

**CLINTON CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2017**

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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3–7 and 43–47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the Clinton City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton City's internal control over financial reporting and compliance.

Child, Richards CPAs & Advisors

Ogden, Utah
December 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

INTRODUCTION

The following is a discussion and analysis of Clinton City's financial performance and activities for the fiscal year ending June 30, 2017.

HIGHLIGHTS

Net position of the city increased by \$3,592,020. Of this amount, business-type activities increased by \$1,028,587 and governmental activities increased by \$2,563,433.

The assets of Clinton City exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$86,151,194 (net position). Of this amount, \$11,075,276 (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 \$5,762,081, an increase of \$1,044,426 compared to the prior years' ending amount. Of the combined total fund balance, \$2,785,129 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, 2017, totaling \$2,785,129, is 27.58% of the General Fund total revenues for the year. The General Fund has \$74,970 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$38,425 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods.

During the year, long-term debt for Clinton City decreased by \$575,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

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

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

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

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

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

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**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

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
	2017	2016	2017	2016	2017	2016
Cash	\$ 6,621,881	\$ 4,976,095	\$ 4,497,121	\$ 3,633,530	\$ 11,119,002	\$ 8,609,625
Other assets	2,830,726	2,645,564	1,042,310	981,974	3,873,036	3,627,538
Capital assets	53,598,124	52,671,157	23,318,242	23,100,465	76,916,366	75,771,622
Deferred outflows of resources	1,127,529	954,283	138,504	117,223	1,266,033	1,071,506
Total assets and deferred outflows	<u>64,178,260</u>	<u>61,247,099</u>	<u>28,996,177</u>	<u>27,833,192</u>	<u>93,174,437</u>	<u>89,080,291</u>
Noncurrent liabilities	2,080,082	2,549,936	300,777	275,046	2,380,859	2,824,982
Other liabilities	1,780,319	1,096,695	711,974	615,036	2,492,293	1,711,731
Total liabilities	<u>3,860,401</u>	<u>3,646,631</u>	<u>1,012,751</u>	<u>890,082</u>	<u>4,873,152</u>	<u>4,536,713</u>
Deferred inflows of resources	2,104,538	1,950,579	45,553	33,824	2,150,091	1,984,403
Total liabilities and deferred inflows	<u>5,964,939</u>	<u>5,597,210</u>	<u>1,058,304</u>	<u>923,906</u>	<u>7,023,243</u>	<u>6,521,116</u>
Net position:						
Net investment in capital assets	49,501,034	48,196,287	23,318,242	23,100,465	72,819,276	71,296,752
Restricted	1,402,367	1,353,230	854,275	651,462	2,256,642	2,004,692
Unrestricted	7,309,920	6,100,371	3,765,356	3,157,359	11,075,276	9,257,730
Total net position	<u>\$ 58,213,321</u>	<u>\$ 55,649,888</u>	<u>\$ 27,937,873</u>	<u>\$ 26,909,286</u>	<u>\$ 86,151,194</u>	<u>\$ 82,559,174</u>

The largest component of the City's net position, 84.52%, 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 2.62% of the total net position and is subject to external restrictions on how they may be used. The remaining 12.86% 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, 2017**

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30	June 30	June 30	June 30	June 30	June 30
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,396,269	\$ 2,422,375	\$ 5,373,606	\$ 4,958,952	\$ 7,769,875	\$ 7,381,327
Operating grants and contributions	1,056,530	763,355	-	-	1,056,530	763,355
Capital grants and contributions	1,853,022	2,687,011	-	-	1,853,022	2,687,011
General revenues:						
Property taxes	1,818,272	1,758,498	-	-	1,818,272	1,758,498
Sales taxes	3,254,524	3,084,655	-	-	3,254,524	3,084,655
Other taxes	1,218,854	1,263,732	-	-	1,218,854	1,263,732
Impact fees	-	-	797,603	435,643	797,603	435,643
Special revenues	-	-	-	-	-	-
Interest	53,056	23,886	42,257	24,247	95,313	48,133
Bond premium	-	-	-	-	-	-
Other	83,965	71,165	-	-	83,965	71,165
Total revenues	<u>11,734,492</u>	<u>12,074,677</u>	<u>6,213,466</u>	<u>5,418,842</u>	<u>17,947,958</u>	<u>17,493,519</u>
Expenses:						
General government	2,513,550	2,510,697	-	-	2,513,550	2,510,697
Public safety	3,603,249	3,277,937	-	-	3,603,249	3,277,937
Highways and public improvements	1,701,925	1,526,592	-	-	1,701,925	1,526,592
Parks and recreation	1,272,275	1,206,251	-	-	1,272,275	1,206,251
Cemeteries	53,892	58,241	-	-	53,892	58,241
Interest on debt	26,168	29,024	-	-	26,168	29,024
Sewer special service	-	-	75,641	65,921	75,641	65,921
Solid waste	-	-	1,249,630	1,243,977	1,249,630	1,243,977
Storm water	-	-	494,385	474,009	494,385	474,009
Water	-	-	1,495,593	1,434,610	1,495,593	1,434,610
Sewer	-	-	1,869,630	1,600,769	1,869,630	1,600,769
Total expenses	<u>9,171,059</u>	<u>8,608,743</u>	<u>5,184,879</u>	<u>4,819,286</u>	<u>14,355,938</u>	<u>13,428,029</u>
Change in net position	<u>2,563,433</u>	<u>3,465,934</u>	<u>1,028,587</u>	<u>599,556</u>	<u>3,592,020</u>	<u>4,065,490</u>
Net position-beginning	<u>55,649,888</u>	<u>52,183,954</u>	<u>26,309,730</u>	<u>26,309,730</u>	<u>81,959,618</u>	<u>78,493,684</u>
Net position-ending	<u>\$ 58,213,321</u>	<u>\$ 55,649,888</u>	<u>\$ 27,338,317</u>	<u>\$ 26,909,286</u>	<u>\$ 85,551,638</u>	<u>\$ 82,559,174</u>

**CLINTON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of 2,563,433 for the year.

Business-Type Activities

The business-type activities increased net position by \$1,028,587. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a small surplus.

Capital Assets

Clinton City added \$2,149,897 in new capital assets in governmental activities during the fiscal year including contributed capital from developers in the amount of \$388,438. The following assets were acquired or constructed: machinery and equipment \$74,098; \$1,925,948 in infrastructure; \$0 in improvements; \$29,296 work in progress in the Cemetery and two road projects; and internal service equipment and vehicles in the amount of \$262,240. The internal service equipment and vehicles were acquired in the motor pool fund.

Fund Balances

The fund balance in the General Fund increased by \$48,718. The fund balances in the other Governmental Funds increased by \$998,708. The Net Position in the Enterprise Funds increased by \$1,028,587.

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 \$812,241 above the original budget and \$765,319 above the final adjusted budget. Actual General Fund expenditures before transfers were \$260,110 below the original budget and \$336,245 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,212,529	\$ 3,642,846	\$ 8,855,375
Restricted cash	1,409,352	854,275	2,263,627
Accounts receivable	180,875	683,588	864,463
Due from other governmental units	2,757,137	-	2,757,137
Prepaid expenses	81,746	155,116	236,862
Internal balances	(202,011)	202,011	-
Net pension asset	12,979	1,595	14,574
Capital assets (net of accumulated depreciation):			
Land	10,026,151	525,674	10,551,825
Construction in progress	63,208	221,572	284,780
Infrastructure	26,137,849	20,807,896	46,945,745
Buildings	14,086,505	-	14,086,505
Improvements	2,151,450	-	2,151,450
Machinery and equipment	1,132,961	-	1,132,961
Water rights	-	1,763,100	1,763,100
TOTAL ASSETS	63,050,731	28,857,673	91,908,404
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	1,127,529	138,504	1,266,033
TOTAL ASSETS AND DEFERRED OUTFLOWS	64,178,260	28,996,177	93,174,437
LIABILITIES			
Accounts payable and accrued expenses	527,878	497,934	1,025,812
Accounts payable from restricted resources	26,182	16,050	42,232
Deposits	1,226,259	197,990	1,424,249
Non-current liabilities:			
Due within one year	-	58,949	58,949
Due in more than one year	2,080,082	241,828	2,321,910
TOTAL LIABILITIES	3,860,401	1,012,751	4,873,152
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,733,689	-	1,733,689
Deferred inflows of resources related to pensions	370,849	45,553	416,402
TOTAL DEFERRED INFLOWS OF RESOURCES	2,104,538	45,553	2,150,091
NET POSITION			
Net investment in capital assets	49,501,034	23,318,242	72,819,276
Restricted for:			
Debt service - revenue bond	6,757	-	6,757
Redevelopment Agency	332,659	-	332,659
Perpetual care	502,400	-	502,400
Transportation impact fees	68,213	-	68,213
Park impact fees	485,581	-	485,581
Transportation tax	6,757	-	6,757
Utility impact fees	-	854,275	854,275
Unrestricted	7,309,920	3,765,356	11,075,276
TOTAL NET POSITION	\$ 58,213,321	\$ 27,937,873	\$ 86,144,437

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 2,513,550	\$ 837,952	\$ -	\$ -	\$ (1,675,598)	\$ -	\$ (1,675,598)
Public safety	3,603,249	757,392	35,364	41,006	(2,769,487)	-	(2,769,487)
Highways and improvements	1,701,925	529,986	1,021,166	1,540,910	1,390,137	-	1,390,137
Parks and recreation	1,272,275	220,204	-	271,106	(780,965)	-	(780,965)
Cemeteries	53,892	50,735	-	-	(3,157)	-	(3,157)
Interest on long term debt	26,168	-	-	-	(26,168)	-	(26,168)
Total governmental activities	<u>9,171,059</u>	<u>2,396,269</u>	<u>1,056,530</u>	<u>1,853,022</u>	<u>(3,865,238)</u>	<u>-</u>	<u>(3,865,238)</u>
Business-type activities:							
Water	1,495,593	1,623,021	-	310,379	-	437,807	437,807
Sewer	1,869,630	1,905,151	-	76,585	-	112,106	112,106
Solid waste	1,249,630	1,315,790	-	-	-	66,160	66,160
Storm water	494,385	456,624	-	410,639	-	372,878	372,878
Sewer special service	75,641	73,020	-	-	-	(2,621)	(2,621)
Total business-type activities	<u>5,184,879</u>	<u>5,373,606</u>	<u>-</u>	<u>797,603</u>	<u>-</u>	<u>986,330</u>	<u>986,330</u>
Total primary government	<u>\$ 14,355,938</u>	<u>\$ 7,769,875</u>	<u>\$ 1,056,530</u>	<u>\$ 2,650,625</u>	<u>(3,865,238)</u>	<u>986,330</u>	<u>(2,878,908)</u>
General revenues:							
Property taxes					1,818,272	-	1,818,272
Sales taxes					3,254,524	-	3,254,524
Franchise taxes					1,070,111	-	1,070,111
Fees-in-lieu of taxes					148,743	-	148,743
Miscellaneous					83,965	-	83,965
Interest earnings					53,056	42,257	95,313
Total general revenues and transfers					<u>6,428,671</u>	<u>42,257</u>	<u>6,470,928</u>
Change in net position					<u>2,563,433</u>	<u>1,028,587</u>	<u>3,592,020</u>
Net position - beginning					<u>55,649,888</u>	<u>26,909,286</u>	<u>82,559,174</u>
Net position - ending					<u>\$ 58,213,321</u>	<u>\$ 27,937,873</u>	<u>\$ 86,151,194</u>

The accompanying notes are an integral part of these statements.

**CLINTON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,307,543	\$ 42,505	\$ 1,533,455	\$ 4,883,503
Restricted cash	74,970	-	1,334,382	1,409,352
Accounts receivable	180,875	-	-	180,875
Due from other governmental units	2,609,606	147,531	-	2,757,137
Prepaid expenses	38,425	-	-	38,425
Total assets	<u>\$ 6,211,419</u>	<u>\$ 190,036</u>	<u>\$ 2,867,837</u>	<u>\$ 9,269,292</u>
LIABILITIES				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	344,124	163,624	13,333	521,081
Accounts payable from restricted sources	8,823	-	17,359	26,182
Customer deposits	1,226,259	-	-	1,226,259
Total liabilities	<u>1,579,206</u>	<u>163,624</u>	<u>30,692</u>	<u>1,773,522</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	1,733,689	-	-	1,733,689
Total deferred inflows of resources	<u>1,733,689</u>	<u>-</u>	<u>-</u>	<u>1,733,689</u>
FUND BALANCES				
Nonspendable:				
Prepays	38,425	-	-	38,425
Restricted for:				
Special revenue - RDA	-	-	332,659	332,659
Perpetual care	-	-	502,400	502,400
Park impact fees	-	-	485,581	485,581
Transportation impact fees	68,213	-	-	68,213
State liquor funds	-	-	-	-
Transportation tax	6,757	-	-	6,757
Assigned to:				
Capital projects	-	26,412	1,378,971	1,405,383
Special revenue - HUD grant	-	-	108,093	108,093
Special revenue - other	-	-	29,441	29,441
Unassigned	2,785,129	-	-	2,785,129
Total fund balances	<u>2,898,524</u>	<u>26,412</u>	<u>2,837,145</u>	<u>5,762,081</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,211,419</u>	<u>\$ 190,036</u>	<u>\$ 2,867,837</u>	<u>\$ 9,269,292</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, 2017

Total fund balances - governmental funds:		\$ 5,762,081
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	\$ 10,026,151	
Construction in progress	63,208	
Infrastructure	39,016,604	
Buildings	18,269,267	
Improvements	3,550,873	
Machinery and equipment	1,303,961	
Accumulated depreciation	<u>(19,555,316)</u>	
		52,674,748
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.		
	1,212,588	
Less: Internal payable representing charges in excess of cost to business type activities.		
Prior years	(123,893)	
Current year	<u>(43,336)</u>	
		1,045,359
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.		
		12,617
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		
		1,096,004
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(360,480)
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	(1,770,297)	
Compensated absences	<u>(246,711)</u>	
		<u>(2,017,008)</u>
Net position of governmental activities		<u><u>\$ 58,213,321</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, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 1,746,970	\$ -	\$ 71,302	\$ 1,818,272
Sales taxes	3,254,524	-	-	3,254,524
Franchise taxes	1,070,111	-	-	1,070,111
Fees-in-lieu of taxes	148,743	-	-	148,743
Licenses and permits	557,338	-	-	557,338
Intergovernmental	1,057,973	1,042,159	-	2,100,132
Charges for services	1,332,652	-	20,100	1,352,752
Fines and forfeitures	222,127	-	-	222,127
Miscellaneous revenue	264,879	-	30,482	295,361
Special revenues	443,404	-	-	443,404
Total revenues	<u>10,098,721</u>	<u>1,042,159</u>	<u>121,884</u>	<u>11,262,764</u>
EXPENDITURES				
Current				
General government	1,979,442	-	49,748	2,029,190
Public safety	3,587,525	-	-	3,587,525
Highways and public improvements	915,959	-	52,965	968,924
Parks and recreation	1,206,159	-	16,909	1,223,068
Cemeteries	53,468	-	-	53,468
Debt service				
Principal	575,000	-	-	575,000
Interest and fees	19,704	-	-	19,704
Capital outlay				
General government	12,600	-	-	12,600
Public safety	26,584	-	-	26,584
Highways and public improvements	84,914	1,070,092	467,418	1,622,424
Parks and recreation	-	-	70,555	70,555
Cemeteries	29,296	-	-	29,296
Total expenditures	<u>8,490,651</u>	<u>1,070,092</u>	<u>657,595</u>	<u>10,218,338</u>
Excess (deficiency) of revenues over expenditures	<u>1,608,070</u>	<u>(27,933)</u>	<u>(535,711)</u>	<u>1,044,426</u>
Other financing sources (uses)				
Transfers in	21,260	-	1,785,002	1,806,262
Transfers out	(1,583,612)	-	(222,650)	(1,806,262)
Total other financing sources and uses	<u>(1,562,352)</u>	<u>-</u>	<u>1,562,352</u>	<u>-</u>
Net change in fund balances	45,718	(27,933)	1,026,641	1,044,426
Fund balances - beginning of year	2,852,806	54,345	1,810,504	4,717,655
Fund balances - end of year	<u>\$ 2,898,524</u>	<u>\$ 26,412</u>	<u>\$ 2,837,145</u>	<u>\$ 5,762,081</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, 2017**

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

Net changes in fund balances - total governmental funds	\$	1,044,426
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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	\$ 1,761,459	
Depreciation expense	<u>(1,250,386)</u>	511,073

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		388,438
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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).

(21,251)

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.

83,290

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

Issuance of debt	-	
Amortization of premium	(6,464)	
Repayment of bond principal	<u>575,000</u>	568,536

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

(11,079)

Change in net position of governmental activities

\$ 2,563,433

The accompanying notes are an integral part of these statements.

CLINTON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 1,326,787	\$ 881,333	\$ 515,273
Accounts receivable	329,890	180,293	126,562
Interfund receivable	-	34,782	-
Prepaid expenses	155,116	-	-
Total current assets	<u>1,811,793</u>	<u>1,096,408</u>	<u>641,835</u>
Noncurrent assets:			
Restricted cash and cash equivalents	356,911	-	-
Net pension asset	840	239	197
Land	239,711	-	-
Construction in progress	102,754	53,747	34,943
Water stock	1,763,100	-	-
Depreciable assets	11,794,938	5,661,976	307,143
Less: accumulated depreciation	<u>(4,084,508)</u>	<u>(1,591,211)</u>	<u>(307,143)</u>
Total noncurrent assets	<u>10,173,746</u>	<u>4,124,751</u>	<u>35,140</u>
Total assets	<u>11,985,539</u>	<u>5,221,159</u>	<u>676,975</u>
Deferred outflows of resources - pension	<u>72,924</u>	<u>20,763</u>	<u>17,091</u>
Total assets and deferred outflows of resources	<u>12,058,463</u>	<u>5,241,922</u>	<u>694,066</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	195,089	179,657	80,738
Accounts payable from restricted sources	232	1,271	-
Compensated absences	29,730	10,280	5,655
Salaries & Wages Payable	14,126	4,239	2,809
Interfund payable	-	-	-
Deposits	197,990	-	-
Total current liabilities	<u>437,167</u>	<u>195,447</u>	<u>89,202</u>
Noncurrent liabilities:			
Net pension liability	<u>127,324</u>	<u>36,253</u>	<u>29,842</u>
Total noncurrent liabilities	<u>127,324</u>	<u>36,253</u>	<u>29,842</u>
Deferred inflows of resources - pension	<u>23,985</u>	<u>6,828</u>	<u>5,621</u>
Total liabilities and deferred inflows of resources	<u>588,476</u>	<u>238,528</u>	<u>124,665</u>
NET POSITION			
Net investment in capital assets	9,815,995	4,124,512	34,943
Restricted - impact fees & customer deposits	356,911	-	-
Unrestricted	<u>1,297,081</u>	<u>878,882</u>	<u>534,458</u>
Total net position	<u>\$ 11,469,987</u>	<u>\$ 5,003,394</u>	<u>\$ 569,401</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer		Activities
Water	Special	Total	Internal
	Service		Service Fund
\$ 679,275	\$ 240,178	\$ 3,642,846	\$ 329,026
41,769	5,074	683,588	-
-	-	34,782	-
-	-	155,116	43,321
<u>721,044</u>	<u>245,252</u>	<u>4,516,332</u>	<u>372,347</u>
497,364	-	854,275	-
290	29	1,595	362
285,963	-	525,674	-
30,128	-	221,572	-
-	-	1,763,100	-
9,510,660	1,556,605	28,831,322	4,157,836
<u>(1,914,097)</u>	<u>(126,467)</u>	<u>(8,023,426)</u>	<u>(3,234,460)</u>
<u>8,410,308</u>	<u>1,430,167</u>	<u>24,174,112</u>	<u>923,738</u>
<u>9,131,352</u>	<u>1,675,419</u>	<u>28,690,444</u>	<u>1,296,085</u>
<u>25,194</u>	<u>2,532</u>	<u>138,504</u>	<u>31,525</u>
<u>9,156,546</u>	<u>1,677,951</u>	<u>28,828,948</u>	<u>1,327,610</u>
12,526	2,071	470,081	1,071
14,547	-	16,050	-
12,234	1,050	58,949	8,032
6,264	415	27,853	5,726
-	-	-	34,782
-	-	197,990	-
<u>45,571</u>	<u>3,536</u>	<u>770,923</u>	<u>49,611</u>
<u>43,988</u>	<u>4,421</u>	<u>241,828</u>	<u>55,042</u>
<u>43,988</u>	<u>4,421</u>	<u>241,828</u>	<u>55,042</u>
<u>8,287</u>	<u>832</u>	<u>45,553</u>	<u>10,369</u>
<u>97,846</u>	<u>8,789</u>	<u>1,058,304</u>	<u>115,022</u>
7,912,654	1,430,138	23,318,242	923,376
497,364	-	854,275	-
<u>648,682</u>	<u>239,024</u>	<u>3,598,127</u>	<u>289,212</u>
<u>\$ 9,058,700</u>	<u>\$ 1,669,162</u>	<u>27,770,644</u>	<u>\$ 1,212,588</u>
		167,229	
		<u>\$ 27,937,873</u>	

CLINTON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
OPERATING REVENUE			
Charges for service	\$ 1,450,024	\$ 1,905,151	\$ 1,315,790
Other	172,997	-	-
Total operating revenue	<u>1,623,021</u>	<u>1,905,151</u>	<u>1,315,790</u>
OPERATING EXPENSES			
Operation and maintenance	198,442	34,310	76,542
Sewage treatment	-	1,482,806	-
Source of supply	310,436	-	-
Depreciation	193,814	89,185	-
General expenses	270,153	91,474	164,702
Salaries	267,335	80,339	55,267
Employee benefits	155,626	44,035	39,237
Waste collection	-	-	348,247
Waste disposal	-	-	524,295
Vehicle operation	117,396	55,860	48,635
Total operating expenses	<u>1,513,202</u>	<u>1,878,009</u>	<u>1,256,925</u>
Operating income (loss)	<u>109,819</u>	<u>27,142</u>	<u>58,865</u>
NONOPERATING REVENUE (EXPENSES)			
Impact fees	220,069	-	-
Interest revenue	15,222	9,024	5,994
Gain on sale	-	-	-
Total nonoperating revenue	<u>235,291</u>	<u>9,024</u>	<u>5,994</u>
Income (loss) before contributions	345,110	36,166	64,859
Capital contributions	90,310	76,585	-
Change in net position	435,420	112,751	64,859
Net position - beginning as restated	<u>11,034,567</u>	<u>4,890,643</u>	<u>504,542</u>
Net position - ending	<u>\$ 11,469,987</u>	<u>\$ 5,003,394</u>	<u>\$ 569,401</u>

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

Changes in net position of business-type activities

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer		Activities
Water	Special	Total	Internal
	Service		Service Fund
\$ 448,724	\$ 48,220	\$ 5,167,909	\$ 844,199
7,900	24,800	205,697	-
456,624	73,020	5,373,606	844,199
69,246	7,049	385,589	326,567
-	19,777	1,502,583	-
-	-	310,436	-
138,653	22,237	443,889	234,785
91,474	5,239	623,042	-
91,372	8,258	502,571	103,564
53,895	5,855	298,648	61,579
-	-	348,247	-
-	-	524,295	-
58,523	8,501	288,915	7,236
503,163	76,916	5,228,215	733,731
(46,539)	(3,896)	145,391	110,468
356,474	-	576,543	-
9,582	2,435	42,257	3,063
-	-	-	13,095
366,056	2,435	618,800	16,158
319,517	(1,461)	764,191	126,626
54,165	-	221,060	-
373,682	(1,461)	985,251	126,626
8,685,018	1,670,623		1,085,962
\$ 9,058,700	\$ 1,669,162		\$ 1,212,588
		43,336	
		\$ 1,028,587	

CLINTON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Solid Waste
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,599,637	\$ 1,881,663	\$ 1,315,991
Interfund services provided	-	-	-
Payments to employees	(256,403)	(77,177)	(53,117)
Payments to suppliers	(611,980)	(1,556,097)	(983,850)
Payments for interfund services used	(387,549)	(147,334)	(213,337)
Net cash from operating activities	<u>343,705</u>	<u>101,055</u>	<u>65,687</u>
Cash Flows From Noncapital Financing Activities			
Interfund loan	-	47,167	-
Net cash from noncapital financing activities	<u>-</u>	<u>47,167</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Receipts for impact fees	220,069	-	-
Purchases of capital assets	(161,080)	(40,645)	(34,942)
Proceeds from sale of assets	-	-	-
Net cash from capital and related financing	<u>58,989</u>	<u>(40,645)</u>	<u>(34,942)</u>
Cash Flows From Investing Activities			
Interest and dividends received	15,222	9,024	5,994
Net cash from investing activities	<u>15,222</u>	<u>9,024</u>	<u>5,994</u>
Net increase (decrease in cash and cash equivalents)	417,916	116,601	36,739
Cash and cash equivalents, July 1	1,265,782	764,732	478,534
Cash and cash equivalents, June 30	<u><u>\$ 1,683,698</u></u>	<u><u>\$ 881,333</u></u>	<u><u>\$ 515,273</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 109,819	\$ 27,142	\$ 58,865
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	193,814	89,185	-
(Increase) decrease in prepaid expenses	(2,795)	-	-
(Increase) decrease in accounts receivable	(38,589)	(23,488)	201
Increase (decrease) in accounts payable	55,319	5,054	4,471
Increase (decrease) in compensated absences	4,977	2,339	905
Increase (decrease) in accrued expenses	2,012	(300)	321
Increase (decrease) in net pension liability	3,943	1,123	924
Increase (decrease) in deposits	15,205	-	-
Total adjustments	<u>233,886</u>	<u>73,913</u>	<u>6,822</u>
Net cash provided (used) by operating activities	<u><u>\$ 343,705</u></u>	<u><u>\$ 101,055</u></u>	<u><u>\$ 65,687</u></u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u><u>\$ 90,310</u></u>	<u><u>\$ 76,585</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm	Sewer Special		Activities
Water	Service	Total	Internal
			Service Fund
\$ 456,135	\$ 72,013	\$ 5,325,439	\$ -
-	-	-	844,199
(86,088)	(7,967)	(480,752)	(95,147)
(110,630)	(31,942)	(3,294,499)	(408,945)
(149,997)	(13,740)	(911,957)	-
<u>109,420</u>	<u>18,364</u>	<u>638,231</u>	<u>340,107</u>
-	-	47,167	(47,167)
-	-	47,167	(47,167)
356,474	-	576,543	-
(203,940)	-	(440,607)	(262,239)
-	-	-	13,095
<u>152,534</u>	<u>-</u>	<u>135,936</u>	<u>(249,144)</u>
9,582	2,435	42,257	3,063
<u>9,582</u>	<u>2,435</u>	<u>42,257</u>	<u>3,063</u>
271,536	20,799	863,591	46,859
905,103	219,379	3,633,530	282,167
<u>\$ 1,176,639</u>	<u>\$ 240,178</u>	<u>\$ 4,497,121</u>	<u>\$ 329,026</u>
\$ (46,539)	\$ (3,896)	\$ 145,391	\$ 110,468
138,653	22,237	443,889	234,785
-	-	(2,795)	(12,798)
(489)	(1,007)	(63,372)	-
12,511	739	78,094	(765)
2,361	111	10,693	3,182
1,561	44	3,638	3,529
1,362	136	7,488	1,706
-	-	15,205	-
<u>155,959</u>	<u>22,260</u>	<u>492,840</u>	<u>229,639</u>
<u>\$ 109,420</u>	<u>\$ 18,364</u>	<u>\$ 638,231</u>	<u>\$ 340,107</u>
<u>\$ 54,165</u>	<u>\$ -</u>	<u>\$ 221,060</u>	<u>\$ -</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventories

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, \$8,679 of the City's bank balances of \$460,404 was uninsured and uncollateralized.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017**

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, 2017, 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	\$ 10,743,963	\$ -	\$ 10,743,963	\$ -
Total debt securities	\$ 10,743,963	\$ -	\$ 10,743,963	\$ -

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, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2017, 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	10,743,963	10,743,963	-	-	-
	10,743,963	10,743,963	-	-	-

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, 2017, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	10,743,963	-	-	-	10,743,963
	10,743,963	-	-	-	10,743,963

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, 2017

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	\$ 374,970
Petty cash	69
PTIF investment	<u>10,743,963</u>
 Total cash and investments	 <u><u>\$11,119,002</u></u>

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

Unrestricted Cash	\$ 8,855,375
Restricted Cash for:	
Transportation Impact Fees	68,213
Transportation Tax	6,757
RDA Fund	342,270
Cemetery	502,400
Park Impact Fees	489,712
Water Impact Fees	356,911
Storm Water Impact Fees	<u>497,364</u>
 Total cash and investments	 <u><u>\$ 11,119,002</u></u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES

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

Governmental Activities:	Due from government units	Accounts Receivable	Total
<u>Receivables:</u>			
Businesses - Franchise Tax	\$ -	\$ 113,052	\$ 113,052
Ambulance Billing Service Provider	-	58,966	58,966
Customers	-	8,857	8,857
Utah State Tax Commission	650,656	-	650,656
Utah Department of Transportation	189,888	-	189,888
County - Current Property Taxes	24,861	-	24,861
Taxpayers - Unavailable Taxes	1,733,689	-	1,733,689
State Grants	158,043	-	158,043
Gross receivables	<u>2,757,137</u>	<u>180,875</u>	<u>2,938,012</u>
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u>\$2,757,137</u>	<u>\$ 180,875</u>	<u>\$2,938,012</u>

Accounts Payable Due To:			
	Other Governments	Vendors	Total
<u></u>			
General Fund	\$ 13,966	\$ 338,981	\$ 352,947
Capital Projects Fund	-	163,624	163,624
Nonmajor Governmental Funds	-	30,692	30,692
Water Fund	454	194,867	195,321
Sewer Fund	102	180,826	180,928
Solid Waste Fund	324	80,414	80,738
Storm Water Fund	-	27,073	27,073
Sewer Special Service	-	2,071	2,071
Internal Service Fund	-	1,071	1,071
Total	<u>\$ 14,846</u>	<u>\$ 1,019,619</u>	<u>\$ 1,034,465</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

GOVERNMENTAL ACTIVITIES	Balance June 30, 2016	Additions	(Deletions)	Balance June 30, 2017
Nondepreciated Assets				
Land	\$ 9,905,596	\$ 120,555	\$ -	\$ 10,026,151
Work in process	4,659,454	29,296	(4,625,542)	63,208
Total nondepreciated assets	<u>14,565,050</u>	<u>149,851</u>	<u>(4,625,542)</u>	<u>10,089,359</u>
Depreciated Assets				
Internal service	4,025,051	262,240	(132,277)	4,155,014
Infrastructure	32,465,114	6,551,490	-	39,016,604
Improvements	3,550,873	-	-	3,550,873
Buildings	18,269,267	-	-	18,269,267
Machinery and equipment	1,229,862	74,098	-	1,303,960
Total depreciated assets	<u>59,540,167</u>	<u>6,887,828</u>	<u>(132,277)</u>	<u>66,295,718</u>
Less accumulated depreciation				
Internal service	(3,131,952)	(234,785)	132,277	(3,234,460)
Infrastructure	(12,204,811)	(673,944)	-	(12,878,755)
Improvements	(1,320,333)	(79,089)	-	(1,399,422)
Buildings	(3,726,031)	(456,732)	-	(4,182,763)
Machinery and equipment	(1,050,933)	(40,620)	-	(1,091,553)
Total accumulated depreciation	<u>(21,434,060)</u>	<u>(1,485,170)</u>	<u>132,277</u>	<u>(22,786,953)</u>
Net assets depreciated	<u>38,106,107</u>	<u>5,402,658</u>	<u>-</u>	<u>43,508,765</u>
Governmental activities capital assets, net	<u>\$ 52,671,157</u>	<u>\$ 5,552,509</u>	<u>\$ (4,625,542)</u>	<u>\$ 53,598,124</u>

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance <u>June 30, 2016</u>	Additions	(Deletions)	Balance <u>June 30, 2017</u>
Nondepreciated Assets				
Land	\$ 525,674	-	\$ -	\$ 525,674
Construction in progress	178,508	197,667	(154,603)	221,572
Water rights	1,763,100	-	-	1,763,100
	<u>2,467,282</u>	<u>197,667</u>	<u>(154,603)</u>	<u>2,510,346</u>
Depreciated Assets				
Solid waste	307,143	-	-	307,143
Water system	11,586,330	208,608	-	11,794,938
Water equipment	-	-	-	-
Sewer system	7,141,995	76,586	-	7,218,581
Sewer equipment	-	-	-	-
Storm water improvements	9,177,251	333,409	-	9,510,660
Total depreciated assets	<u>28,212,719</u>	<u>618,603</u>	<u>-</u>	<u>28,831,322</u>
Less accumulated depreciation				
Solid waste	(307,143.00)	-	-	(307,143)
Water system & equipment	(3,890,693)	(193,816)	-	(4,084,508)
Sewer system & equipment	(1,606,255)	(111,423)	-	(1,717,678)
Storm water improvements	(1,775,444)	(138,653)	-	(1,914,097)
Total	<u>(7,579,535)</u>	<u>(443,892)</u>	<u>-</u>	<u>(8,023,426)</u>
Net assets depreciated	<u>20,633,184</u>	<u>174,711</u>	<u>-</u>	<u>20,807,896</u>
Business-type activities capital assets, net	<u>\$ 23,100,466</u>	<u>\$ 372,378</u>	<u>\$ (154,603)</u>	<u>\$ 23,318,242</u>

DEPRECIATION EXPENSE

	Governmental <u>Types</u>	Business <u>Types</u>	<u>Totals</u>
General government	\$ 459,450	\$ -	\$ 459,450
Public Safety	24,049	-	24,049
Public works	728,017	-	728,017
Parks and recreation	38,869	-	38,869
Internal service*	234,785	-	234,785
Water system	-	193,816	193,816
Sewer system	-	111,423	111,423
Storm water improvements	-	138,653	138,653
TOTAL	<u>\$ 1,485,170</u>	<u>\$ 443,892</u>	<u>\$ 1,929,062</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, 2017

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017, was as follows:

Description	Interest Rate	Outstanding 6/30/2016	Increase	Decrease	Outstanding 6/30/2017	Current Portion
GOVERNMENTAL ACTIVITIES						
Sales tax revenue refunding bonds:						
Series 2009	3.0 - 3.25%	\$ 575,000	\$ -	\$ 575,000	\$ -	\$ -
Compensated Absences	N/A	235,632	11,079	-	246,711	N/A
TOTAL		<u>\$ 810,632</u>	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 246,711</u>	<u>\$ -</u>

Sales Tax Revenue Refunding Bonds Series 2009

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

The total Sales Tax Revenue Bond debt was paid off on May 15, 2017.

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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	14.91%	1.78%
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 - Other Division A Contributory Tier 2	N/A	22.50%	1.33%
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 - Other Division A	N/A	3.89%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	10.75%	1.33%
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, 2017, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 251,644	N/A
Contributory System	16,505	-
Public Safety System	183,335	-
Firefighters System	14,602	-
Tier 2 Public Employees System	37,824	-
Tier 2 Public Safety and Firefighter	55,182	-
Tier 2 DC Only System	7,944	N/A
Tier 2 DC Public Safety and Firefighter	1,528	N/A
Total Contributions	\$ 568,564	\$ -

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, we reported a net pension asset of \$14,574 and a net pension liability of \$2,067,167

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Increase (Decrease)
Noncontributory System	\$ -	\$ 1,041,494	0.1621956%	0.1664893%	0.0042937%
Contributory System	-	236,640	0.7212194%	0.4962308%	0.2249886%
Public Safety System	-	785,905	0.3872833%	0.3778680%	0.0094153%
Firefighters System	11,613	-	1.4730711%	1.4734620%	-.0003909%
Tier 2 Public Employees System	-	3,128.00	0.0280371%	0.0209288%	0.0071083%
Tier 2 Public Safety and Firefighter	2,961	-	0.3411459%	0.4203445%	-.0791986%
	<u>\$ 14,574</u>	<u>\$ 2,067,167</u>			

The net pension asset and liability was measure as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, we recognized pension expense of \$599,650. At June 30, 2017 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	\$ 24,811	\$ 121,626
Changes in assumptions	340,141	98,998
Net difference between projected and actual earnings on pension plan investments	603,220	173,324
Changes in proportion and differences between contributions and proportionate share of contributions	32,088	22,454
Contributions subsequent to the measurement date	<u>265,772</u>	<u>-</u>
Total	<u>\$ 1,266,032</u>	<u>\$ 416,402</u>

\$265,772 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.

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2016	\$ 180,951
2017	200,455
2018	219,259
2019	(30,455)
2020	(2,080)
Thereafter	\$ 15,726

Actuarial assumptions:

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.60%
		Expected arithmetic nominal return	7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 7.20 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 7.20 percent from 7.50 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 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 2,157,288	\$ 1,041,494	\$ 110,426
Contributory System	569,674	236,640	(43,907)
Public Safety System	1,634,504	785,905	96,110
Firefighters System	419,951	(11,613)	(361,784)
Tier 2 Public Employees System	21,288	3,128	(10,688)
Tier 2 Public Safety and Firefighter	20,719	(2,961)	(21,159)
Total	\$ 4,823,424	\$ 2,052,593	\$ (231,002)

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	2017	2016	2015
Employer Contributions	\$ 180,466	\$ 170,471	\$ 169,109
Employee Contributions	64,509	59,275	55,851
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	9,238	7,513	4,652
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	20,157	20,680	21,140

**CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, 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, 2017 were as follows:

Transfers Out	Transfers In					Total
	General	Roadway	Memorial Rock	Park	Comm Arts	
General	\$ -	\$ 612,506	\$ 700,000	\$ 271,106	\$ -	\$1,583,612
Redevelopment	4,750	-	-	-	-	4,750
PARCS	16,510	-	-	-	1,390	17,900
HUD Grant	-	200,000	-	-	-	200,000
Totals	<u>\$ 21,260</u>	<u>\$ 812,506</u>	<u>\$ 700,000</u>	<u>\$ 271,106</u>	<u>\$ 1,390</u>	<u>\$1,806,262</u>

At year end the Sewer Fund had an outstanding receivable from the Internal Service Fund in the amount of \$34,782. This loan is expected to be paid back within one year.

NOTE 10 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$71,302 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 \$ 49,748

CLINTON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Before Jun. 22
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

NOTE 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, 2017 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, 2017

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property taxes	\$ 1,701,669	\$ 1,701,669	\$ 1,746,970	\$ 45,301
Sales taxes	2,957,800	2,957,800	3,254,524	296,724
Utility franchise taxes	1,129,697	1,129,697	1,070,111	(59,586)
Fees-in-lieu of taxes	129,680	129,680	148,743	19,063
Licenses and permits	282,520	282,520	557,338	274,818
Intergovernmental revenue	886,580	886,580	1,057,973	171,393
Charges for services	1,433,374	1,433,374	1,332,652	(100,722)
Fines and forfeitures	292,400	292,400	222,127	(70,273)
Miscellaneous revenue	208,240	208,240	264,879	56,639
Special revenues	264,520	311,442	443,404	131,962
TOTAL REVENUES	9,286,480	9,333,402	10,098,721	765,319
EXPENDITURES				
General government:				
Legislative	81,545	81,545	72,149	9,396
City manager	292,265	292,265	291,734	531
Judicial	216,105	216,105	215,874	231
Professional and technical	430,910	430,910	434,280	(3,370)
City treasurer	491,107	491,107	450,666	40,441
Buildings	185,975	185,975	171,181	14,794
Elections	-	-	-	-
Community development	366,081	366,081	356,158	9,923
Total general government	2,063,988	2,063,988	1,992,042	71,946
Public safety:				
Law enforcement	1,977,129	1,979,729	1,987,715	(7,986)
Debt service	74,990	74,990	74,990	-
Crossing guards	48,330	50,530	48,844	1,686
Fire protection	1,186,489	1,186,489	1,152,453	34,036
Ambulance services	418,364	422,164	405,577	16,587
DUI - enforcement	18,275	18,275	19,520	(1,245)
Total public safety	3,723,577	3,732,177	3,689,099	43,078
Highways and streets:				
Public works	237,251	252,251	234,592	17,659
Class "C" roads	782,443	829,778	766,281	63,497
Capital outlay	-	-	-	-
Total highways and streets	1,019,694	1,082,029	1,000,873	81,156

CLINTON CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 480,134	\$ 485,334	\$ 479,190	\$ 6,144
Recreation	364,296	364,296	330,033	34,263
Recreation programs	409,070	409,070	330,718	78,352
Clinton Fun Days	84,300	84,300	66,218	18,082
Total parks and recreation	<u>1,337,800</u>	<u>1,343,000</u>	<u>1,206,159</u>	<u>136,841</u>
Cemeteries	<u>85,984</u>	<u>85,984</u>	<u>82,764</u>	<u>3,220</u>
Debt service:				
Principal	501,030	501,030	500,010	1,020
Interest	18,688	18,688	19,704	(1,016)
Total debt service	<u>519,718</u>	<u>519,718</u>	<u>519,714</u>	<u>4</u>
TOTAL EXPENDITURES	<u>8,750,761</u>	<u>8,826,896</u>	<u>8,490,651</u>	<u>336,245</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>535,719</u>	<u>506,506</u>	<u>1,608,070</u>	<u>1,101,564</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	935,857	1,077,366	-	(1,077,366)
Operating transfers in	4,750	4,750	21,260	16,510
Operating transfers out	(1,476,326)	(1,588,622)	(1,583,612)	5,010
TOTAL OTHER FINANCING SOURCES (USES)	<u>(535,719)</u>	<u>(506,506)</u>	<u>(1,562,352)</u>	<u>(1,055,846)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	45,718	45,718
Fund balance - July 1	<u>2,852,806</u>	<u>2,852,806</u>	<u>2,852,806</u>	<u>-</u>
Fund balance - June 30	<u>\$ 2,852,806</u>	<u>\$ 2,852,806</u>	<u>\$ 2,898,524</u>	<u>\$ 45,718</u>

CLINTON CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2017
with a measurement date of December 31, 2016
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)	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)	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	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	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	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, 2017
with a measurement date of December 31, 2016
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%
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%
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%
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%
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%
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%
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%
Tier 2 Public Safety and Firefighters DC Only System**	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	1,528	1,528	-	12,915	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.

See accompanying notes to required supplementary information

CLINTON CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2017

Changes in Assumptions:

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

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

SUPPLEMENTARY INFORMATION

**CLINTON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Capital Projects				Total	Permanent Fund Perpetual Care
	Park Acquisition	Roadway Project	Capital Improvement	Memorial Rock Project		
ASSETS						
Cash and cash equivalents	\$ -	\$ 687,284	\$ 700,000	\$ 8,637	\$ 1,395,921	\$ -
Restricted cash	489,712	-	-	-	489,712	502,400
Due from other governmental units	-	-	-	-	-	-
Total assets	<u>\$ 489,712</u>	<u>\$ 687,284</u>	<u>\$ 700,000</u>	<u>\$ 8,637</u>	<u>\$ 1,885,633</u>	<u>\$ 502,400</u>
LIABILITIES						
Accounts payable	\$ 613	\$ 3,109	\$ -	\$ -	\$ 3,722	\$ -
Accounts Payable from restricted sources	3,518	13,841	-	-	17,359	-
Total liabilities	<u>4,131</u>	<u>16,950</u>	<u>-</u>	<u>-</u>	<u>21,081</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Park impact fees	485,581	-	-	-	485,581	-
Special revenue - RDA	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	502,400
Assigned for:						
Park acquisition	-	-	-	-	-	-
Roadway projects	-	670,334	700,000	8,637	1,378,971	-
Special revenue - Housing Grant	-	-	-	-	-	-
CDBG grant	-	-	-	-	-	-
Community arts	-	-	-	-	-	-
Clinton citizen corp	-	-	-	-	-	-
Total fund balances	<u>485,581</u>	<u>670,334</u>	<u>700,000</u>	<u>8,637</u>	<u>1,864,552</u>	<u>502,400</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 489,712</u>	<u>\$ 687,284</u>	<u>\$ 700,000</u>	<u>\$ 8,637</u>	<u>\$ 1,885,633</u>	<u>\$ 502,400</u>

Special Revenue							Total
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	Nonmajor Governmental Funds
\$ -	\$ 108,093	\$ 393	\$ 14,424	\$ 14,317	\$ 307	\$ 137,534	\$ 1,533,455
342,270	-	-	-	-	-	342,270	1,334,382
-	-	-	-	-	-	-	-
<u>\$ 342,270</u>	<u>\$ 108,093</u>	<u>\$ 393</u>	<u>\$ 14,424</u>	<u>\$ 14,317</u>	<u>\$ 307</u>	<u>\$ 479,804</u>	<u>\$ 2,867,837</u>
\$ 9,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,611	\$ 13,333
-	-	-	-	-	-	-	17,359
<u>9,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,611</u>	<u>30,692</u>
-	-	-	-	-	-	-	485,581
332,659	-	-	-	-	-	332,659	332,659
-	-	-	-	-	-	-	502,400
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,378,971
-	108,093	-	-	-	-	108,093	108,093
-	-	393	-	-	-	393	393
-	-	-	14,424	14,317	-	28,741	28,741
-	-	-	-	-	307	307	307
<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>2,837,145</u>
<u>\$ 342,270</u>	<u>\$ 108,093</u>	<u>\$ 393</u>	<u>\$ 14,424</u>	<u>\$ 14,317</u>	<u>\$ 307</u>	<u>\$ 479,804</u>	<u>\$ 2,867,837</u>

CLINTON CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Projects				Total	Permanent Fund Perpetual Care
	Park Acquisition	Roadway Project	Capital Improvement	Memorial Rock Project		
REVENUES						
Perpetual care fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,100
Interest income	5,493	6,028	-	90	11,611	5,210
Donations	-	-	-	650	650	-
Property taxes	-	-	-	-	-	-
Total revenues	<u>5,493</u>	<u>6,028</u>	<u>-</u>	<u>740</u>	<u>12,261</u>	<u>25,310</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Highways and public improvements	-	52,700	-	265	52,965	-
Parks and recreation	15,315	-	-	-	15,315	-
Cemeteries	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and public improvements	-	467,418	-	-	467,418	-
Parks and recreation	70,555	-	-	-	70,555	-
Total expenditures	<u>85,870</u>	<u>520,118</u>	<u>-</u>	<u>265</u>	<u>606,253</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,377)</u>	<u>(514,090)</u>	<u>-</u>	<u>475</u>	<u>(593,992)</u>	<u>25,310</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	271,106	812,506	700,000	-	1,783,612	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>271,106</u>	<u>812,506</u>	<u>700,000</u>	<u>-</u>	<u>1,783,612</u>	<u>-</u>
Net change in fund balances	190,729	298,416	700,000	475	1,189,620	25,310
Fund balance - beginning of year	<u>294,852</u>	<u>371,918</u>	<u>-</u>	<u>8,162</u>	<u>674,932</u>	<u>477,090</u>
Fund balance - end of year	<u>\$ 485,581</u>	<u>\$ 670,334</u>	<u>\$ 700,000</u>	<u>\$ 8,637</u>	<u>\$ 1,864,552</u>	<u>\$ 502,400</u>

Special Revenue							Total
Redevelopment Agency	HUD Housing	CDBG Grant	Community Arts	PARCS	Clinton Citizen Corp.	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,100
3,306	48	4	-	-	-	3,358	20,179
-	-	-	678	8,885	90	9,653	10,303
71,302	-	-	-	-	-	71,302	71,302
<u>74,608</u>	<u>48</u>	<u>4</u>	<u>678</u>	<u>8,885</u>	<u>90</u>	<u>84,313</u>	<u>121,884</u>
49,748	-	-	-	-	-	49,748	49,748
-	-	-	-	-	-	-	52,965
-	-	-	1,534	-	60	1,594	16,909
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	467,418
-	-	-	-	-	-	-	70,555
<u>49,748</u>	<u>-</u>	<u>-</u>	<u>1,534</u>	<u>-</u>	<u>60</u>	<u>51,342</u>	<u>657,595</u>
<u>24,860</u>	<u>48</u>	<u>4</u>	<u>(856)</u>	<u>8,885</u>	<u>30</u>	<u>32,971</u>	<u>(535,711)</u>
-	-	-	1,390	-	-	1,390	1,785,002
(4,750)	(200,000)	-	-	(17,900)	-	(222,650)	(222,650)
<u>(4,750)</u>	<u>(200,000)</u>	<u>-</u>	<u>1,390</u>	<u>(17,900)</u>	<u>-</u>	<u>(221,260)</u>	<u>1,562,352</u>
20,110	(199,952)	4	534	(9,015)	30	(188,289)	1,026,641
312,549	308,045	389	13,890	23,332	277	658,482	1,810,504
<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>\$ 2,837,145</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, 2017, and the related notes to the financial statements, which collectively comprise Clinton City's basic financial statements, and have issued our report thereon dated December 7, 2017.

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
December 7, 2017



**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 and Chief Executive Officer of
Clinton City

Report On Compliance with General State Compliance Requirements

We have audited Clinton City’s compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Clinton City for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

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

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 General State Compliance Requirements

In our opinion, Clinton City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings as items 2017-1 and 2017-2. Our opinion on compliance is not modified with respect to these matters.

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

Report On Internal Control Over Compliance

Management of Clinton City is responsible for establishing and maintaining effective internal control over compliance with the 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
December 7, 2017

**CLINTON CITY
SCHEDULE OF FINDINGS
JUNE 30, 2017**

Instances of Noncompliance with State Code

2017-01: Budgetary Compliance

Criteria: Each fund of a municipality is required to maintain actual expenditures within appropriations by fund

Condition: The City's Capital Projects 3000 West Fund had expenditures in excess of budget by \$139,522.

Cause: The timing of expenditures on one large construction project did not line up with expectations.

Effect: The City incurred expenditures that were in excess of the budgeted amounts.

Management's Response: Management will work to consider the speed of construction jobs at the end of the year to consider if those costs should be budgeted before June 30th.

2017-02: Unreserved Fund Balance in Excess

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

Condition: Clinton City's unreserved fund balance in the general fund is 28% percent of total revenues, exceeding the state code minimum of 25% by \$298,874.

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

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

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