

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2018**

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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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clinton City's 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.

Child, Richards CPAs & Advisors

Ogden, Utah
November 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2018

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2018.

HIGHLIGHTS

Net position of the city increased by \$3,288,735. Of this amount, business-type activities increased by \$1,028,332 and governmental activities increased by \$2,260,403.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$89,439,929 (net position). Of this amount, \$10,875,850 (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 \$6,518,323, an increase of \$756,242 compared to the prior years' ending amount. Of the combined total fund balance, \$2,408,071 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, 2018, totaling \$2,408,071, is 22.28% of the General Fund total revenues for the year. The General Fund has \$385,623 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$119,695 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods.

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, 2018**

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 thirteen 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 eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2018	2017	2018	2017	2018	2017
Cash	\$ 6,858,486	\$ 6,621,881	\$ 5,485,633	\$ 4,497,121	\$ 12,344,119	\$ 11,119,002
Other assets	2,904,776	2,830,726	1,117,008	1,042,310	4,021,784	3,873,036
Capital assets	53,739,600	53,598,124	24,831,620	23,318,242	78,571,220	76,916,366
Deferred outflows of resources	1,197,289	1,127,529	147,074	138,504	1,344,363	1,266,033
Total assets and deferred outflows	<u>64,700,151</u>	<u>64,178,260</u>	<u>31,581,335</u>	<u>28,996,177</u>	<u>96,281,486</u>	<u>93,174,437</u>
Noncurrent liabilities	1,484,870	2,080,082	225,557	300,777	1,710,427	2,380,859
Other liabilities	1,120,442	1,780,319	1,029,478	711,974	2,149,920	2,492,293
Total liabilities	<u>2,605,312</u>	<u>3,860,401</u>	<u>1,255,035</u>	<u>1,012,751</u>	<u>3,860,347</u>	<u>4,873,152</u>
Deferred inflows of resources	2,853,186	2,104,538	128,024	45,553	2,981,210	2,150,091
Total liabilities and deferred inflows	<u>5,458,498</u>	<u>5,964,939</u>	<u>1,383,059</u>	<u>1,058,304</u>	<u>6,841,557</u>	<u>7,023,243</u>
Net position:						
Net investment in capital assets	50,817,919	49,501,034	24,831,620	23,318,242	75,649,539	72,819,276
Restricted	1,833,097	1,402,367	1,081,443	854,275	2,914,540	2,256,642
Unrestricted	6,590,637	7,309,920	4,285,213	3,765,356	10,875,850	11,075,276
Total net position	<u>\$59,241,653</u>	<u>\$58,213,321</u>	<u>\$ 30,198,276</u>	<u>\$ 27,937,873</u>	<u>\$ 89,439,929</u>	<u>\$ 86,151,194</u>

The largest component of the City's net position, 84.58%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 3.26% of the total net position and is subject to external restrictions on how they may be used. The remaining 12.16% of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 2,606,591	\$ 2,396,269	\$ 6,072,678	\$ 5,373,606	\$ 8,679,269	\$ 7,769,875
Operating grants and contributions	1,145,843	1,056,530	-	-	1,145,843	1,056,530
Capital grants and contributions	887,629	1,853,022	-	-	887,629	1,853,022
General revenues:						
Property taxes	1,855,720	1,818,272	-	-	1,855,720	1,818,272
Sales taxes	3,436,584	3,254,524	-	-	3,436,584	3,254,524
Other taxes	1,209,303	1,218,854	-	-	1,209,303	1,218,854
Impact fees	-	-	696,653	797,603	696,653	797,603
Special revenues	-	-	-	-	-	-
Interest	100,172	53,056	90,068	42,257	190,240	95,313
Other	66,926	83,965	-	-	66,926	83,965
Total revenues	11,308,768	11,734,492	6,859,399	6,213,466	18,168,167	17,947,958
Expenses:						
General government	2,573,411	2,513,550	-	-	2,573,411	2,513,550
Public safety	3,599,447	3,603,249	-	-	3,599,447	3,603,249
Highways and public improvements	1,737,288	1,701,925	-	-	1,737,288	1,701,925
Parks and recreation	1,244,536	1,272,275	-	-	1,244,536	1,272,275
Cemeteries	63,754	53,892	-	-	63,754	53,892
Interest on debt	-	26,168	-	-	-	26,168
Sewer special service	-	-	89,881	75,641	89,881	75,641
Solid waste	-	-	1,323,868	1,249,630	1,323,868	1,249,630
Storm water	-	-	514,712	494,385	514,712	494,385
Water	-	-	1,602,697	1,495,593	1,602,697	1,495,593
Sewer	-	-	2,129,838	1,869,630	2,129,838	1,869,630
Total expenses	9,218,436	9,171,059	5,660,996	5,184,879	14,879,432	14,355,938
Transfers in (out)	(1,062,000)	-	1,062,000	-	-	-
Change in net position	1,028,332	2,563,433	2,260,403	1,028,587	3,288,735	3,592,020
Net position-beginning	58,213,321	55,649,888	27,937,873	26,909,286	86,151,194	82,559,174
Net position-ending	\$ 59,241,653	\$ 58,213,321	\$ 30,198,276	\$ 27,937,873	\$ 89,439,929	\$ 86,151,194

CLINTON CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of 1,028,332 for the year.

Business-Type Activities

The business-type activities increased net position by \$2,260,403. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a surplus.

Capital Assets

Clinton City added \$1,904,013 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$174,834. The following assets were acquired or constructed: machinery and equipment \$111,399; \$1,057,184 in infrastructure; \$15,100 in land; \$162,931 in improvements; \$120,255 in buildings; \$7,748 work in progress in two park projects; and internal service equipment and vehicles in the amount of \$254,562. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund increased by \$14,865. The fund balances in the other Governmental Funds increased by \$741,377. The Net Position in the Enterprise Funds increased by \$2,260,403.

Long-Term Debt

During the 2017 fiscal year the City paid off the Sales Tax Revenue bonds in the amount of \$575,000. This leaves the City with no long term debt other than compensated absences and a net pension liability.

General Fund Budgets

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

Actual General Fund revenues were \$1,176,615 above the original budget and \$909,917 above the final adjusted budget. Actual General Fund expenditures before transfers were \$279,867 below the original budget and \$751,060 below the final adjusted budget.

ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

CLINTON CITY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,025,389	\$ 4,404,190	\$ 9,429,579
Restricted cash	1,833,097	1,081,443	2,914,540
Accounts receivable	190,250	709,233	899,483
Due from other governmental units	2,704,734	-	2,704,734
Prepaid expenses	157,394	166,396	323,790
Inventory	-	20,875	20,875
Internal balances	(212,527)	212,527	-
Net pension asset	64,925	7,977	72,902
Capital assets (net of accumulated depreciation):			
Land	10,041,251	525,674	10,566,925
Construction in progress	7,748	1,295,240	1,302,988
Infrastructure	26,530,837	21,247,606	47,778,443
Buildings	13,749,823	-	13,749,823
Improvements	2,232,132	-	2,232,132
Machinery and equipment	1,177,809	-	1,177,809
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	63,502,862	31,434,261	94,937,123
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	1,197,289	147,074	1,344,363
TOTAL ASSETS AND DEFERRED OUTFLOWS	64,700,151	31,581,335	96,281,486
LIABILITIES			
Accounts payable and accrued expenses	392,949	617,904	1,010,853
Accounts payable from restricted resources	25,643	213,774	239,417
Deposits	701,850	197,800	899,650
Non-current liabilities:			
Due within one year	-	57,635	57,635
Due in more than one year	1,484,870	167,922	1,652,792
TOTAL LIABILITIES	2,605,312	1,255,035	3,860,347
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,810,963	-	1,810,963
Deferred inflows of resources related to pensions	1,042,223	128,024	1,170,247
TOTAL DEFERRED INFLOWS OF RESOURCES	2,853,186	128,024	2,981,210
NET POSITION			
Net investment in capital assets	50,817,919	24,831,620	75,649,539
Restricted for:			
Debt service - revenue bond	-	-	-
Redevelopment Agency	367,892	-	367,892
Perpetual care	543,843	-	543,843
Transportation impact fees	104,942	-	104,942
Park impact fees	816,420	-	816,420
Transportation tax	-	-	-
Utility impact fees	-	1,081,443	1,081,443
Unrestricted	6,590,637	4,285,213	10,875,850
TOTAL NET POSITION	\$ 59,241,653	\$ 30,198,276	\$ 89,439,929

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 2,573,411	\$ 859,676	\$ 90,310	\$ -	\$ (1,623,425)	\$ -	\$ (1,623,425)
Public safety	3,599,447	748,915	18,824	133,862	(2,697,846)	-	(2,697,846)
Highways and improvements	1,737,288	726,849	1,036,709	485,738	512,008	-	512,008
Parks and recreation	1,244,536	201,261	-	268,029	(775,246)	-	(775,246)
Cemeteries	63,754	69,890	-	-	6,136	-	6,136
Interest on long term debt	-	-	-	-	-	-	-
Total governmental activities	9,218,436	2,606,591	1,145,843	887,629	(4,578,373)	-	(4,578,373)
Business-type activities:							
Water	1,602,697	1,985,406	-	271,304	-	654,013	654,013
Sewer	2,129,838	2,181,001	-	4,940	-	56,103	56,103
Solid waste	1,323,868	1,356,027	-	-	-	32,159	32,159
Storm water	514,712	468,591	-	420,409	-	374,288	374,288
Sewer special service	89,881	81,653	-	-	-	(8,228)	(8,228)
Total business-type activities	5,660,996	6,072,678	-	696,653	-	1,108,335	1,108,335
Total primary government	\$ 14,879,432	\$ 8,679,269	\$ 1,145,843	\$ 1,584,282	\$ (4,578,373)	\$ 1,108,335	\$ (3,470,038)
General revenues:							
Property taxes					1,855,720	-	1,855,720
Sales taxes					3,436,584	-	3,436,584
Franchise taxes					1,062,402	-	1,062,402
Fees-in-lieu of taxes					146,901	-	146,901
Miscellaneous					66,926	-	66,926
Interest earnings					100,172	90,068	190,240
Transfers in (out)					(1,062,000)	1,062,000	-
Total general revenues and transfers					5,606,705	1,152,068	6,758,773
Change in net position					1,028,332	2,260,403	3,288,735
Net position - beginning					58,213,321	27,937,873	82,559,174
Net position - ending					\$ 59,241,653	\$ 30,198,276	\$ 85,847,909

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,406,926	\$ 1,506,259	\$ 681,066	\$ 4,594,251
Restricted cash	385,623	-	1,447,474	1,833,097
Accounts receivable	190,250	-	-	190,250
Due from other governmental units	2,677,191	-	27,543	2,704,734
Prepaid expenses	119,695	-	-	119,695
Total assets	<u>\$ 5,779,685</u>	<u>\$ 1,506,259</u>	<u>\$ 2,156,083</u>	<u>\$ 9,442,027</u>
LIABILITIES				
Accounts payable	\$ 93,153	\$ -	\$ 34,528	\$ 127,681
Accounts payable from restricted sources	4,632	-	21,011	25,643
Other accrued liabilities	255,698	-	1,869	257,567
Customer deposits	701,850	-	-	701,850
Total liabilities	<u>1,055,333</u>	<u>-</u>	<u>57,408</u>	<u>1,112,741</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	1,810,963	-	-	1,810,963
Total deferred inflows of resources	<u>1,810,963</u>	<u>-</u>	<u>-</u>	<u>1,810,963</u>
FUND BALANCES				
Nonspendable:				
Prepays	119,695	-	-	119,695
Restricted for:				
Special revenue - RDA	-	-	367,892	367,892
Perpetual care	-	-	543,843	543,843
Park impact fees	280,681	-	535,739	816,420
Transportation impact fees	104,942	-	-	104,942
State liquor funds	-	-	-	-
Transportation tax	-	-	-	-
Assigned to:				
Capital projects	-	1,506,259	618,501	2,124,760
Special revenue - HUD grant	-	-	365	365
Special revenue - other	-	-	32,335	32,335
Unassigned	2,408,071	-	-	2,408,071
Total fund balances	<u>2,913,389</u>	<u>1,506,259</u>	<u>2,098,675</u>	<u>6,518,323</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,779,685</u>	<u>\$ 1,506,259</u>	<u>\$ 2,156,083</u>	<u>\$ 9,442,027</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds:		\$ 6,518,323
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	\$ 10,041,251	
Construction in progress	7,748	
Infrastructure	40,248,623	
Buildings	18,389,521	
Improvements	3,713,804	
Machinery and equipment	1,376,361	
Accumulated depreciation	<u>(20,957,340)</u>	
		52,819,968
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.	1,338,858	
Less: Internal payable representing charges in excess of		
cost to business type activities.		
Prior years	(167,229)	
Current year	<u>(45,298)</u>	
		1,126,331
Net pension assets used in governmental activities are not financial resources		
and , therefore, are not reported in the funds.		63,111
Deferred outflows of resources, a consumption of net position that applies to future		
periods, is not shown in the fund statements.		1,163,814
Deferred inflows of resources, a use of net position that applies to future periods,		
is not shown in the fund statements.		(1,013,083)
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.		
Net pension liability	(1,182,586)	
Compensated absences	<u>(254,225)</u>	
		(1,436,811)
Net position of governmental activities		<u><u>\$ 59,241,653</u></u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 1,788,281	\$ -	\$ 67,439	\$ 1,855,720
Sales taxes	3,436,584	-	-	3,436,584
Franchise taxes	1,062,402	-	-	1,062,402
Fees-in-lieu of taxes	146,901	-	-	146,901
Licenses and permits	684,830	-	-	684,830
Intergovernmental	1,056,651	-	91,128	1,147,779
Charges for services	1,430,286	-	30,325	1,460,611
Fines and forfeitures	186,654	-	-	186,654
Miscellaneous revenue	375,676	6,259	53,343	435,278
Special revenues	639,656	-	-	639,656
Total revenues	<u>10,807,921</u>	<u>6,259</u>	<u>242,235</u>	<u>11,056,415</u>
EXPENDITURES				
Current				
General government	2,067,963	-	33,037	2,101,000
Public safety	3,590,666	-	-	3,590,666
Highways and public improvements	862,027	-	-	862,027
Parks and recreation	1,192,115	-	19,997	1,212,112
Cemeteries	60,958	-	-	60,958
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay				
General government	103,835	-	-	103,835
Public safety	97,409	-	-	97,409
Highways and public improvements	157,778	-	923,406	1,081,184
Parks and recreation	6,410	-	62,313	68,723
Cemeteries	60,259	-	-	60,259
Total expenditures	<u>8,199,420</u>	<u>-</u>	<u>1,038,753</u>	<u>9,238,173</u>
Excess (deficiency) of revenues over expenditures	<u>2,608,501</u>	<u>6,259</u>	<u>(796,518)</u>	<u>1,818,242</u>
Other financing sources (uses)				
Transfers in	13,890	1,712,000	853,766	2,579,656
Transfers out	(2,607,526)	(912,000)	(122,130)	(3,641,656)
Total other financing sources and uses	<u>(2,593,636)</u>	<u>800,000</u>	<u>731,636</u>	<u>(1,062,000)</u>
Net change in fund balances	14,865	806,259	(64,882)	756,242
Fund balances - beginning of year	2,898,524	700,000	2,163,557	5,762,081
Fund balances - end of year	<u>\$ 2,913,389</u>	<u>\$ 1,506,259</u>	<u>\$ 2,098,675</u>	<u>\$ 6,518,323</u>

The accompanying notes are an integral part of these statements.

CLINTON CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds	\$	756,242
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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	\$ 1,411,410		
Depreciation expense	(1,437,570)		(26,160)

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			174,834
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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).

			53,414
--	--	--	--------

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.

			80,972
--	--	--	--------

The disposition of capital assets results in the reporting of proceeds in the fund financial statements, but the net book value of the asset is reduced in the statement of activities.

			(3,453)
--	--	--	---------

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	-		
Repayment of bond principal	-		-

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.

			(7,517)
--	--	--	---------

Change in net position of governmental activities	\$		1,028,332
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The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 2,374,642	\$ 777,956	\$ 461,554
Accounts receivable	335,554	194,631	129,328
Interfund receivable	-	-	-
Inventory	-	-	20,875
Prepaid expenses	166,396	-	-
Total current assets	<u>2,876,592</u>	<u>972,587</u>	<u>611,757</u>
Noncurrent assets:			
Restricted cash and cash equivalents	206,489	-	-
Net pension asset	4,200	1,196	984
Land	239,711	-	-
Construction in progress	1,295,240	-	-
Water stock	1,763,100	-	-
Depreciable assets	11,952,592	6,004,433	138,524
Less: accumulated depreciation	(4,280,976)	(1,683,527)	(40,365)
Total noncurrent assets	<u>11,180,356</u>	<u>4,322,102</u>	<u>99,143</u>
Total assets	<u>14,056,948</u>	<u>5,294,689</u>	<u>710,900</u>
Deferred outflows of resources - pension	<u>77,436</u>	<u>22,048</u>	<u>18,148</u>
Total assets and deferred outflows of resources	<u>14,134,384</u>	<u>5,316,737</u>	<u>729,048</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	316,392	193,653	83,504
Accounts payable from restricted sources	213,774	-	-
Compensated absences	31,334	8,846	5,541
Salaries & Wages Payable	10,445	4,709	2,164
Interfund payable	-	-	-
Deposits	197,800	-	-
Total current liabilities	<u>769,745</u>	<u>207,208</u>	<u>91,209</u>
Noncurrent liabilities:			
Net pension liability	<u>88,412</u>	<u>25,175</u>	<u>20,721</u>
Total noncurrent liabilities	<u>88,412</u>	<u>25,175</u>	<u>20,721</u>
Deferred inflows of resources - pension	<u>67,406</u>	<u>19,191</u>	<u>15,798</u>
Total liabilities and deferred inflows of resources	<u>925,563</u>	<u>251,574</u>	<u>127,728</u>
NET POSITION			
Net investment in capital assets	10,969,667	4,320,906	98,159
Restricted - impact fees	206,489	-	-
Unrestricted	<u>2,032,665</u>	<u>744,257</u>	<u>503,161</u>
Total net position	<u>\$ 13,208,821</u>	<u>\$ 5,065,163</u>	<u>\$ 601,320</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Storm Water	Sewer Special Service	Total	
\$ 536,851	\$ 253,187	\$ 4,404,190	\$ 431,138
42,987	6,733	709,233	-
-	-	-	-
-	-	20,875	-
-	-	166,396	37,699
579,838	259,920	5,300,694	468,837
874,954	-	1,081,443	-
1,451	146	7,977	1,814
285,963	-	525,674	-
-	-	1,295,240	-
-	-	1,763,100	-
9,808,112	1,556,605	29,460,266	4,204,978
(2,059,088)	(148,704)	(8,212,660)	(3,285,346)
8,911,392	1,408,047	25,921,040	921,446
9,491,230	1,667,967	31,221,734	1,390,283
26,753	2,689	147,074	33,475
9,517,983	1,670,656	31,368,808	1,423,758
2,502	-	596,051	3,213
-	-	213,774	-
10,700	1,214	57,635	9,838
4,211	324	21,853	4,488
-	-	-	-
-	-	197,800	-
17,413	1,538	1,087,113	17,539
30,544	3,070	167,922	38,221
30,544	3,070	167,922	38,221
23,289	2,340	128,024	29,140
71,246	6,948	1,383,059	84,900
8,034,987	1,407,901	24,831,620	919,632
874,954	-	1,081,443	-
536,796	255,807	4,072,686	419,226
\$ 9,446,737	\$ 1,663,708	29,985,749	\$ 1,338,858
		212,527	
		\$ 30,198,276	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,809,851	\$ 2,174,061	\$ 1,356,027
Other	175,555	6,940	-
Total operating revenue	1,985,406	2,181,001	1,356,027
OPERATING EXPENSES			
Operation and maintenance	233,541	25,567	87,208
Sewage treatment	-	1,742,544	-
Source of supply	353,491	-	-
Depreciation	196,468	92,316	-
General expenses	278,334	97,074	174,783
Salaries	285,342	76,034	55,346
Employee benefits	158,558	44,652	38,333
Waste collection	-	-	379,503
Waste disposal	-	-	541,420
Vehicle operation	114,253	60,861	55,705
Total operating expenses	1,619,987	2,139,048	1,332,298
Operating income (loss)	365,419	41,953	23,729
NONOPERATING REVENUE (EXPENSES)			
Impact fees	253,584	-	-
Interest revenue	40,111	14,876	8,190
Gain on sale	-	-	-
Total nonoperating revenue	293,695	14,876	8,190
Income (loss) before contributions	659,114	56,829	31,919
Transfers in	1,062,000	-	-
Capital contributions	17,720	4,940	-
Change in net position	1,738,834	61,769	31,919
Net position - beginning	11,469,987	5,003,394	569,401
Net position - ending	\$ 13,208,821	\$ 5,065,163	\$ 601,320

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

Changes in net position of business-type activities

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer		Activities
Water	Special	Total	Internal
	Service		Service Fund
\$ 459,647	\$ 68,053	\$ 5,867,639	\$ 834,380
8,944	13,600	205,039	23,998
468,591	81,653	6,072,678	858,378
60,294	6,554	413,164	338,814
-	33,946	1,776,490	-
-	-	353,491	-
144,991	22,237	456,012	258,306
97,074	5,560	652,825	-
106,415	8,486	531,623	115,957
54,981	5,917	302,441	44,677
-	-	379,503	-
-	-	541,420	-
60,044	8,462	299,325	7,236
523,799	91,162	5,706,294	764,990
(55,208)	(9,509)	366,384	93,388
410,329	-	663,913	-
22,836	4,055	90,068	4,820
-	-	-	28,062
433,165	4,055	753,981	32,882
377,957	(5,454)	1,120,365	126,270
-	-	1,062,000	-
10,080	-	32,740	-
388,037	(5,454)	2,215,105	126,270
9,058,700	1,669,162		1,212,588
\$ 9,446,737	\$ 1,663,708		\$ 1,338,858
		45,298	
		\$ 2,260,403	

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,979,552	\$ 2,166,663	\$ 1,353,261
Interfund services provided	-	-	-
Payments to employees	(290,782)	(77,954)	(56,893)
Payments to suppliers	(422,025)	(1,800,038)	(1,064,573)
Payments for interfund services used	(392,587)	(157,935)	(230,488)
Net cash from operating activities	874,158	130,736	1,307
Cash Flows From Noncapital Financing Activities			
Interfund loan	-	34,782	-
Transfers in/(out)	1,062,000	-	-
Net cash from noncapital financing activities	1,062,000	34,782	-
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	253,584	-	-
Purchases of capital assets	(1,332,420)	(283,771)	(63,216)
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	(1,078,836)	(283,771)	(63,216)
Cash Flows From Investing Activities			
Interest and dividends received	40,111	14,876	8,190
Net cash from investing activities	40,111	14,876	8,190
Net increase (decrease in cash and cash equivalents)	897,433	(103,377)	(53,719)
Cash and cash equivalents, July 1	1,683,698	881,333	515,273
Cash and cash equivalents, June 30	<u>\$ 2,581,131</u>	<u>\$ 777,956</u>	<u>\$ 461,554</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 365,419	\$ 41,953	\$ 23,729
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	196,468	92,316	-
(Increase) decrease in prepaid expenses	(11,280)	-	-
(Increase) decrease in accounts receivable	(5,664)	(14,338)	(2,766)
(Increase) decrease in inventory	-	-	(20,875)
Increase (decrease) in accounts payable	334,845	12,725	2,766
Increase (decrease) in compensated absences	1,604	(1,434)	(114)
Increase (decrease) in accrued expenses	(3,681)	471	(645)
Increase (decrease) in net pension liability	(3,363)	(957)	(788)
Increase (decrease) in deposits	(190)	-	-
Total adjustments	508,739	88,783	(22,422)
Net cash provided (used) by operating activities	<u>\$ 874,158</u>	<u>\$ 130,736</u>	<u>\$ 1,307</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ 17,720</u>	<u>\$ 4,940</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities
Storm Water	Sewer Special Service	Total	Internal Service Fund
\$ 467,373	\$ 79,994	\$ 6,046,843	\$ -
-	-	-	858,378
(111,164)	(8,530)	(545,323)	(116,840)
(139,846)	(48,488)	(3,474,970)	(382,963)
(157,118)	(14,022)	(952,150)	-
59,245	8,954	1,074,400	358,575
-	-	34,782	(34,782)
-	-	1,062,000	-
-	-	1,096,782	(34,782)
410,329	-	663,913	-
(257,244)	-	(1,936,651)	(254,563)
-	-	-	28,062
153,085	-	(1,272,738)	(226,501)
22,836	4,055	90,068	4,820
22,836	4,055	90,068	4,820
235,166	13,009	988,512	102,112
1,176,639	240,178	3,633,530	329,026
\$ 1,411,805	\$ 253,187	\$ 5,485,633	\$ 431,138
\$ (55,208)	\$ (9,509)	\$ 366,384	\$ 93,388
144,991	22,237	456,012	258,306
-	-	(11,280)	5,622
(1,218)	(1,659)	(25,645)	-
-	-	(20,875)	-
(24,571)	(2,071)	323,694	2,142
(1,534)	164	(1,314)	1,806
(2,053)	(91)	(5,999)	(1,237)
(1,162)	(117)	(6,387)	(1,452)
-	-	(190)	-
114,453	18,463	708,016	265,187
59,245	8,954	1,074,400	358,575
\$ 10,080	\$ -	\$ 32,740	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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 positions 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, 2018

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, 2018

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

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventories

The city reported inventories in the amount of \$20,875 for the year ended June 30, 2018.

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of City funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2018, \$80,520 of the City's bank balances of \$427,498 was uninsured and uncollateralized.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. 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, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2018, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 12,600,117	\$ -	\$ 12,600,117	\$ -
Total debt securities	\$ 12,600,117	\$ -	\$ 12,600,117	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	12,600,117	12,600,117	-	-	-
	12,600,117	12,600,117	-	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2018, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	12,600,117	-	-	-	12,600,117
	12,600,117	-	-	-	12,600,117

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

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 or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash on hand and on deposit:	
Cash on deposit	\$ (256,164)
Petty cash	166
PTIF investment	<u>12,600,117</u>
Total cash and investments	<u><u>\$ 12,344,119</u></u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Unrestricted Cash	\$ 9,429,579
Restricted Cash for:	
Transportation Impact Fees	104,942
RDA Fund	367,892
Cemetery	543,843
Park Impact Fees	816,420
Water Impact Fees	206,489
Storm Water Impact Fees	<u>874,954</u>
Total cash and investments	<u><u>\$ 12,344,119</u></u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ -	\$ 109,662	\$ 109,662
Ambulance Billing Service Provider	-	70,033	70,033
Customers	-	10,556	10,556
Utah State Tax Commission	702,661	-	702,661
Utah Department of Transportation	138,183	-	138,183
County - Current Property Taxes	22,534	-	22,534
Taxpayers - Unavailable Taxes	1,810,963	-	1,810,963
State Grants	30,392	-	30,392
Gross receivables	2,704,733	190,251	2,894,984
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 2,704,733</u>	<u>\$ 190,251</u>	<u>\$ 2,894,984</u>

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ 23,365	\$ 74,420	\$ 97,785
Capital Projects Fund	-	-	-
Nonmajor Governmental Funds	-	55,539	55,539
Water Fund	132,512	397,654	530,166
Sewer Fund	193,089	564	193,653
Solid Waste Fund	-	83,504	83,504
Storm Water Fund	-	2,502	2,502
Sewer Special Service	-	-	-
Internal Service Fund	-	3,213	3,213
Total	<u>\$ 348,966</u>	<u>\$ 617,396</u>	<u>\$ 966,362</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	(Deletions)	Balance June 30, 2018
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Land	\$ 10,026,151	\$ 15,100	\$ -	\$ 10,041,251
Work in process	63,208	7,748	(63,208)	7,748
Total nondepreciated assets	10,089,359	22,848	(63,208)	10,048,999
Depreciated Assets				
Internal service	4,157,837	254,562	(207,421)	4,204,978
Infrastructure	39,016,604	1,232,018	-	40,248,622
Improvements	3,550,873	162,931	-	3,713,804
Buildings	18,269,267	120,255	-	18,389,522
Machinery and equipment	1,303,960	111,399	(38,999)	1,376,360
Total depreciated assets	66,295,718	1,881,165	(246,420)	67,933,286
Less accumulated depreciation				
Internal service	(3,234,460)	(258,306)	207,421	(3,285,345)
Infrastructure	(12,878,755)	(839,030)	-	(13,717,785)
Improvements	(1,399,423)	(82,249)	-	(1,481,672)
Buildings	(4,182,763)	(456,936)	-	(4,639,699)
Machinery and equipment	(1,094,376)	(59,355)	35,547	(1,118,184)
Total accumulated depreciation	(22,786,953)	(1,695,876)	242,968	(24,242,685)
Net assets depreciated	43,508,765	185,289	(3,452)	43,690,601
Governmental activities capital assets, net	\$ 53,598,124	\$ 208,137	\$ (66,660)	\$ 53,739,600

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance June 30, 2017	Additions	(Deletions)	Balance June 30, 2018
Nondepreciated Assets				
Land	\$ 525,674	\$ -	\$ -	\$ 525,674
Construction in progress	221,571	1,295,240	(221,571)	1,295,240
Water rights	1,763,100	-	-	1,763,100
	<u>2,510,346</u>	<u>1,295,240</u>	<u>(221,571)</u>	<u>3,584,014</u>
Depreciated Assets				
Solid waste	307,143	98,159	(266,778)	138,524
Water system	11,794,938	157,654	-	11,952,592
Sewer system	7,218,581	342,457	-	7,561,038
Storm water improvements	9,510,660	297,451	-	9,808,111
Total depreciated assets	<u>28,831,322</u>	<u>895,721</u>	<u>(266,778)</u>	<u>29,460,265</u>
Less accumulated depreciation				
Solid waste	(307,143.00)	-	266,778	(40,365)
Water system & equipment	(4,084,508)	(196,468)	-	(4,280,975)
Sewer system & equipment	(1,717,678)	(114,553)	-	(1,832,231)
Storm water improvements	(1,914,097)	(144,991)	-	(2,059,088)
Total	<u>(8,023,426)</u>	<u>(456,012)</u>	<u>266,778</u>	<u>(8,212,659)</u>
Net assets depreciated	<u>20,807,896</u>	<u>439,709</u>	<u>-</u>	<u>21,247,606</u>
Business-type activities capital assets, net	<u>\$ 23,318,242</u>	<u>\$ 1,734,949</u>	<u>\$ (221,571)</u>	<u>\$ 24,831,620</u>

DEPRECIATION EXPENSE

	Governmental Types	Business Types	Totals
General government	\$ 476,685	\$ -	\$ 476,685
Public Safety	36,977	-	36,977
Public works	879,510	-	879,510
Parks and recreation	44,398	-	44,398
Internal service*	258,306	-	258,306
Water system	-	196,468	196,468
Sewer system	-	114,553	114,553
Storm water improvements	-	144,991	144,991
TOTAL	<u>\$ 1,695,876</u>	<u>\$ 456,012</u>	<u>\$ 2,151,888</u>

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018, was as follows:

Description	Interest Rate	Outstanding 6/30/2017	Increase	Decrease	Outstanding 6/30/2018	Current Portion
GOVERNMENTAL ACTIVITIES						
Compensated Absences	N/A	\$ 246,708	\$ -	\$ (7,517)	\$ 254,225	N/A
TOTAL		<u>\$ 246,708</u>	<u>\$ -</u>	<u>\$ (7,517)</u>	<u>\$ 254,225</u>	<u>N/A</u>

NOTE 6 - 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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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.

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

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

* with actuarial reductions

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - 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	Employer	Employer 401(k)
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	15.11%	1.58%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
23 - Other Division A with 2.5% COLA	12.29%	22.75%	N/A
122 - Tier 2 DB Hybrid Public Safety	N/A	22.57%	1.26%
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 - Other Division A	15.05%	3.93%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	10.82%	1.26%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	11.83%	12.00%
232 Firefighters	N/A	0.08%	12.00%

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, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 272,623	N/A
Contributory System	14,714	-
Public Safety System	193,182	-
Firefighters System	12,644	-
Tier 2 Public Employees System	47,660	-
Tier 2 Public Safety and Firefighter	79,267	-
Tier 2 DC Only System	7,697	N/A
Tier 2 DC Public Safety and Firefighter	1,938	N/A
Total Contributions	\$ 629,726	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - 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, 2018, we reported a net pension asset of \$72,902 and a net pension liability of \$1,388,730.

	(Measurement Date): December 31, 2017			Proportionate Share December 31, 2016	Increase (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 721,330	0.1646383%	0.1621956%	0.0024427%
Contributory System	-	38,667	0.4751719%	0.7212194%	0.2460475%
Public Safety System	-	626,349	0.3992895%	0.3872833%	0.0120062%
Firefighters System	68,711	-	1.1001583%	1.4730711%	0.3729128%
Tier 2 Public Employees System	-	2,384.00	0.0270384%	0.0280371%	0.0009987%
Tier 2 Public Safety and Firefighter	4,191	-	0.3622222%	0.3411459%	0.0210763%
	<u>\$ 72,902</u>	<u>\$ 1,388,730</u>			

The net pension asset and liability was measure as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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, 2018, we recognized pension expense of \$565,308. At June 30, 2018 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	\$ 18,365	\$ 170,692
Changes in assumptions	595,909	48,212
Net difference between projected and actual earnings on pension plan investments	363,587	935,669
Changes in proportion and differences between contributions and proportionate share of contributions	55,823	15,674
Contributions subsequent to the measurement date	310,679	-
Total	<u>\$ 1,344,363</u>	<u>\$ 1,170,247</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

\$310,679 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, 2016.

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:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018	\$ 81,217
2019	101,996
2020	(159,704)
2021	(194,963)
2022	15,239
Thereafter	\$ 19,652

Actuarial assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50 percent

Salary increases 3.25 - 9.75 percent, average, including inflation

Investment rate of return 6.95 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, 2017 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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 and is applied consistently to each defined benefit pension plan. 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, 2018

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 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. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,950,814	\$ 721,330	\$ (300,926)
Contributory System	262,164	38,667	(148,808)
Public Safety System	1,578,117	626,349	(145,049)
Firefighters System	293,168	(68,711)	(361,115)
Tier 2 Public Employees System	28,069	2,384	(17,423)
Tier 2 Public Safety and Firefighter	37,116	(4,191)	(35,750)
Total	\$ 4,149,448	\$ 1,315,828	\$ (1,009,071)

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	2018	2017	2016
Employer Contributions	\$ 193,881	\$ 180,466	\$ 170,471
Employee Contributions	85,522	64,509	59,275
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	8,923	9,238	7,513
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	24,991	20,157	20,680

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - 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 8 - 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, 2018, 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 9 - 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, 2018 were as follows:

Transfers Out	Transfers In							Total
	General	Roadway	Memorial Rock	Park Acquisition	Community Arts	Capital Projects	Water	
General		\$ 623,906		\$ 121,620		\$ 1,712,000	\$ 150,000	\$ 2,607,526
Capital Projects							912,000	912,000
Redevelopment	4,750							4,750
PARCS	8,745				140			8,885
CDBG Grant	395							395
HUD Grant		108,100						108,100
Totals	<u>\$ 3,890</u>	<u>\$ 732,006</u>	<u>\$ -</u>	<u>\$ 121,620</u>	<u>\$ 140</u>	<u>\$ 1,712,000</u>	<u>\$ 1,062,000</u>	<u>\$ 3,641,656</u>

NOTE 10 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$67,439 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 \$ 33,037

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - 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 12 - 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 13 - COMPONENT UNIT

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

NOTE 14 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2018 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.

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, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 1,734,900	\$ 1,758,369	\$ 1,788,281	\$ 29,912
Sales taxes	3,093,822	3,070,353	3,436,584	366,231
Utility franchise taxes	1,098,400	1,098,400	1,062,402	(35,998)
Fees-in-lieu of taxes	142,430	142,430	146,901	4,471
Licenses and permits	390,010	390,010	684,830	294,820
Intergovernmental revenue	873,860	873,860	1,056,651	182,791
Charges for services	1,488,444	1,538,952	1,430,286	(108,666)
Fines and forfeitures	288,640	288,640	186,654	(101,986)
Miscellaneous revenue	241,920	332,230	375,676	43,446
Special revenues	278,880	404,760	639,656	234,896
TOTAL REVENUES	9,631,306	9,898,004	10,807,921	909,917
EXPENDITURES				
General government:				
Legislative	82,140	172,450	72,116	100,334
City manager	299,895	299,895	297,572	2,323
Judicial	217,180	222,180	216,914	5,266
Professional and technical	487,925	487,925	460,950	26,975
City treasurer	464,632	464,632	435,567	29,065
Buildings	193,685	291,739	264,244	27,495
Elections	29,340	29,340	12,720	16,620
Community development	390,862	436,443	411,715	24,728
Total general government	2,165,659	2,404,604	2,171,798	232,806
Public safety:				
Law enforcement	2,127,066	2,138,721	2,124,590	14,131
Debt service	-	-	-	-
Crossing guards	54,120	54,120	51,004	3,116
Fire protection	1,215,059	1,216,559	1,117,521	99,038
Ambulance services	428,436	428,436	382,220	46,216
DUI - enforcement	17,420	17,420	12,740	4,680
Total public safety	3,842,101	3,855,256	3,688,075	167,181
Highways and streets:				
Public works	260,474	260,474	244,018	16,456
Class "C" roads	747,288	947,389	775,787	171,602
Capital outlay	-	-	-	-
Total highways and streets	1,007,762	1,207,863	1,019,805	188,058

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 486,531	\$ 500,176	\$ 499,359	\$ 817
Recreation	371,777	374,127	345,081	29,046
Recreation programs	401,399	401,399	290,188	111,211
Clinton Fun Days	76,168	79,165	63,897	15,268
Total parks and recreation	1,335,875	1,354,867	1,198,525	156,342
Cemeteries	127,890	127,890	121,217	6,673
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
TOTAL EXPENDITURES	8,479,287	8,950,480	8,199,420	751,060
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,152,019	947,524	2,608,501	1,660,977
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	-	-	-	-
Operating transfers in	98,750	1,654,800	13,890	(1,640,910)
Operating transfers out	(1,250,769)	(2,607,526)	(2,607,526)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,152,019)	(952,726)	(2,593,636)	(1,640,910)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(5,202)	14,865	20,067
Fund balance - July 1	2,898,524	2,898,524	2,898,524	-
Fund balance - June 30	\$ 2,898,524	\$ 2,893,322	\$ 2,913,389	\$ 20,067

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2018
with a measurement date of December 31, 2017
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)	2018	0.1646383%	0.4751719%	0.3992895%	1.1001583%	0.02738400%	0.3622222%
	2017	0.1621956%	0.7212194%	0.3872833%	1.4730711%	0.02803710%	0.3411459%
	2016	0.1664893%	0.4962308%	0.3778680%	1.4734620%	0.02092888%	0.4203445%
	2015	0.1671658%	0.3938350%	0.3606163%	1.2907006%	0.0206221%	0.5474741%
Proportion share of the net pension liability (asset)	2018	\$ 721,330	\$ 38,667	\$ 626,349	\$ (68,711)	\$ 2,384	\$ (4,191)
	2017	1,041,494	236,640	785,905	(11,613)	3,128	(2,961)
	2016	942,077	348,778	676,857	(26,687)	(46)	(6,141)
	2015	725,873	113,599	453,505	(73,652)	(625)	(8,099)
Covered employee payroll	2018	\$ 1,391,470	\$ 96,420	\$ 646,854	\$ 321,864	\$ 264,470	\$ 382,214
	2017	1,376,360	173,049	636,026	413,942	229,926	281,864
	2016	1,425,241	211,438	621,237	396,127	135,256	250,088
	2015	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	2018	51.84%	40.10%	96.83%	-21.35%	0.90%	-1.10%
	2017	75.67%	136.75%	123.56%	-2.81%	1.36%	-1.05%
	2016	66.10%	164.96%	108.95%	-6.74%	-0.03%	-2.46%
	2015	49.7%	53.9%	69.3%	-21.8%	-60.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	2018	91.9%	98.2%	90.2%	103.0%	97.4%	103.0%
	2017	87.3%	92.9%	86.5%	100.4%	95.1%	103.6%
	2016	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
	2015	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.

CLINTON CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2018
with a measurement date of December 31, 2017
Last 10 fiscal years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
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%
	2017	251,644	251,644	-	1,362,448	18.47%
	2018	272,623	272,623	-	1,463,584	18.63%
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%
	2017	16,505	16,505	-	114,142	14.46%
	2018	14,714	14,714	-	101,755	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%
	2017	183,335	183,335	-	638,132	28.73%
	2018	193,182	193,182	-	673,513	28.68%
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%
	2017	14,602	14,602	-	374,999	3.89%
	2018	12,644	12,644	-	324,138	3.90%
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%
	2017	37,824	37,824	-	253,679	14.91%
	2018	47,660	47,660	-	315,423	15.11%
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%
	2017	55,182	55,182	-	312,541	17.66%
	2018	79,267	79,267	-	479,140	16.54%
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%
	2017	7,944	7,944	-	117,652	6.75%
	2018	7,697	7,697	-	115,642	6.66%
Tier 2 Public Safety and Firefighters DC Onl System**	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	1,528	1,528	-	12,915	11.83%
	2018	1,938	1,938	-	16,384	11.83%

**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.

CLINTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2018

Changes in Assumptions:

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTARY INFORMATION

CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects					Permanent
	Park	Roadway	3000 West	Memorial	Total	Fund
	Acquisition	Project	Project	Rock		Perpetual
				Project		Care
ASSETS						
Cash and cash equivalents	\$ 13,581	\$ 622,186	\$ 1,482	\$ 8,980	\$ 646,229	\$ -
Restricted cash	535,739	-	-	-	535,739	543,843
Due from other governmental units	-	-	27,543	-	27,543	-
Total assets	<u>\$ 549,320</u>	<u>\$ 622,186</u>	<u>\$ 29,025</u>	<u>\$ 8,980</u>	<u>\$ 1,209,511</u>	<u>\$ 543,843</u>
LIABILITIES						
Accounts payable	\$ -	\$ 5,235	\$ 29,025	\$ -	\$ 34,260	\$ -
Accounts Payable from restricted sources	13,581	7,430	-	-	21,011	-
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	<u>13,581</u>	<u>12,665</u>	<u>29,025</u>	<u>-</u>	<u>55,271</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Park impact fees	535,739	-	-	-	535,739	-
Special revenue - RDA	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	543,843
Assigned for:						
Park acquisition	-	-	-	-	-	-
Roadway projects	-	609,521	-	8,980	618,501	-
Special revenue - Housing Grant	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-
Community arts	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-
Total fund balances	<u>535,739</u>	<u>609,521</u>	<u>-</u>	<u>8,980</u>	<u>1,154,240</u>	<u>543,843</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 549,320</u>	<u>\$ 622,186</u>	<u>\$ 29,025</u>	<u>\$ 8,980</u>	<u>\$ 1,209,511</u>	<u>\$ 543,843</u>

Special Revenue							Total Nonmajor Governmental Funds
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	
\$ 2,137	\$ 365	\$ -	\$ 13,250	\$ 18,708	\$ 377	\$ 34,837	\$ 681,066
367,892	-	-	-	-	-	367,892	1,447,474
-	-	-	-	-	-	-	27,543
<u>\$ 370,029</u>	<u>\$ 365</u>	<u>\$ -</u>	<u>\$ 13,250</u>	<u>\$ 18,708</u>	<u>\$ 377</u>	<u>\$ 402,729</u>	<u>\$ 2,156,083</u>
\$ 268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268	\$ 34,528
-	-	-	-	-	-	-	21,011
1,869	-	-	-	-	-	1,869	1,869
<u>2,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137</u>	<u>57,408</u>
-	-	-	-	-	-	-	535,739
367,892	-	-	-	-	-	367,892	367,892
-	-	-	-	-	-	-	543,843
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	618,501
-	365	-	-	-	-	365	365
-	-	-	-	-	-	-	-
-	-	-	13,250	18,708	-	31,958	31,958
-	-	-	-	-	377	377	377
<u>367,892</u>	<u>365</u>	<u>-</u>	<u>13,250</u>	<u>18,708</u>	<u>377</u>	<u>400,592</u>	<u>2,098,675</u>
<u>\$ 370,029</u>	<u>\$ 365</u>	<u>\$ -</u>	<u>\$ 13,250</u>	<u>\$ 18,708</u>	<u>\$ 377</u>	<u>\$ 402,729</u>	<u>\$ 2,156,083</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Capital Projects					Permanent Fund
	Park Acquisition	Roadway Project	3000 West Project	Memorial Rock Project	Total	Perpetual Care
REVENUES						
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,325
Interest income	9,249	13,047	-	143	22,439	8,494
Donations	-	-	-	200	200	-
Intergovernmental	-	-	91,128	-	91,128	-
Fees/Miscellaneous	-	-	-	-	-	2,624
Property taxes	-	-	-	-	-	-
Total revenues	<u>9,249</u>	<u>13,047</u>	<u>91,128</u>	<u>343</u>	<u>113,767</u>	<u>41,443</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Highways and public improvements	-	-	-	-	-	-
Parks and recreation	18,398	-	-	-	18,398	-
Cemeteries	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and public improvements	-	805,866	117,540	-	923,406	-
Parks and recreation	62,313	-	-	-	62,313	-
Total expenditures	<u>80,711</u>	<u>805,866</u>	<u>117,540</u>	<u>-</u>	<u>1,004,117</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,462)</u>	<u>(792,819)</u>	<u>(26,412)</u>	<u>343</u>	<u>(890,350)</u>	<u>41,443</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	121,620	732,006	-	-	853,626	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>121,620</u>	<u>732,006</u>	<u>-</u>	<u>-</u>	<u>853,626</u>	<u>-</u>
Net change in fund balances	50,158	(60,813)	(26,412)	343	(36,724)	41,443
Fund balance - beginning of year	<u>485,581</u>	<u>670,334</u>	<u>26,412</u>	<u>8,637</u>	<u>1,190,964</u>	<u>502,400</u>
Fund balance - end of year	<u>\$ 535,739</u>	<u>\$ 609,521</u>	<u>\$ -</u>	<u>\$ 8,980</u>	<u>\$ 1,154,240</u>	<u>\$ 543,843</u>

Redevelopment Agency	Special Revenue					Total	Total Nonmajor Governmental Funds
	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,325
5,581	372	-	-	-	-	5,953	36,886
-	-	2	285	13,276	70	13,633	13,833
-	-	-	-	-	-	-	91,128
-	-	-	-	-	-	-	2,624
67,439	-	-	-	-	-	67,439	67,439
<u>73,020</u>	<u>372</u>	<u>2</u>	<u>285</u>	<u>13,276</u>	<u>70</u>	<u>87,025</u>	<u>242,235</u>
33,037	-	-	-	-	-	33,037	33,037
-	-	-	-	-	-	-	-
-	-	-	1,599	-	-	1,599	19,997
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	923,406
-	-	-	-	-	-	-	62,313
<u>33,037</u>	<u>-</u>	<u>-</u>	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>34,636</u>	<u>1,038,753</u>
39,983	372	2	(1,314)	13,276	70	52,389	(796,518)
-	-	-	140	-	-	140	853,766
(4,750)	(108,100)	(395)	-	(8,885)	-	(122,130)	(122,130)
<u>(4,750)</u>	<u>(108,100)</u>	<u>(395)</u>	<u>140</u>	<u>(8,885)</u>	<u>-</u>	<u>(121,990)</u>	<u>731,636</u>
35,233	(107,728)	(393)	(1,174)	4,391	70	(69,601)	(64,882)
<u>332,659</u>	<u>108,093</u>	<u>393</u>	<u>14,424</u>	<u>14,317</u>	<u>307</u>	<u>470,193</u>	<u>2,163,557</u>
<u>\$ 367,892</u>	<u>\$ 365</u>	<u>\$ -</u>	<u>\$ 13,250</u>	<u>\$ 18,708</u>	<u>\$ 377</u>	<u>\$ 400,592</u>	<u>\$ 2,098,675</u>

AUDITORS' REPORTS & FINDINGS

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

To the Mayor and City Council of
Clinton City

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, 2018, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated November 7, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Child, Richards CPAs & Advisors

Ogden, Utah
November 7, 2018



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Mayor and City Council of
Clinton City

Report On Compliance

We have audited Clinton City’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Clinton City for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Budgetary Compliance	Restricted Taxes and Related Revenues
Fund Balance	Open and Public Meetings Act
Justice Courts	Public Treasurer’s Bond
Utah Retirement Systems	

Management’s Responsibility

Management is responsible for compliance with the 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 state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Clinton City’s compliance with those requirements.

Opinion on Compliance

In our opinion, Clinton City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures did not identify instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report On Internal Control Over Compliance

Management of Clinton City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clinton City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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 to detect and correct noncompliance with a 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 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 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.

Child, Richards CPAs & Advisors

Ogden, Utah
November 7, 2018