</u>
OPERATING EXPENSES			
Operation and maintenance	191,615	20,365	78,945
Sewage treatment	-	1,229,719	-
Source of supply	300,017	-	-
Depreciation	193,401	89,184	-
General expenses	264,567	92,272	166,140
Salaries	257,883	83,082	57,625
Employee benefits	141,928	44,587	38,805
Waste collection	-	-	343,762
Waste disposal	-	-	511,534
Vehicle operation	108,910	53,126	60,292
Total operating expenses	<u>1,458,321</u>	<u>1,612,335</u>	<u>1,257,103</u>
Operating income (loss)	<u>74,200</u>	<u>29,132</u>	<u>28,401</u>
NONOPERATING REVENUE (EXPENSES)			
Impact fees	164,085	-	-
Interest revenue	8,274	5,444	4,292
Gain on sale	-	-	-
Total nonoperating revenue	<u>172,359</u>	<u>5,444</u>	<u>4,292</u>
Income (loss) before contributions	246,559	34,576	32,693
Capital contributions	4,320	-	-
Change in net position	250,879	34,576	32,693
Net position - beginning as restated	<u>10,783,688</u>	<u>4,856,067</u>	<u>471,849</u>
Net position - ending	<u><u>\$ 11,034,567</u></u>	<u><u>\$ 4,890,643</u></u>	<u><u>\$ 504,542</u></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 Activities
Storm Water	Sewer Special Service	Total	Internal Service Fund	
\$ 442,911	\$ 36,849	\$ 4,778,588	\$ 836,189	
5,300	14,400	180,364	-	
<u>448,211</u>	<u>51,249</u>	<u>4,958,952</u>	<u>836,189</u>	
60,999	5,285	357,209	266,288	
-	13,744	1,243,463	-	
-	-	300,017	-	
136,484	22,237	441,306	215,176	
92,272	5,338	620,589	-	
90,741	7,918	497,249	96,049	
49,247	5,285	279,852	71,226	
-	-	343,762	-	
-	-	511,534	-	
<u>56,585</u>	<u>7,817</u>	<u>286,730</u>	<u>7,226</u>	
<u>486,328</u>	<u>67,624</u>	<u>4,881,711</u>	<u>655,965</u>	
<u>(38,117)</u>	<u>(16,375)</u>	<u>77,241</u>	<u>180,224</u>	
265,038	-	429,123	-	
4,508	1,729	24,247	1,825	
-	-	-	-	
<u>269,546</u>	<u>1,729</u>	<u>453,370</u>	<u>1,825</u>	
231,429	(14,646)	530,611	182,049	
2,200	-	6,520	-	
233,629	(14,646)	537,131	182,049	
<u>8,451,389</u>	<u>1,685,269</u>		<u>903,913</u>	
<u>\$ 8,685,018</u>	<u>\$ 1,670,623</u>		<u>\$ 1,085,962</u>	
		62,425		
		<u>\$ 599,556</u>		

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Solid Waste		
	Water	Sewer	
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,533,531	\$ 1,621,208	\$ 1,275,952
Interfund services provided	-	-	-
Payments to employees	(237,380)	(74,975)	(54,138)
Payments to suppliers	(741,320)	(1,221,092)	(1,014,339)
Payments for interfund services used	(373,477)	(145,398)	(226,432)
Net cash from operating activities	<u>181,354</u>	<u>179,743</u>	<u>(18,957)</u>
Cash Flows From Noncapital Financing Activities			
Interfund loan	-	47,166	-
Net cash from noncapital financing activities	<u>-</u>	<u>47,166</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	164,085	-	-
Purchases of capital assets	(168,165)	(13,102)	-
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	<u>(4,080)</u>	<u>(13,102)</u>	<u>-</u>
Cash Flows From Investing Activities			
Interest and dividends received	8,274	5,444	4,292
Net cash from investing activities	<u>8,274</u>	<u>5,444</u>	<u>4,292</u>
Net increase (decrease in cash and cash equivalents)	185,548	219,251	(14,665)
Cash and cash equivalents, July 1	1,080,234	545,481	493,199
Cash and cash equivalents, June 30	<u>\$ 1,265,782</u>	<u>\$ 764,732</u>	<u>\$ 478,534</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 74,200	\$ 29,132	\$ 28,401
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	193,401	89,184	-
(Increase) decrease in prepaid expenses	(7,748)	-	-
(Increase) decrease in accounts receivable	(13,292)	(20,259)	(9,552)
Increase (decrease) in accounts payable	(100,012)	73,579	(41,293)
Increase (decrease) in compensated absences	5,127	2,638	234
Increase (decrease) in salaries & wages	12,114	4,540	2,488
Increase (decrease) in net pension liability	3,262	929	765
Increase (decrease) in deposits	14,302	-	-
Total adjustments	<u>107,154</u>	<u>150,611</u>	<u>(47,358)</u>
Net cash provided (used) by operating activities	<u>\$ 181,354</u>	<u>\$ 179,743</u>	<u>\$ (18,957)</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
Storm Water	Sewer Special Service	Total		
\$ 449,213	\$ 49,871	\$ 4,929,775	\$ -	
-	-	-	836,189	
(81,979)	(7,272)	(455,744)	(94,274)	
(108,376)	(24,232)	(3,109,359)	(369,385)	
(148,857)	(13,155)	(907,319)	-	
<u>110,001</u>	<u>5,212</u>	<u>457,353</u>	<u>372,530</u>	
-	-	47,166	(47,166)	
-	-	47,166	(47,166)	
265,038	-	429,123	-	
(105,432)	-	(286,699)	(265,827)	
-	-	-	-	
<u>159,606</u>	<u>-</u>	<u>142,424</u>	<u>(265,827)</u>	
4,508	1,729	24,247	1,825	
<u>4,508</u>	<u>1,729</u>	<u>24,247</u>	<u>1,825</u>	
274,115	6,941	671,190	61,362	
630,988	212,438	2,962,340	220,805	
<u>\$ 905,103</u>	<u>\$ 219,379</u>	<u>\$ 3,633,530</u>	<u>\$ 282,167</u>	
\$ (38,117)	\$ (16,375)	\$ 77,241	\$ 180,224	
136,484	22,237	441,306	215,176	
-	-	(7,748)	(20,297)	
1,002	(1,378)	(43,479)	-	
1,870	82	(65,774)	(4,348)	
2,932	163	11,094	(1,832)	
4,703	370	24,215	2,196	
1,127	113	6,196	1,411	
-	-	14,302	-	
<u>148,118</u>	<u>21,587</u>	<u>380,112</u>	<u>192,306</u>	
<u>\$ 110,001</u>	<u>\$ 5,212</u>	<u>\$ 457,353</u>	<u>\$ 372,530</u>	
<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 6,520</u>	<u>\$ -</u>	

The accompanying notes are an integral part of these statements.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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, 2016

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, 2016

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, 2016

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 CDBG 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, 2016

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, 2016, the carrying amount of the City's deposits was \$251,280 and the bank balance was \$452,215. Of the bank balance, \$385,916 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.

Investments not subject to categorizations:	Carrying Amount	Market Value
Utah Public Treasurer's Investment Fund	<u>\$ 8,358,245</u>	<u>\$ 8,396,333</u>

The GASB Fair Value factor at June 30, 2016 was 1.00455704

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary

	Carrying Amount
Petty cash	\$ 101
Deposits	251,280
Investment in Utah Public Treasurer's Investment fund	<u>8,358,245</u>
Total deposits and investments	<u><u>\$ 8,609,625</u></u>
Unrestricted cash	\$ 6,293,845
Restricted cash - water	337,107
Restricted cash - storm water	314,355
Restricted cash - RDA fund	314,762
Restricted cash - general fund	268,740
Restricted cash - park impact fees	295,680
Restricted cash - cemetery	477,091
Restricted cash - Housing Grant	<u>308,045</u>
Total deposits and investments	<u><u>\$ 8,609,625</u></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, 2016

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
Receivables:			
Businesses - Franchise Tax	\$ -	\$ 118,849	\$ 118,849
Ambulance Billing Service Provider	-	62,159	62,159
Customers	-	12,723	12,723
Utah State Tax Commission	564,113	-	564,113
Utah Department of Transportation	165,957	-	165,957
County - Current Property Taxes	21,987	-	21,987
Taxpayers - Unavailable Taxes	1,675,219	-	1,675,219
State Grants	130,209	-	130,209
Gross receivables	2,557,485	193,731	2,751,216
Less: Allowance for uncollectibles	-		-
Net total receivables	\$2,557,485	\$ 193,731	\$2,751,216

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES (Continued)

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
	\$	\$	\$
General Fund	\$ 65,011	\$ 196,627	\$ 261,638
Capital Projects Fund	-	172,307	172,307
Nonmajor Governmental Funds	-	11,813	11,813
Water Fund	372	151,744	152,116
Sewer Fund	159,906	20,507	180,413
Solid Waste Fund	-	78,754	78,754
Storm Water Fund	3,072	16,193	19,265
Sewer Special Service	1,333	370	1,703
Internal Service Fund	-	4,032	4,032
 Total	 \$ 229,694	 \$ 652,347	 \$ 882,041

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

GOVERNMENTAL ACTIVITIES	Balance			Balance
	June 30, 2015	Additions	(Deletions)	June 30, 2016
Nondepreciated Assets				
Land	\$ 9,905,596	\$ -	\$ -	\$ 9,905,596
Work in process	2,115,491	2,543,963	-	4,659,454
Total nondepreciated assets	<u>12,021,087</u>	<u>2,543,963</u>	<u>-</u>	<u>14,565,050</u>
Depreciated Assets				
Internal service	3,759,223	265,828	-	4,025,051
Infrastructure	31,910,701	554,413	-	32,465,114
Improvements	3,268,029	282,844	-	3,550,873
Buildings	18,269,267	-	-	18,269,267
Machinery and equipment	1,183,000	46,863	-	1,229,863
Total depreciated assets	<u>58,390,220</u>	<u>1,149,946</u>	<u>-</u>	<u>59,540,166</u>
Less accumulated depreciation				
Internal service	(2,916,776)	(215,176)	-	(3,131,952)
Infrastructure	(11,535,588)	(669,223)	-	(12,204,811)
Improvements	(1,244,584)	(75,749)	-	(1,320,333)
Buildings	(3,269,299)	(456,732)	-	(3,726,031)
Machinery and equipment	(1,016,318)	(34,615)	-	(1,050,933)
Total accumulated depreciation	<u>(19,982,565)</u>	<u>(1,451,495)</u>	<u>-</u>	<u>(21,434,060)</u>
Net assets depreciated	<u>38,407,655</u>	<u>(301,548)</u>	<u>-</u>	<u>38,106,107</u>
Governmental activities capital assets, net	<u>\$ 50,428,742</u>	<u>\$ 2,242,415</u>	<u>\$ -</u>	<u>\$ 52,671,157</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance
	<u>June 30, 2015</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>June 30, 2016</u>
Nondepreciated Assets				
Land	\$ 525,674	\$ -	\$ -	\$ 525,674
Construction in progress	49,171	129,337	-	178,508
Water rights	<u>1,763,100</u>	<u>-</u>	<u>-</u>	<u>1,763,100</u>
	<u>2,337,945</u>	<u>129,337</u>	<u>-</u>	<u>2,467,282</u>
Depreciated Assets				
Solid waste	307,143	-	-	307,143
Water system	11,424,648	161,682	-	11,586,330
Water equipment	-	-	-	-
Sewer system	7,141,995	-	-	7,141,995
Sewer equipment	-	-	-	-
Storm water improvements	<u>9,175,051</u>	<u>2,200</u>	<u>-</u>	<u>9,177,251</u>
Total depreciated assets	<u>28,048,837</u>	<u>163,882</u>	<u>-</u>	<u>28,212,719</u>
Less accumulated depreciation				
Solid waste	(307,142.93)	-	-	(307,143)
Water system & equipment	(3,697,293)	(193,400)	-	(3,890,693)
Sewer system & equipment	(1,494,834)	(111,422)	-	(1,606,255)
Storm water improvements	<u>(1,638,960)</u>	<u>(136,484)</u>	<u>-</u>	<u>(1,775,444)</u>
Total	<u>(7,138,230)</u>	<u>(441,306)</u>	<u>-</u>	<u>(7,579,535)</u>
Net assets depreciated	<u>20,910,607</u>	<u>(277,424)</u>	<u>-</u>	<u>20,633,184</u>
Business-type activities capital assets, net	<u>\$ 23,248,552</u>	<u>\$ (148,087)</u>	<u>\$ -</u>	<u>\$ 23,100,465</u>

DEPRECIATION EXPENSE	Governmental		Business	
	Types	Types	Types	Totals
General government	\$ 459,204	\$ -	\$ 459,204	
Public Safety	20,132	-	-	20,132
Public works	713,903	-	-	713,903
Parks and recreation	43,079	-	-	43,079
Internal service*	215,176	-	-	215,176
Water system	-	193,400	-	193,400
Sewer system	-	111,422	-	111,422
Storm water improvements	-	136,484	-	136,484
TOTAL	\$ 1,451,495	\$ 441,306	\$ 1,892,801	

* 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, 2016

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016, was as follows:

Description	Interest Rate	Outstanding 6/30/2015	Increase	Decrease	Outstanding 6/30/2016	Current Portion
GOVERNMENTAL ACTIVITIES						
Sales tax revenue refunding bonds:						
Series 2009	3.0 - 3.25%	\$ 1,135,000	\$ -	\$ 560,000	\$ 575,000	\$ 575,000
Compensated Absences	N/A	246,981		11,353	235,628	N/A
TOTAL		\$ 1,381,981	\$ -	\$ 571,353	\$ 810,628	\$ 575,000

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, 2016 was \$575,000.

Annual requirement to amortize long-term debt as of June 30, 2016, are as follows:

Fiscal Year			
<u>Ended June 30,</u>	Principal	Interest	Total
2017	575,000	18,688	593,688
	\$ 575,000	\$ 18,688	\$ 593,688

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 \$73,961.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

Defined Benefits Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee 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 Utah State Retirement 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, 2016

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	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975;	Up to 4%
		25 years any age*	2.0% per year July 1975 to	
		20 years age 60*	present	
		10 years age 62*		
		4 years age 65		
Public Safety System	Highest 3 years	20 years any age	2.5% per year up to 20 years;	Up to 2.5% or 4% depending on employer
		10 years age 60	2.0% per year over 20 years	
		4 years age 65		
Firefighters System	Highest 3 years	20 years any age	2.5% per year up to 20 years;	Up to 4%
		10 years age 60	2.0% per year over 20 years	
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

* 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, 2016

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	Employer rate for 401(k) Plan
Contributory System				
11 - Local Governmental Division Tier 1	6.00%	N/A	14.46%	N/A
111 - Local Government Division Tier 2	N/A	N/A	16.67%	1.78%
Noncontributory System				
15 - Local Government Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety System				
Contributory				
23 - Other Division A with 2.5% COLA	12.29%	N/A	22.75%	N/A
122 - Other Division A Contributory Tier 2	N/A	N/A	22.50%	1.33%
Noncontributory				
43 - Other Div A with 2.5% COLA	N/A	N/A	34.04%	N/A
Firefighters Retirement System				
31 - Other Division A	N/A	15.05%	3.99%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	N/A	10.75%	1.33%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 249,505	N/A
Contributory System	30,049	-
Public Safety System	168,388	-
Firefighters System	15,927	-
Tier 2 Public Employees System	26,323	-
Tier 2 Public Safety and Firefighter	45,286	-
Tier 2 DC Only System	6,017	N/A
Total Contributions	\$ 541,495	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2016, we reported a net pension asset of \$32,874 and a net pension liability of \$1,967,712.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1664893%	\$ -	\$ 942,077
Contributory System	0.4962308%	-	348,778
Public Safety System	0.3778680%	-	676,857
Firefighters System	1.4734620%	26,687	-
Tier 2 Public Employees System	0.0209288%	46	-
Tier 2 Public Safety and Firefighter	0.4203445%	6,141	-
		<hr/> <u>\$ 32,874</u>	<hr/> <u>\$ 1,967,712</u>

The net pension asset and liability was measure as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, we recognized pension expense of \$536,353. At June 30, 2016 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	\$ 1,066	\$ 155,853
Changes in assumptions	-	144,882
Net difference between projected and actual earnings on pension plan investments	763,955	-
Changes in proportion and differences between contributions and proportionate share of contributions	40,071	8,449
Contributions subsequent to the measurement date	266,414	-
Total	<hr/> <u>\$ 1,071,506</u>	<hr/> <u>\$ 309,184</u>

\$266,414 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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,	Net Deferred Outflows (Inflows) of Resources
2016	\$ 109,665
2017	112,731
2018	131,256
2019	165,602
2020	(11,945)
Thereafter	\$ (11,399)

Actuarial assumptions:

The total pension liability in the December 31, 2015 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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ending 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:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Asset Class	Expected Return Arithmetic Basis			Long-term Expected Portfolio Real Rate of Return
	Target Asset Allocation	Real Return Arithmetic Basis		
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%

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. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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 using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$1,990,516	\$ 942,077	\$ 66,841
Contributory System	614,231	348,778	125,918
Public Safety System	1,433,297	676,857	60,975
Firefighters System	363,265	(26,687)	(343,408)
Tier 2 Public Employees System	8,378	(46)	(6,430)
Tier 2 Public Safety and Firefighter	10,440	(6,141)	(18,874)
Total	\$4,420,127	\$1,934,838	\$(114,978)

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Clinton City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30 were as follows:

401(k) Plan	2016	2015	2014
Employer Contributions	\$ 170,471	\$ 169,109	\$ 165,010
Employee Contributions	59,275	55,851	56,882
<hr/>			
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	7,513	4,652	4,681
<hr/>			
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	20,680	21,140	20,580

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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, 2016, 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, 2016 was \$288,735 for governmental and business-type activities combined.

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, 2016 were as follows:

Transfers Out	Transfers In					
	General	Roadway	Memorial Rock	Park Acquisition	Community Arts	Total
General	\$ -	\$ 439,227	\$ -	\$ 68,740	\$ -	\$ 507,967
Redevelopment	4,750	-	-	-	-	4,750
Perpetual Care	-	-	-	-	-	-
PARCS	59	-	-	-	2,863	2,922
Park Acquisition	-	-	7,720	-	-	7,720
Roadway	-	-	-	-	-	-
HUD Grant	-	150,000	-	-	-	150,000
Totals	\$ 4,809	\$ 589,227	\$ 7,720	\$ 68,740	\$ 2,863	\$ 673,359

At year end the Sewer Fund had an outstanding receivable from the Internal Service Fund in the amount of \$81,950. This loan is expected to be paid back within one year.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$74,372 for the downtown area. There were no tax increments paid to any other taxing agency. The RDA expended funds in the following area:

Downtown beautification costs	<u>\$ 45,837</u>
-------------------------------	------------------

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
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	Before Jun. 22
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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 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.

NOTE 17 – COMMITMENTS

The City has entered into the following commitments as of June 30, 2016 for the forthcoming year(s):

Project:	Purpose	Contract	Completed to Date	Remaining Commitment
3000 West	Roadway project	\$ 5,930,166	\$ 4,675,895	\$ 1,254,271
		<hr/>	<hr/>	<hr/>
		\$ 5,930,166	\$ 4,675,895	\$ 1,254,271

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, 2016

REVENUES	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Taxes:				
Property taxes	\$ 1,670,410	\$ 1,667,710	\$ 1,684,126	\$ 16,416
Sales taxes	2,892,069	2,901,711	3,084,655	182,944
Utility franchise taxes	1,125,695	1,130,695	1,111,633	(19,062)
Fees-in-lieu of taxes	120,240	126,200	152,099	25,899
Licenses and permits	231,080	231,080	461,194	230,114
Intergovernmental revenue	641,580	641,580	763,356	121,776
Charges for services	1,316,930	1,316,930	1,364,235	47,305
Fines and forfeitures	286,680	286,680	283,382	(3,298)
Miscellaneous revenue	209,550	209,550	195,166	(14,384)
Special revenues	217,560	217,560	326,565	109,005
TOTAL REVENUES	8,711,794	8,729,696	9,426,411	696,715
EXPENDITURES				
General government:				
Legislative	80,480	98,382	77,080	21,302
City manager	287,865	287,865	279,206	8,659
Judicial	250,735	250,735	235,834	14,901
Professional and technical	383,035	383,035	402,652	(19,617)
City treasurer	470,634	470,634	452,588	18,046
Buildings	181,700	181,700	175,343	6,357
Elections	13,000	13,000	4,392	8,608
Community development	380,377	380,377	385,017	(4,640)
Total general government	2,047,826	2,065,728	2,012,112	53,616
Public safety:				
Law enforcement	1,798,370	1,798,370	1,791,610	6,760
Debt service	74,990	74,990	74,906	84
Crossing guards	48,030	48,030	47,724	306
Fire protection	1,042,680	1,042,680	1,049,338	(6,658)
Ambulance services	400,026	400,026	398,477	1,549
DUI - enforcement	17,420	17,420	35,316	(17,896)
Total public safety	3,381,516	3,381,516	3,397,371	(15,855)
Highways and streets:				
Public works	222,172	222,172	221,306	866
Class "C" roads	878,498	878,498	861,315	17,183
Capital outlay	-	-	-	-
Total highways and streets	1,100,670	1,100,670	1,082,621	18,049

CLINTON CITY

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 492,876	\$ 492,876	\$ 441,514	\$ 51,362
Recreation	404,353	404,353	311,942	92,411
Recreation programs	423,640	423,640	326,241	97,399
Clinton Fun Days	81,091	81,091	73,364	7,727
Total parks and recreation	<u>1,401,960</u>	<u>1,401,960</u>	<u>1,153,061</u>	<u>248,899</u>
Cemeteries	<u>80,680</u>	<u>80,680</u>	<u>72,987</u>	<u>7,693</u>
Debt service:				
Principal	485,010	485,010	485,094	(84)
Interest	<u>37,488</u>	<u>37,488</u>	<u>35,488</u>	<u>2,000</u>
Total debt service	<u>522,498</u>	<u>522,498</u>	<u>520,582</u>	<u>1,916</u>
TOTAL EXPENDITURES	<u>8,535,150</u>	<u>8,553,052</u>	<u>8,238,734</u>	<u>314,318</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>176,644</u>	<u>176,644</u>	<u>1,187,677</u>	<u>1,011,033</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	307,000	307,000	-	(307,000)
Operating transfers in	4,750	4,750	4,809	59
Operating transfers out	<u>(488,394)</u>	<u>(488,394)</u>	<u>(507,967)</u>	<u>(19,573)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(176,644)</u>	<u>(176,644)</u>	<u>(503,158)</u>	<u>(326,514)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	684,519	684,519
Fund balance - July 1	<u>2,168,287</u>	<u>2,168,287</u>	<u>2,168,287</u>	<u>-</u>
Fund balance - June 30	<u>\$ 2,168,287</u>	<u>\$ 2,168,287</u>	<u>\$ 2,852,806</u>	<u>\$ 684,519</u>

CLINTON CITY
SCHEDE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2015
Last 10 fiscal years*

		Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)	2015	0.1664893%	0.4962308%	0.3778680%	1.4734620%	0.02092888%	0.4203445%
	2014	0.1671658%	0.3938350%	0.3606163%	1.2907006%	0.0206221%	0.5474741%
Proportion share of the net pension liability (asset)	2015	\$ 942,077	\$ 348,778	\$ 676,857	\$ (26,687)	\$ (46)	\$ (6,141)
	2014	725,873	113,599	453,505	(73,652)	(625)	(8,099)
Covered employee payroll	2015	\$ 1,425,241	\$ 211,438	\$ 621,237	\$ 396,127	\$ 135,256	\$ 250,088
	2014	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	2015	66.10%	164.96%	108.95%	-6.74%	-0.03%	-2.46%
	2014	49.7%	53.9%	69.3%	-21.8%	-60.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	2015	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
	2014	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 for 2014 and 2015

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2015

Last 10 fiscal years*

	As of fiscal year ended June 30,	Contributions in relation to the contractually required contribution				Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
		Actuarial Determined Contributions						
Noncontributory System	2014	\$ 247,114	\$ 247,114	\$ -	\$ 1,503,908	-	16.43%	
	2015	263,503	263,503	-	1,461,410	-	18.03%	
	2016	249,505	249,505	-	1,350,864	-	18.47%	
Contributory System	2014	\$ 27,825	\$ 27,825	\$ -	\$ 210,295	-	13.23%	
	2015	30,672	30,672	-	212,115	-	14.46%	
	2016	30,049	30,049	-	207,809	-	14.46%	
Public Safety System	2014	\$ 178,272	\$ 178,272	\$ -	\$ 718,892	-	24.80%	
	2015	175,738	175,738	-	625,499	-	28.10%	
	2016	168,388	168,388	-	593,687	-	28.36%	
Firefighters System	2014	\$ 9,559	\$ 9,559	\$ -	\$ 324,274	-	2.95%	
	2015	14,155	14,155	-	370,543	-	3.82%	
	2016	15,927	15,927	-	400,683	-	3.97%	
Tier 2 Public Employees System**	2014	\$ 8,445	\$ 8,445	\$ -	\$ 60,367	-	13.99%	
	2015	17,222	17,222	-	115,271	-	14.94%	
	2016	26,323	26,323	-	176,416	-	14.92%	
Tier 2 Public Safety and Firefighter System**	2014	\$ 24,469	\$ 24,469	\$ -	\$ 193,422	-	12.65%	
	2015	41,038	41,038	-	248,573	-	16.51%	
	2016	45,286	45,286	-	256,330	-	17.67%	
Tier 2 Public Employees DC Only System**	2014	\$ 1,038	\$ 1,038	\$ -	\$ 18,610	-	5.58%	
	2015	3,459	3,459	-	51,475	-	6.72%	
	2016	6,017	6,017	-	89,940	-	6.69%	

* 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 past three years. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

See accompanying notes to required supplementary information

CLINTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2016

Changes in Assumptions:

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: 1) more members are anticipated to terminate employment prior to retirement, 2) slightly fewer members are expected to become disabled, and 3) members are expected to retire at a slightly later age.

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects				Permanent Fund
	Park Acquisition	Roadway Project	Memorial Rock Project	Total	Perpetual Care
ASSETS					
Cash and cash equivalents	\$ -	\$ 380,688	\$ 8,161	\$ 388,849	\$ -
Restricted cash	295,680	-	-	295,680	477,091
Due from other governmental units	-	-	-	-	-
Total assets	<u>\$ 295,680</u>	<u>\$ 380,688</u>	<u>\$ 8,161</u>	<u>\$ 684,529</u>	<u>\$ 477,091</u>
LIABILITIES					
Accounts payable	\$ 249	\$ -	\$ -	\$ 249	\$ -
Accounts Payable from restricted sources	580	8,770	-	9,350	-
Total liabilities	<u>829</u>	<u>8,770</u>	<u>-</u>	<u>9,599</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property Taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Restricted for:					
Park impact fees	294,851	-	-	294,851	-
Special revenue - RDA	-	-	-	-	-
Perpetual care	-	-	-	-	477,091
Special revenue - Housing Grant	-	-	-	-	-
Assigned for:					
Park acquisition	-	-	-	-	-
Roadway projects	-	371,918	8,161	380,079	-
CDBG grant	-	-	-	-	-
Community arts	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>294,851</u>	<u>371,918</u>	<u>8,161</u>	<u>674,930</u>	<u>477,091</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 295,680</u>	<u>\$ 380,688</u>	<u>\$ 8,161</u>	<u>\$ 684,529</u>	<u>\$ 477,091</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ - 314,762	\$ - 308,045	\$ 389	\$ 13,890	\$ 23,332	\$ 277	\$ 37,888	\$ 426,737
						622,807	1,395,578
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 314,762	\$ 308,045	\$ 389	\$ 13,890	\$ 23,332	\$ 277	\$ 660,695	\$ 1,822,315
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,214	\$ 2,463
							9,350
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,214	-	-	-	-	-	2,214	11,813
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
- 312,548	-	-	-	-	-	-	294,851
							312,548
-	-	-	-	-	-	-	477,091
- 308,045	-	-	-	-	-	308,045	308,045
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	380,079
-	-	389	-	-	-	389	389
-	-	-	13,890	23,332	-	37,222	37,222
-	-	-	-	-	277	277	277
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
312,548	308,045	389	13,890	23,332	277	658,481	1,810,502
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 314,762	\$ 308,045	\$ 389	\$ 13,890	\$ 23,332	\$ 277	\$ 660,695	\$ 1,822,315

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects				Permanent Fund Perpetual Care
	Park Acquisition	Roadway Project	Memorial Rock Project	Total	
REVENUES					
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ 36,850
Interest income	672	3,470	20	4,162	3,739
Donations	-	-	965	965	-
Fees/Miscellaneous	-	-	-	-	6,133
Property taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total revenues	672	3,470	985	5,127	46,722
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and public improvements	-	6,406	544	6,950	-
Parks and recreation	829	-	-	829	-
Cemeteries	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and public improvements	-	449,352	-	449,352	-
Parks and recreation	7,339	-	-	7,339	-
Cemeteries	-	-	-	-	-
Total expenditures	8,168	455,758	544	464,470	-
Excess (deficiency) of revenues over (under) expenditures	(7,496)	(452,288)	441	(459,343)	46,722
OTHER FINANCING SOURCES (USES)					
Transfers in	68,740	589,227	7,720	665,687	-
Transfers out	(7,720)	-	-	(7,720)	-
Loss on investments	-	-	-	-	-
Total other financing sources (uses)	61,020	589,227	7,720	657,967	-
Net change in fund balances	53,524	136,939	8,161	198,624	46,722
Fund balance - beginning of year	241,327	234,979	-	476,306	430,369
Fund balance - end of year	\$ 294,851	\$ 371,918	\$ 8,161	\$ 674,930	\$ 477,091

Redevelopment Agency	Special Revenue					Total Nonmajor Governmental Funds	
	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ - 2,314	\$ - 599	\$ - 3	\$ - -	\$ - -	\$ - -	\$ - 2,916	\$ 36,850 10,817
- - -	- - -	- - -	165	17,900	- -	18,065	19,030
- - -	- - -	- - -	- - -	- - -	300	300	6,433
74,372	- - -	- - -	- - -	- - -	- - -	74,372	74,372
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
76,686	599	3	165	17,900	300	95,653	147,502
45,837	- - -	- - -	- - -	- - -	- - -	45,837	45,837
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -	- - -	6,950
- - -	- - -	- - -	145	- -	584	729	1,558
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
- - -	- - -	- - -	- - -	- - -	- - -	- - -	449,352
- - -	- - -	- - -	- - -	- - -	- - -	- - -	7,339
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
45,837	- - -	- - -	145	- - -	584	46,566	511,036
30,849	599	3	20	17,900	(284)	49,087	(363,534)
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
(4,750)	(150,000)	- - -	2,863	- (2,922)	- -	2,863 (157,672)	668,550 (165,392)
- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
(4,750)	(150,000)	- - -	2,863	(2,922)	- -	(154,809)	503,158
26,099	(149,401)	3	2,883	14,978	(284)	(105,722)	139,624
286,449	457,446	386	11,007	8,354	561	764,203	1,670,878
\$ 312,548	\$ 308,045	\$ 389	\$ 13,890	\$ 23,332	\$ 277	\$ 658,481	\$ 1,810,502

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

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, 2016, 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 2, 2016.

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 the Clinton City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 2, 2016

**INDEPENDENT AUDITOR'S REPORT
AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE ON:**

- **COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**
- **INTERNAL CONTROL OVER COMPLIANCE**

To the Mayor and City Council and Chief Executive Officer of
Clinton City

Report On Compliance with General State Compliance Requirements

We have audited Clinton City's compliance with the applicable general state 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 for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance	Treasurer's Bond
Fund Balance	Cash Management
Justice Courts	Enterprise Fund Transfers, Reimbursements, Loans, Services
Utah Retirement Systems	Tax Levy Revenue Recognition
Restricted Taxes and Related Revenues	Impact Fees
Open and Public Meetings Act	

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

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 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. However, our audit does not provide a legal determination of Clinton City's compliance.

Opinion on General State Compliance Requirements

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 for the year ended June 30, 2016.

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 2016-1 and 2016-2. 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. 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 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 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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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.

Very truly yours,

Wood Richards & Associates, PC
Ogden, Utah
December 2, 2016

**CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2016**

Instances of Noncompliance with State Code

2016-01: Insufficient Bond Coverage

Criteria: Per *Utah Code*, Section 51-7-15(1)(a), cities shall be bonded in an amount established by the council. Bond coverage amounts are established by *Utah Administration Code*, Rule R628-4-4.

Condition: Clinton City does not have adequate bond coverage as required by *Utah Administrative Code*. Clinton City's coverage is \$143,848 less than Utah Administration Code requires.

Cause: Clinton City did not evaluate bond coverage for Fiscal Year 2016 to determine if coverage was sufficient.

Effect: Failure to obtain adequate bond coverage violates State code.

Recommendation: We recommend that Clinton City evaluate bond coverage for each fiscal year and obtain proper coverage as required by law.

Management's Response: Management will take the action needed to increase the bond coverage.

2016-02: Unreserved Fund Balance in Excess

Criteria: Per *Utah Code*, Section 10-6-116(2), the accumulation of a fund balance in a city's general fund may not exceed 25% of the total revenue of the city general fund for the current fiscal period.

Condition: Clinton City's unreserved fund balance in the general fund is 27% percent of total revenues, exceeding the state code minimum of 25% by \$226,261.

Cause: Clinton City had additional revenues come in during the year than were anticipated. The overage amount is relatively small compared to the budget size.

Effect: Excessive unreserved fund balances are a violation of State code.

Recommendation: We recommend that Clinton City monitor the accumulation of fund balance in their general fund to insure balances are not in excess of state law.

Management's Response: Budget adjustments will be made to expend the funds necessary to maintain compliance with the fund balance limitation.