

# Comprehensive Annual Financial Report



Clearfield City Corporation  
Clearfield, Utah

Fiscal Year Ended  
June 30, 2013



**Comprehensive Annual Financial Report**  
of  
**CLEARFIELD CITY CORPORATION**  
**Clearfield, Utah**

For the Year Ended June 30, 2013

Adam Lenhard, City Manager  
Rich Knapp, Administrative Services Director  
Steven M. Guy, City Treasurer



# Clearfield City Corporation

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# **INTRODUCTORY SECTION**



November 7, 2013

To the Honorable Mayor, Members of the City Council, and the Citizens of Clearfield City

It is my pleasure to present the 2013 Comprehensive Annual Financial Report (CAFR) of Clearfield City for the fiscal year ended June 30, 2013.

This report is formatted to comply with the Governmental Accounting Standards Board (GASB) Statement 34. Additionally, State law requires that all local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants. This CAFR is hereby issued and submitted to you for the fiscal year ended June 30, 2013, in accordance with these requirements.

The government-wide financial statements include a Statement of Net Position that provide the total net position of the City including all capital assets and the Statement of Activities that shows the cost of providing government services.

This report is published to provide the Clearfield City Council, staff, citizens, the State of Utah and other interested groups, including investors and creditors, and grantor agencies, with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City Management.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

## **GENERAL INFORMATION**

### **History and Background**

Clearfield originally incorporated on July 17, 1922. The first elementary school opened in 1907. The North Davis Jr. High School was built and opened in September 1939, and in 1960, Clearfield High became the first high school in northern Davis County.

Bordering the east side of Clearfield City is Hill Air Force Base (HAFB). The Base was established in 1941 when World War II broke out. Less than a year later, Army and Navy engineers chose Clearfield as the site for the largest U.S. Naval Supply Depot. The Supply Depot was built in 1942, creating jobs that drew people from as far away as Idaho. In 1963 the Clearfield Naval Supply Depot became what is known as the Freeport Center.

After the military installations were established, Clearfield's population grew rapidly. Government sponsored housing projects developed. Roads, culinary water reservoirs, water and sewer lines, sidewalks, and curb and gutters were installed to meet the needs of the new citizens.

Clearfield is one of more than 124 centers throughout the United States where the Management Training Corporation operates and manages a facility. Also known as Clearfield Job Corp it was established in 1966 to provide training to "at risk" youth, to equip them with skills to enter the workforce and to prepare them to interact socially. It currently houses and provides training for young people from every state in the U.S. and over 20 countries. Clearfield Job Corps is the 3<sup>rd</sup> largest facility for students in the nation.

### **Location and Transportation**

Clearfield City is the third largest city in Davis County. The City encompasses 7.66 square miles and is approximately 92% developed. Located in Northern Utah, Clearfield is 38 miles north of Salt Lake City. Clearfield City is easily accessible by Interstate 15, which runs North and South through the City. The Salt Lake International Airport can be reached within 35 minutes and the Utah Transit Authority (UTA) provides daily mass transit service throughout the City and along the Wasatch Front.

## **ORGANIZATION**

Clearfield is a City of the Third class, (population between 30,000 and 60,000), operating under the Council-Manager form of government by ordinance. The legislative body is comprised of five council members and the Mayor, who establishes policy and procedure for the administration, organization, operation, conduct and business of the City. They approve, adopt, and amend the budget. They are assisted by the City Manager who is appointed by the Mayor and approved by the City Council, and is responsible for implementing City policy and overseeing the day-to-day management of the City.

The Mayor and Council members are elected at large to serve four-year terms. Elections, which are held every two years, are staggered to help facilitate the continuity of the City Council.

The Combined Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board.

## **SERVICES**

### Public Safety:

- Police
- Dispatch Services
- Emergency 911
- Code Enforcement

### Legislative and Administrative Services:

- Accounting, Budgeting, Investments
- Justice Court
- Human Resources
- Information Technology
- Planning and Zoning
- Business Licensing
- Records Management

### Highways and Streets:

- Street Improvements
- Sidewalk, curb and gutter
- Equipment and Vehicle Maintenance

### Community Services:

- Indoor/Outdoor Recreation programs for Youth and Adults year round
- Clearfield City Aquatic Center
- Amphitheater
- Parks, Pavilion rentals for parties, reunions and picnics
- Tennis Courts, Outdoor Basketball Courts, Softball and Baseball Fields, Soccer and Football Fields
- Cemetery
- Indoor Community Recreational Center
- Urban Trails

Major services provided under the Proprietary and Internal Service Funds include the following:

Utility Administrative Services:

- Billing
- Collections
- Customer Service
- Meter Reading

Water, Sewer and Storm Sewer:

- Well Maintenance
- Line Maintenance
- Line Upgrade and Installation

Waste Collection:

- Pick-up Service, contracted through Waste Management

Internal Services:

- Fleet Management
- Risk Management

## **ECONOMIC CONDITION AND OUTLOOK**

Clearfield City boasts a prime location in northern Davis County. Bordering on the east side of the City is Hill Air Force Base. Hill is one of the largest employers in the State of Utah and has been awarded several contracts to maintain military aircraft. The development of the 550 acre Falcon Hill project is underway, with the first building completed in 2012 and occupied by Northrop Grumman. It is anticipated that 6 – 8 million square feet of new office space and incidental retail will be built over the next twenty years. Clearfield has been selected to provide municipal services to the project, and an interlocal agreement for such is anticipated soon.

A few Clearfield businesses have recently announced significant expansions and investment in the City. Lifetime Products will add 142 new jobs to its Clearfield facilities and will make an estimated \$41 million capital investment. ATK Aerospace Structures has begun an expansion that will create 800 new jobs over the next twenty years, with a total investment of over \$100 million. Clearfield City will provide local incentives to ATK in support of this project. Other Clearfield manufacturers are also growing and exploring expansion plans, which will hopefully be finalized in 2014.

The City and Utah Transit Authority are still working together to plan and develop the 70-acre rail stop. This stop will serve an estimated 3,000 riders a day. Master planning has begun on this site and will eventually accommodate flex-business space, traditional office space, multi-family housing, a charter school, and ancillary retail. The developer is preparing to begin the entitlement process in anticipation of beginning construction in 2014.

Clearfield is aggressively working with developers in master planning the redevelopment of the downtown business district. The City has acquired several acres of prime real estate in its downtown which it is aggressively marketing for redevelopment as new office and retail space.

The SR193 project is almost complete. The road will be a five lane facility that will dramatically improve access to the northern entrance of the Freeport Center. It is anticipated that the road will also increase property values and lead to additional development along its corridor.

## **MAJOR INITIATIVES**

**Streets and Roads -** In FY2013, the Streets and Roads division reconstructed and overlaid a total of 1 mile of road, 51 streets throughout the city were crack and chip sealed totaling 9 miles. 1000 West Street was widened at 700 South Street. Curb and gutter was installed on the east side of 1000 West Street, and additional pavement width added so a left turn lane could be located at the intersection. Locust Street was reconstructed as part of the Locust Street CDBG project. New curb, gutter and sidewalk was installed and the road pavement reconstructed. 1450 South, from 1500 East to State Street. Sections of damaged curb, gutter and sidewalk was replaced and the road pavement reconstructed as part of installing two new water main lines and replacing the sanitary sewer line.

**Public Safety -** During FY2013, the Public Safety Department was able to complete the Pole Camera project. The Pole Camera project is from a grant that was awarded to the Police Department in FY2011 for \$425,000. The project included installing 12 surveillance cameras in various locations throughout the City and have been used by dispatch to identify people in the park after hours and some illegal behavior. The department was also awarded several other local grants during the year. A grant for \$10,000 was awarded to "Enforce Underage Drinking Laws" which was used to continue compliance checks of local businesses focusing on keeping alcohol from minors. Other grants included a JAG grant for SWAT equipment and training and a SAFG grant used to purchase a motion-activated covert cameras and stationary license plate reader camera.

## **Proprietary /**

**Internal Service Funds -** The City provides Water, Sanitary Sewer, Storm Sewer and Waste Management Services to residents and its businesses through Proprietary Funds. Over 6,500 utility accounts are administered for these services. The City continued its line replacement program for the water, sewer and storm sewer infrastructure.

The Fleet Fund is an Internal Services Fund which manages all street licensed vehicles along with unlicensed heavy duty and light duty equipment. This fund also provides vehicle repair for the North Davis

Fire District and their equipment.

**Finance &  
Administration -**

Governmental Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Clearfield City Corporation for the Annual Budget beginning July 1, 2012 (FY2013).

Clearfield City was also awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This award is for the fiscal year ended June 30, 2012. Clearfield City has been awarded this certificate 14 out of the last 16 fiscal years.

**FINANCIAL INFORMATION**

**Accounting System and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. The City's accounting records for utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that:
  - (a) the cost of a control should not exceed the benefits likely to be derived; and
  - (b) the evaluation of costs and benefits requires estimates and judgments by management.

I believe the City's internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The City operates an integrated budgetary and accounting system, which incorporates the adoption of a formal legal budget. The City Council sets goals and objectives for the City staff which then adopts the annual budget prepared by City Management. State statutes define the legal level of budgetary control at the department level. Expenditures should not exceed appropriations at that level. Individual Departments can produce financial reports from current data at any time, where the department head is responsible for monitoring their own

departmental budgets. If needed, the budget is reopened as required to consider necessary adjustments.

## **Financial Policies**

Clearfield City Council has adopted several financial policies along with strategic plans to give overall planning and guidance to staff. Two primary policies are the Fund Balance and Debt Service. The Fund Balance policy is established to give guidance on the unreserved portion on what levels to maintain and how to prioritize any excess. The Debt Service policy is designed to give guidance on types of long term debt and how it may be issued. One item in this policy limits the amount of debt service to 15% of the fund's annual revenues.

Clearfield City also adopted a 10 year strategic plan. This plan not only determines where we want to go, but exactly how we'll get there. The plan it identifies goals, strategies and tactics which then provide the step-by-step process of achieving them. This current plan can be found on the city's web site.

## **OTHER INFORMATION**

### **Independent Audit**

Section 10-6-150 of the Utah Code Unannotated, and section III.D.01 of the State of Utah Uniform Accounting Manual require third class cities to prepare an annual financial report, and that an annual audit be conducted by an independent certified public accountant. The City has contracted with Ulrich and Associates, P.C., Certified Public Accountants, and their independent auditor's report has been included in this report.

### **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Division and City employees in the Business License, Public Works, Administration and Community Services Departments who were instrumental in the successful completion of this report.

I would like to thank the Mayor and members of the City Council for their interest and support in the financial operations of the City, for demonstrating fiscal responsibility, and for their striving to fulfill the duties and responsibilities of their respective offices.

Respectfully submitted,



Rich Knapp  
Administrative Services Director

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**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

**CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION**

*to*

**Finance Division  
Clearfield City Corporation**



*The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.*

Executive Director

Date

**December 13, 2012**

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Clearfield City Corporation  
Utah**

For the Fiscal Year Beginning

**July 1, 2012**

*Christopher P. Moivell*

President

*Jeffrey R. Emmer*

Executive Director

# Clearfield City Corporation

## City Officials

For the Year Ended June 30, 2013

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### Executive Budgetary

Adam Lenhard  
JJ Allen  
Brian Brower

Acting City Manager  
Assistant City Manager  
City Attorney

### Statutory Appointed Officials

Nancy Dean  
Steven Guy

City Recorder  
City Treasurer

### Department Heads

Robert Wylie  
Scott Hodge  
Eric Howes  
Greg Krusi  
Scott Hess

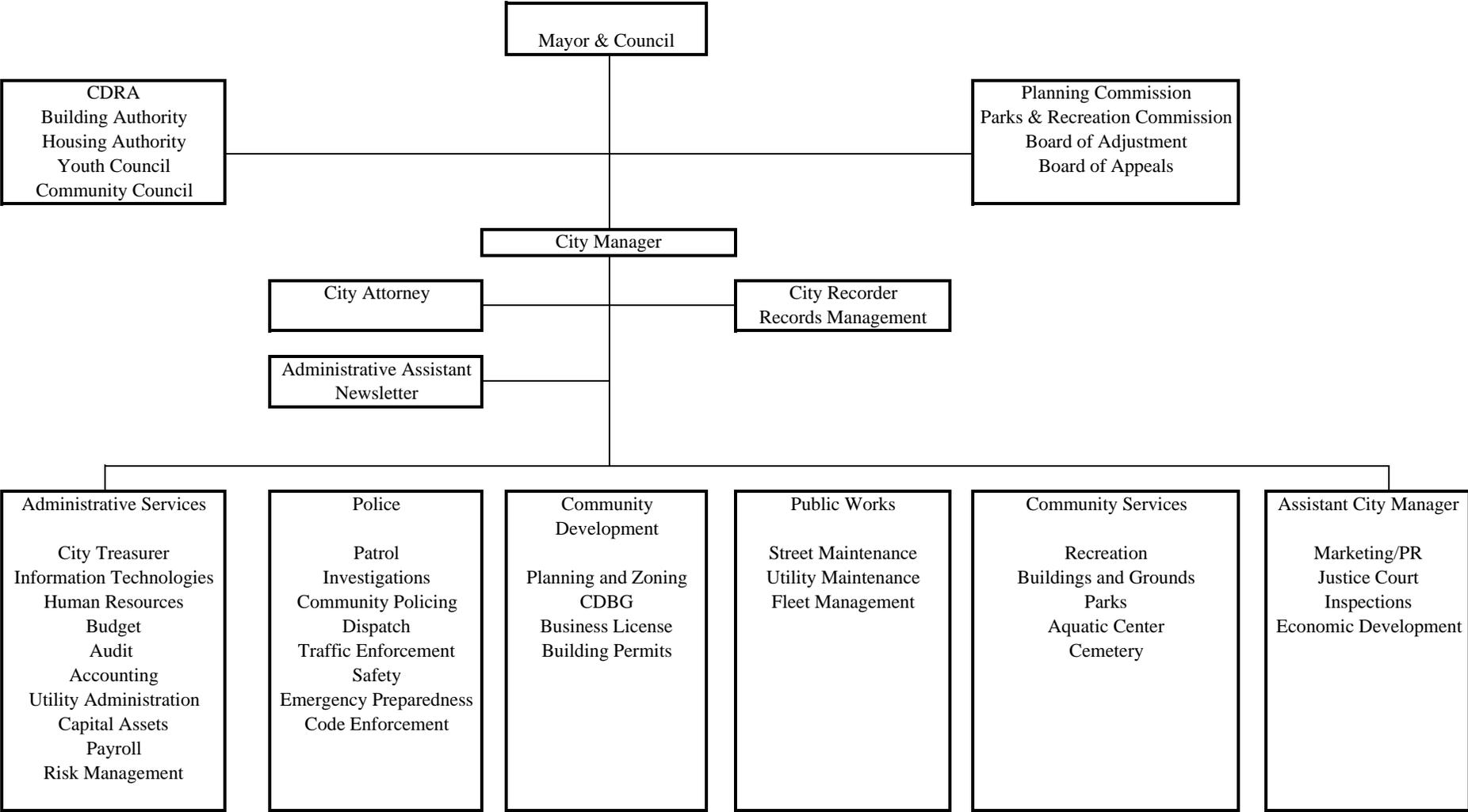
Administrative Services Director  
Public Works Director  
Community Services Director  
Police Chief  
Community Development Manager

### Other City Officials

Mike Stenquist  
Summer Palmer  
Kim Dabb

Assistant Police Chief  
Human Resource Manager  
Assistant Public Works Director

# Clearfield City, Utah Organization Chart



## **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members  
of the City Council  
Clearfield City Corporation  
Clearfield, Utah

**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 Clearfield City Corporation, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the 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.

**Auditors' 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 auditors' 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 Clearfield City Corporation as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity 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 and budgetary comparison information, as listed in the table of contents, 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 Clearfield City Corporation's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and capital asset schedules 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, budget to actual statements on major capital projects, budget to actual statements on major debt service funds, nonmajor funds, and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013 on our consideration of Clearfield City Corporation'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* and should be considered in assessing the results of our audit.

*Wink & Associates, P.C.*

November 7, 2013

## Management's Discussion and Analysis 2013

The independent auditors' opinion on basic financial statements preceding this section of the report specifically refers to the Basic Financial Statements that start on page 38. The management's discussion and analysis is not specifically audited. However this discussion is "required supplementary information" and must be included in the report. This information is provided to help citizens and users of this report understand what happened financially during the past year, how it compared to prior years, and provide information on important things that will happen in the future.

### Financial Highlights

- Fiscal Year 2013 (FY2013) actual General Fund revenues were \$364,836 above expected or final budgeted numbers before Other Financing Sources. This is a 2.6% increase over budgeted revenue. Final budgeted revenues before Other Financing Sources were \$13,194,566 and final actual amounts are \$13,559,402. The largest increase from budgeted numbers came from Taxes. Sales and Use taxes were \$196,403 above budgeted, Property taxes were \$12,976 above budgeted amounts and Energy Sales taxes were \$160,881 above budgeted amounts. Overall taxes came in \$402,631 above final budgeted numbers. Fines and Forfeitures were down \$46,429 from budgeted numbers. Another revenue category that came in under final budgeted numbers was Federal Grants which was down \$32,405. This decrease in Federal Grants is due to the Pole Camera grant not finishing in the fiscal year.
- General Fund revenue before Other Financing Sources was down \$268,262 in FY2013 from actual general fund revenues as compared to the same revenues in FY2012. Revenues from Taxes increased \$118,709 from FY12 with revenues from Other and Federal grants decreasing \$641,238.
- Expenditures of \$14,749,226 and revenues of \$14,702,659 in the general fund combined to have a net change in fund balance of (\$46,567).
- The total assets of Clearfield City increased by \$1,131,114 to \$108,681,176. Total liabilities decreased by \$2,121,452 to \$27,240,532. The largest component of the decrease in liabilities was from payment of the outstanding amount due on the Revenue and General Obligation Bonds.
- The total net assets of \$81,340,644 are made up of \$56,100,722 invested in capital assets net of related debt, \$5,675,395 in restricted net assets and \$19,564,477 in unrestricted net assets.
- Outstanding Long Term General Obligation Bonds and Revenue Bonds government wide decreased by \$1,960,423. General Obligation Bonds decreased by \$787,914. Revenue Bonds decreased by \$1,172,509.
- The Comprehensive Annual Financial Report (CAFR) does state the North Davis Fire District in the report as a component unit which is a separate column. For the Management Discussion and Analysis, this report will focus on the Governmental and Business-type activities excluding the Fire District.

Management Discussion and Analysis, this report will focus on the Governmental and Business-type activities excluding the Fire District.

## Overview of Financial Statements

There are three components in Clearfield City's basic financial statements: 1st government-wide financial statements-pages 38 and 40, 2<sup>nd</sup> fund financial statements-pages 42 to 61 and 3<sup>rd</sup> notes to the financial statements-pages 64 through 97.

GASB Statement no. 34 requires the addition of a government-wide financial statement presentation. The government-wide financial statements focus on *operational accountability*. Operation accountability is how efficiently and effectively the City uses resources to meet city objectives and provide city services. The government-wide financial reports also help measure the ability to continue to provide services for the foreseeable future by presenting net assets and using *full accrual accounting* instead of the *modified accrual accounting* historically used. The Statement of Net Position and the Statement of Activities report city activities under two categories: governmental activities and business-type activities. Governmental activities are those principally supported by taxes and intergovernmental revenues. Business-type activities are those that recover all or a significant portion of their costs through user fees and charges.

The notes to financial statements are essential to understanding the details underlying the statements. Notes that were required in prior years are still included in this year's report. This year's notes also have more detailed information and explanations of government-wide and fund financial statements.

### **Government-wide financial statements: pages 38 to 40.**

Clearfield City's Statement of Net Position: page 38.

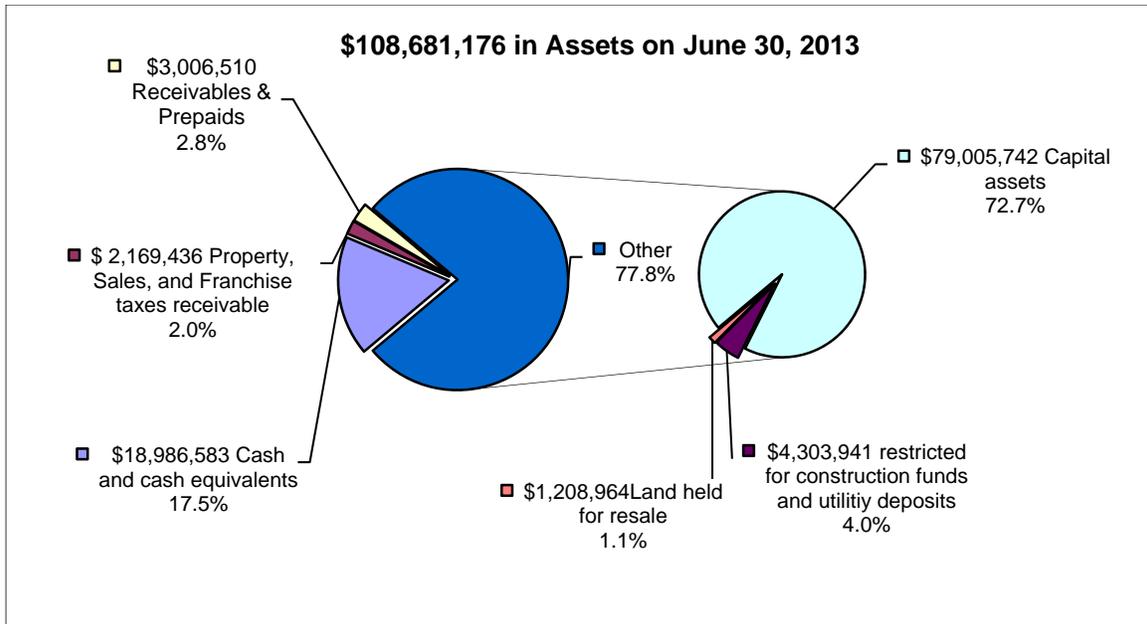
Clearfield City's Statement of Net Position is reported as of June 30, 2013, which is the end of the fiscal year. This statement is a "picture" of the City's assets and liabilities on the last day of the fiscal year. On June 30, 2013 the City's total net assets exceeded liabilities by \$81,340,644. The statement shows that unrestricted net assets of \$19,564,477 are enough to cover the current liabilities of \$6,156,845.

#### Assets:

Clearfield City's assets on June 30, 2013 were \$108,681,176 for an increase of \$1,131,114 from the previous fiscal year ending June 30, 2012. Cash and cash equivalents increased \$2,511,428, taxes receivable increased \$398,423, construction funds and utility deposits increased \$671,062 and land held for resale increased \$500,000. Decreases in assets include a capital assets decrease of \$2,100,236 and decrease in receivables of \$849,562.

Of the total assets about \$79,005,742 is tied up in capital assets (i.e. land, buildings, streets, sewer and water systems, equipment, and projects being built). Please note that the capital assets are "net of accumulated depreciation". This means the values are an indication of the age of the assets. An older asset will have more depreciation subtracted from the original cost of the asset and will have a smaller value. For the Governmental

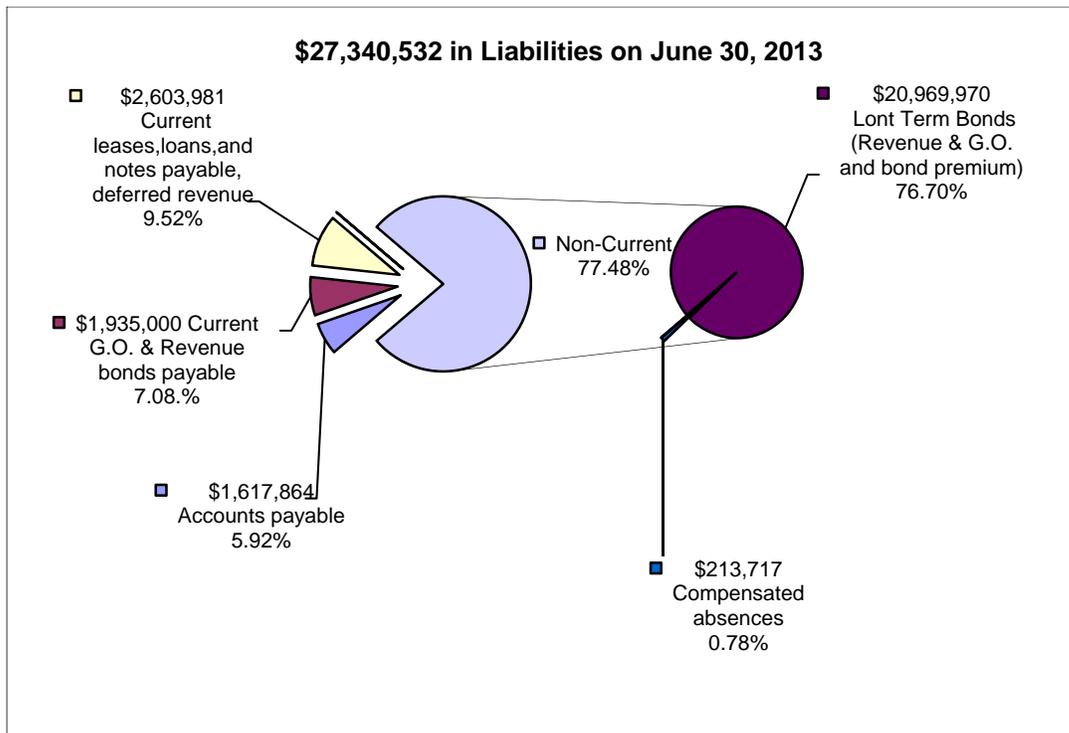
Activities including the Fleet Internal Service Fund (ISF), accumulated depreciation is approximately \$39.8 million dollars or 54% of the purchase price or estimated historical purchase price for the older infrastructure that was valued and added to the listing. For the Business-type activities, accumulated depreciation is approximately \$35.5 million dollars and is 44.4% of the purchase price. More information on depreciation is available in the Notes to the Financial Statements on pages 69 and 81 - 83. Schedules of general capital assets are on pages 112 to 114.



Liabilities:

Clearfield City's liabilities on June 30, 2013 were \$27,340,532. Non-current liabilities are 77.48% and current liabilities are 22.52% of the total liabilities. The 22.52% is about \$6,156,845 and represents what the City will need to pay out in the coming year. This includes debt payments that are due in the coming year. The 77.48% of non-current liabilities is \$21,183,687, with \$20,969,970 in revenue & general obligation bond debt and \$213,717 for noncurrent compensated absences. Liabilities decreased from the prior year by \$2,121,452. This decrease can be seen primarily in outstanding amount for General Obligation Bond and for outstanding amounts for the Revenue Bonds.

For detailed information see pages 87 to 92, which has the debt section of Clearfield City's Notes to Financial Statements.



Current Liabilities

Leases, loans, notes payable	9.52%
Accounts Payable	5.92%
G.O. & Revenue bonds	7.08%
	<u>22.52%</u>

Non-current Liabilities

Loans- Bonds	76.70%
Compensated Absences	0.78%
	<u>77.48%</u>

The net assets section of the Statement of Net Position is the difference between the City's assets and liabilities. The net position is classified as invested in capital assets net of related debt; restricted for capital projects net of related debt, restricted for debt and unrestricted.

Capital Leases and Long Term Debt

As of June 30, 2013 Clearfield City has no outstanding Capital Leases.

The City has issued several bonds in previous years to assist in building and acquiring capital assets. The City has one General Obligation Bond outstanding that was originally issued in Fiscal year 1999 for \$15,000,000. This bond was partially refunded in April 2005. The purpose of this bond was to build an overpass and construct the municipal building. The outstanding balance on this bond as of June 30, 2013 was \$7,160,000. This is a decrease of \$735,000 from the prior fiscal year.

The City also has two revenue bonds outstanding. The first was a Sales Tax Revenue bond issued in 2003 to construct an Aquatic Center, skate park, and several utility projects. In December 2006, \$9,700,000 was issued for refunding a portion of the original bond. There is \$11,670,000 outstanding at the end of the fiscal year. \$505,000 was paid down towards the principle outstanding amount during the fiscal year. The second revenue bond outstanding was issued in July 2009. The City issued a Revenue

Bond for \$2,223,000. This bond was refinanced in FY2010 and the outstanding balance as of June 30, 2013 is \$1,755,000.

Other bonds are outstanding and can be referenced in the Note Section pages 87 to 92.

Clearfield City's Statement of Activities: page 40.

The Statement of Activities presents normal programs and functions that the City continually provides year after year. The statement is for the year ended June 30, 2013 and covers the time period of July 1, 2012 to June 30, 2013. It shows how much revenue the City generated during the year and the expenses for the same period. The presentation shows governmental programs and business-type activities. Governmental activities presented include General Government, Public Safety, Highways and Public Works, Community Services (Parks and Recreation), Community Development and interest on long-term debt. Business-type activities include all utility services provided by the City, namely water, sewer, waste collection (garbage) and storm drain.

#### General government activities summary

Government activities are services provided to both external (citizens) and internal (city departments) customers. The charges, grants, and contributions for services are collectively labeled program revenues. Typically program revenues do not cover the cost of providing the services. On the Total Primary Government line in the Governmental Activities column of the Statement of Activities the \$8,992,052 in parenthesis represents the cost of services that were not covered with program revenues. The general revenues and fees of \$12,494,546 collected by Clearfield City for governmental activities was enough to offset the operating cost of services not covered with program revenues. The increase to Net Position was \$3,502,494.

The Statement of Activities is a useful report for seeing how property tax, sales tax, other taxes and interest earned were spent. For example, total expenses for Public Safety (police, dispatch, emergency services and not including the North Davis Fire District), is \$4,298,248. The revenues or charges for services related to Public Safety totals \$1,282,823 with \$77,130 in operating grants and contributions and \$134,780 for Capital Grants. The \$2,803,515 in parenthesis on the public safety line represents how much of the total expenses are not covered through Program Revenues and rely on general revenue. Since this is 65.22% of the program expense, program revenues covered only 34.78% of program expenses.

The programs supported by general fund revenues (in order of how much they depend on general revenues to operate, with percentage of funding coming from general fund revenues) are:

		Amount of program funded w/GF	% of program funded with <u>General revenues</u>
1 <sup>st</sup>	General Government	\$3,076,177	69.7 %
2 <sup>nd</sup>	Public Safety	\$2,803,515	65.2 %
3 <sup>rd</sup>	Community Services	\$2,065,074	54.9 %
4 <sup>th</sup>	Interest on long-term debt	\$ 912,002	100.0 %
5 <sup>th</sup>	Community Development	\$ 534,675	100.0 %
6 <sup>th</sup>	Highways	\$ -399,391	0.0 %

Governmental Activities expenditures before contributions or transfers increased \$42,673 in 2013 compared to fiscal year 2012.

<b>Governmental Activities</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Expenses:					
General Government	\$ 4,665,323	\$ 4,944,458	\$ 4,363,191	\$ 4,175,063	\$ 4,408,533
Public Safety	\$ 3,640,464	\$ 3,789,561	\$ 4,038,550	\$ 3,893,612	\$ 4,298,248
Highway & Streets	\$ 4,004,225	\$ 1,363,122	\$ 1,204,022	\$ 1,407,454	\$ 579,064
Community Services	\$ 3,362,671	\$ 3,381,382	\$ 3,518,420	\$ 3,480,388	\$ 3,755,723
Community Development	\$ 843,600	\$ 782,623	\$ 1,018,528	\$ 514,315	\$ 534,675
Other	\$ 1,216,615	\$ 1,083,758	\$ 1,066,514	\$ 974,740	\$ 912,002
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$17,732,898</b>	<b>\$15,344,904</b>	<b>\$15,209,225</b>	<b>\$14,445,572</b>	<b>\$14,488,245</b>

### Business-type activities summary

The Statement of Activities also presents as Clearfield's business-type activities Water, Sanitary Sewer, Solid Waste, and Storm Sewer utilities.

The business-type activities run by Clearfield City had an increase of net Operating Revenues of \$468,625 for a total of \$1,049,540. The majority of this increase net operating revenue came from water and sewer increases. Non-operating revenue and contributions decreased \$1,836,219. Most of this was a decrease in contribution of capital assets of \$1,630,037. When interest income, impact fees, miscellaneous revenue, gain on disposal of capital assets and transfers to the general fund are included, net position increased \$2,037,184 to \$57,636,431.

### Net Position

The total net position for both governmental-type activities and business type activities are \$81,340,644. This takes into account the assets that were added for the infrastructure. This indicates the City's revenues are sufficient to fund ongoing programs and functions.

The change in net position is a useful indicator of the City's financial position, especially if several years are available for comparison. Since FY2008, the five year change in Net Position has increased by \$5,055,744 for the business type activities. For the same time period, Governmental activities have had an increase in Net Position of \$7,962,768.

The following two charts compares fiscal year ending June 30, 2012 (FY2012) and fiscal year ending June 30, 2013 (FY2013) of the Changes in Net Assets and a comparison of Net Position.

<b>Comparison of Changes in Net Position</b>				
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for Services	\$ 4,658,978	\$ 4,267,468	\$ 7,775,843	\$ 8,199,933
Operating grants & contributions	\$ 924,175	\$ 883,706		
Capital Grants and Contributions	\$ 293,872	\$ 345,019	\$ 3,381,690	\$ 1,461,653
<b>General revenues:</b>				
Property Taxes	\$ 4,976,559	\$ 5,249,766		
General Sales and Use Tax	\$ 3,404,944	\$ 3,511,629		
Other Taxes	\$ 3,064,304	\$ 3,171,735		
Investment Income	\$ 62,548	\$ 77,621	\$ 80,165	\$ 84,951
Extraordinary Item (bridge settlement)	\$ -			
Other Revenue	\$ 273,278	\$ 44,714	\$ 274,544	\$ 337,201
<b>Total Revenues</b>	<b>\$ 17,658,658</b>	<b>\$ 17,551,658</b>	<b>\$ 11,512,242</b>	<b>\$ 10,083,738</b>
<b>Expenses:</b>				
General Government	\$ 4,175,063	\$ 4,408,533		
Public Safety	\$ 3,893,612	\$ 4,298,248		
Highway & Streets	\$ 1,407,454	\$ 579,064		
Community Services	\$ 3,480,388	\$ 3,755,723		
Community Development	\$ 514,315	\$ 534,675		
Other	\$ 974,740	\$ 912,002		
Utilities	\$ -	\$ -	\$ 8,027,146	\$ 7,607,473
<b>Total Expenses</b>	<b>\$ 14,445,572</b>	<b>\$ 14,488,245</b>	<b>\$ 8,027,146</b>	<b>\$ 7,607,473</b>
Excess (deficiency) before transfers	\$ 3,213,086	\$ 3,063,413	\$ 3,485,096	\$ 2,476,265
Contributions of Capital Assets	\$ -		\$ 0	0
Transfers	\$ 80,372	\$ 439,081	\$ (80,372)	\$ (439,081)
<b>Increase (Decrease) in Net Position</b>	<b>\$ 3,293,458</b>	<b>\$ 3,502,494</b>	<b>\$ 3,404,724</b>	<b>\$ 2,037,184</b>
Net Position, beginning of year, as adjusted	\$ 19,310,199	\$ 20,201,719	\$ 52,194,523	\$ 55,599,247
Net Position, ending of year	\$ 22,603,657	\$ 23,704,213	\$ 55,599,247	\$ 57,636,431

**Fiscal Year Comparison of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
Current and Other Assets	\$ 12,169,960	\$ 14,940,433	\$ 14,042,174	\$ 14,525,791
Capital Assets (net of depr.)	\$ 36,309,879	\$ 33,205,768	\$ 44,796,099	\$ 45,799,974
<b>Total Assets</b>	<b>\$ 48,479,839</b>	<b>\$ 48,146,201</b>	<b>\$ 58,838,273</b>	<b>\$ 60,325,765</b>
Deferred Outflows	\$ 231,950	\$ 209,210		
<b>Total Deferred Outflows</b>	<b>\$ 231,950</b>	<b>\$ 209,210</b>		
Other Liabilities	\$ 3,222,225	\$ 3,333,042	\$ 1,196,452	\$ 904,826
Long Term debt outstanding	\$ 21,072,859	\$ 19,399,179	\$ 2,042,574	\$ 1,784,508
<b>Total Liabilities</b>	<b>\$ 24,295,084</b>	<b>\$ 22,732,221</b>	<b>\$ 3,239,026</b>	<b>\$ 2,689,334</b>
Deferred inflows	\$ 1,927,874	\$ 1,918,977		
<b>Total Deferred Inflows</b>	<b>\$ 1,927,874</b>	<b>\$ 1,918,977</b>		
Invested in Capital assets, net of debt	\$ 13,775,641	\$ 12,312,930	\$ 42,536,944	\$ 43,787,842
Restricted	\$ 3,015,238	\$ 3,693,214	\$ 1,712,629	\$ 1,982,181
Unrestricted	\$ 5,697,952	\$ 7,698,069	\$ 11,349,674	\$ 11,866,408
<b>Total Net Position</b>	<b>\$ 22,488,831</b>	<b>\$ 23,704,213</b>	<b>\$ 55,599,247</b>	<b>\$ 57,636,431</b>

**Fund financial statements: pages 42 to 61.**

Clearfield City records transactions in different funds. The funds are a grouping of related accounts that are used to maintain control over resources that are segregated for specific activities or objectives. Fund financial statements provide information on near-term inflows, outflows, and fund balances. Fund statements are budget oriented and focus on *what has happened during the fiscal year*. For example, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances show how the fund balances changed from the beginning of the year to the end of the year.

Clearfield City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

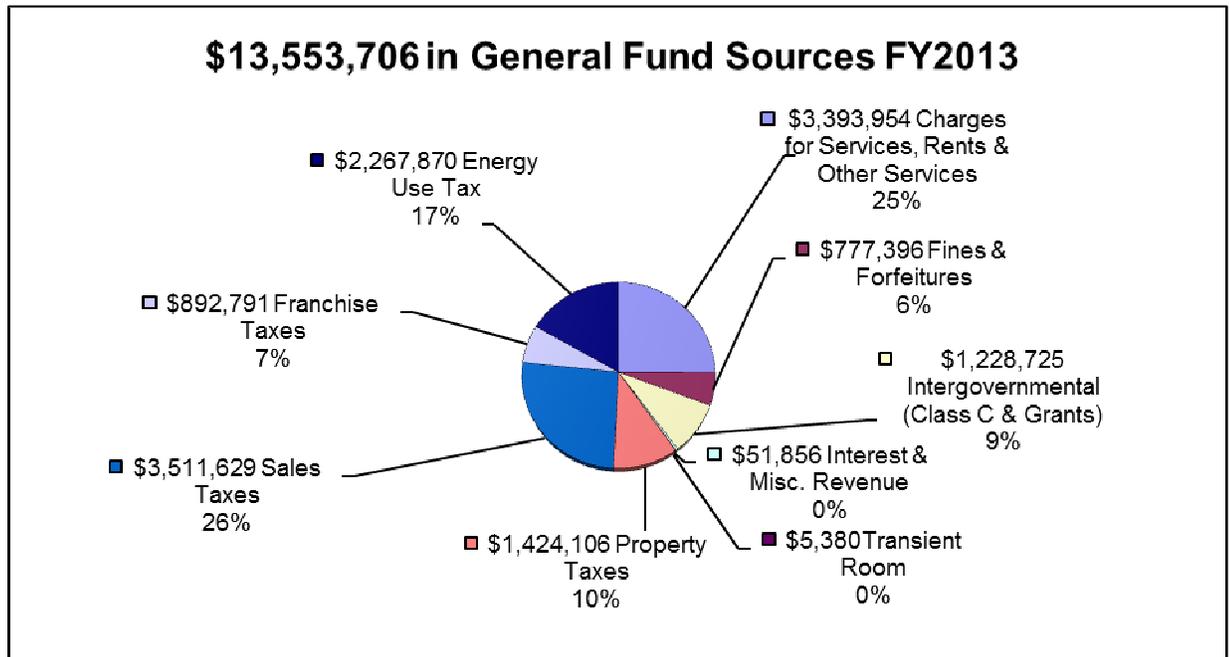
General Government funds summary

The General Government funds reported by the City are the General Fund, the Community Development Renewal Agency (CDRA) Fund, the Capital Project Fund and Other Governmental Funds.

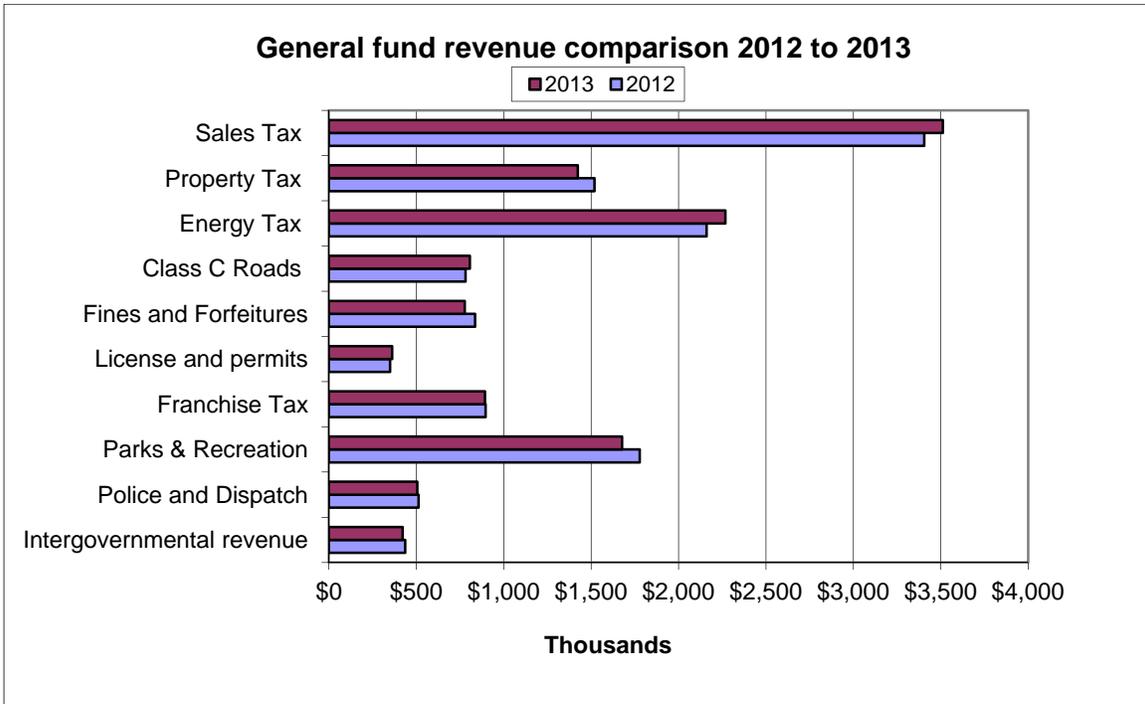
General Fund: pages 49 to 54.

During the year \$13,559,402 came into the General Fund before Other Financing Sources. This is a decrease of \$273,958 from the previous year. The primary decrease came one time miscellaneous revenue. Taxes still remain the largest source of revenue received in the General Fund with 59.74.8% of the total (\$8,107,471). For the prior year taxes represented 57.8% or \$7,888,762 of the total revenue source before other financing sources.

General Fund Sources:



The next chart compares the normal general fund revenue for Fiscal year 2012 and 2013. On the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, the general fund revenues decreased \$30,361 from 2012 to 2013 (before transfers or other sources). This amount represents a .0024% decrease in these revenue sources. The largest decrease is in the Parks and Recreation revenue of \$100,527. Followed by a decrease in Property taxes of \$95,408, and a decrease in fines and forfeitures of \$58,932. These decreases were offset by an increase in sales tax revenue of \$106,685, an increase in energy tax revenue of \$101,398, and Clearfield City's certified property tax rate was 0.001800.

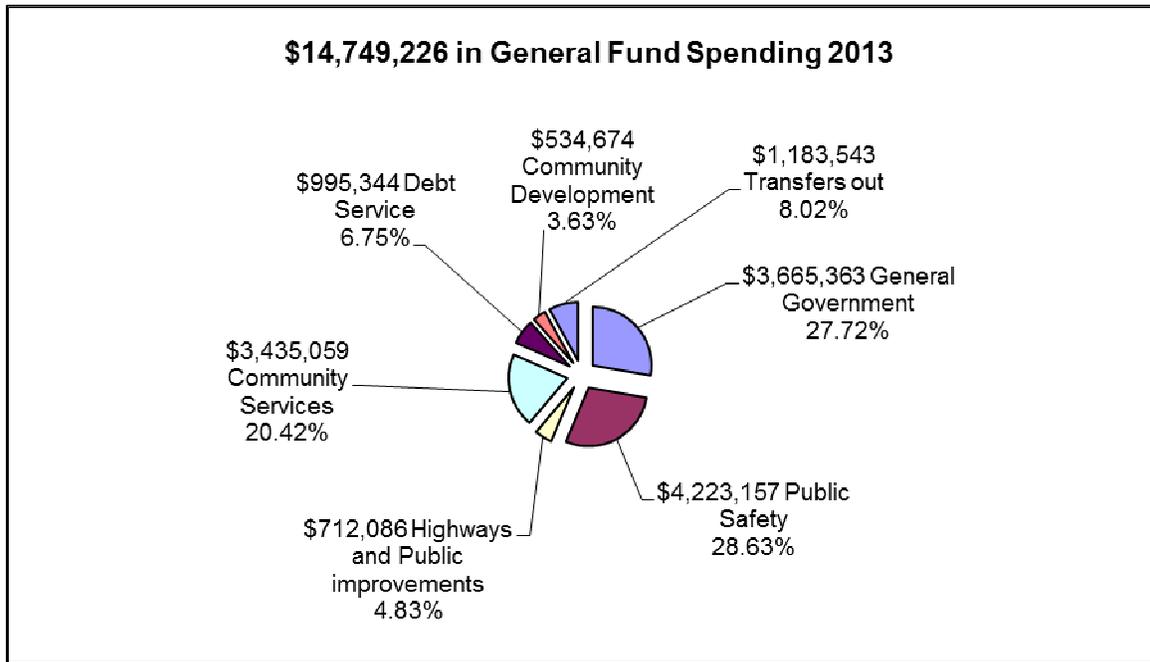


**General Fund Spending:**

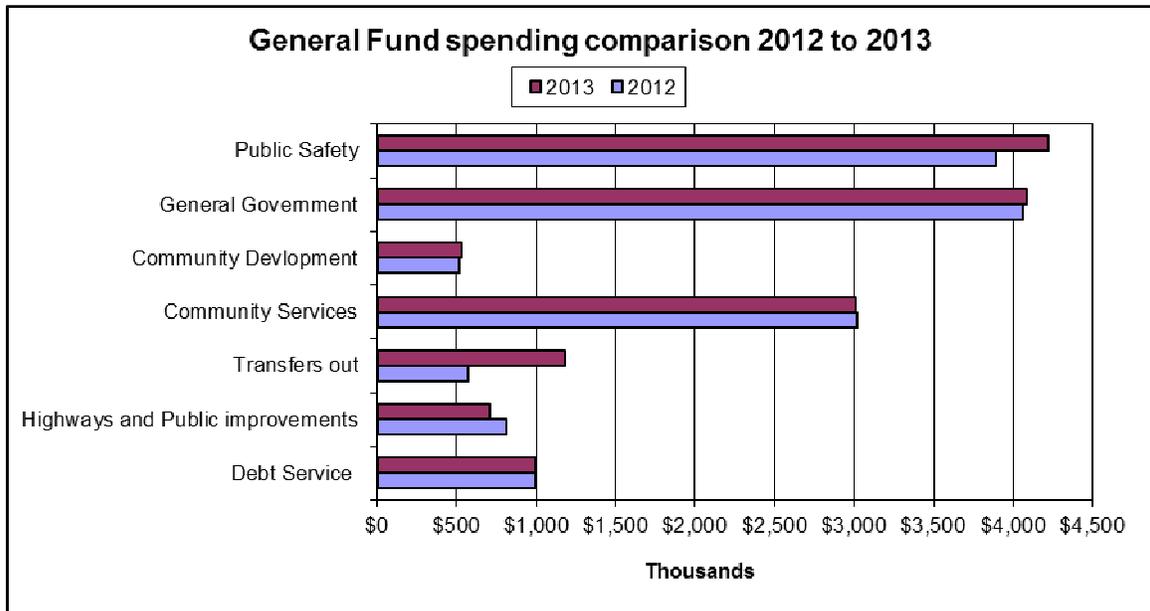
The General Fund's actual operating expenditures increase by \$270,883 before any debt service or transfers to other funds. This represents a 2.03% increase from the prior year actual for the same functions. After transfers to other funds are included the total expenditures increased by \$888,284 as compared to the prior year. This increase in transfers was mainly to spending excess FY 2012 fund balance. The original FY2013 approved budgeted amounts for General Government, Public Safety, Highways & Streets, Community Services and Community Development was \$13,265,422 before debt service and transfers.

The City's budget was officially reopened twice during the fiscal year. The first reopened budget was held in December 2012 and the second in June 2013. The final budget was increased \$1,411,212 from the original budget to \$16,231,337.

Percentage and amount of general fund spending by broad functions is presented below.



The next chart compares general fund spending for 2012 and 2013 by governmental activity.



Community Development and Renewal Agency: page 55.

Total revenue of \$3,174,693 was generated in 2013. This is an increase of \$725,609 from FY2012. Community Development and Renewal Agency (CDRA) revenue includes property tax increment monies, rent from RDA owned properties, and interest. Clearfield City's CDRA property tax increment revenue increased by \$731,246, rents and other services decreased by \$12,132. The increase from the increment is the addition of EDA#3 for ATK.

The Clearfield CDRA's balance sheet reflects an inter-fund loan payable of \$1,011,681. This loan is due to the Proprietary funds. One of the largest assets is land held for resale and most of this land is collateral for the debt the redevelopment agency has incurred.

The CDRA pays a portion of the Sales Tax Revenue Bond 2003, and that bond was refunded in December 2006. The CDRA transfers their bond payment to the general fund semi-annually. For FY2013 this transfer towards the debt service was \$810,310. The Net Change in Fund Balance for the CDRA Fund increased \$1,579,692 to end the year at \$4,097,638.

Capital Projects Fund: page 100.

The Capital Projects Fund began the fiscal year with a fund balance of \$312,753. During the year, \$422,350 was spent related to capital projects. \$1,269,694 was transferred in during the year to fund new authorized capital projects. The fund balance had a net increase of \$848,284 to end the fiscal year with a \$1,161,037 fund balance.

Debt Service / General Obligation Bond Fund: page 95.

The Debt Service Fund was created when the City issued the original General Obligation bond in Fiscal 1999. This fund is used to account for principle and interest payments on the general obligation bond and the refunding general obligation bond. In FY2013 \$727,210 was received in this fund as revenue. This revenue is budgeted from a portion of the certified tax rate. In FY2013 this rate related to the G.O. debt was 0.000700. The revenue collected from the property taxes was not enough to cover the debt service for the year, \$363,440 was transferred in from the proprietary funds for the current year debt service.

Proprietary Funds Summary: pages 56 to 61.

Proprietary funds include the Water, Sewer, Solid Waste Collection, and Storm Drain departments. All of the City's business type activities except, Sewer and Utility Administration, have a positive net income before transfers in or out. The Utility Administration fund shows a loss of \$93,101. The Utility Administration fund is handled as an overhead administration for all of the utilities and the loss is allocated over the remaining utilities. The Water, Sanitary Sewer, Storm Sewer and Solid Waste utilities all showed a positive income before and after transfers in the fiscal year. Water, Storm and Sewer funds all received money from UDOT to relocate utility lines along 700 South for the SR193 road extension project. The amount received was \$195,918 for Water, \$576,301 for Sewer and \$689,434 for Storm Sewer for a total of \$1,461,653. The expenses related to these utilities were reclassified to fixed assets and will be depreciated over the life of the asset. Not including this revenue source the Water Fund made \$314,332 after transfers. The Sewer fund would have had an increase of \$70,974 and the Storm Sewer Fund would have also had an increase of \$85,007.

Proprietary funds are the same as the business-type activities in the government-wide financial statements. The Business-type Activities column on the Statement of Net Position has the same total assets, total liabilities, and total net position as the total column on the Statement of Net Position Proprietary Fund statement.

At the close of the fiscal year, Clearfield City has identified and has listed the following infrastructure on the balance sheet:

	<u>Linear Feet</u>	<u>Historical Cost</u>	<u>Net Book Value</u>
Culinary water pipe,	585,030 (110 mi)	\$23,946,950	\$12,736,673
Sewer pipe,	381,374 (72 mi)	\$19,423,201	\$ 9,960,101
Storm Sewer,	315,076 (59 mi)	\$22,028,951	\$11,799,088

In the Solid Waste fund, the City contracts for this service and does not list any capital assets.

The statement of Net Position for Proprietary Funds shows a total operating income of \$8,537,134 for the fiscal year ending 2013. For all proprietary funds this is an increase of \$486,747 compared to the prior year revenues before transfers. The increase is due to an increase in rates for water, sewer, and storm drain. The following lists the individual Total Operating Revenues for the respective utilities:

Water Utility	\$3,613,730
Sewer Utility	\$2,573,318
Waste Collection	\$1,230,271
Storm Drain	\$ 936,752
Utility Admin	\$ <u>156,063</u>
Total Operating income	\$8,537,134

The Proprietary funds also had operating expenses including depreciation totaling \$7,487,594 before non-operating revenues or expenditures; this is up \$18,122 from the prior year. The following details their respective expenses:

Water Utility	\$ 2,962,738
Sewer Utility	\$ 2,366,004
Waste Collection	\$ 1,047,633
Storm Sewer	\$ 862,055
Utility Admin	\$ <u>249,164</u>
Total Operating Expenses	\$ 7,487,594

After non-operating revenues and expenses, the proprietary funds had a net increase of \$2,037,184.

The Water Fund has one outstanding revenue bond that was issued in 2007. The bond proceeds were used to upgrade and replace existing line infrastructure. The original issued amount was for \$3,330,000. The outstanding balance as of June 30, 2013 is \$2,000,000. The maturity date is scheduled for May 2020.

Internal Service Funds-Fleet and Risk Management pages 108 to 110.

The purpose of the fleet fund is to centralize the vehicle repair, service and replacement and to be able to cost out those services to the departments who utilize these services. The assets in this fund are all of the street licensed vehicles the City has along with unlicensed heavy and light duty vehicles and equipment. Revenues totaled \$849,894 with Operating Expenses including depreciation to be \$776,115 for a net operating gain of \$73,870. The fund also received a gain of \$40,999 on the sale of fixed assets. The increase to net assets was \$114,867.

The Risk Management Fund was created in FY2013. The fund was created to help Clearfield City assign and develop costs for the city insurance. The general fund, enterprise, and fleet funds are charged to generate the revenue for this fund. In FY 2013 revenue was \$278,375. Insurance costs for the city were \$273,591. The increase to net assets was \$8,783.

**Notes to Financial Statements: pages 64 to 97.**

The Notes to the financial statement presents important details and schedules explaining Clearfield City's significant accounting policies, reconciliation of the Government-wide statement to the Fund Financial Statements, stewardship, compliance, accountability and detailed notes on all funds.

Funds not presented earlier are classified as non-major governmental funds and these are presented on pages 102 to 106. Clearfield City has the following non-major funds:

Park Capital Project Fund  
The Cemetery Perpetual Care Permanent Fund

The Combining Balance Sheet Non-major Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Governmental Funds are presented on pages 102 and 103. Budget and actual comparisons for the non-major funds are presented on pages 105 to 106. Budget and actual comparisons for major capital projects fund and G.O bond fund are presented on pages 100 and 101.

**Requests for information:**

It is granted that in a city the size of Clearfield the accounting for over \$100 million in assets and over \$27 million of annual revenues and other financing sources for 2013 is bound to be a complex undertaking. GASB Statement no. 34 reporting model is the government accounting industry's effort to bring to light the most relevant issues that are reported to citizens, elected officials, and city government employees.

The City's various departments will be happy to answer any additional questions which you may have as you review this report. In particular the Administrative Services Director can be reached at (801) 525-2720 and the City Treasurer can be reached at (801) 525-2721 Monday through Friday from 8 A.M to 5 P.M. MST.

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## **BASIC FINANCIAL STATEMENTS**

**Clearfield City Corporation**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 8,076,017	10,910,566	18,986,583	2,401,924
Accounts receivable (net)	-	790,721	790,721	106,930
Property, sales, & franchise taxes receivable	2,169,436	-	2,169,436	2,057,832
Other receivables	1,178,880	-	1,178,880	-
Prepaid items	283,688	544,011	827,699	-
Internal balances	(380,517)	380,517	-	-
Restricted cash	2,403,965	1,899,976	4,303,941	-
Restricted land held for sale	1,208,964	-	1,208,964	-
Capital assets (net of accumulated depreciation):				
Land	4,943,221	1,404,577	6,347,798	200,110
Water stock & rights	25,200	9,162	34,362	-
Buildings	17,954,592	410,449	18,365,041	2,643,729
Improvements	1,183,088	48,426	1,231,514	-
Machinery & equipment	2,146,444	800,803	2,947,247	853,901
Infrastructure	6,270,062	42,028,001	48,298,063	-
Construction in process	683,161	1,098,556	1,781,717	-
Total assets	<u>\$ 48,146,201</u>	<u>60,325,765</u>	<u>108,471,966</u>	<u>8,264,426</u>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred issuance costs	209,210	-	209,210	45,748
Total deferred outflows of resources	<u>209,210</u>	<u>-</u>	<u>209,210</u>	<u>45,748</u>

The accompanying notes to the financial statements are an integral part of this statement.

**Clearfield City Corporation**  
**Statement of Net Position - Continued**  
**June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 996,112	621,752	1,617,864	90,362
Accrued interest payable	397,613	13,333	410,946	34,788
Compensated absences - current	259,317	14,741	274,058	-
General obligation bonds payable - current	770,000	-	770,000	-
Revenue bonds payable - current	910,000	255,000	1,165,000	143,000
Notes payable - current	-	-	-	-
Compensated absences - noncurrent	186,341	27,376	213,717	100,273
General obligation bonds payable - noncurrent	6,515,396	-	6,515,396	-
Revenue bonds payable - noncurrent	12,697,442	1,757,132	14,454,574	2,400,000
<b>Total liabilities</b>	<b>22,732,221</b>	<b>2,689,334</b>	<b>25,421,555</b>	<b>3,313,632</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue- property taxes	1,918,977	-	1,918,977	1,922,516
<b>Total deferred inflows of resources</b>	<b>1,918,977</b>	<b>-</b>	<b>1,918,977</b>	<b>1,922,516</b>
<b><u>Net Position</u></b>				
Invested in capital assets, net of related debt	12,312,930	43,787,842	56,100,772	609,531
Restricted for:				
Debt service	1,017,024	83,700	1,100,724	63,732
Perpetual care				
Expendable	28,336	-	28,336	-
Nonexpendable	144,955	-	144,955	-
Capital projects	85,606	1,816,276	1,901,882	-
E-911	392,156	-	392,156	-
Community redevelopment	1,208,964	-	1,208,964	-
Other	816,173	82,205	898,378	275,059
Unrestricted	7,698,069	11,866,408	19,564,477	2,125,704
<b>Total net position</b>	<b>\$ 23,704,213</b>	<b>57,636,431</b>	<b>81,340,644</b>	<b>3,074,026</b>

The accompanying notes to the financial statements are an integral part of this statement.

**Clearfield City Corporation**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

<b>Function/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses) Revenues &amp; Changes in Net Position</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>			<b>Component Unit</b>
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>North Davis Fire District</b>
<b>Primary government</b>								
Governmental activities:								
General government	\$ 4,408,533	1,293,996	-	38,360	\$ (3,076,177)		(3,076,177)	
Public safety	4,298,248	1,282,823	77,130	134,780	(2,803,515)		(2,803,515)	
Highways and public improvements	579,064	-	806,576	171,879	399,391		399,391	
Community services	3,755,723	1,690,649	-	-	(2,065,074)		(2,065,074)	
Community development	534,675	-	-	-	(534,675)		(534,675)	
Interest on long-term debt	912,002	-	-	-	(912,002)		(912,002)	
Total governmental activities	<u>14,488,245</u>	<u>4,267,468</u>	<u>883,706</u>	<u>345,019</u>	<u>(8,992,052)</u>		<u>(8,992,052)</u>	
Business-type activities:								
Public utility	<u>7,607,473</u>	<u>8,199,933</u>	<u>-</u>	<u>1,461,653</u>	<u>-</u>	<u>2,054,113</u>	<u>2,054,113</u>	
Total business-type activities	<u>7,607,473</u>	<u>8,199,933</u>	<u>-</u>	<u>1,461,653</u>	<u>-</u>	<u>2,054,113</u>	<u>2,054,113</u>	
Total primary government	<u>\$ 22,095,718</u>	<u>12,467,401</u>	<u>883,706</u>	<u>1,806,672</u>	<u>(8,992,052)</u>	<u>2,054,113</u>	<u>(6,937,939)</u>	
<b>Component unit</b>								
North Davis Fire District	<u>\$ 3,000,686</u>	<u>682,575</u>	<u>-</u>	<u>-</u>				<u>(2,318,111)</u>
Total component unit	<u>\$ 3,000,686</u>	<u>682,575</u>	<u>-</u>	<u>-</u>				<u>(2,318,111)</u>
General revenues:								
Property taxes					5,249,766	-	5,249,766	2,376,704
General sales and use tax					3,511,629	-	3,511,629	-
Franchise tax					892,791	-	892,791	-
Energy use tax					2,273,564	-	2,273,564	-
Transient room tax					5,380	-	5,380	-
Impact fees					32,414	288,422	320,836	-
Interest earnings					77,621	84,951	162,572	14,879
Miscellaneous					12,300	48,779	61,079	14,401
Transfers					439,081	(439,081)	-	-
Contribution of capital assets					-	-	-	-
Total general revenues					<u>12,494,546</u>	<u>(16,929)</u>	<u>12,477,617</u>	<u>2,405,984</u>
Change in net position					<u>3,502,494</u>	<u>2,037,184</u>	<u>5,539,678</u>	<u>87,873</u>
Net position - beginning, as adjusted					<u>20,201,719</u>	<u>55,599,247</u>	<u>75,800,966</u>	<u>2,986,153</u>
Net position - ending					<u>\$23,704,213</u>	<u>57,636,431</u>	<u>81,340,644</u>	<u>3,074,026</u>

The accompanying notes to the financial statements are an integral part of this statement.  
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**Clearfield City Corporation**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2013**

	<u>Special Revenue</u>					Total Governmental Funds
	General Fund	Community Development & Renewal Agency Fund	Capital Projects	Debt Service G.O. Bond Fund	Other Governmental Funds	
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 4,585,782	3,475,192	-	-	15,043	8,076,017
Property, sales, and franchise taxes receivable	2,169,436	-	-	-	-	2,169,436
Other receivables	458,174	25	-	716,000	-	1,174,199
Prepaid items	80,285	-	-	-	-	80,285
Due from other funds	-	-	1,205,540	802	59,727	1,266,069
Restricted cash and cash equivalents	1,490,318	654,750	-	-	258,897	2,403,965
Restricted land held for sale	-	1,208,964	-	-	-	1,208,964
Total assets	<u>8,783,995</u>	<u>5,338,931</u>	<u>1,205,540</u>	<u>716,802</u>	<u>333,667</u>	<u>16,378,935</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>						
<b>Liabilities</b>						
Accounts payable	131,165	3,415	44,503	-	38,455	217,538
Accrued liabilities	704,178	45,005	-	-	-	749,183
Interfund loans payable	-	1,011,681	-	-	-	1,011,681
Due to other funds	46,315	181,192	-	-	-	227,507
Total liabilities	<u>881,658</u>	<u>1,241,293</u>	<u>44,503</u>	<u>-</u>	<u>38,455</u>	<u>2,205,909</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue- property taxes	1,202,977	-	-	716,000	-	1,918,977
Total deferred inflows of resources	<u>1,202,977</u>	<u>-</u>	<u>-</u>	<u>716,000</u>	<u>-</u>	<u>1,918,977</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2013**

	<u>Special Revenue</u>					Total Governmental Funds
	General Fund	Community Development & Renewal Agency Fund	Capital Projects	Debt Service G.O. Bond Fund	Other Governmental Funds	
Fund Balances						
Nonspendable						
Prepaid items	80,285	-	-	-	-	80,285
Land held as inventory	-	1,208,964	-	-	-	1,208,964
Restricted for:						
Debt service	1,017,024	-	-	-	-	1,017,024
Capital projects	-	-	-	-	85,606	85,606
Cemetery perpetual care	-	-	-	-	173,291	173,291
E-911	392,156	-	-	-	-	392,156
Other	81,138	654,750	-	-	-	735,888
Committed	1,232,272	434,500	-	802	18,757	1,686,331
Assigned, reported in:						
General fund	98,408	-	-	-	-	98,408
Capital projects	-	-	1,161,037	-	17,558	1,178,595
Special revenue	-	1,799,424	-	-	-	1,799,424
Unassigned, reported in:						
General fund	3,798,077	-	-	-	-	3,798,077
Total fund balances	<u>6,699,360</u>	<u>4,097,638</u>	<u>1,161,037</u>	<u>802</u>	<u>295,212</u>	<u>12,254,049</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,783,995</u>	<u>5,338,931</u>	<u>1,205,540</u>	<u>716,802</u>	<u>333,667</u>	<u>16,378,935</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Position**  
**June 30, 2013**

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Total fund balances - governmental fund types:	\$ 12,254,049
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,205,768
Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds.	209,210
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 assets.	(228,705)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Also, issuance costs, premiums, and discounts are not currently expensed but amortized over the life of the loan.	(21,736,109)
Net assets of governmental activities	<u><u>\$ 23,704,213</u></u>

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The accompanying notes are an integral part of the financial statements.

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**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>Special Revenue</u>					Total Governmental Funds
	General Fund	Community Development & Renewal Agency Fund	Capital Projects	Debt Service G.O. Bond Fund	Other Governmental Funds	
<b><u>Revenues</u></b>						
Taxes	\$ 8,107,471	3,098,449	-	727,210	-	11,933,130
Rents and other services	836,193	53,892	-	-	-	890,085
Intergovernmental	1,228,725	-	-	-	12,300	1,241,025
Charges for services	2,557,761	-	-	-	-	2,557,761
Impact fees	-	-	-	-	32,414	32,414
Fines and forfeitures	777,396	-	-	-	-	777,396
Interest	28,419	22,352	940	-	2,510	54,221
Miscellaneous revenue	23,437	-	-	-	-	23,437
Total revenues	<u>13,559,402</u>	<u>3,174,693</u>	<u>940</u>	<u>727,210</u>	<u>47,224</u>	<u>17,509,469</u>
<b><u>Expenditures</u></b>						
Current						
General government	3,665,363	220,132	-	-	180,971	4,066,466
Public safety	4,223,155	-	-	-	-	4,223,155
Highways and public improvements	435,336	-	-	-	-	435,336
Community services	3,435,059	-	-	-	-	3,435,059
Community development	534,675	-	-	-	-	534,675
Capital outlay	-	3,946	422,350	-	-	426,296
Debt service						
Principal retirement	735,000	148,000	-	735,000	-	1,618,000
Interest and fiscal charges	537,094	21,314	-	355,650	-	914,058
Total expenditures	<u>13,565,682</u>	<u>393,392</u>	<u>422,350</u>	<u>1,090,650</u>	<u>180,971</u>	<u>15,653,045</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Continued**  
**For the Year Ended June 30, 2013**

	General Fund	<u>Special Revenue</u> Community Development & Renewal Agency Fund	Capital Projects	<u>Debt Service</u> G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) revenues over (under) expenditures	(6,280)	2,781,301	(421,410)	(363,440)	(133,747)	1,856,424
<b><u>Other Financing Sources (Uses)</u></b>						
Proceeds from sale of capital assets	8,057	-	-	-	-	8,057
Proceeds from settlement	-	-	-	-	-	-
Transfers in	1,135,200	-	1,269,694	363,440	55,900	2,824,234
Transfers (out)	(1,183,544)	(1,201,609)	-	-	-	(2,385,153)
Total other financing sources and (uses)	(40,287)	(1,201,609)	1,269,694	363,440	55,900	447,138
Net change in fund balances	(46,567)	1,579,692	848,284	-	(77,847)	2,303,562
Fund balances - beginning of year, as adjusted	6,745,927	2,517,946	312,753	802	373,059	9,950,487
Fund balances - end of year	<u>\$ 6,699,360</u>	<u>4,097,638</u>	<u>1,161,037</u>	<u>802</u>	<u>295,212</u>	<u>12,254,049</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**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, 2013**

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

Net changes in fund balances - total governmental funds	\$ 2,303,562
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 outlays exceeded depreciation in the current period.	(721,117)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,618,000
Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	286,054
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>15,996</u>
Change in net assets of governmental activities	<u><u>\$ 3,502,495</u></u>

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The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Taxes				
General property taxes	\$ 1,411,131	1,411,131	1,424,107	12,976
General sales and use taxes	3,315,226	3,315,226	3,511,629	196,403
Franchise taxes	858,000	858,000	892,791	34,791
Energy sales and use tax	2,112,683	2,112,683	2,273,564	160,881
Transient room tax	7,800	7,800	5,380	(2,420)
	<u>7,704,840</u>	<u>7,704,840</u>	<u>8,107,471</u>	<u>402,631</u>
Intergovernmental				
Class "C" road allotment	750,000	750,000	806,576	56,576
State liquor allotment	43,000	43,000	39,851	(3,149)
Other grants	101,087	84,024	24,586	(59,438)
Federal grants	219,059	390,117	357,712	(32,405)
	<u>1,113,146</u>	<u>1,267,141</u>	<u>1,228,725</u>	<u>(38,416)</u>
Charges for services				
Special police services	431,311	431,311	505,427	74,116
Licenses and permits	298,950	298,950	361,685	62,735
Parks and recreation	1,890,156	1,904,779	1,677,169	(227,610)
Cemetery lots and services	9,500	9,500	13,480	3,980
	<u>2,629,917</u>	<u>2,644,540</u>	<u>2,557,761</u>	<u>(86,779)</u>
Fines and forfeitures	<u>823,825</u>	<u>823,825</u>	<u>777,396</u>	<u>(46,429)</u>
Interest	<u>39,800</u>	<u>39,800</u>	<u>28,419</u>	<u>(11,381)</u>
Miscellaneous	<u>18,200</u>	<u>18,200</u>	<u>23,437</u>	<u>5,237</u>
Rents and other services	<u>690,320</u>	<u>696,220</u>	<u>836,193</u>	<u>139,973</u>
<b><u>Other Financing Sources</u></b>				
Proceeds from sale of fixed assets	-	-	8,057	8,057
Transfers in	<u>1,147,032</u>	<u>1,147,032</u>	<u>1,135,200</u>	<u>(11,832)</u>
Total other financing sources	<u>1,147,032</u>	<u>1,147,032</u>	<u>1,143,257</u>	<u>(3,775)</u>
Total revenues and other financing sources	<u>\$ 14,167,080</u>	<u>14,341,598</u>	<u>14,702,659</u>	<u>361,061</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Expenditures</u></b>				
<b><u>General government</u></b>				
Legislative				
Salaries and wages	\$ 55,800	55,800	44,400	11,400
Employee benefits	65,227	65,227	62,877	2,350
Council & mayor	33,500	33,500	31,487	2,013
Materials, supplies, and services	34,886	36,018	38,633	(2,615)
	<u>189,413</u>	<u>190,545</u>	<u>177,397</u>	<u>13,148</u>
Judicial				
Salaries and wages	213,537	217,776	217,405	371
Employee benefits	67,579	68,481	66,038	2,443
Professional services	85,533	85,533	69,587	15,946
Materials, supplies, and services	16,355	16,355	10,708	5,647
	<u>383,004</u>	<u>388,145</u>	<u>363,738</u>	<u>24,407</u>
Executive				
Salaries and wages	468,559	481,097	476,437	4,660
Employee benefits	171,802	175,461	170,453	5,008
Professional services	25,735	25,735	10,473	15,262
Materials, supplies, and services	120,631	120,631	107,935	12,696
	<u>786,727</u>	<u>802,924</u>	<u>765,298</u>	<u>37,626</u>
Administrative services				
Salaries and wages	620,507	613,521	646,018	(32,497)
Employee benefits	285,670	282,221	248,318	33,903
Professional services	131,615	131,615	93,855	37,760
Materials, supplies, and services	359,811	359,811	302,179	57,632
Capital outlay	128,716	153,343	162,480	(9,137)
	<u>1,526,319</u>	<u>1,540,511</u>	<u>1,452,850</u>	<u>87,661</u>
Non-departmental				
Materials, supplies, and services	371,706	432,706	306,457	126,249
Utilities	672,000	672,000	537,412	134,588
Telephone	64,000	64,000	61,839	2,161
	<u>\$ 1,107,706</u>	<u>1,168,706</u>	<u>905,708</u>	<u>262,998</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Expenditures - continued</u></b>				
Elections				
Materials, supplies, and services	400	400	372	28
	400	400	372	28
Total general government	3,993,569	4,091,231	3,665,363	425,868
<b><u>Public safety</u></b>				
Police				
Salaries and wages	2,327,706	2,378,178	2,259,235	118,943
Employee benefits	1,212,380	1,227,697	1,176,430	51,267
Professional services	162,407	162,407	146,765	15,642
Materials, supplies, and services	406,614	410,052	367,594	42,458
Capital outlay	66,320	260,133	170,483	89,650
	4,175,427	4,438,467	4,120,507	317,960
Start grant				
Salaries and wages	63,300	63,300	59,922	3,378
Employee benefits	39,554	39,554	32,697	6,857
Materials, supplies, and services	17,541	17,541	10,029	7,512
	120,395	120,395	102,648	17,747
Total public safety	\$ 4,295,822	4,558,862	4,223,155	335,707

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Expenditures - continued</u></b>				
<u>Highways and public improvements</u>				
Streets and highways				
Salaries and wages	\$ 133,566	136,211	114,034	22,177
Employee benefits	68,718	69,377	59,960	9,417
Professional services	44,722	44,722	31,373	13,349
Materials, supplies, and services	183,251	263,251	229,969	33,282
Principal payments	230,000	230,000	230,000	-
Interest payments	46,750	46,750	46,750	-
Total highways and public improvements	<u>707,007</u>	<u>790,311</u>	<u>712,086</u>	<u>78,225</u>
<u>Community services</u>				
Salaries and wages	1,830,974	1,850,370	1,817,009	33,361
Employee benefits	491,409	495,340	442,977	52,363
Professional services	321,406	359,766	300,222	59,544
Materials, supplies, and services	927,826	974,021	862,094	111,918
Capital outlay	104,364	116,004	12,757	103,247
Total community services	<u>\$ 3,675,979</u>	<u>3,795,501</u>	<u>3,435,059</u>	<u>360,433</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Expenditures - continued</u></b>				
<b><u>Community development</u></b>				
Administration				
Professional services	\$ 44,033	44,033	42,139	1,894
Materials, supplies, and services	191,833	193,429	174,102	19,327
	<u>235,866</u>	<u>237,462</u>	<u>216,241</u>	<u>21,221</u>
CDBG urban redevelopment				
Salaries and wages	11,502	12,854	26,130	(13,276)
Employee benefits	6,010	6,330	8,158	(1,828)
Materials, supplies, and services	54,549	54,549	13,720	40,829
	<u>72,061</u>	<u>73,733</u>	<u>48,008</u>	<u>25,725</u>
Building development services				
Salaries and wages	162,015	167,183	169,076	(1,893)
Employee benefits	72,300	73,548	69,621	3,927
Professional services	35,332	35,332	20,946	14,386
Materials, supplies, and services	15,471	15,471	10,783	4,688
	<u>285,118</u>	<u>291,534</u>	<u>270,426</u>	<u>21,108</u>
Total community development	<u>593,045</u>	<u>602,729</u>	<u>534,675</u>	<u>68,054</u>
<b><u>Debt service</u></b>				
Principal payments	505,000	505,000	505,000	-
Interest payments	490,344	490,344	490,344	-
Total debt service	<u>\$ 995,344</u>	<u>995,344</u>	<u>995,344</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Other Financing Uses</u></b>				
Transfers to other funds	\$ 559,359	1,397,359	1,183,544	213,815
Total other financing uses	559,359	1,397,359	1,183,544	213,815
Total expenditures and other financing uses	14,820,125	16,231,337	14,749,226	1,482,102
Net change in fund balances	(653,045)	(1,889,739)	(46,567)	1,843,172
Fund balances, beginning of year adjusted	6,745,927	6,745,927	6,745,927	-
Fund balances, end of year	\$ 6,092,882	4,856,188	6,699,360	1,843,172

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Community Development & Renewal Agency Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Taxes	\$ 3,335,166	3,335,166	3,098,449	(236,717)
Rents and other services	51,892	51,892	53,892	2,000
Interest	10,972	10,972	22,352	11,380
	<u>3,398,030</u>	<u>3,398,030</u>	<u>3,174,693</u>	<u>(223,337)</u>
<b><u>Expenditures</u></b>				
Current operating				
General government	1,814,316	1,624,227	220,132	1,404,095
Capital outlay	-	503,950	3,946	500,004
Debt service				
Principal retirement	147,081	147,081	148,000	(919)
Interest payments	21,000	21,000	21,314	(314)
Total expenditures	<u>1,982,397</u>	<u>2,296,258</u>	<u>393,392</u>	<u>1,902,866</u>
Excess of revenue over (under) expenditures	<u>1,415,633</u>	<u>1,101,772</u>	<u>2,781,301</u>	<u>1,679,529</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers (out)	<u>(1,683,053)</u>	<u>(1,688,267)</u>	<u>(1,201,609)</u>	486,658
Total other financing sources (uses)	<u>(1,415,633)</u>	<u>(1,138,222)</u>	<u>(1,201,609)</u>	<u>(63,387)</u>
Net change in fund balances	-	(36,450)	1,579,692	1,616,142
Fund balances, beginning of year	<u>2,517,946</u>	<u>2,517,946</u>	<u>2,517,946</u>	-
Fund balances, end of year	<u><u>\$ 2,517,946</u></u>	<u><u>2,481,496</u></u>	<u><u>4,097,638</u></u>	<u><u>1,616,142</u></u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	Business-Type Activities - Enterprise						Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Internal Service Funds
<b><u>Assets</u></b>							
Current assets							
Cash and cash equivalents	\$ -	5,444,120	2,289,862	1,029,592	2,146,992	10,910,566	-
Accounts receivable (net)	6,331	328,342	235,631	138,821	81,596	790,721	4,681
Due from other funds	-	17,657	-	114,361	-	132,018	-
Prepaid items	-	544,011	-	-	-	544,011	203,403
Restricted cash and cash equivalents	-	1,202,000	330,018	-	367,958	1,899,976	-
Interfund loan - CDRA	1,011,681	-	-	-	-	1,011,681	-
Total current assets	<u>1,018,012</u>	<u>7,536,130</u>	<u>2,855,511</u>	<u>1,282,774</u>	<u>2,596,546</u>	<u>15,288,973</u>	<u>208,084</u>
Noncurrent assets							
Water stock and rights	-	9,162	-	-	-	9,162	-
Land, equipment, buildings and improvements	-	32,745,146	21,603,308	-	25,868,293	80,216,747	3,178,134
Less: accumulated depreciation	-	(15,023,731)	(9,835,709)	-	(10,665,051)	(35,524,491)	(2,042,708)
Construction in process	-	315,756	634,126	-	148,674	1,098,556	-
Total noncurrent assets	<u>-</u>	<u>18,046,333</u>	<u>12,401,725</u>	<u>-</u>	<u>15,351,916</u>	<u>45,799,974</u>	<u>1,135,426</u>
Total assets	<u>\$ 1,018,012</u>	<u>25,582,463</u>	<u>15,257,236</u>	<u>1,282,774</u>	<u>17,948,462</u>	<u>61,088,947</u>	<u>1,343,510</u>
<b><u>Liabilities and Net Position</u></b>							
Current liabilities							
Accounts payable and accrued liabilities	\$ 6,931	58,393	358,271	75,477	53,808	552,880	29,391
Customer deposits	82,205	-	-	-	-	82,205	-
Due to other funds	777,101	-	(11,048)	-	(2,871)	763,182	407,398
Compensated absences - current	2,877	6,593	5,271	-	-	14,741	-
Revenue bond payable - current	-	255,000	-	-	-	255,000	-
Total current liabilities	<u>\$ 869,114</u>	<u>319,986</u>	<u>352,494</u>	<u>75,477</u>	<u>50,937</u>	<u>1,668,008</u>	<u>436,789</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Net Position - Continued**  
**Proprietary Funds**  
**June 30, 2013**

	Business-Type Activities - Enterprise						Governmental
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Activities - Internal Service Funds
Non current liabilities							
Compensated							
absences - noncurrent	\$ 5,344	12,244	9,788	-	-	27,376	-
Revenue bond payable							
- noncurrent	-	1,757,132	-	-	-	1,757,132	-
Total noncurrent liabilities	5,344	1,769,376	9,788	-	-	1,784,508	-
Total liabilities	874,458	2,089,362	362,282	75,477	50,937	3,452,516	436,789
Net position							
Invested in capital assets, net of related debt	-	16,034,201	12,401,725	-	15,351,916	43,787,842	1,135,426
Restricted							
Impact fees	-	1,118,300	330,018	-	367,958	1,816,276	-
Debt service	-	83,700	-	-	-	83,700	-
Other	82,205	-	-	-	-	82,205	-
Unrestricted	61,349	6,256,900	2,163,211	1,207,297	2,177,651	11,866,408	(228,705)
Total net position	143,554	23,493,101	14,894,954	1,207,297	17,897,525	57,636,431	906,721
Total liabilities and net position	\$ 1,018,012	25,582,463	15,257,236	1,282,774	17,948,462	61,088,947	1,343,510

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Business-Type Activities - Enterprise					Total	Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<b><u>Operating Revenues</u></b>							
Charges for services	\$ 156,063	3,456,368	2,493,762	1,230,271	863,469	8,199,933	1,113,570
Impact fees	-	156,702	78,736	-	52,984	288,422	-
Miscellaneous	-	660	820	-	47,299	48,779	18,789
Total operating revenues	156,063	3,613,730	2,573,318	1,230,271	963,752	8,537,134	1,132,359
<b><u>Operating Expenses</u></b>							
Salaries and wages	120,549	275,595	192,284	37,606	93,685	719,719	148,227
Employee benefits	51,706	136,460	77,898	13,624	40,692	320,380	-
Maintenance, supplies and contracts	76,909	1,786,108	1,585,308	996,403	165,283	4,610,011	698,079
Depreciation and amortization	-	764,575	510,514	-	562,395	1,837,484	203,400
Total operating expenses	249,164	2,962,738	2,366,004	1,047,633	862,055	7,487,594	1,049,706
Net operating income	\$ (93,101)	650,992	207,314	182,638	101,697	1,049,540	82,653

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Continued**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Business-Type Activities - Enterprise					Total	Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<b><u>Nonoperating Revenues (Expenses)</u></b>							
Gain/(loss) on disposal of capital assets	\$ -	(28,223)	-	-	(3,489)	(31,712)	40,999
Interest revenue	2,853	43,441	17,315	7,512	13,830	84,951	-
Interest expense	-	(88,167)	-	-	-	(88,167)	-
Total nonoperating revenues (expenses)	2,853	(72,949)	17,315	7,512	10,341	(34,928)	40,999
Income (loss) before contributions and transfers	(90,248)	578,043	224,629	190,150	112,038	1,014,612	123,652
Contribution of capital assets	-	195,918	576,301	-	689,434	1,461,653	-
Transfers in	90,633	-	-	-	135	90,768	-
Transfers (out)	-	(263,711)	(153,655)	(85,317)	(27,166)	(529,849)	-
Change in net position	385	510,250	647,275	104,833	774,441	2,037,184	123,652
Total net position - beginning	143,169	22,982,851	14,247,679	1,102,464	17,123,084	55,599,247	783,069
Total net position - ending	\$ 143,554	23,493,101	14,894,954	1,207,297	17,897,525	57,636,431	906,721

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds						Governmental
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Internal Service Funds
<b><u>Cash flows from operating activities</u></b>							
Receipts from customers	\$ 192,284	4,168,111	2,691,421	1,210,928	1,188,055	9,450,799	1,159,528
Payments to suppliers	(75,466)	(2,090,413)	(1,421,706)	(993,999)	(362,805)	(4,944,389)	(891,616)
Payments to employees	(170,551)	(417,804)	(267,741)	(51,230)	(134,377)	(1,041,703)	(148,227)
Net cash provided (used) by operating activities:	(53,733)	1,659,894	1,001,974	165,699	690,873	3,464,707	119,685
<b><u>Cash flows from noncapital financing activities</u></b>							
Advances (to) from other funds	(39,753)	(258,547)	(11,837)	941,698	(3,144)	628,417	150,498
Transfers from other funds	90,633	-	-	-	135	90,768	-
Transfers to other funds	-	(263,711)	(153,655)	(85,317)	(27,166)	(529,849)	-
Net cash provided (used) by noncapital financing activities:	50,880	(522,258)	(165,492)	856,381	(30,175)	189,336	150,498
<b><u>Cash flows from capital and related financing activities</u></b>							
Purchases of capital assets	-	(502,432)	(1,284,837)	-	(1,085,802)	(2,873,071)	(324,279)
Proceeds from sale of capital assets	-	-	-	-	-	-	54,096
Reimbursement for capital assets constructed	-	195,918	576,301	-	689,434	1,461,653	-
Principal paid on capital debt	-	(245,000)	-	-	-	(245,000)	-
Interest paid on capital debt	-	(88,167)	-	-	-	(88,167)	-
Net cash provided (used) by capital and related financing activities:	-	(639,681)	(708,536)	-	(396,368)	(1,744,585)	(270,183)
<b><u>Cash flows from investing activities</u></b>							
Interest and dividends received	2,853	43,441	17,315	7,512	13,830	84,951	-
Net cash provided (used) by investing activities:	2,853	43,441	17,315	7,512	13,830	84,951	-
Net increase (decrease) in cash and cash equivalents	-	541,396	145,261	1,029,592	278,160	1,994,409	-
Cash and cash equivalents - beginning	-	6,104,724	2,474,619	-	2,236,790	10,816,133	-
Cash and cash equivalents - ending	\$ -	6,646,120	2,619,880	1,029,592	2,514,950	12,810,542	-

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds						Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Internal Service Funds
<b><u>Reconciliation of operating income to net cash provided (used) by operating activities:</u></b>							
Operating income (loss)	\$ (93,101)	650,992	207,314	182,638	101,697	1,049,540	82,653
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	-	764,575	510,514	-	562,395	1,837,484	203,400
(Increase)/decrease in accounts receivable	19,521	554,381	118,103	(19,343)	224,303	896,965	27,169
(Increase)/decrease in prepaid items	-	(14,590)	-	-	-	(14,590)	(203,403)
Increase /(decrease) in accounts payable	1,443	(287,692)	163,602	2,404	(197,522)	(317,765)	9,866
Increase /(decrease) in customer deposits	16,700	-	-	-	-	16,700	-
Increase /(decrease) in compensated absences	1,704	(5,749)	2,441	-	-	(1,604)	-
Increase /(decrease) in unearned revenue	-	(2,023)	-	-	-	(2,023)	-
Total adjustments	<u>39,368</u>	<u>1,008,902</u>	<u>794,660</u>	<u>(16,939)</u>	<u>589,176</u>	<u>2,415,167</u>	<u>37,032</u>
Net cash provided (used) by operating activities	<u>\$ (53,733)</u>	<u>1,659,894</u>	<u>1,001,974</u>	<u>165,699</u>	<u>690,873</u>	<u>3,464,707</u>	<u>119,685</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Assets and Liabilities**  
**Fiduciary Fund - An Agency Fund**  
**June 30, 2013**

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	<u>Offsite Improvements</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 63,691
<b><u>Liabilities</u></b>	
Due to developers	63,691
Total liabilities	\$ 63,691

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The accompanying notes are an integral part of the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

# Clearfield City Corporation

## Notes to Financial Statements

June 30, 2013

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### Note 1 - Summary of Significant Accounting Policies

#### Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### Reporting entity

The City is a municipal corporation governed by an elected mayor and a five member council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

*Blended component units.* The following entity is blended in the accompanying basic financial statements:

Clearfield City Community Development and Renewal Agency

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the City, the above component units are blended because they are governed by boards comprised of the City council members. The City retains fiscal responsibility for these entities. These entities are reported as special revenue funds.

*Discretely presented component units.* The North Davis Fire District provides emergency services to Clearfield City and West Point City. The seven member governing board of the District is appointed by Clearfield City. The City votes to approve property taxes imposed by the District.

Complete financial statements for the component units may be obtained at the entities' administrative offices, 140 East Center, Clearfield, Utah 84015.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

Basis of presentation - government-wide financial statements

While separate government-wide and fund statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are: 1) reasonable allocation of costs where the amounts are reasonably equivalent in value to the interfund services provided and 2) other charges between the government's General Fund and utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

The *community development & renewal agency fund* accounts for and reports community development & renewal agency transactions conducted by Clearfield City, including property acquisition, site improvements, preparation cost, installation of public improvements, and administration cost, most of which are funded through property taxes and rents charged on properties

The *G.O. bond fund* is used to account for and report principal and interest on the general obligation bonds used to finance construction in the City.

The *capital projects fund* accounts for and reports the ongoing acquisition and replacement of major capital assets and infrastructure improvements needed to maintain the operations of the City. General government resources provide the primary source of funding with grants and other government resources which provide additional funding as available.

**Note 1 - Summary of Significant Account Policies - continued**

The City reports the following major proprietary funds:

The *public utility administration fund* accounts for and reports the administration of the City's public utility system.

The *water utility fund* accounts for and reports the activities of the government's water distribution operations.

The *sewer utility fund* accounts for and reports the activities of the government's sewer operations.

The *waste collection fund* accounts for and reports the activities of the government's waste collection operations.

The *storm drain fund* accounts for and reports the activities of the government's storm sewer operations.

Additionally, the City reports the following fund types:

The *fleet management internal service fund* - accounts for and reports the fleet vehicles owned by the City.

The *risk management internal service fund* - accounts for and reports risk management for the City.

The *offsite improvement fund* accounts for and reports the funds collected from developers for offsite improvements and is a fiduciary fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible.

Property taxes are collected by the County Treasurer and remitted to the City shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, natural gas and electric utilities, and by cable TV operations and are remitted to the City monthly.

4. Restricted cash and cash equivalents

Certain resources of the City's governmental funds are set aside for repayment of debt, capital projects, impact fees, and cemetery perpetual care.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Buildings	50	System infrastructure	30
Building improvements	15-20	Vehicles	5-10
Public domain infrastructure	50	Equipment	3-7

**Note 1 - Summary of Significant Account Policies - continued**

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on issuance costs reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt .

In addition to liabilities, the statement of financial position 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of deferred inflow of resources. Property taxes to be collected in November were unavailable in the current fiscal year. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note 1 - Summary of Significant Account Policies - continued**

8. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund balance/ net position policies

Government-wide financial statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

*Invested in capital assets, net of related debt* - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* - 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.

*Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

Fund financial statements

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

*Nonspendable fund balance* - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations or other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. That formal action is by adoption of an ordinance prior to the end of the fiscal year. The commitment can only be removed through the same action.

*Assigned fund balance* - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assigned fund balance also includes all remaining amounts that are report in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

*Unassigned fund balance* - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the General Fund.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 1 - Summary of Significant Account Policies - continued**

Revenues and expenditures/expenses

1. Program revenues

Amounts reported as 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 or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. Collections are periodically distributed to the taxing entities, with final settlement due March 31st of the subsequent year. The City records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. Compensated absences

City employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation up to 240 hours may carryover into the next year and is paid upon termination. Sick leave in excess of 80 hours may be converted to five days vacation leave or to cash at one-fourth of the amount.

Sick leave is forfeited upon termination. Certain eligible employees, can, upon retirement, convert unused sick leave into prepaid health insurance premiums (up to 5 years) or receive an equivalent lump sum payment.

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 1 - Summary of Significant Account Policies - continued**

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 73,044,076
Accumulated depreciation	<u>(39,838,308)</u>
Total difference	<u><u>\$ 33,205,768</u></u>

Deferred revenue/costs:

Long-term assets applicable to the City's governmental activities are not available to pay for current expenditures and thus are deferred in government funds. The statement of net assets includes the following costs:

Deferred issuance costs	<u>\$ 209,210</u>
	<u><u>\$ 209,210</u></u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - continued**

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2013 were:

General obligation bonds	\$ 7,160,000
Revenue bonds	13,580,000
Bond premium	152,838
Interest payable on long-term debt	397,613
Compensated absences	445,658
	<hr/>
Total difference	<u>\$ 21,736,109</u>

Explanation of differences between governmental fund operating statements and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures, while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 668,938
Loss on disposal of capital assets	(28,116)
Depreciation expense	(1,361,939)
	<hr/>
Net difference as reported	<u>\$ (721,117)</u>

Another element of the reconciliation states that "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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Principal repayments:	
General obligation debt	\$ 735,000
Revenue bond obligations	883,000
	<hr/>
Net difference as reported	<u>\$ 1,618,000</u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - continued**

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of the difference are as follows:

Compensated absences	\$ (9,460)
Amortization of bond premiums	23,400
Amortization of bond discounts	(1,093)
Amortization of issuance costs	(21,646)
Accrued interest	<u>24,795</u>
Net difference as reported	<u><u>\$ 15,996</u></u>

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**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 3 - Stewardship, Compliance, and Accountability**

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the Clearfield City Council on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. Tentative budgets must be adopted on or before June 22nd for the following fiscal year, beginning July 1. Final adoption of the budget must be no later than August 17th. Budgets may be increased by resolution of the City Council at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. The budget is adopted by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between Departments require the approval of the City Council. The legal level of budgetary control is at the departmental level. Appropriations lapse at June 30.

Budgets for the General Fund, Special Revenue Funds, and Capital Projects Funds are prepared on the modified accrual basis of accounting. Encumbrances are used only as an internal management control device during the year. Appropriations lapse at year end. Therefore, encumbrances are not reflected in the accompanying financial statements. However, encumbrances generally are reappropriated and honored as part of the following year's budget. The Council made several supplemental budgetary appropriations throughout the year. Budget and actual statements for funds reported as major are included in this report. The supplemental budgetary appropriations made in nonmajor funds were not material. During the current year, the expenditures exceeded appropriations in various departments and funds as noted in the Schedule of Findings.

Utah State law allows for any unassigned fund balance in excess of 5% of total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 25% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year, to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. For the current year, the City is not in compliance based on the above range. The General Fund is over state compliance limits by \$2,009,731.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 4 - Detailed Notes on All Funds**

Deposits and investments

The City maintains cash accounts with local institutions and investment pools with the Utah Public Treasurers' Investment Fund, which is available for use by all funds.

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, Section 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.

As of June 30, 2013, the City had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	\$ 1,667,346
Utah Public Treasurers' Investment Fund	<u>21,835,329</u>
	<u>\$ 23,502,675</u>

Deposits

*Custodial credit risk* - Custodial credit risk is the risk that in the event of a bank failure, the local government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2013, \$1,167,346 of the \$1,667,346 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City's non-endowment 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.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 4 - Detailed Notes on All Funds - continued**

Deposits and investments - continued

These 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, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; 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 Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. 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 (net of administration fees) of the PTIF 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.

For the year ended June 30, 2013, the City had investments of \$21,835,329 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

*Interest rate risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Entity’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 270-365 days or less. In addition, variable rate negotiable deposits, and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

*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.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 4 - Detailed Notes on All Funds - continued**

Investments - continued

*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, as applicable. 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.

Components of cash and investments (including interest earning deposits) at June 30, 2013, are as follows:

Cash on hand and on deposit	
Cash on hand	\$ 4,550
Cash on deposit	1,450,645
Utah State Treasurer's investment pool account	<u>21,835,329</u>
	<u><u>\$23,290,524</u></u>

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

Cash and cash equivalents	\$ 18,986,583
Restricted cash	<u>4,303,941</u>
	<u><u>\$23,290,524</u></u>

Property taxes receivable

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Property taxes receivable (general fund)	\$ 1,202,977
Property taxes receivable (G.O. bond fund)	<u>716,000</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$ 1,918,977</u></u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Capital assets

Capital asset activity for the year ended June 30, 2013 was as follows:

**Primary Government**

**Governmental Activities:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 4,943,221	-	-	4,943,221
Construction in progress	2,814,206	496,933	2,627,978	683,161
Water rights	25,200	-	-	25,200
<b>Total capital assets not being depreciated</b>	<b>7,782,627</b>	<b>496,933</b>	<b>2,627,978</b>	<b>5,651,582</b>
Capital assets being depreciated:				
Buildings	25,082,544	-	5,033	25,077,511
Improvements	1,849,155	-	64,248	1,784,907
Machinery and equipment	6,909,660	485,673	674,618	6,720,715
Infrastructure	33,744,653	64,708	-	33,809,361
<b>Total capital assets being depreciated</b>	<b>67,586,012</b>	<b>550,381</b>	<b>743,899</b>	<b>67,392,494</b>
Less accumulated depreciation for:				
Buildings	6,473,580	653,498	4,159	7,122,919
Improvements	544,891	80,063	23,135	601,819
Machinery and equipment	4,672,218	482,349	580,296	4,574,271
Infrastructure	27,393,270	146,029	-	27,539,299
<b>Total accumulated depreciation</b>	<b>39,083,959</b>	<b>1,361,939</b>	<b>607,590</b>	<b>39,838,308</b>
<b>Total capital assets, being depreciated, net</b>	<b>28,502,053</b>	<b>(811,558)</b>	<b>136,309</b>	<b>27,554,186</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 36,284,680</b>	<b>(314,625)</b>	<b>2,764,287</b>	<b>33,205,768</b>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

**Primary Government**

**Business-type Activities:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in process	\$ 4,121,309	1,201,791	4,224,544	1,098,556
Land	1,404,577	-	-	1,404,577
Water stock and rights	9,162	-	-	9,162
<b>Total capital assets not being depreciated</b>	<b>5,535,048</b>	<b>1,201,791</b>	<b>4,224,544</b>	<b>2,512,295</b>
Capital assets being depreciated:				
Buildings	2,707,994	288,137	30,610	2,965,521
Improvements	308,789	-	188,320	120,469
Infrastructure	69,147,871	5,754,953	699,148	74,203,676
Machinery and equipment	1,516,890	74,061	68,447	1,522,504
<b>Total capital assets being depreciated</b>	<b>73,681,544</b>	<b>6,117,151</b>	<b>986,525</b>	<b>78,812,170</b>
Less accumulated depreciation for:				
Buildings	2,551,801	12,212	8,941	2,555,072
Improvements	56,586	15,457	-	72,043
Infrastructure	31,142,714	1,728,620	695,659	32,175,675
Machinery and equipment	669,392	81,193	28,884	721,701
<b>Total accumulated depreciation</b>	<b>34,420,493</b>	<b>1,837,482</b>	<b>733,484</b>	<b>35,524,491</b>
<b>Total capital assets, being depreciated, net</b>	<b>39,261,051</b>	<b>4,279,669</b>	<b>253,041</b>	<b>43,287,679</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 44,796,099</b>	<b>5,481,460</b>	<b>4,477,585</b>	<b>45,799,974</b>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 4 - Detailed Notes on All Funds - continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 471,459
Public safety	75,093
Public works	143,277
Highways and public improvements	451
Community services	468,259
Internal service fund	203,400
Total depreciation expense- governmental activities	<u>1,361,939</u>

Business-type activities:

Water	764,575
Sewer	510,514
Storm sewer	562,395
Total depreciation expense - business-type activities	<u>1,837,484</u>
Total depreciation expense	<u><u>\$ 3,199,423</u></u>

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**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Discretely presented component unit - North Davis Fire District

<b>Business-type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 200,110	-	-	200,110
Total capital assets not being depreciated	200,110	-	-	200,110
Capital assets being depreciated:				
Buildings and improvements	2,925,419	81,529	-	3,006,948
Machinery and equipment	2,113,051	45,167	71,332	2,086,886
Total capital assets being depreciated	5,038,470	126,696	71,332	5,093,834
Less accumulated depreciation for:				
Buildings and improvements	289,064	74,155	-	363,219
Machinery and equipment	1,024,298	261,220	52,533	1,232,985
Total accumulated depreciation	1,313,362	335,375	52,533	1,596,204
Total capital assets, being depreciated, net	3,725,108	(208,679)	18,799	3,497,630
Business-type activities capital assets, net	\$ 3,925,218	(208,679)	18,799	3,697,740

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**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Interfund receivables, payables, and transfers

Individual interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	46,315
Community Development & Renewal Agency	-	181,192
Capital Projects	1,205,540	-
G.O. Bond Fund	802	-
Public Utility Administration	-	777,101
Water Utility	17,657	-
Sewer Utility	-	(11,048)
Waste Collection	114,361	-
Storm Drain	-	(2,871)
Internal Service Fund - Fleet	-	407,398
Nonmajor Governmental	59,727	-
	<u>\$ 1,398,087</u>	<u>1,398,087</u>

<u>Fund</u>	<u>Loans Receivable Other Funds</u>	<u>Loans Payable Other Funds</u>
Community Development & Renewal Agency	\$ -	1,011,681
Public Utility Administration	1,011,681	-
	<u>\$ 1,011,681</u>	<u>1,011,681</u>

Interfund transfers:

	<u>Transfer in</u>				
<u>Transfers out:</u>	<u>General Fund</u>	<u>G.O. Bond Fund</u>	<u>Capital Projects</u>	<u>Non-Major Governmental</u>	<u>Total Transfers out</u>
General Fund	\$ -	-	1,127,643	55,900	1,183,543
CDRA Fund	1,059,422	-	142,051	-	1,201,473
Enterprise funds	75,777	363,440	-	-	439,217
Total	<u>\$ 1,135,199</u>	<u>363,440</u>	<u>1,269,694</u>	<u>55,900</u>	<u>2,824,233</u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Interfund receivables and payables are created when expenditures are paid by one fund on behalf of another. In addition, allocations of expenditures between funds are recorded as due to/from until paid.

During the year, transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and 2) move general fund resources to provide an annual subsidy to the capital projects fund.

Leases commitments

Operating Leases

The City has entered into various operating leases with local individuals and businesses for the use of property held for redevelopment. These leases are month to month and are cancelable at any time by either party. For the year ended June 30, 2013 lease revenue amounted to \$49,292.

Discretely presented component unit - North Davis Fire District

The District purchased an aerial fire truck during the year, financed by a capital lease in the principal amount of \$600,000. Leases that in substance are purchases are reported as capital lease obligations. In the government-wide statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability and the interest portion is expensed. In government fund statements, both the principal and interest portions of capital lease payments are recorded as expenditures. The District made no principal or interest payments during the year, since the first payment was made in September 2012.

Operating leases are leases for which the District will not gain title to the property being leased. Therefore, the related assets and liabilities are not recorded on the financial statements. The District has no operating leases at June 30, 2013.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Governmental Activities
2013	\$ 69,991
2014	69,991
2015	69,991
2016	69,991
2017	69,991
Thereafter	279,960
Total minimum lease payments	629,915
Less: amount representing interest	(84,706)
Present value of minimum lease payments	<u>\$ 545,209</u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$15,000,000. General obligation bonds totaling \$10,105,000 were issued in 2005 to refund prior general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 14 to 20 year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Overpass and municipal buildings	3-5%	<u>\$ 7,160,000</u>
		<u><u>\$ 7,160,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 770,000	325,750
2015	800,000	293,025
2016	830,000	259,025
2017	870,000	223,750
2018	900,000	180,250
2019-2021	<u>2,990,000</u>	<u>288,750</u>
Total	<u><u>\$ 7,160,000</u></u>	<u><u>1,570,550</u></u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Advance and current refunding

In April 2005, the City issued \$10,105,000 in general obligation bonds to partially refund previous general obligation bonds with an outstanding balance of \$12,090,000. The City has invested the proceeds in State and Local Government Securities (SLGS's) such that \$9,790,000 of the previous bond balance was refunded. The refunding of the \$9,790,000 is considered an in-substance defeasance and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding originally reduced total debt service payments over 16 years by \$425,125. The transaction resulted in an economic gain of \$308,423. The outstanding principal balance of the defeased bond as of June 30, 2013 was \$7,200,000.

Revenue Bonds

The City also issued sales tax revenue bonds which were used for City improvements for a new aquatic center, skate park, gymnasium, water and sewer projects, and road projects. The 2003 bonds were issued for \$14,650,000, and are due in annual installments of \$365,000 to \$875,000 through July 1, 2026. The 2006 bonds were issued for \$9,700,000 and are due in annual installments of \$40,000 to \$975,000 through July 1, 2028. The City issued excise tax revenue bonds to finance the construction of an overpass within the City. In 2009, the City issued sales tax revenue bonds for \$2,223,000. Those bonds were refunded for \$2,210,000 prior to fiscal year end 2010. These bonds were issued to fund road projects and are being repaid in installments of \$225,000 to \$270,000 through 2020. At June 30, 2013, the outstanding balances of such issues are as follows:

Purpose	Interest Rates	Amount
Recreation improvements	2.0-5.0%	\$ 2,185,000
Recreation improvements - refunding	3.625-4.150%	9,485,000
Road projects	1.5%-3.25%	1,755,000
		\$ 13,425,000

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

In addition, the City's Community Development & Renewal Agency has issued tax increment revenue bonds which were used to pay off loans owed to the General and Enterprise Funds of the City. The 1996 bonds were issued for \$2,275,000 and are due in annual installments of \$57,000 to \$165,000 through August 1, 2011; and the 2004 series bonds were issued for \$1,399,000, and are due in annual installments of \$130,000 to \$155,000 through May 15, 2014. At June 30, 2013, the outstanding balances of such issues were as follows:

Purpose	Interest Rates	Amount
2004 Community Development & Renewal	2.55-4.3%	\$ 155,000

The City also issued water revenue bonds which were used for City improvements to its water system. The 2007 bonds were issued for \$3,330,000 and are due in annual installments of \$215,000 to \$320,000 through May 1, 2020. At June 30, 2011, the outstanding balances of such issues were as follows:

Purpose	Interest Rates	Amount
2007 Water Revenue Bonds	4%	\$ 2,000,000
Total City reflected revenue bonds		\$ 15,580,000

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Revenue bond debt service requirements to maturity for the primary government are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 1,165,000	596,659
2015	1,050,000	554,400
2016	1,085,000	516,425
2017	1,130,000	476,278
2018	1,170,000	433,206
2019-2023	4,690,000	1,516,896
2024-2028	4,315,000	662,997
2029-2033	975,000	20,231
Total	<u>\$ 15,580,000</u>	<u>4,777,092</u>

**Advance and current refundings**

In 2004, the government issued \$1,399,000 of tax increment revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,187,000 on tax increment revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding originally reduced total debt service payments over 10 years by \$351,950. The transaction resulted in an economic gain of \$112,118. The outstanding principal balance of the defeased bond as of June 30, 2013 was \$594,000.

In 2006, the government issued \$9,700,000 of tax increment revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,820,000 on tax increment revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding originally reduced total debt service payments over 21 years by \$886,817. The transaction resulted in an economic gain of \$328,167. The outstanding principal balance of the defeased bond as of June 30, 2013 was \$7,920,000.

In 2010, the government issued \$2,210,000 of tax increment revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,223,000 on tax increment revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding originally reduced total debt service payments over 9 years by \$265,212. The transaction resulted in an economic gain of \$198,828. The outstanding principal balance of the defeased bond as of June 30, 2013 was \$1,649,000.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Discretely presented component unit - North Davis Fire District

Revenue Bonds

The District issued \$3,100,000 in Revenue Bonds on January 9, 2008 with an interest rate of 4.63%. Bond proceeds were used to fund the construction of the new fire station in West Point City which was completed in March, 2008.

In February of 2013, the District amended the terms of the bonds at a lower 3.38% interest rate adding \$18,000 in Bond Issuance costs to the bond payable. The transaction resulted in future savings on debt service payments of \$252,192 over the remaining 14 years of bonds. The District has pledged future revenues to repay these bonds.

Year Ending June 30	Principal	Interest
2014	\$ 143,000	85,953
2015	150,000	81,120
2016	155,000	76,050
2017	160,000	70,811
2018	165,000	65,403
2019-2023	915,000	239,472
2024-2028	855,000	73,346
<b>Total</b>	<b>\$ 2,543,000</b>	<b>692,155</b>

Note Payable

On May 22, 2012, the District purchased the Station 42 building from Clearfield City for \$400,455, and paid \$200,455 during fiscal year 2012. The District paid the remaining balance of \$200,000 to Clearfield City on April 4, 2013.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable					
General obligation bonds	\$ 7,895,000	-	(735,000)	7,160,000	770,000
General obligation bonds - premium	143,310	-	(17,914)	125,396	-
Revenue bonds	14,463,000	-	(883,000)	13,580,000	910,000
Revenue bonds - premium	32,928	-	(5,486)	27,442	-
Total bonds payable	22,534,238	-	(1,641,400)	20,892,838	1,680,000
Compensated absences	436,198	263,272	(253,812)	445,658	259,317
Governmental activity long-term liabilities	<u>\$22,970,436</u>	<u>263,272</u>	<u>(1,895,212)</u>	<u>21,338,496</u>	<u>1,939,317</u>
<b>Business-type activities:</b>					
Bonds payable					
Revenue bonds	\$ 2,245,000	-	(245,000)	2,000,000	255,000
Revenue bonds - premium	14,155	-	(2,023)	12,132	-
Compensated absences	43,721	45,284	(46,888)	42,117	14,741
Business-type activities: long-term liabilities	<u>\$ 2,302,876</u>	<u>45,284</u>	<u>(293,911)</u>	<u>2,054,249</u>	<u>269,741</u>

The governmental activities compensated absences are generally liquidated by the general fund.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 4 - Detailed Notes on All Funds - continued**

Discretely presented component unit - North Davis Fire District

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 2,650,000	18,000	(125,000)	2,543,000	143,000
Capital leases	600,000	-	(54,791)	545,209	54,791
Note payable	200,000	-	(200,000)	-	-
Compensated absences	106,192	-	(5,919)	100,273	-
Total component unit long-term liabilities	<u>\$ 3,556,192</u>	<u>18,000</u>	<u>(385,710)</u>	<u>3,188,482</u>	<u>197,791</u>

**Note 5 - Other Information**

Risk management

The 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 government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Retirement plans

Local governmental - cost sharing defined benefits pension plans

*Plan description*

Clearfield City Corporation, contributes to a Local Governmental Division (Contributory System and Noncontributory System) and Public Safety System (Contributory System and Noncontributory System), Other Division A, for employees which provides retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes. Clearfield City Corporation is affiliated with the Utah Retirement System, an agent multiple-employer and cost-sharing multiple-employer pension plan administrator. The Utah State Retirement Act in Chapter 49 provides for the benefits and the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for Clearfield City. A copy of the report may be obtained by writing the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 5 - Other Information - continued**

*Funding Policy*

Clearfield City Corporation's members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. The City is required to contribute a percent of covered salary to the respective systems, 12.74% to the Contributory, 16.04% to the Noncontributory, 19.25% to the Public Safety Contributory, and 30.45% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

For 2013, Clearfield City Corporation's annual pension cost of \$960,764 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases are assumed to increase 4.50% (3.50% from inflation, 1.00% from productivity), (c) 2.5% cost of living adjustment. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of Clearfield City Corporation's pension assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a 5-year period. Clearfield City Corporation's public safety pension unfunded actuarial accrued liability is being amortized over an open 20-year amortization period. Amortization payments are designed to remain level as a percent of payroll.

*Deferred Compensation Plan*

The City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$46,334 for the year ended June 30, 2013.

*Defined Contribution Plan*

The 401(k) plan provided by International City Management Association (ICMA) is a multiple-employer defined contribution plan. All employees of the City who participate in the Utah Retirement System contributory, noncontributory, or firefighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are determined by the City Council and are intended to standardize a minimum retirement contribution of 13% for all full-time employees participating in the Utah Retirement System. Plan provisions and contribution requirements are established and may be amended by the Clearfield City Council. The City's contributions to the 401(k) plan were \$60,041 for the year ended June 30, 2013.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

**Note 5 - Other Information - continued**

Commitments and Contingencies

The City has commitments related to capital improvements, capital purchases and other contractual agreements at June 30, 2013, for the following:

Fund	Capital Purchases	Capital Improvements	Other	Total
General Fund	\$ 176,190	882,000	174,082	1,232,272
Community Development and Renewal Fund	-	434,500	-	434,500
G.O. Bond Fund	-	-	802	802
Nonmajor Funds - governmental	-	18,757	-	18,757
Water Fund	-	2,123,950	-	2,123,950
Sewer Fund	-	1,066,298	-	1,066,298
Storm Sewer Fund	-	894,123	-	894,123
Garbage Fund	-	130,000	-	130,000
	<u>\$ 176,190</u>	<u>5,549,628</u>	<u>174,884</u>	<u>5,900,702</u>

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, 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 City expects such amounts, if any, to be immaterial.

There are a few potential lawsuits in which the City is involved. The City's attorney estimates that the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial statements of the City.

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 5 - Other Information - continued**

Community Development & Renewal Agency

Tax increment monies were generated from the following project areas within the Community Development & Renewal Agency:

Area #6	\$ 240,245
Area #7	344,920
Area #8	194,893
Area #9	302,915
Area #10	338,242
EDA	<u>1,677,234</u>
Total Increment Money	<u><u>\$ 3,098,449</u></u>

Outstanding debt of the CDRA consists of the following:

Tax Increment Bonds- Series 2004	\$ 155,000
Advances from and amounts due to other funds	<u>1,192,873</u>
	<u><u>\$ 1,347,873</u></u>

During the year, the CDRA expended monies in the categories below as follows:

Site Improvements/ Preparation Costs	\$ 3,946
Administration Costs	220,132
Debt repayment and bond issuance costs	<u>169,314</u>
	<u><u>\$ 393,392</u></u>

**Clearfield City Corporation**  
**Notes to Financial Statements - Continued**  
**June 30, 2013**

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**Note 5 - Other Information - continued**

Conduit debt obligations

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of residential low-income housing and the purchase of manufacturing equipment. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, the following bonds were outstanding:

<u>Company</u>	<u>Balance at June 30, 2013</u>
Oakstone, L.C. 1997A and B	\$ 15,000,000
Utah Stamping Company 2005	3,000,000

The Oakstone bonds were refunded, in September of 2008, resulting in a more favorable rate for the borrower.

Prior period adjustments

During the 2013 year, the City discovered that they had not been using the modified accrual method of accounting to recognize one month of the revenue collected and paid through the Utah State Tax Commission. This resulted in a \$366,066 increase in the beginning fund balance of the General Fund.

The City determined that amounts previously capitalized as construction in process were in fact maintenance and repairs. This resulted in a \$2,653,178 decrease in the beginning net position of the general government.

Subsequent events

Subsequent events have been evaluated through November 7, 2013, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

## **SUPPLEMENTAL INFORMATION**

# Clearfield City Corporation

## Governmental Fund Descriptions

June 30, 2013

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### Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

*Capital Projects Fund* - This fund accounts for the ongoing acquisition and replacement of major capital assets and infrastructure improvements needed to maintain the operations of the City. General government resources provide the primary source of funding with grants and other government resources providing additional funding as available.

### Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

*G.O. Bond Fund* - This fund is used to account for principal and interest on the general obligation bonds used to finance construction in the City.

## NONMAJOR GOVERNMENTAL FUNDS

### Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

*Parks Fund* - This fund is used to account for the acquisition and development of City parks. Federal and State grant revenues along with general governmental resources provide funding for these projects.

### Permanent Fund

Permanent funds are used to account for and report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Cemetery Perpetual Care Permanent Fund* - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used to maintain the City's cemetery.

**Clearfield City Corporation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Interest	\$ -	-	940	940
<b><u>Expenditures</u></b>				
Capital outlay	961,759	1,723,859	422,350	1,301,509
Excess (deficiency) of revenues over (under) expenditures	(961,759)	(1,723,859)	(421,410)	1,302,449
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	961,759	1,601,259	1,269,694	(331,565)
Total other financing sources (uses)	961,759	1,601,259	1,269,694	(331,565)
Net change in fund balances	-	(122,600)	848,284	970,884
Fund balances, beginning of year	312,753	312,753	312,753	-
Fund balances, end of year	<u>\$ 312,753</u>	<u>190,153</u>	<u>1,161,037</u>	<u>970,884</u>

**Clearfield City Corporation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - G.O. Bond**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 718,728	718,728	727,210	8,482
Total revenues	<u>718,728</u>	<u>718,728</u>	<u>727,210</u>	<u>8,482</u>
<b><u>Expenditures</u></b>				
Bond issue costs	500	500	500	-
Principal retirement	735,000	735,000	735,000	-
Interest and fiscal charges	355,150	355,150	355,150	-
Total expenditures	<u>1,090,650</u>	<u>1,090,650</u>	<u>1,090,650</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(371,922)</u>	<u>(371,922)</u>	<u>(363,440)</u>	<u>8,482</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	371,922	371,922	363,440	(8,482)
Total other financing sources (uses)	<u>371,922</u>	<u>371,922</u>	<u>363,440</u>	<u>(8,482)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>802</u>	<u>802</u>	<u>802</u>	<u>-</u>
Fund balances, end of year	<u>\$ 802</u>	<u>802</u>	<u>802</u>	<u>-</u>

**Clearfield City Corporation**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
	Parks	Cemetery Perpetual Care	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ -	15,043	15,043
Due from other funds	57,212	2,515	59,727
Restricted cash and cash equivalents	85,606	173,291	258,897
Total assets	<u>142,818</u>	<u>190,849</u>	<u>333,667</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities			
Accounts payable	38,455	-	38,455
Total liabilities	<u>38,455</u>	<u>-</u>	<u>38,455</u>
Fund balances			
Restricted for:			
Capital projects	85,606	-	85,606
Cemetery perpetual care	-	173,291	173,291
Committed	18,757	-	18,757
Assigned, reported in:			
Capital projects funds	-	17,558	17,558
Total fund balances	<u>104,363</u>	<u>190,849</u>	<u>295,212</u>
Total liabilities and fund balances	<u>\$ 142,818</u>	<u>190,849</u>	<u>333,667</u>

**Clearfield City Corporation**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>Capital Projects</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Fund</u>
<b><u>Revenues</u></b>	<u>Parks</u>		
Intergovernmental	\$ -	12,300	12,300
Impact fees	32,414	-	32,414
Interest	1,163	1,347	2,510
Total	<u>33,577</u>	<u>13,647</u>	<u>47,224</u>
<b><u>Expenditures</u></b>			
General government	<u>180,971</u>	-	<u>180,971</u>
Total expenditures	<u>180,971</u>	-	<u>180,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(147,394)</u>	<u>13,647</u>	<u>(133,747)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	<u>55,900</u>	-	<u>55,900</u>
Total other financing sources (uses)	<u>55,900</u>	-	<u>55,900</u>
Net change in fund balances	(91,494)	13,647	(77,847)
Fund balances, beginning of year	<u>195,857</u>	<u>177,202</u>	<u>373,059</u>
Fund balances, end of year	<u><u>104,363</u></u>	<u><u>190,849</u></u>	<u><u>295,212</u></u>

**Clearfield City Corporation**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2013**

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	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 37,631	39,000	12,940	63,691
Total assets	\$ 37,631	39,000	12,940	63,691
<b><u>Liabilities</u></b>				
Due to developers	\$ 37,631	39,000	12,940	63,691
Total liabilities	\$ 37,631	39,000	12,940	63,691

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**Clearfield City Corporation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Parks Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Interest	\$ 92	92	1,163	1,071
Impact fees	7,000	7,000	32,414	25,414
	7,092	7,092	33,577	26,485
<b><u>Expenditures</u></b>				
General government	188,092	243,992	180,971	63,021
Excess of revenue over expenditures	(181,000)	(236,900)	(147,394)	89,506
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in (out)	-	55,900	55,900	-
Total other financing sources (uses)	-	55,900	55,900	-
Net change in fund balances	(181,000)	(181,000)	(91,494)	89,506
Fund balances, beginning of year	195,857	195,857	195,857	-
Fund balances, end of year	\$ 14,857	14,857	104,363	89,506

**Clearfield City Corporation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Cemetery Perpetual Care Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Interest	\$ 1,000	1,000	1,347	347
Intergovernmental	9,000	9,000	12,300	3,300
Total revenues	10,000	10,000	13,647	3,647
<b><u>Expenditures</u></b>				
General government	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	-	-	13,647	13,647
Net change in fund balances	-	-	13,647	13,647
Fund balances, beginning of year	177,202	177,202	177,202	-
Fund balances, end of year	\$ 177,202	177,202	190,849	13,647

**Clearfield City Corporation**  
**Internal Fund Descriptions**  
**June 30, 2013**

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**Internal Service Funds**

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

*Fleet Management Fund* – to account for the government’s transportation fleet including fleet acquisition and disposal, preventative maintenance, repairs, and the rental of motor vehicles to other departments and related costs.

*Risk Management Fund* – to account for the central management and billing of workers’ compensation, general liability, and property damage.

**Clearfield City Corporation**  
**Statement of Net Position**  
**Internal Service Funds Combining**  
**June 30, 2013**

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<b><u>Assets</u></b>			
Current assets			
Cash and cash equivalents	\$ -	-	-
Accounts receivable (net)	4,681	-	4,681
Prepaid items	-	203,403	203,403
Total current assets	<u>4,681</u>	<u>203,403</u>	<u>208,084</u>
Noncurrent assets			
Land, equipment, buildings and improvements	3,178,134	-	3,178,134
Less: accumulated depreciation	(2,042,708)	-	(2,042,708)
Total noncurrent assets	<u>1,135,426</u>	<u>-</u>	<u>1,135,426</u>
Total assets	<u>\$ 1,140,107</u>	<u>203,403</u>	<u>1,343,510</u>
<b><u>Liabilities and Net Position</u></b>			
Current liabilities			
Accounts payable and accrued liabilities	28,416	975	29,391
Due to other funds	213,753	193,645	407,398
Total current liabilities	<u>242,169</u>	<u>194,620</u>	<u>436,789</u>
Total liabilities	<u>242,169</u>	<u>194,620</u>	<u>436,789</u>
Net position			
Invested in capital assets, net of related debt	1,135,426	-	1,135,426
Unrestricted	(237,488)	8,783	(228,705)
Total net position	<u>897,938</u>	<u>8,783</u>	<u>906,721</u>
Total liabilities and net position	<u>\$ 1,140,107</u>	<u>203,403</u>	<u>1,343,510</u>

**Clearfield City Corporation**  
**Statement of Revenues, Expenses, and Changes in Fund Net position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 835,102	278,468	1,113,570
Miscellaneous	14,882	3,907	18,789
Total operating revenues	<u>849,984</u>	<u>282,375</u>	<u>1,132,359</u>
<b><u>Operating Expenses</u></b>			
Salaries and wages	148,227	-	148,227
Maintenance supplies and contracts	424,487	273,592	698,079
Depreciation and amortization	<u>203,400</u>	<u>-</u>	<u>203,400</u>
Total operating expenses	<u>776,114</u>	<u>273,592</u>	<u>1,049,706</u>
Net operating income	<u>73,870</u>	<u>8,783</u>	<u>82,653</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Gain/(loss) on disposal of capital assets	40,999	-	40,999
Total nonoperating revenues (expenses)	<u>40,999</u>	<u>-</u>	<u>40,999</u>
Change in net position	114,869	8,783	123,652
Total net position - beginning	<u>783,069</u>	<u>-</u>	<u>783,069</u>
Total net position - ending	<u>\$ 897,938</u>	<u>8,783</u>	<u>906,721</u>

The accompanying notes are an integral part of the financial statements.

**Clearfield City Corporation**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<b><u>Cash flows from operating activities</u></b>			
Receipts from customers	\$ 877,153	282,375	1,159,528
Payments to suppliers	(415,596)	(476,020)	(891,616)
Payments to employees	(148,227)	-	(148,227)
Net cash provided (used) by operating activities	<u>313,330</u>	<u>(193,645)</u>	<u>119,685</u>
<b><u>Cash flows from noncapital financing activities</u></b>			
Advances (to) from other funds	(43,147)	193,645	150,498
Net cash provided (used) by noncapital financing activities	<u>(43,147)</u>	<u>193,645</u>	<u>150,498</u>
<b><u>Cash flows from capital and related financing activities</u></b>			
Purchases of capital assets	(324,279)	-	(324,279)
Proceeds from sale of capital assets	54,096	-	54,096
Net cash provided (used) by capital and related financing activities	<u>(270,183)</u>	<u>-</u>	<u>(270,183)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b><u>Reconciliation of operating income to net cash provided (used) by operating activities:</u></b>			
Operating income (loss)	\$ 73,870	8,783	82,653
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	203,400	-	203,400
(Increase)/decrease in accounts receivable	27,169	-	27,169
(Increase)/decrease in prepaid items	-	(203,403)	(203,403)
Increase /(decrease) in accounts payable	8,891	975	9,866
Total adjustments	<u>239,460</u>	<u>(202,428)</u>	<u>37,032</u>
Net cash provided (used) by operating activities	<u>\$ 313,330</u>	<u>(193,645)</u>	<u>119,685</u>

The accompanying notes are an integral part of the financial statements.

**CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS**

**Clearfield City Corporation**  
**Schedule of General Capital Assets - By Source**  
**June 30, 2013**

	Totals <u>June 30, 2013</u>
<b><u>General Capital Assets</u></b>	
Land	\$ 4,943,221
Water rights	25,200
Buildings	25,077,511
Improvements	1,784,907
Machinery and equipment	6,720,715
Infrastructure	33,809,361
Construction in progress	<u>683,161</u>
Total general capital assets	<u><u>73,044,076</u></u>
<b><u>Investment in General Capital Assets by Source</u></b>	
General fund	20,568,542
Capital projects funds	48,259,822
Grants	<u>4,215,712</u>
Total investment in general capital assets	<u><u>\$ 73,044,076</u></u>

**Clearfield City Corporation**  
**Schedule of General Capital Assets - By Function and Activity**  
**June 30, 2013**

<b>Function and activity</b>	<u>Land</u>	<u>Water Rights</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Machinery and Equipment</u>	<u>Infra-structure</u>	<u>Construction In Progress</u>	<u>Totals</u>
General government								
Executive	\$ -	-	11,946,989	-	127,436	-	-	12,074,425
Justice court	-	-	-	1,988	31,335	-	-	33,323
Information technology	-	-	-	-	1,279,927	-	-	1,279,927
Finance and administration	-	-	-	2,460	75,798	-	-	78,258
Building	-	-	-	176,093	138,884	-	-	314,977
Other	2,439,736	25,200	-	-	-	-	-	2,464,936
Total general government	<u>2,439,736</u>	<u>25,200</u>	<u>11,946,989</u>	<u>180,541</u>	<u>1,653,380</u>	<u>-</u>	<u>-</u>	<u>16,245,846</u>
Community development								
Administration	-	-	-	-	47,382	-	-	47,382
Public safety								
Police	-	-	-	-	555,842	-	390,534	946,376
Dispatch	-	-	-	45,942	248,998	-	-	294,940
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,942</u>	<u>804,840</u>	<u>-</u>	<u>390,534</u>	<u>1,241,316</u>
Highways and public improvements								
Maintenance	-	-	-	631	7,370	-	-	8,001
Shops	-	-	74,895	-	171,161	-	-	246,056
Streets	-	-	-	86,558	93,873	33,283,876	132,701	33,597,008
Total highways and public improvements	<u>-</u>	<u>-</u>	<u>74,895</u>	<u>87,189</u>	<u>272,404</u>	<u>33,283,876</u>	<u>132,701</u>	<u>33,851,065</u>
Community services								
Parks	2,503,485	-	818,510	1,471,235	481,474	525,485	147,536	5,947,725
Maintenance	-	-	-	-	931	-	-	931
Aquatic center	-	-	12,237,117	-	206,817	-	-	12,443,934
Recreation	-	-	-	-	75,353	-	12,390	87,743
Total community services	<u>2,503,485</u>	<u>-</u>	<u>13,055,627</u>	<u>1,471,235</u>	<u>764,575</u>	<u>525,485</u>	<u>159,926</u>	<u>18,480,333</u>
Internal service fund - fleet	-	-	-	-	3,178,134	-	-	3,178,134
Total general capital assets	<u>\$ 4,943,221</u>	<u>25,200</u>	<u>25,077,511</u>	<u>1,784,907</u>	<u>6,720,715</u>	<u>33,809,361</u>	<u>683,161</u>	<u>73,044,076</u>

**Clearfield City Corporation**  
**Schedule of Changes in General Capital Assets - By Function and Activity**  
**June 30, 2013**

<b>Function and Activity</b>	General Capital Assets <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets <u>June 30, 2013</u>
<b>General government</b>				
Executive	\$ 12,079,458	13,485	18,518	12,074,425
Justice court	33,323	-	-	33,323
Information technology	1,505,925	43,202	269,200	1,279,927
Finance and administration	78,258	-	-	78,258
Buildings	318,739	-	3,762	314,977
Other	2,464,936	-	-	2,464,936
Total general government	<u>16,480,639</u>	<u>56,687</u>	<u>291,480</u>	<u>16,245,846</u>
<b>Community development</b>				
Administration	49,142	-	1,760	47,382
<b>Public safety</b>				
Police	637,802	313,924	5,350	946,376
Dispatch	296,425	-	1,485	294,940
Total public safety	<u>934,227</u>	<u>313,924</u>	<u>6,835</u>	<u>1,241,316</u>
<b>Highways and public improvements</b>				
Maintenance	8,901	-	900	8,001
Shops	273,141	-	27,085	246,056
Streets	36,156,845	87,791	2,647,628	33,597,008
Total highways and public improvements	<u>36,438,887</u>	<u>87,791</u>	<u>2,675,613</u>	<u>33,851,065</u>
<b>Community services</b>				
Parks	5,795,297	159,786	7,358	5,947,725
Aquatic center	12,463,088	-	19,154	12,443,934
Maintenance	931	-	-	931
Recreation	88,403	12,390	13,050	87,743
Total community service	<u>18,347,719</u>	<u>172,176</u>	<u>39,562</u>	<u>18,480,333</u>
Internal service fund - fleet	3,118,024	378,376	318,266	3,178,134
Total general capital assets	<u>\$ 75,368,638</u>	<u>1,008,954</u>	<u>3,333,516</u>	<u>73,044,076</u>

## **STATISTICAL SECTION**

**Clearfield City Corporation**  
**Statistical Section**  
**June 30, 2013**

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

**Financial Trends**

Table 1-6

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

**Revenue Capacity**

Table 7-10

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

**Debt Capacity**

Table 11-15

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

**Demographic and Economic Information**

Table 16-17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

**Operating Information**

Table 18-20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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**Clearfield City Corporation**  
**Table 1 - Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,078,750	9,878,324	9,796,336	9,792,559	11,226,398	11,229,615	10,684,837	12,506,584	13,775,641	12,312,930
Restricted	632,850	573,713	4,510,594	5,406,581	2,368,930	3,157,193	5,199,538	4,958,333	3,015,238	3,693,214
Unrestricted	5,695,189	5,496,229	3,348,510	1,651,639	2,146,117	1,952,266	896,019	1,730,456	5,697,952	7,698,069
Total governmental activities net position	14,406,789	15,948,266	17,655,440	16,850,779	15,741,445	16,339,074	16,780,394	19,195,373	22,488,831	23,704,213
Business-type activities										
Invested in capital assets, net of related debt	7,266,728	8,323,285	8,685,553	37,957,402	40,872,119	40,459,590	39,209,218	38,596,646	42,536,944	43,787,842
Restricted	108,398	98,497	113,208	3,386,643	5,728,025	5,236,082	3,078,859	2,616,983	1,712,629	1,982,181
Unrestricted	6,664,273	7,418,015	6,935,467	8,034,733	5,980,543	6,912,041	10,169,423	10,980,894	11,349,674	11,866,408
Total business-type activities net position	14,039,399	15,839,797	15,734,228	49,378,778	52,580,687	52,607,713	52,457,500	52,194,523	55,599,247	57,636,431
Primary government										
Invested in capital assets, net of related debt	7,266,728	8,323,285	8,685,553	37,957,402	40,872,119	51,689,205	49,894,055	51,103,230	56,312,585	56,100,772
Restricted	741,248	672,210	4,623,802	8,793,224	8,096,955	8,393,275	8,278,397	7,575,316	4,727,867	5,675,395
Unrestricted	12,359,462	12,914,244	10,283,977	9,686,372	8,126,660	8,864,307	11,065,442	12,711,350	17,047,626	19,564,477
Total primary government net position	\$ 20,367,438	21,909,739	23,593,332	56,436,998	57,095,734	68,946,787	69,237,894	71,389,896	78,088,078	81,340,644

# Clearfield City Corporation

## Table 2 - Changes in Net Position

### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,777,907	4,099,536	4,989,256	4,682,965	4,720,553	4,665,323	4,944,458	4,363,191	3,771,942	4,408,533
Public safety	4,310,959	4,788,486	4,707,841	3,440,153	3,646,990	3,640,464	3,789,561	4,038,550	3,893,612	4,298,248
Highways and public improvements	720,798	829,769	1,013,820	1,588,695	1,353,026	4,004,225	1,363,122	1,204,022	1,407,454	579,064
Debt service	(519)	414,182	-	-	-	-	-	-	-	-
Community services	1,490,829	1,801,677	2,542,861	2,926,392	3,201,188	3,362,671	3,381,382	3,518,420	3,883,509	3,755,723
Community development	147,426	614,422	340,805	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675
Capital outlay	1,500	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,561,119	1,346,825	1,335,936	1,769,555	1,043,794	1,216,615	1,083,758	1,066,514	974,740	912,002
Total governmental activities	<u>12,010,019</u>	<u>13,894,897</u>	<u>14,930,519</u>	<u>15,172,159</u>	<u>14,735,404</u>	<u>17,732,898</u>	<u>15,344,904</u>	<u>15,209,225</u>	<u>14,445,572</u>	<u>14,488,245</u>
Business-type activities:										
Administration	-	-	-	138,879	265,041	288,567	258,512	280,137	255,994	249,164
Water utility	1,690,869	1,906,579	1,811,303	2,659,152	3,047,802	3,203,892	3,022,477	3,270,047	3,369,811	3,079,128
Sewer utility	1,341,354	1,500,568	1,478,375	1,885,883	1,953,459	1,982,423	2,229,146	2,429,889	2,404,677	2,366,004
Waste collection	1,198,136	1,144,860	1,081,481	981,352	1,010,683	994,856	1,068,563	1,056,648	1,096,444	1,047,633
Storm drain	162,925	174,667	242,043	788,642	757,544	774,457	810,427	917,836	900,220	865,544
Ambulance service	315,031	512,011	-	-	-	-	-	-	-	-
Total business-type activities	<u>4,708,315</u>	<u>5,238,685</u>	<u>4,613,202</u>	<u>6,453,908</u>	<u>7,034,529</u>	<u>7,244,195</u>	<u>7,389,125</u>	<u>7,954,557</u>	<u>8,027,146</u>	<u>7,607,473</u>
Total primary government	<u>\$ 16,718,334</u>	<u>19,133,582</u>	<u>19,543,721</u>	<u>21,626,067</u>	<u>21,769,933</u>	<u>24,977,093</u>	<u>22,734,029</u>	<u>23,163,782</u>	<u>22,472,718</u>	<u>22,095,718</u>

# Clearfield City Corporation

## Table 2 - Changes in Net Position

### Last Ten Fiscal Years

#### (accrual basis of accounting)

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,101,950	1,385,575	1,076,566	1,290,713	1,424,031	1,682,490	1,506,417	1,533,299	1,521,045	1,293,996
Public safety	1,315,066	1,470,906	1,661,720	1,574,291	1,526,867	1,509,713	1,432,264	1,297,907	1,349,386	1,282,823
Highways and public improvements	546,315	523,148	479,263	-	-	-	-	-	-	-
Community services	438,468	585,698	1,373,500	1,703,051	1,716,925	1,748,047	1,723,027	1,852,665	1,788,547	1,690,649
Community development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,346,026	1,439,909	1,062,939	1,736,182	1,011,690	1,016,117	966,684	887,377	924,175	883,706
Capital grants and contributions	-	-	-	-	-	617,100	268,198	1,259,993	293,872	345,019
<b>Total governmental activities</b>	<b>4,747,825</b>	<b>5,405,236</b>	<b>5,653,988</b>	<b>6,304,237</b>	<b>5,679,513</b>	<b>6,573,467</b>	<b>5,896,590</b>	<b>6,831,241</b>	<b>5,877,025</b>	<b>5,496,193</b>
Business-type activities:										
Charges for services										
Administration	-	-	-	84,146	116,991	119,159	140,935	145,197	156,956	156,063
Water utility	2,536,500	2,471,975	2,607,700	2,743,116	2,889,292	2,941,440	2,869,716	3,047,459	3,297,870	3,456,368
Sewer utility	1,816,428	1,839,477	1,891,575	1,888,952	1,881,440	1,934,614	2,101,417	2,156,850	2,267,037	2,493,762
Waste collection	1,443,799	1,440,182	1,428,771	1,296,784	1,189,402	1,208,019	1,215,655	1,216,840	1,223,850	1,230,271
Storm drain	451,364	451,020	449,679	509,834	584,695	758,345	779,766	800,316	830,130	863,469
Ambulance service	440,215	492,820	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	290,000	1,461,653
<b>Total business-type activities</b>	<b>6,688,306</b>	<b>6,695,474</b>	<b>6,377,725</b>	<b>6,522,832</b>	<b>6,661,820</b>	<b>6,961,577</b>	<b>7,107,489</b>	<b>7,366,662</b>	<b>8,065,843</b>	<b>9,661,586</b>
<b>Total primary government</b>	<b>11,436,131</b>	<b>12,100,710</b>	<b>12,031,713</b>	<b>12,827,069</b>	<b>12,341,333</b>	<b>13,535,044</b>	<b>13,004,079</b>	<b>14,197,903</b>	<b>13,942,868</b>	<b>15,157,779</b>
Net (expense) / revenue										
Governmental activities	(7,262,194)	(8,489,661)	(9,276,531)	(8,867,922)	(9,055,891)	(11,159,431)	(9,448,314)	(8,377,984)	(8,568,547)	(8,992,052)
Business-type activities	1,979,991	1,456,789	1,764,523	68,924	(372,709)	(282,618)	(281,636)	(587,895)	38,697	2,054,113
<b>Total primary government</b>	<b>\$ (5,282,203)</b>	<b>(7,032,872)</b>	<b>(7,512,008)</b>	<b>(8,798,998)</b>	<b>(9,428,600)</b>	<b>(11,442,049)</b>	<b>(9,729,950)</b>	<b>(8,965,879)</b>	<b>(8,529,850)</b>	<b>(6,937,939)</b>

# Clearfield City Corporation

## Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 3,902,388	4,489,184	3,326,539	2,778,450	3,454,703	3,760,325	3,582,694	3,549,977	4,976,559	5,249,766
General sales and use tax	2,800,536	2,745,620	3,080,936	3,612,893	3,610,112	3,225,351	2,922,375	3,128,336	3,404,944	3,511,629
Franchise tax	598,269	891,121	898,676	946,761	910,973	903,058	879,213	833,116	896,961	892,791
Energy use tax	1,642,523	1,752,874	2,001,987	1,841,854	1,981,196	1,958,311	1,965,037	2,155,374	2,160,778	2,273,564
Transient room tax	-	-	-	-	-	-	8,231	5,927	6,565	5,380
Interest earnings	294,630	307,660	308,299	363,275	386,571	130,172	54,125	51,381	62,548	77,621
Impact fees	-	-	-	-	45,209	44,282	41,797	17,060	22,178	32,414
Miscellaneous	45,038	(149)	(298,386)	(38,793)	6,100	5,950	5,450	10,950	11,100	12,300
Proceeds from settlement	-	-	-	-	-	1,350,000	-	775,000	240,000	-
Transfers	(1,236,824)	(155,172)	1,665,654	180,104	(2,818,360)	379,611	430,712	506,530	80,372	439,081
Contribution of capital asset	-	-	-	-	-	-	-	(240,688)	-	-
<b>Total governmental activities</b>	<b>8,046,560</b>	<b>10,031,138</b>	<b>10,983,705</b>	<b>9,684,544</b>	<b>7,576,504</b>	<b>11,757,060</b>	<b>9,889,634</b>	<b>10,792,963</b>	<b>11,862,005</b>	<b>12,494,546</b>
Business-type activities:										
Interest earnings	63,587	176,429	315,367	443,179	556,539	296,874	86,970	60,988	80,165	84,951
Impact fees	-	-	-	-	205,459	362,931	473,965	177,061	266,464	288,422
Miscellaneous	-	12,008	(519,806)	28,754	(5,740)	29,452	1,200	352,711	8,080	48,779
Transfers	1,236,824	155,172	(1,665,654)	(180,104)	2,818,360	(379,611)	(430,712)	(506,530)	(80,372)	(439,081)
Contribution of capital asset	-	-	-	-	-	-	-	240,688	3,091,690	-
<b>Total business-type activities</b>	<b>1,300,411</b>	<b>343,609</b>	<b>(1,870,093)</b>	<b>291,829</b>	<b>3,574,618</b>	<b>309,646</b>	<b>131,423</b>	<b>324,918</b>	<b>3,366,027</b>	<b>(16,929)</b>
<b>Total primary government</b>	<b>\$ 9,346,971</b>	<b>10,374,747</b>	<b>9,113,612</b>	<b>9,976,373</b>	<b>11,151,122</b>	<b>12,066,706</b>	<b>10,021,057</b>	<b>11,117,881</b>	<b>15,228,032</b>	<b>12,477,617</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 784,366	1,541,477	1,707,174	816,622	(1,479,387)	597,629	441,320	2,414,979	3,293,458	3,502,494
Business-type activities	3,280,402	1,800,398	(105,570)	360,753	3,201,909	27,028	(150,213)	(262,977)	3,404,724	2,037,184
<b>Total primary government</b>	<b>\$ 4,064,768</b>	<b>3,341,875</b>	<b>1,601,604</b>	<b>1,177,375</b>	<b>1,722,522</b>	<b>624,657</b>	<b>291,107</b>	<b>2,152,002</b>	<b>6,698,182</b>	<b>5,539,678</b>

## Clearfield City Corporation

### Table 3 - Governmental Activities Tax Revenue by Source (1)

**Last Ten Fiscal Years  
(accrual basis of accounting)**

General Fiscal Year	General Property Tax	CDRA Tax Increment	Debt Service Property Tax	Sales and Use Tax	Energy Sales & Use Tax	Franchise Tax	Total Tax Revenue
2004	\$ 2,234,699	1,197,528	552,498	2,545,055	1,642,523	598,269	\$ 8,770,572
2005	2,325,678	1,320,874	593,160	2,745,620	1,752,874	891,121	9,629,327
2006	1,336,573	1,354,807	635,159	3,080,936	2,001,987	898,676	9,308,138
2007	986,513	1,300,310	491,627	3,612,893	1,841,854	946,761	9,179,958
2008	1,293,655	1,399,669	761,379	3,610,112	1,981,196	910,973	9,956,984
2009	1,386,700	1,592,494	781,131	3,225,351	1,958,311	903,058	9,847,045
2010	1,336,861	1,526,772	719,061	2,922,375	1,965,037	879,213	9,349,319
2011	1,064,353	1,803,431	682,193	3,128,336	2,155,374	833,116	9,666,803
2012	1,519,514	2,367,203	1,089,842	3,404,944	2,160,778	896,961	11,439,242
2013	1,424,107	3,098,449	727,210	3,511,629	2,273,564	892,791	11,927,750

(1) Reclassification of some franchise taxes to energy use taxes per state statute.

# Clearfield City Corporation

## Table 4 - Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ 26,637	759	18,755	313,874	51,611	80,885	287,123	47,220	61,907	80,285
Restricted	-	-	-	370,053	1,310,699	1,297,551	1,531,770	1,658,586	1,574,563	1,490,318
Committed	-	-	-	-	-	-	899,687	595,334	514,529	1,232,272
Assigned	-	-	-	-	-	-	40,787	36,795	56,779	98,408
Unassigned	2,946,190	1,933,088	1,656,701	1,592,608	2,450,054	2,931,551	1,572,607	2,309,607	4,172,083	3,798,077
<b>Total general fund</b>	<b>2,972,827</b>	<b>1,933,847</b>	<b>1,675,456</b>	<b>2,276,535</b>	<b>3,812,364</b>	<b>4,309,987</b>	<b>4,331,974</b>	<b>4,647,542</b>	<b>6,379,861</b>	<b>6,699,360</b>
All other governmental funds										
Nonspendable	632,850	573,712	563,295	563,294	1,167,271	1,167,271	708,964	708,964	709,004	1,208,964
Restricted for:										
Debt service funds	26,945	15,613	52,315	399,947	402,925	393,285	386,768	385,647	140,597	-
Capital projects funds	49,408	19,408	4,339,129	4,310,460	517,507	152,409	957,080	892,086	355,876	85,606
Special revenue funds	-	-	-	-	-	-	-	-	-	654,750
Cemetery perpetual care	99,491	107,994	119,141	132,871	110,839	116,889	153,104	138,922	173,291	173,291
Committed	-	-	-	-	-	-	275,042	531,574	406,011	454,059
Assigned, reported in:										
Capital projects funds	10,781,994	5,299,746	1,412,262	1,414,219	819,219	918,798	146,036	181,775	156,645	1,178,595
Special revenue funds	-	129,073	-	3,390	-	-	-	-	1,263,136	1,799,424
Debt service funds	-	-	-	-	801	801	-	-	-	-
Cemetery perpetual care	-	-	-	-	26,960	29,788	-	-	-	-
Unassigned, reported in:										
Special revenue funds	(231,759)	-	(83,019)	-	(510,919)	(189,697)	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 11,358,929</b>	<b>6,145,546</b>	<b>6,403,123</b>	<b>6,824,181</b>	<b>2,534,603</b>	<b>2,589,544</b>	<b>2,626,994</b>	<b>2,838,968</b>	<b>3,204,560</b>	<b>5,554,689</b>
General fund balance unrestricted										
% of total estimated revenue										
for coming year	25.12%	15.31%	12.76%	11.50%	17.24%	21.89%	19.41%	23.20%	38.43%	41.11%

Note: Information on committed and assigned fund balances not available prior to 2010 when the City implemented GASB Statement 54.

# Clearfield City Corporation

## Table 5 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Revenues</u></b>										
Taxes	\$ 8,857,144	9,754,063	10,507,143	9,179,958	9,956,984	9,847,045	9,357,550	9,672,730	11,445,807	11,933,130
Rents and other services	637,062	819,835	577,727	873,375	994,127	1,276,766	1,080,221	1,154,622	1,148,197	890,085
Intergovernmental	1,349,822	1,445,209	1,068,789	1,741,082	1,017,790	1,022,067	1,240,332	2,158,320	1,229,147	1,241,025
Charges for services	1,248,434	1,448,606	2,332,049	2,661,630	2,652,473	2,648,675	2,626,047	2,688,744	2,651,439	2,557,761
Impact fees	546,315	523,148	479,263	293,689	45,209	44,282	41,797	17,060	22,178	32,414
Fines and forfeitures	913,174	1,035,736	1,140,610	1,092,308	1,042,473	1,009,685	940,385	824,050	836,329	777,396
Interest	301,864	287,303	287,942	379,029	366,925	110,526	30,725	27,981	49,530	54,221
Miscellaneous revenue	56,814	138,002	61,400	24,964	7,244	10,116	14,104	14,100	19,849	23,437
Total revenues	<u>13,910,629</u>	<u>15,451,902</u>	<u>16,454,923</u>	<u>16,246,035</u>	<u>16,083,225</u>	<u>15,969,162</u>	<u>15,331,161</u>	<u>16,557,607</u>	<u>17,402,476</u>	<u>17,509,469</u>
<b><u>Expenditures</u></b>										
<b>Current</b>										
General government	3,242,854	3,714,464	4,436,855	4,117,561	3,757,775	4,042,501	4,416,391	4,468,769	3,791,141	4,066,466
Public safety	4,270,514	4,719,416	4,724,461	3,312,474	3,616,083	3,660,749	3,932,189	4,212,321	3,894,202	4,223,155
Highways and public improv.	913,066	924,292	961,903	961,374	683,016	799,811	1,022,875	433,557	535,484	435,336
Community services	1,436,295	1,788,078	2,372,712	2,558,125	2,877,875	3,005,011	2,964,755	3,157,436	3,418,717	3,435,059
Community development	147,426	614,422	340,805	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675
Capital outlay	5,992,632	7,191,765	2,560,647	1,383,757	2,921,062	2,132,164	2,151,643	452,680	1,140,023	426,296
<b>Debt service</b>										
Principal retirement	1,382,447	1,647,009	1,629,104	1,413,854	1,440,866	1,442,039	1,677,281	2,513,348	1,757,000	1,618,000
Interest and fiscal charges	1,337,429	1,496,126	1,252,059	1,691,335	1,241,303	1,219,625	1,071,084	1,057,949	978,676	914,058
Cost of issuance	-	72,858	-	192,554	32,500	-	99,910	-	-	-
Total expenditures	<u>18,722,663</u>	<u>22,168,430</u>	<u>18,278,546</u>	<u>16,395,433</u>	<u>17,340,333</u>	<u>17,145,500</u>	<u>18,118,751</u>	<u>17,314,588</u>	<u>16,029,558</u>	<u>15,653,045</u>
Excess (deficiency) revenues over (under) expenditures	<u>\$ (4,812,034)</u>	<u>(6,716,528)</u>	<u>\$ (1,823,623)</u>	<u>(149,398)</u>	<u>(1,257,108)</u>	<u>(1,176,338)</u>	<u>(2,787,590)</u>	<u>(756,981)</u>	<u>1,372,918</u>	<u>1,856,424</u>

**Clearfield City Corporation**

**Table 5 - Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds payable	\$ -	-	150,000	-	1,300,000	-	2,223,000	-	-	-
Issuance of refunding bonds	-	11,576,858	-	9,700,000	-	-	2,210,000	-	-	-
Payment to refunding bonds escrows	-	(11,542,000)	-	(8,820,000)	-	-	(2,223,000)	-	-	-
Premium on bond issuance	-	286,622	-	(24,056)	-	-	33,794	-	-	-
Issuance of capital lease	201,500	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	34,008	5,310	7,155	5,098	21,710	-	172,521	2,626	404,621	8,057
Proceeds from settlement	-	-	-	-	-	1,350,000	-	775,000	240,000	-
Transfers in	14,282,834	3,056,039	4,010,224	3,291,372	3,580,388	1,723,293	2,138,659	1,886,154	1,707,868	2,824,234
Transfers (out)	(15,519,658)	(3,211,210)	(2,344,570)	(3,111,268)	(6,398,748)	(1,344,390)	(1,707,947)	(1,379,257)	(1,627,496)	(2,385,153)
Total other financing sources	<u>(1,001,316)</u>	<u>171,619</u>	<u>1,822,809</u>	<u>1,041,146</u>	<u>(1,496,650)</u>	<u>1,728,903</u>	<u>2,847,027</u>	<u>1,284,523</u>	<u>724,993</u>	<u>447,138</u>
Net change in fund balances	(5,813,350)	(6,544,909)	(814)	891,748	(2,753,758)	552,565	59,437	527,542	2,097,911	2,303,562
Fund balances - beginning of year	20,496,789	14,624,302	8,079,393	8,208,976	9,100,724	6,346,966	6,899,531	6,958,968	7,486,510	9,950,487
Fund balances - end of year	<u>\$ 14,683,439</u>	<u>8,079,393</u>	<u>8,078,579</u>	<u>9,100,724</u>	<u>6,346,966</u>	<u>6,899,531</u>	<u>6,958,968</u>	<u>7,486,510</u>	<u>9,584,421</u>	<u>12,254,049</u>
Debt service as a percentage of noncapital expenditures	22.55%	22.17%	18.83%	20.97%	18.62%	15.90%	17.60%	22.42%	18.63%	16.90%

# Clearfield City Corporation

## Table 6 - Governmental Activities Tax Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

General Fiscal Year	General Property Tax	CDRA Tax Increment	Debt Service Property Tax	Sales and Use Tax	Energy Sales & Use Tax	Franchise Tax	Total Tax Revenue
2004	\$ 2,321,271	\$ 1,197,528	\$ 552,498	\$ 2,545,055	\$ 1,642,523	\$ 598,269	\$ 8,857,144
2005	2,450,414	1,320,874	593,160	2,745,620	1,752,874	891,121	9,754,063
2006	2,535,578	1,354,807	635,159	3,080,936	2,001,987	898,676	10,507,143
2007	986,513	1,300,310	491,627	3,612,893	1,841,854	946,761	9,179,958
2008	1,293,655	1,399,669	761,379	3,610,112	1,981,196	910,973	9,956,984
2009	1,386,700	1,592,494	781,131	3,225,351	1,958,311	903,058	9,847,045
2010	1,336,861	1,526,772	719,061	2,922,375	1,965,037	879,213	9,349,319
2011	1,064,353	1,803,431	682,193	3,128,336	2,155,374	833,116	9,666,803
2012	1,519,514	2,367,203	1,089,842	3,404,944	2,160,778	896,961	11,439,242
2013	1,424,107	3,098,449	727,210	3,511,629	2,273,564	892,791	11,927,750

**Clearfield City Corporation**  
**Table 7 - Taxable and Estimated**  
**Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Last Ten Fiscal Years							
Fiscal Year	Real Property			Taxable Value (in thousands)	Total Direct Tax Rate	Estimated Actual Value (in thousands)	Ratio of Taxable to Estimated Actual Value
	Residential Property	Commercial Property	Personal Property				
2003-04	\$ 365,077	\$ 346,975	\$ 236,611	\$ 948,663	0.002916	\$ 1,387,860	68.4%
2004-05	382,530	415,766	207,249	1,005,545	0.002980	1,420,205	70.8%
2005-06	396,973	406,509	209,386	1,012,868	0.002980	1,347,738	75.2%
2006-07	427,770	422,495	196,376	1,046,641	0.002980	1,435,070	72.9%
2007-08	473,136	442,417	225,418	1,140,971	0.001580	1,502,242	76.0%
2008-09	556,255	529,723	226,953	1,312,931	0.001548	1,821,260	72.1%
2009-10	603,241	451,475	235,125	1,289,841	0.001572	1,805,471	71.4%
2010-11	541,143	612,511	215,698	1,369,352	0.001548	1,973,404	69.4%
2011-12	507,329	569,874	240,900	1,318,103	0.001800	1,776,931	74.2%
2012-13	530,775	493,899	267,077	1,291,751	0.001800	1,719,166	75.1%

Sources: Davis County Auditor's Office  
Utah State Tax Commission

# Clearfield City Corporation

## Table 8 - Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	Overlapping Rates										
	Clearfield City			Davis County School			Davis County			Total Special Districts	Total Levy for Clearfield City
	Operating Rates	Debt Service Rates	Total City Rates	Operating Rates	Debt Service Rates	Total County School Rates	Operating Rates	Debt Service Rates	Total County Rates		
2004	0.2271%	0.0645%	0.2916%	0.3825%	0.3450%	0.7275%	0.1700%	0.0168%	0.1868%	0.1487%	1.3546%
2005	0.2321%	0.0659%	0.2980%	0.3921%	0.3446%	0.7367%	0.1695%	0.0169%	0.1864%	0.1486%	1.3697%
2006	0.2321%	0.0659%	0.2980%	0.3806%	0.3432%	0.7238%	0.1501%	0.0175%	0.1676%	0.1473%	1.3367%
2007	0.0920%	0.0660%	0.1580%	0.3494%	0.3388%	0.6882%	0.1424%	0.0108%	0.1532%	0.2830%	1.2824%
2008	0.0920%	0.0660%	0.1580%	0.4308%	0.2571%	0.6879%	0.1863%	0.0142%	0.2005%	0.2837%	1.3301%
2009	0.0944%	0.0604%	0.1548%	0.4193%	0.2571%	0.6764%	0.1653%	0.0123%	0.1776%	0.2543%	1.2631%
2010	0.0976%	0.0596%	0.1572%	0.4547%	0.2571%	0.7118%	0.1739%	0.0126%	0.1865%	0.2829%	1.3384%
2011	0.0871%	0.0677%	0.1548%	0.5289%	0.2571%	0.7860%	0.1817%	0.0128%	0.1945%	0.1179%	1.2532%
2012	0.1009%	0.0791%	0.1800%	0.6290%	0.2571%	0.8861%	0.1960%	0.0137%	0.2097%	0.2962%	1.5720%
2013	0.1100%	0.0700%	0.1800%	0.6139%	0.2571%	0.8710%	0.1935%	0.0126%	0.2061%	0.3441%	1.6012%

Source: Davis County Auditor's Office

Percentages are applied to the taxable value of property as stated.

**Clearfield City Corporation**  
**Table 9 - Principal Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Value	Rank	Percentage of Total Taxable Assessed Value
Freeport Center Associates	\$ 190,774,128	1	14.77%	115,752,259	1	12.20%
ATK Aerospace	88,435,749	2	6.85%	19,657,047	4	2.07%
Lifetime Products	35,490,065	3	2.75%	46,893,503	2	4.94%
Wayne Belleau	29,793,042	4	2.31%			
Pacific Corp	26,098,462	5	2.02%			
Worthington Foods, Inc.	25,439,962	6	1.97%			
Utility Pacific Railroad	19,592,624	7	1.52%			
Utility Trailer	19,443,807	8	1.51%			
Prologis First Us Properties, LP	17,290,774	9	1.34%			
BG Properties Clearfield LLC / Northrop Grumman	17,004,000	10	1.32%			
K & M Two				14,698,377	8	1.55%
Qwest Communications				21,777,236	3	2.30%
Boyer TRW				16,595,645	5	1.75%
Honeywell International				16,112,966	6	1.70%
Security Capital Industrial				15,735,700	7	1.66%
Gardenburger				11,874,648	9	1.25%
Americold Real Estate, LP				10,410,327	10	1.10%
	<u>\$ 469,362,613</u>			<u>\$ 289,507,708</u>		

Sources: Davis County Assessor's Office  
Davis County Auditor's Office

**Clearfield City Corporation**  
**Table 10 - Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003-04	\$ 2,646,384	\$ 2,459,772	92.95%	\$ 186,612	\$ 2,646,384	100.00%
2004-05	2,823,641	2,621,438	92.84%	202,203	2,823,641	100.00%
2005-06	2,845,492	2,669,424	93.81%	176,068	2,845,492	100.00%
2006-07	1,808,518	1,709,123	94.50%	99,395	1,808,518	100.00%
2007-08	1,700,798	1,567,286	92.15%	133,512	1,700,798	100.00%
2008-09	1,908,163	1,780,102	93.29%	128,061	1,908,163	100.00%
2009-10	1,885,303	1,748,134	92.72%	135,546	1,883,680	99.91%
2010-11	2,024,290	1,810,238	89.43%	201,302	2,011,540	99.37%
2011-12	2,170,606	1,995,065	91.91%	158,061	2,153,126	99.19%
2012-13	2,026,140	1,793,649	88.53%	192,052	1,985,701	98.00%

Source: Davis County Auditor's Office

**Clearfield City Corporation**  
**Table 11 - Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2003-04	\$ 12,655,000	\$ 17,664,000	\$ 689,434	\$ 477,311	\$ -	\$124,934	\$ 31,610,679	0.44%	\$ 1,155.78
2004-05	12,405,000	17,036,000	559,443	229,743	-	55,347	30,285,533	0.39%	1,101.29
2005-06	11,750,000	16,190,000	670,132	148,261	-	-	28,758,393	0.34%	1,035.41
2006-07	11,175,000	16,382,000	603,499	63,789	3,330,000	-	31,554,288	0.33%	1,122.93
2007-08	10,575,000	16,953,000	534,072	21,596	3,125,000	-	31,208,668	0.31%	1,106.69
2008-09	9,950,000	16,190,000	461,629	-	2,920,000	-	29,521,629	0.29%	1,040.37
2009-10	9,290,000	17,104,000	234,348	-	2,705,000	-	29,333,348	0.28%	1,011.43
2010-11	8,605,000	15,480,000	30,000	-	2,480,000	-	26,595,000	0.26%	883.20
2011-12	7,895,000	14,463,000	-	-	2,245,000	-	24,603,000	0.24%	817.05
2012-13	7,160,000	13,580,000	-	-	2,000,000	-	22,740,000	0.22%	755.18

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See table 16 for personal income and population data.

**Clearfield City Corporation**  
**Table 12 - Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	Estimated Population	Actual Taxable Value of Property (in thousands)	Gross Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	27,350	\$ 948,663	\$12,941,624	\$ 26,945	\$ 12,914,679	1.36%	\$ 472.20
2005	27,500	1,005,545	12,673,709	15,613	12,658,096	1.26%	460.29
2006	27,775	1,012,868	12,000,795	52,315	11,948,480	1.18%	430.19
2007	28,100	1,046,641	11,407,881	801	11,407,080	1.09%	405.95
2008	28,200	1,140,971	10,789,967	821,238	9,968,729	0.87%	353.50
2009	28,376	1,312,931	10,147,053	1,176,443	8,970,610	0.68%	316.13
2010	29,002	1,289,841	9,469,139	1,276,996	8,192,143	0.64%	282.47
2011	30,112	1,369,352	8,766,225	1,380,978	7,385,247	0.54%	245.26
2012	30,112	1,318,103	8,038,310	1,150,811	6,887,499	0.52%	228.73
2013	30,112	1,291,751	7,285,396	1,017,826	6,267,570	0.49%	208.14

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. General Obligation Bonds are net of discounts and premiums.

## Clearfield City Corporation

### Table 13 - Direct and Overlapping Governmental Activities Debt

<u>Name of Governmental Unit</u>	2012 Taxable Value	City's Estimated Portion of Taxable Value	Percent Applicable to Clearfield ( C )	Net Outstanding Debt (1)	Amount Applicable to Clearfield
State of Utah	\$ 191,694,668,745	1,291,751,146	0.67%	\$ 3,225,435	\$ 21,735
Davis County School District	15,801,517,185	1,291,751,146	8.17%	419,175	34,267
Davis County	15,801,517,185	1,291,751,146	8.17%	-	-
Weber Basin Water Conservancy District	41,509,981,607	1,291,751,146	3.11%	26,749,989	832,434
North Davis County Sewer District	8,245,878,359	1,291,751,146	15.67%	40,791,000	<u>6,390,080</u>
Total overlapping debt					7,278,516
Clearfield City - direct	1,291,751,146	1,291,751,146	100.00%	20,892,838	<u>20,892,838</u>
Total direct and overlapping					<u>\$ 28,171,354</u>

1) Source: Davis County Auditor's Office

Includes general bonded debt only.

Note A: The State of Utah general obligation debt is not included in the debt ratios because the State of Utah currently levies no ad valorem tax for payment of general obligation bonds.

Note B: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Note C: For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**Clearfield City Corporation**  
**Table 14 - Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$52,242,920	55,514,397	56,808,200	43,310,887	45,638,800	40,446,240	40,117,640	44,438,200	52,724,120	51,670,040
Total net debt applicable to limit	<u>12,655,000</u>	<u>12,405,000</u>	<u>11,750,000</u>	<u>11,175,000</u>	<u>10,575,000</u>	<u>9,950,000</u>	<u>9,290,000</u>	<u>8,605,000</u>	<u>7,895,000</u>	<u>7,160,000</u>
Legal debt margin	<u>\$39,587,920</u>	<u>43,109,397</u>	<u>45,058,200</u>	<u>32,135,887</u>	<u>35,063,800</u>	<u>30,496,240</u>	<u>30,827,640</u>	<u>35,833,200</u>	<u>44,829,120</u>	<u>44,510,040</u>
Total net debt applicable to the limit as a percentage of debt limit	24.22%	22.35%	20.68%	25.80%	23.17%	24.60%	23.16%	19.36%	14.97%	13.86%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Total Assessed Actual Value	<u>\$ 1,291,751,000</u>
Debt limit - 4% of total actual value	51,670,040
Total amount of debt applicable to debt limit	<u>(7,160,000)</u>
Legal debt margin	<u>\$ 44,510,040</u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 4% of total assessed property value.

**Clearfield City Corporation**  
**Table 15 - Revenue Bond Coverage**  
**Last Ten Fiscal Years**

**Water Revenue Bonds**

Fiscal Year	Water Utility Revenue	Operating Transfers	Expenses Net of Interest	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2004	\$ 6,230,790	\$ 1,236,824	\$ 3,896,269	\$ 3,571,345	\$ 167,000	\$ 9,886	\$ 176,886	20.19
2005	6,369,380	155,172	4,726,674	1,797,878	-	-	-	n/a
2006	6,668,146	(1,665,654)	4,610,998	391,494	-	-	-	n/a
2007	2,743,116	(115,224)	2,659,152	(31,260)	-	-	-	n/a
2008	2,886,915	2,010,045	2,921,805	1,975,155	205,000	125,997	330,997	5.97
2009	3,325,823	(300,297)	3,029,365	(3,839)	-	28,223	28,223	(0.14)
2010	3,120,066	(268,716)	2,878,417	(27,067)	215,000	113,343	328,343	(0.08)
2011	3,271,021	(316,147)	3,097,283	(142,409)	225,000	104,677	329,677	(0.43)
2012	4,540,679	(122,898)	2,965,378	1,452,403	235,000	97,633	332,633	4.37
2013	3,628,948	(263,711)	2,962,738	402,499	245,000	88,167	333,167	1.21

**Clearfield City Corporation**  
**Table 16 - Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (Amounts Expressed In Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
2004	27,350	\$ 7,161,800	\$ 27,302	24.0	6,005	6.2
2005	27,500	7,833,940	29,109	24.0	5,948	5.3
2006	27,775	8,527,000	30,590	24.0	6,070	3.8
2007	28,100	9,601,267	33,310	24.0	5,463	3.3
2008	28,200	10,170,729	34,384	24.0	5,638	4.3
2009	28,376	10,019,710	33,182	24.0	5,565	8.9
2010	29,002	10,409,081	33,817	24.0	5,713	9.8
2011	30,112	10,409,081	33,817	26.0	5,700	8.5
2012	30,112	10,409,081	33,817	25.8	5,625	7.4
2013	30,112	10,409,081	33,817	25.8	5,600	7.7

Data Sources:

Population: Davis County Department of Community & Economic Development

Personal Income: US Bureau of Economic Analysis

Per Capital Personal Income: US Bureau of Economic Analysis

Median Age: Estimated based on 2000/2010 United States Census Information

School Enrollment: Davis County School District

Unemployment Rate: US Department of Labor, Local Area Unemployment Statistics

Note: Personal income information and per capita information are totals for the year and based on totals for Davis County in its entirety. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

## Clearfield City Corporation

### Table 17 - Principal Employers

#### Current Year and Nine Years Ago

<b>Employer</b>	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense	23,000	1	63.50%	Unavailable		
Lifetime Products	1,750	2	0.06%	Unavailable		
ATK Thiokol	1,300	3	0.05%	Unavailable		
Alliant	950	4	0.04%	Unavailable		
Lofthouse Bakery Products, Inc.	920	5	0.03%	Unavailable		
IES, LLC	800	6	0.02%	Unavailable		
Arrowpoint Solutions, Inc.	450	7	0.02%	Unavailable		
Futura Industries	420	8	0.02%	Unavailable		
Management & Training Corp	250	9	0.02%	Unavailable		
Northrup Grumman Corp	350	10	0.02%	Unavailable		

Source: [www.jobs.utah.gov-jobseekers-firmfind-largest-companies-Davis County-download](http://www.jobs.utah.gov-jobseekers-firmfind-largest-companies-Davis-County-download) Clearfield City Business License Division - Total Employees claimed on business licenses & top employers. Note: Business License report does not include exempt agencies and employees of Department of Defense: <http://greaterogden.home.att.net/hillafb.html>

**Clearfield City Corporation**  
**Table 18 - Full-time City Government Employees By Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Government</b>										
Judicial	2	2	3	3	3	3	3	4	4	4
Legal	2	2	2	1	2	2	2	2	2	2
Executive	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	5	5	5	5	5	5
Buildings & Plants	-	2	2	2	2	2	2	2	2	2
Planning & Zoning	2	2	2	2	2	2	2	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	1	1	1	2	2	2	2	2	2	3
<b>Public Safety</b>										
Police Administration	-	8	8	7	7	7	7	7	7	7
Patrol & Investigations	35	28	26	24	28	28	29	28	28	28
Liquor	-	1	1	1	1	1	1	1	1	1
Dispatch/Emergency Services	9	9	9	9	9	9	9	9	8	8
Firefighters & Officers	14	-	-	-	-	-	-	-	-	-
<b>Public Works</b>										
Public Works Administration	-	2	2	2	3	3	3	3	2	2
Shops	4	3	3	4	4	4	4	4	3	2
Roadways	4	2	2	2	2	2	2	2	2	2
Inspection & Engineering	2	2	2	2	2	2	2	3	2	1
<b>Community Services</b>										
Administration	2	2	2	2	2	2	2	2	2	3
Parks	7	6	6	6	6	6	6	6	5	5
Recreation	2	2	2	2	2	2	2	2	2	3
Aquatic Center	3	7	7	7	7	6	7	10	7	7
<b>Community Development</b>										
Community & Economic Development Administration	1	1	1	-	1	1	1	1	1	1
CDBG	1	1	1	1	1	1	1	1	1	1
Permitting										1
<b>Enterprise Funds</b>										
Utility Administration	6	6	6	3	3	4	4	5	3	3
Water	4	5	5	6	6	6	6	8	5	5
Sewer	2	3	3	3	3	3	4	3	3	3
Storm Sewer	-	1	1	1	1	1	1	1	1	1
<b>Total Employees</b>	<u>114</u>	<u>109</u>	<u>108</u>	<u>103</u>	<u>110</u>	<u>110</u>	<u>113</u>	<u>118</u>	<u>105</u>	<u>107</u>

Data source: Clearfield City Human Resource Department

**Clearfield City Corporation**  
**Table 19 - Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Incidents	13,184	15,647	10,297	17,764	17,223	16,832	15,609	16,876	17,654	17,015
Parking violations	153	68	261	462	560	560	525	1,015	725	634
Youth court cases	30	26	11	58	56	12	-	-	-	-
Traffic violations	5,840	7,977	9,049	8,068	8,311	10,042	10,026	4,389	9,255	7,700
Highways and streets										
Street resurfacing	-	-	1	-	-	-	27	4	3	3
Recreation										
Units of service	92,091	91,928	84,499	140,208	166,655	177,400	177,082	193,304	189,734	-
Aquatic center admissions	-	88,143	66,374	87,419	75,488	83,896	82,079	100,665	99,328	90,359
Public works										
Building permits issued	373	308	324	296	287	307	339	245	233	226
Water										
New connections	116	101	72	66	71	53	55	51	51	51
Water main breaks	67	57	70	103	80	-	7	-	-	-
Utility customers	6,196	6,304	6,366	6,508	6,571	6,573	6,564	6,578	7,025	6,705
Average daily consumption										
Commercial	6,894,560	5,102,230	5,466,597	5,651,428	10,299,000	8,787,000	24,101,893	21,152,345	16,548,268	1,481,288
Residential	2,587,577	2,213,047	2,646,052	3,114,816	3,281,000	3,233,000	2,835,066	2,982,874	3,260,901	3,497,022

Data source: Clearfield City Public Safety, Public Works, Community Services, and Finance Departments.

**Clearfield City Corporation**  
**Table 20 - Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	-	-	-	-	-	-	-	-
Highways and streets										
Streets (miles)	75.0	76.5	77.1	77.3	77.2	78.2	78.2	78.2	78.23	78.23
Streetlights	772	758	758	1,171	1,171	1,176	1,180	1,182	1,183	1,183
Recreation										
Parks acreage	-	-	81.456	81.456	81.456	81.456	81.456	81.456	81.456	81.456
Parks	10	11	12	12	12	12	12	12	12	12
Soccer fields	3	2	3	3	3	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Skate parks	-	-	1	1	1	1	1	1	1	1
Boweries	4	4	5	5	5	5	5	5	5	5
Softball/baseball diamonds	11	8	10	10	10	10	10	10	10	10
Community centers	1	1	1	2	2	2	2	1	1	1
Trails	-	-	-	1	1	1	2	2	2	2
Water										
Water mains (miles)	117.54	117.54	119.58	110.00	110.00	114.00	114.40	114.40	114.50	114.50
Fire hydrants	885	891	899	950	1,300	1,300	1,303	1,303	1,308	1,308
Sewer										
Sanitary sewers (miles)	82.00	82.00	82.00	72.33	72.33	73.00	73.00	73.00	73.25	73.25
Storm sewers (miles)	51.88	52.00	52.79	56.00	56.00	68.00	68.00	70.25	71.00	71.00

Data source: Clearfield City Public Safety, Public Works, Community Services, and Finance Departments.

## **OTHER REPORTS**

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

The Honorable Mayor & Members of the City Council  
Clearfield City, Utah

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 Clearfield City Corporation, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Clearfield City Corporation's, basic financial statements and have issued our report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clearfield City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clearfield City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clearfield 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 Clearfield City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Clearfield City in a separate letter dated November 7, 2013.

#### 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.

A handwritten signature in black ink that reads "Ulrich & Associates, P.C." in a cursive script.

November 7, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROLS OVER COMPLIANCE  
IN ACCORDANCE WITH THE  
STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

Honorable Mayor and Members of City Council  
Clearfield City  
Clearfield City, Utah

**REPORT ON COMPLIANCE**

We have audited Clearfield City's compliance with the general and major state program compliance requirements described in the *State of Utah Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to the City are identified as follows:

Cash Management  
Budgetary Compliance  
Fund Balance  
Limitations  
Justice Court  
Compliance  
Impact Fees  
Utah Retirement Systems  
Compliance  
Transfers from Utility Enterprise  
Funds  
Conflicts of Interest  
Nepotism

The City received the following major assistance programs from the State of Utah:

Class "C" Road Allotment (Department of Transportation)  
SR193 Extension (Department of  
Transportation)

*Management's Responsibility*

Compliance with the requirements referred to above is the responsibility of Clearfield City Corporation's Management

### *Auditors' Responsibility*

Our responsibility is to express an opinion on Clearfield City Corporation's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on Clearfield City and its major programs occurred. An audit includes examining, on a test basis, evidence about the Clearfield City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Clearfield City's compliance with these requirements.

### *Opinion*

In our opinion, Clearfield City, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

### *Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Clearfield City Corporation is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Clearfield City Corporation's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 Clearfield City Corporation's internal control over compliance.

*A deficiency in internal control over compliance* 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 noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

*Clearfield City Corporation's Response to Findings*

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

*Purpose of Report*

The purpose of this report is solely to describe the scope of our testing of integral 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.

*Wink & Associates, P.C.*

Ogden, Utah  
November 7, 2013

**Clearfield City Corporation**  
**State Legal Compliance - Schedule of Findings**  
**For the Year Ended June 30, 2013**

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1. **Fund Balance Compliance**

Finding - Fund balance in the General Fund exceeds 25% of estimated revenues by \$2,009,731, which is in violation of Utah Code 10-6-115(2).

Recommendation - We recommend that the City review the unreserved fund balance and plan the coming year's expenditures accordingly.

Management Response - The City plans on utilizing the funds to aid in the many infrastructure projects throughout the City. The Council has appropriated \$1,232,272 of the excess during the original budget process. Management plans to present additional amounts to the Council during an upcoming amended budget process.

2. **Transfers from Utility Enterprise Funds**

Finding: “City departments should pay for utility services at the same rate charged to other customers of the utility.” This guidance in the UAM is designed to conform with GAAP and assist cities in complying with Utah Code 10-6-135. The City has not measured nor charged the general government for utility usage.

Recommendation: We recommend that the City inform utility customers that the general government has not been paying for utility services. We recommend that the City begin the process to review the potential impact this requirement may have on both the general government and the utility funds. The City should inform users/ rate payers of this impact. Holding a public hearing each year in conjunction with tax rate and budget hearings, would be an appropriate time to discuss the impact and inform citizens of the intention of the City to not charge the general government for usage.

Management's Response: Management will do the research necessary to properly inform the utility customers of the impact of charging the general government for utility usage. We will further hold a public hearing to discuss this matter once the needed information is gathered. We plan to hold this meeting during the budget and tax rate public hearings.