

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

For the Year Ended June 30, 2015

Adam Lenhard, City Manager
Rich Knapp, Administrative Services Director

Clearfield City Corporation

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INTRODUCTORY SECTION



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November 12, 2015

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

It is my pleasure to present the 2015 Comprehensive Annual Financial Report (CAFR) of Clearfield City for the fiscal year ended June 30, 2015.

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, 2015, 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 the 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



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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 3rd largest facility for students in the nation.

Location and Transportation

Clearfield City is the third largest city in Davis County. The City encompasses 7.67 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.



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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
- Community Arts Center
- Amphitheater



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- Parks, Pavilion rentals for parties, reunions and picnics
- Tennis Courts, Outdoor Basketball Courts, Softball and Baseball Fields, Soccer and Football Fields
- Cemetery
- Arts and Culture Programs
- Urban Trails

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

Utility Administrative Services:

- Billing
- Collections
- Customer Service
- Meter Read Data Organization

Water, Sewer and Storm Sewer:

- Well Maintenance
- Line Maintenance
- Line Upgrade and Installation

Solid Waste and Recyclables 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 now provides municipal services to the project.



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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 2016.

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 2016.

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 complete. The road is 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-

In FY2015, the Streets and Roads division chip sealed 55 streets, 7.09 miles, 146,009 square yards of pavement surface. South Main Street was reconstructed in FY15 and 400 E is nearly complete. The bid has been awarded for 550 E reconstruction.

The Maintenance and Operations Center project phase 1 is entering construction and phase 2 is out to bid for design. This project will not be completed finished until FY2023.

Community Services-

In FY2015, the city adopted a Parks, Arts, Recreation, Aquatic, and Trails (PARAT) sales tax. The annual revenue is projected at about \$180,000. A PARAT master plan was developed with the Mayor and Council and will serve as the basis for deciding PARAT projects in the future. A complete \$300,000 irrigation replacement for Steed Park was recently completed.

Proprietary /

Internal Service Funds - The City provides Water, Sanitary Sewer, Storm Sewer and Waste



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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.

Administration -

A Sustainability Task Force was established to identify how to motivate and retain well trained employees will maintaining long term financial sustainability. A consulting firm was hired to facilitate this process and it is anticipated a formal plan will be in place in 2016.

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, 2014 (FY2015).

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, 2014. Clearfield City has been awarded this certificate 16 out of the last 18 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:



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- (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.

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 amended 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 gives guidance on the unrestricted portion 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 25% 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 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



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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 city staff 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,

A handwritten signature in blue ink that reads "Rich Knapp".

Rich Knapp
Administrative Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clearfield City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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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, 2014

Executive Director

Clearfield City Corporation

City Officials

For the Year Ended June 30, 2015

Executive Budgetary

Adam Lenhard
JJ Allen
Brian Brower

City Manager
Assistant City Manager
City Attorney

Statutory Appointed Officials

Nancy Dean
Rich Knapp

City Recorder
City Treasurer

Department Heads

Rich Knapp
Scott Hodge
Eric Howes
Greg Krusi

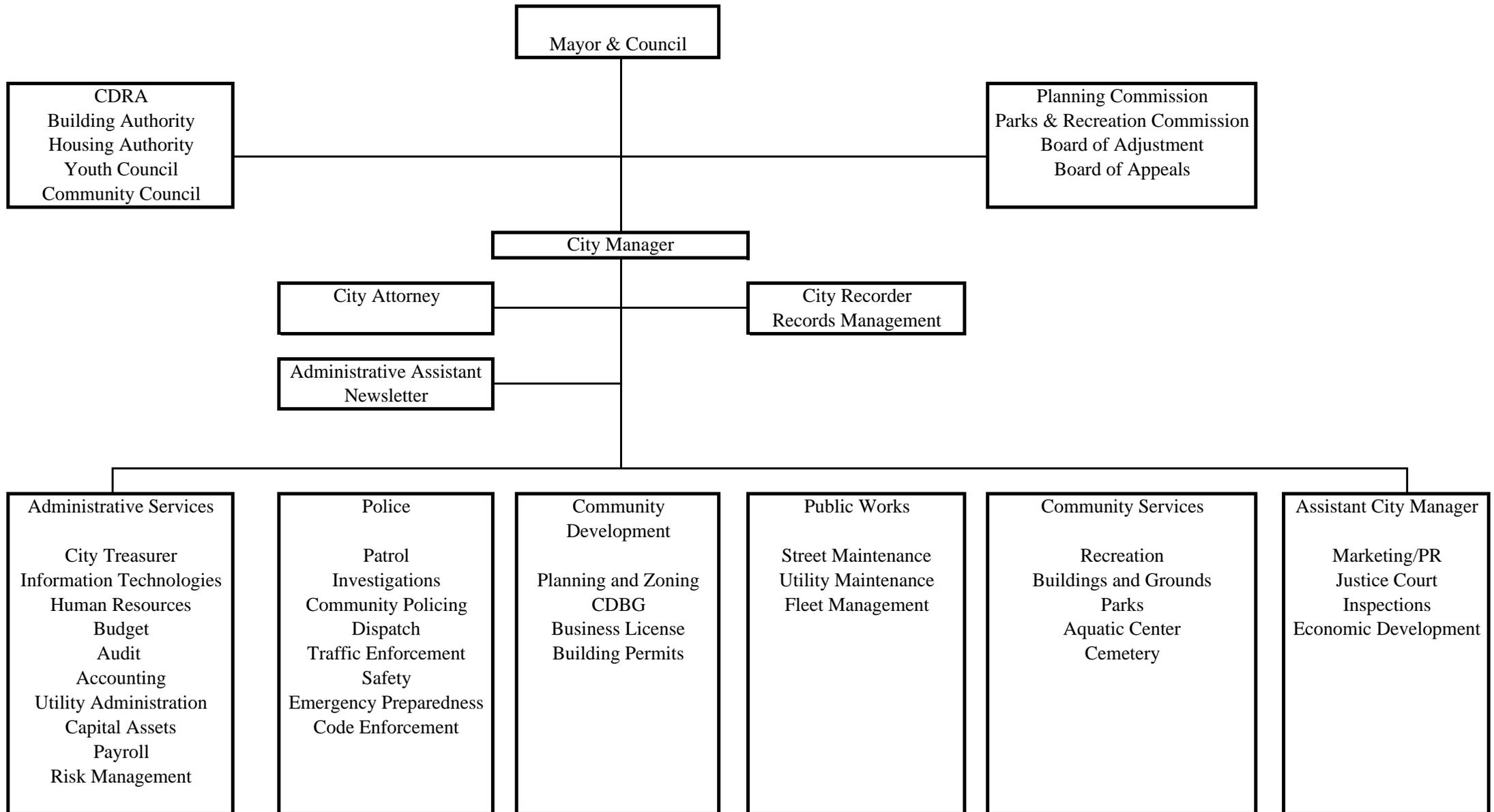
Administrative Services Director
Public Works Director
Community Services Director
Police Chief

Other City Officials

Mike Stenquist
Summer Palmer

Assistant Police Chief
Human Resource Manager

Clearfield City, Utah Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
Clearfield City, 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, 2015, 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 did not audit the financial statements of North Davis Fire District. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, North Davis Fire District, is based solely upon the report of the other auditors. 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, 2015, and the respective changes in financial position and, where applicable, cash flows 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 pension related 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 non major fund financial statements and other 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 12, 2015 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* in considering the City of Clearfield, Utah's internal control over financial reporting and compliance.

Ulrich & Associates, P.C.

Ogden, UT

November 12, 2015

Management's Discussion and Analysis 2015

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 2015 (FY2015) actual General Fund revenues were \$561,195 above expected or final budgeted numbers before Other Financing Sources. This is a 7.1% increase over budgeted revenue. Final budgeted revenues before Other Financing Sources were \$13,319,444 and final actual amounts are \$13,880,639. The largest increase from budgeted numbers came from Taxes. Sales and Use taxes were \$340,434 above budgeted, Property taxes were \$212,962 above budgeted amounts and Energy Sales taxes were \$87,536 above budgeted amounts. Overall taxes came in \$577,762 above final budgeted numbers. Fines and Forfeitures were down \$87,348 from budgeted numbers. Franchise Taxes were down \$116,577 from budget. Lastly, Parks and Recreation revenue was \$84,435 lower than budget.
- General Fund revenue before Other Financing Sources was up \$282,484 in FY2015 compared to FY2014. Revenues from Taxes increased \$414,350 from FY14 with revenues from fines and forfeiture decreasing \$66,708 and Parks and Recreation decreasing by \$112,917. Federal Grants also decreased from FY14 by \$125,204.
- Expenditures of \$15,373,480 and revenues of \$15,359,732 in the general fund combined to have a net change in fund balance of (\$13,748).
- The total assets of Clearfield City increased by \$3,573,319 to \$112,811,981. Total liabilities increased by \$915,627 to \$24,527,139. The largest component of the increase in liabilities was from the implementation of GASB 68 which recognized \$2,545,155 of pension liability. Without this change, liabilities would have decreased by \$1,629,528, mostly from paying down \$1,958,915 of bonds.
- The total net position of \$86,500,934 are made up of \$56,553,022 invested in capital assets net of related debt, \$8,365,118 in restricted net position and \$21,582,794 in unrestricted net position.
- Outstanding Long Term General Obligation Bonds and Revenue Bonds government wide decreased by \$1,958,915. General Obligation Bonds decreased by \$867,499. Revenue Bonds decreased by \$1,091,416.

- 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.

Overview of Financial Statements

There are three components in Clearfield City's basic financial statements: 1) government-wide financial statements-pages 38 and 40, 2) fund financial statements-pages 42 to 62 and 3) notes to the financial statements-pages 64 through 102.

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 position 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, 2015, 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, 2015 the City's total assets and deferred outflows exceeded liabilities and deferred inflows by \$86,500,934. The statement shows that unrestricted net position of \$21,582,794 are enough to cover the current liabilities of \$4,679,178.

Assets

Clearfield City's assets on June 30, 2015 were \$112,811,981 for an increase of \$3,573,319 from the previous fiscal year ending June 30, 2014. Cash and cash equivalents increased \$387,685, and taxes receivable increased \$34,776. Other receivables also increased by \$169,313.

Of the total assets about \$77,951,742 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 \$40.4 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 \$39.4 million dollars and is 47% of the purchase price. More information on depreciation is available in the Notes to the Financial Statements on pages 69 - 70 and 83 - 85. Schedules of general capital assets are on pages 121 to 123.

Liabilities

Clearfield City’s liabilities on June 30, 2015 were \$24,527,139. Non-current liabilities are 81% and current liabilities are 19% of the total liabilities. The 19% is \$4,679,178 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 81% of non-current liabilities is \$19,847,961, with \$17,120,320 in revenue & general obligation bond debt and \$2,727,641 for noncurrent compensated absences and net pension liability. Liabilities increased from the prior year by \$915,627. This increase was from the implementation of GASB 68 which recognized \$2,545,155 of pension liability.

For detailed information see pages 88 to 90, which has the debt section of Clearfield City’s Notes to Financial Statements.

Current Liabilities

Leases, loans, notes payable	1.3%
Compensated Absences	1.0%
Accounts Payable	8.6%
G.O. & Revenue bonds	<u>8.2%</u>
	19.1%

Non-current Liabilities

Loans- Bonds	69.8%
Compensated Absences	0.7%
Net Pension	<u>10.4%</u>
	80.2%

The net position 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, 2015 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, then again in November 2014. The 2014 refund saved the city over \$588k over the remaining six years. 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, 2015 was \$5,380,000. This is a decrease of \$1,010,000 from the prior fiscal year.

The City also has three 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 \$10,600,000 outstanding at the end of the fiscal year. \$520,000 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, 2015 is \$1,285,000.

Other bonds are outstanding and can be referenced in the Note Section pages 88 to 90.

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, 2015 and covers the time period of July 1, 2014 to June 30, 2015. 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, solid waste, and storm water.

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 \$8,469,890 in parenthesis represents the cost of services that were not covered with program revenues. The general revenues of \$13,281,821 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 \$4,811,931.

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, and emergency services not including the North Davis Fire District), is \$3,957,058. The revenues from charges for services related to Public Safety totals \$1,152,194 with \$85,593 in operating grants and contributions. The \$2,719,271 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. Therefore, program revenues covered only 31% of program expenses. General revenues are needed to cover the rest.

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:

		<u>Amount of program funded w/GF</u>	<u>% of program funded with General revenues</u>
1 st	Community Development	\$ 732,537	100 %
2 nd	Interest on long-term debt	\$ 720,704	100 %
3 rd	General Government	\$3,029,360	70 %
4 th	Public Safety	\$2,719,271	69 %
5 th	Community Services	\$1,821,016	47 %
6 th	Highways	\$ -552,998	0 %

Governmental Activities expenditures before contributions or transfers decreased \$574,573 in 2015 compared to fiscal year 2014.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:					
General Government	\$4,363,191	\$4,175,063	\$4,408,533	\$4,419,080	\$4,329,895
Public Safety	4,038,550	3,893,612	4,298,248	4,258,275	3,957,058
Highway & Streets	1,204,022	1,407,454	579,064	583,792	558,575
Community Services	3,518,420	3,480,388	3,755,723	4,196,122	3,872,112
Community Development	1,018,528	514,315	534,675	460,111	732,537
Other	1,066,514	974,740	912,002	828,074	720,704
Total Expenses	\$15,209,225	\$14,445,572	\$14,488,245	\$14,745,454	\$14,170,881

Business-type activities summary

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

The business-type activities run by Clearfield City had an increase of net operating income of \$187,332 for a total of \$842,223. The majority of this increase in net operating revenue came increased rates from the sewer district. Operating expenses had an increase of \$575,744 mostly from pass along sewer increases from the sewer district. When interest income, impact fees, miscellaneous revenue, gain on disposal of capital assets and transfers to the general fund are included, net position increased \$453,661 to \$56,837,535.

Net Position

The total net position for both governmental-type activities and business type activities are \$86,500,935. The change in net position is a useful indicator of the City's financial position, especially if several years are available for comparison. Since FY2009, the five year change in Net Position has increased by \$4,229,822 for the business type activities. For the same time period, Governmental activities have had an increase in Net Position of \$13,324,325.

The following two charts compare the fiscal year ending June 30, 2014 (FY2014) and the fiscal year ending June 30, 2015 (FY2015) of the Changes in Net position and a comparison of Net Position.

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Comparison of Changes in Net Position

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Revenues:				
Program Revenues:				
Charges for Services	\$ 4,224,954	\$ 4,570,675	\$ 8,781,224	\$ 9,541,816
Operating Grants & Contributions	899,337	962,484		
Capital Grants and Contributions	304,303	167,832	-	-
General Revenues:				
Property Taxes	\$ 5,200,014	\$ 5,543,631		
General Sales & Use Tax	3,648,705	3,844,816		
Other Taxes	3,257,562	3,233,966		
Investment Income	99,266	116,633	41,848	61,709
Other Revenue	(67,631)	176,888	880	3,394
Total Revenues	\$ 17,566,510	\$ 18,616,925	\$ 8,823,952	\$ 9,606,919
Expenses:				
General Government	\$ 4,419,080	\$ 4,329,895		
Public Safety	4,258,275	3,957,058		
Highway & Streets	583,792	558,575		
Community Services	4,196,122	3,872,112		
Community Development	460,111	732,537		
Other	828,074	720,704		
Utilities			8,683,770	8,787,371
Total Expenses	\$ 14,745,454	\$ 14,170,881	\$ 8,683,770	\$ 8,787,371
Excess (deficiency) before transf	\$ 2,821,056	\$ 4,446,044	\$ 140,182	\$ 819,548
Contributions of Capital Assets	-	109,049	-	(109,049)
Transfers	\$ 559,827	\$ 256,838	\$ (559,827)	\$ (256,838)
Increase (Decrease) in Net Position	\$ 3,380,883	\$ 4,811,931	\$ (419,645)	\$ 453,661
Net Position, beg. of yr, as adjusted	\$ 23,511,408	\$ 24,851,469	\$ 57,100,589	\$ 56,383,874
Net Position, ending of year	\$ 26,892,291	\$ 29,663,400	\$ 56,680,944	\$ 56,837,535

Fiscal Year Comparison of Net Position

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Current and Other Assets	\$ 17,158,583	\$ 19,715,946	\$ 13,553,612	\$ 15,138,425
Capital Assets (net of depr.)	32,917,166	33,758,832	45,609,301	44,198,778
Total Assets	\$ 50,075,749	\$ 53,474,778	\$ 59,162,913	\$ 59,337,203
Deferred Outflows	\$ -	\$ 815,190		\$ 59,120
Total Deferred Outflows	\$ -	\$ 815,190	\$ -	\$ 59,120
Other Liabilities	\$ 3,540,417	\$ 6,109,594	\$ 991,860	\$ 1,297,225
Long Term Debt Outstanding	17,589,126	15,907,234	1,490,109	1,213,086
Total Liabilities	\$ 21,129,543	\$ 22,016,828	\$ 2,481,969	\$ 2,510,311
Deferred Inflows	\$ 2,053,915	\$ 2,609,741	\$ -	\$ 48,477
Total Deferred Inflows	\$ 2,053,915	\$ 2,609,741	\$ -	\$ 48,477
Invested in Capital, net of debt	\$ 13,743,040	\$ 13,842,330	\$ 43,854,192	\$ 42,710,692
Restricted	3,151,603	6,198,871	1,856,320	2,166,247
Unrestricted	9,997,648	9,622,198	10,970,432	11,960,596
Total Net Position	\$ 26,892,291	\$ 29,663,399	\$ 56,680,944	\$ 56,837,535

Fund financial statements: pages 42 to 62.

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 shows how the fund balances changed from the beginning of the year to the end of the year.

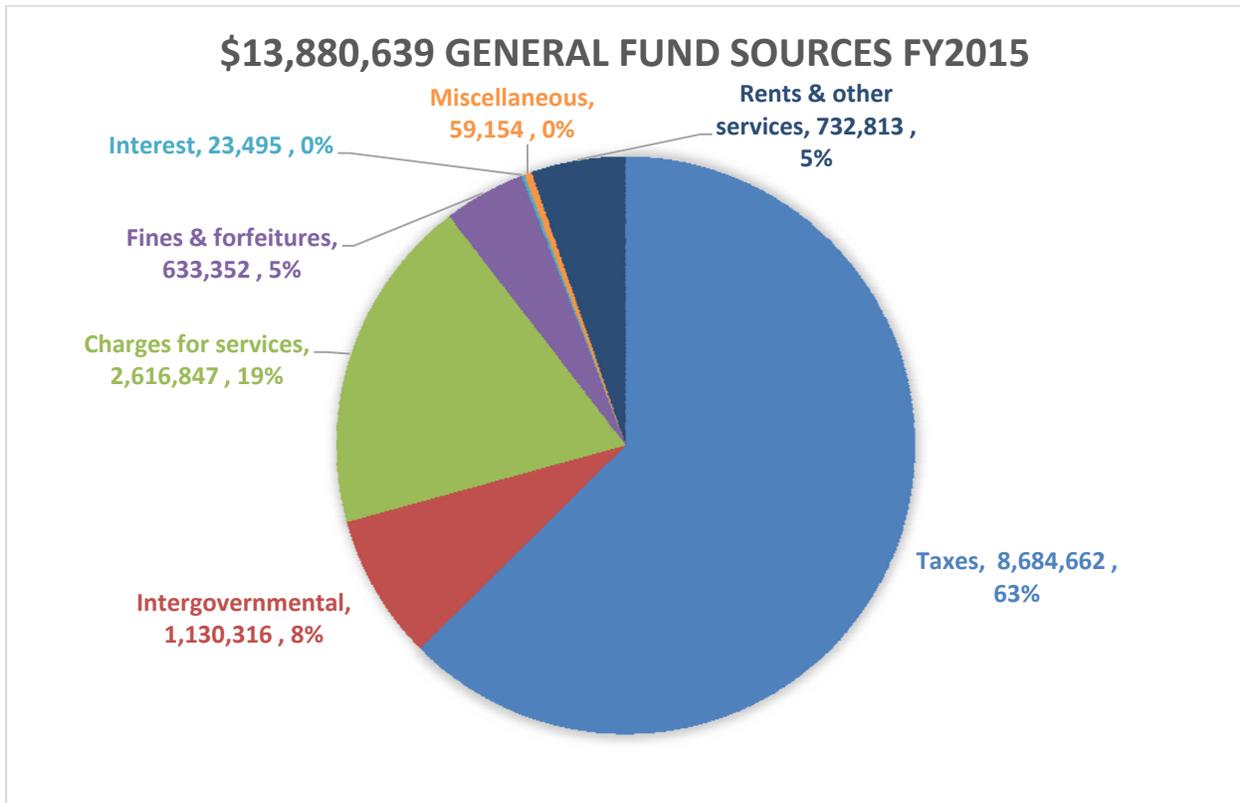
Clearfield City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Government funds summary

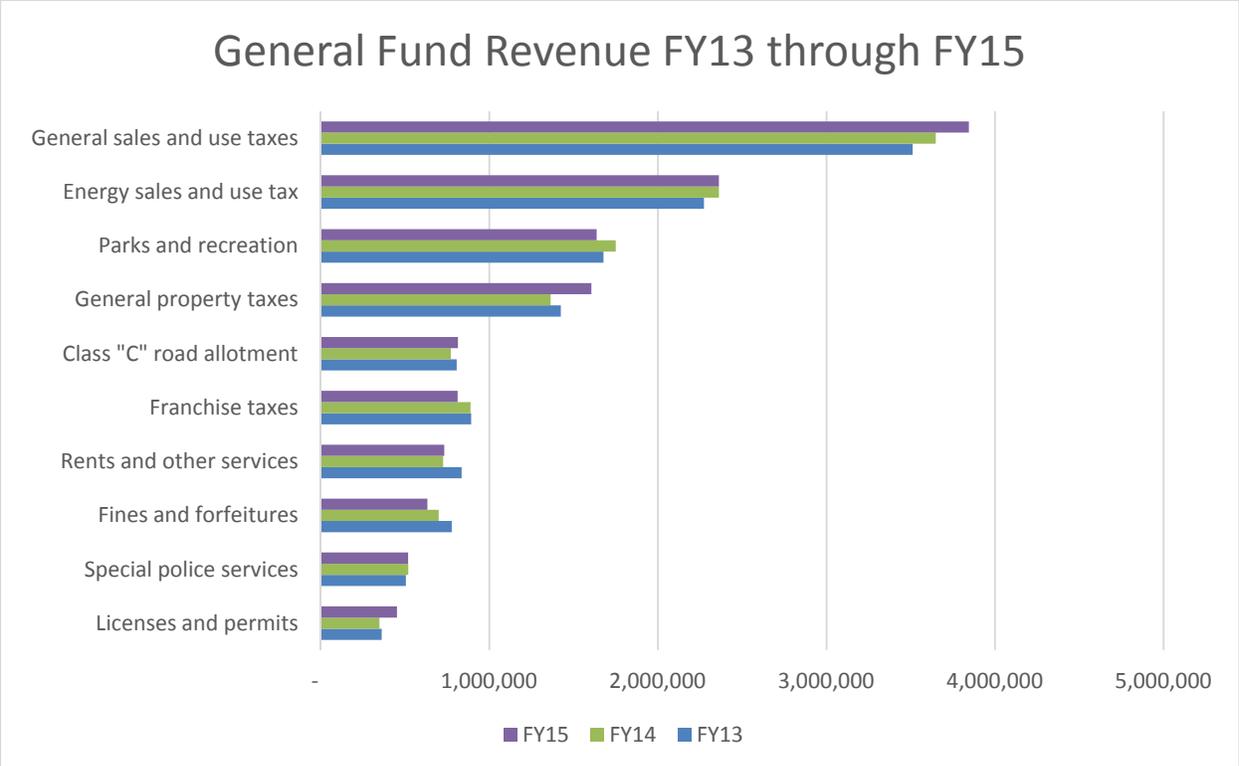
The General Government funds reported by the City are the General Fund, the Community Development Renewal Agency (CDRA) Fund, the Capital Project Fund and Other Governmental Funds.

General Fund: pages 49 to 54.

During the year, \$13,880,639 came into the General Fund before Other Financing Sources. This is an increase of \$282,484 from the previous year. The primary increase came from property and sales tax. Taxes still remain the largest source of revenue received in the General Fund with 63% of the total—\$8,684,662. For the prior year taxes represented 61% or \$8,270,312 of the total revenue source before other financing sources.



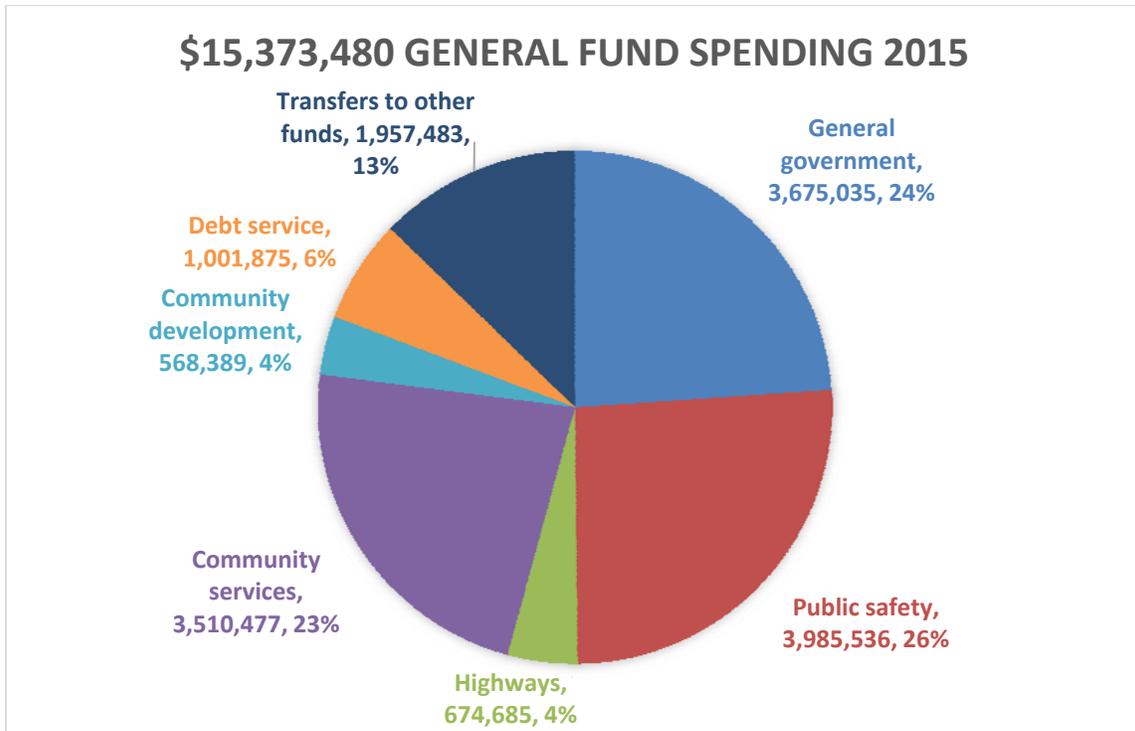
The next chart compares the normal general fund revenue for Fiscal years 2013, 2014, and 2015. On the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, the general fund revenues increased \$282,484 from 2014 to 2015 (before transfers or other sources). This amount represents a 2% increase in these revenue sources. The largest decrease was in federal grants of \$125,204, followed by a decrease in parks and recreation of \$112,917, and a decrease in franchise tax of \$76,203. These decreases were offset by increases in property tax of \$241,835, sales tax of \$196,111, and licenses and permits of \$104,028.



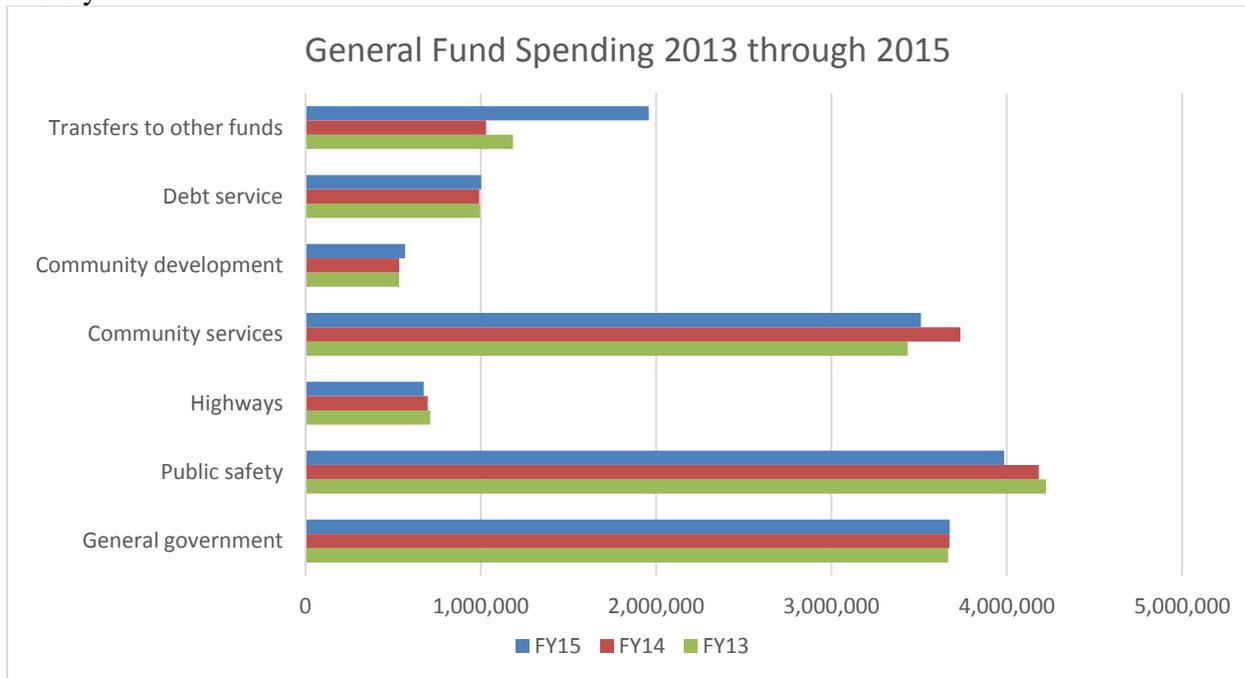
General Fund Spending:

The General Fund’s actual operating expenditures decreased by \$410,072 before any debt service or transfers to other funds. This represents a 3% decrease from the prior year for the same functions. After transfers to other funds are included the total expenditures increased by \$527,998 as compared to the prior year. This increase in transfers was to fund capital projects with unrestricted fund balance.

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



The next chart compares general fund spending for 2013, 2014, and 2015 by governmental activity.



Community Development and Renewal Agency: page 55.

Total revenue of \$2,912,670 was generated in 2015. This is a decrease of \$225,817 from FY2014. Community Development and Renewal Agency (CDRA) revenue includes property tax increment monies, rent from RDA owned properties, and interest.

The Clearfield CDRA's balance sheet reflects an inter-fund loan payable of \$1,021,297. This loan is due to the Water Administration Fund. 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. The Net Change in Fund Balance for the CDRA Fund increased \$1,735,413 to end the year at \$7,531,612.

Capital Projects Fund: page 109.

The Capital Projects Fund began the fiscal year with a fund balance of \$1,174,607. During the year, \$2,013,269 was spent related to capital projects. During the year, \$1,957,483 was transferred in to fund authorized capital projects. The fund balance had a net increase of \$332,219 to end the fiscal year with a \$1,506,826 fund balance.

Debt Service / General Obligation Bond Fund: page 110.

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 FY2015 \$1,094,117 was received in this fund as revenue. This revenue is budgeted from a portion of the certified tax rate. In FY2015 this rate related to the G.O. debt was 0.000763. The revenue collected from the property taxes was enough to cover the debt service for the year, therefore nothing was transferred in from the proprietary funds.

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 Utility Administration, have a positive net income before transfers in or out. The Utility Administration fund shows a loss of \$46,683. 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, Sewer, Storm Drain and Solid Waste utilities all showed a positive income before and after transfers in the fiscal year.

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.

The statement of Net Position for Proprietary Funds shows a total operating revenue of \$9,545,210 for the fiscal year ending 2015. For all proprietary funds this is an increase of \$763,106 compared to the prior year revenues before transfers. The increase is due to an increase in rates for water, sewer, and storm drain from the city and the continuing increases from the North Davis Sewer District.

The Proprietary funds also had operating expenses including depreciation totaling \$8,702,978 before non-operating revenues or expenditures; this is up \$575,774 from the prior year. After non-operating revenues and expenses, the proprietary funds had a net increase of \$453,661.

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, 2015 is \$1,488,086. The maturity date is scheduled for May 2020.

Internal Service Funds-Fleet and Risk Management pages 117 to 119.

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 \$780,370 with Operating Expenses including depreciation to be \$781,542 for a net operating loss of \$1,172. The fund also received a gain of \$10,170 on the sale of fixed assets. The increase to net position was \$8,998.

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 2015 revenue was \$306,646. Insurance costs for the city were \$246,014. The increase to net position was \$60,632.

Notes to Financial Statements: pages 64 to 102.

The Notes to the financial statements present 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 111 to 115. Clearfield City has the following non-major funds:

Park Capital Project Fund
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 111 and 112. Budget and actual comparisons for the non-major funds are

presented on pages 114 to 115. Budget and actual comparisons for major capital projects fund and G.O bond fund are presented on pages 109 and 110.

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 2015 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 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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 10,073,091	11,333,431	21,406,522	2,642,006
Accounts receivable (net)	-	832,996	832,996	163,766
Property, sales, & franchise taxes receivable	3,182,054	-	3,182,054	2,170,574
Other receivables	494,984	-	494,984	-
Prepaid items	189,843	540,690	730,533	663,500
Internal balances	(265,061)	265,061	-	-
Restricted cash	4,987,392	2,166,247	7,153,639	-
Restricted land held for sale	1,053,643	-	1,053,643	-
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	16,617,740	761,669	17,379,409	2,493,381
Improvements	1,249,737	235,313	1,485,050	-
Machinery & equipment	2,330,987	628,141	2,959,128	549,135
Infrastructure	7,589,121	39,386,888	46,976,009	-
Construction in process	996,958	1,773,028	2,769,986	94,533
Net pension asset	5,868	-	5,868	184,715
 Total assets	 <u>53,474,778</u>	 <u>59,337,203</u>	 <u>112,811,981</u>	 <u>9,161,720</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows relating to pensions	484,566	59,120	543,686	43,054
Deferred charge on refunding	330,624	-	330,624	-
Total deferred outflows of resources	<u>\$ 815,190</u>	<u>59,120</u>	<u>874,310</u>	<u>43,054</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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>North Davis Fire District</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,423,082	696,477	2,119,559	103,302
Accrued interest payable	301,875	9,867	311,742	43,645
Compensated absences - current	224,183	13,694	237,877	-
Capital lease payable - current	-	-	-	108,063
General obligation bonds payable - current	925,000	-	925,000	-
Revenue bonds payable - current	810,000	275,000	1,085,000	155,000
Compensated absences - noncurrent	157,054	25,432	182,486	140,150
Capital lease payable - noncurrent	-	-	-	891,663
General obligation bonds payable - noncurrent	4,829,983	-	4,829,983	-
Revenue bonds payable - noncurrent	11,077,251	1,213,086	12,290,337	2,095,000
Net pension liability	2,268,400	276,755	2,545,155	26,102
Total liabilities	22,016,828	2,510,311	24,527,139	3,562,925
<u>Deferred Inflows of Resources</u>				
Deferred inflows relating to pensions	397,340	48,477	445,817	149,479
Deferred revenue- property taxes	2,212,401	-	2,212,401	2,006,321
Total deferred inflows of resources	2,609,741	48,477	2,658,218	2,155,800
<u>Net Position</u>				
Net investment in capital assets	13,842,330	42,710,692	56,553,022	750,933
Restricted for:				
Debt service	1,141,957	83,700	1,225,657	64,640
Perpetual care				
Expendable	30,279	-	30,279	-
Nonexpendable	175,785	-	175,785	-
Capital projects	212,504	2,082,547	2,295,051	-
E-911	396,155	-	396,155	-
Community redevelopment	1,053,643	-	1,053,643	-
Other	3,188,548	-	3,188,548	171,274
Unrestricted	9,622,198	11,960,596	21,582,794	2,499,202
Total net position	\$ 29,663,399	56,837,535	86,500,934	3,486,049

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, 2015

Function/Programs	Program Revenues				Net (Expenses) Revenues & Changes in Net Position			
			Operating	Capital	Primary Government			Component Unit
Primary government	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total	North Davis
		Services	Contributions	Contributions	Activities	Activities		Fire District
Governmental activities:								
General government	\$ 4,329,895	1,300,535	-	-	\$ (3,029,360)		(3,029,360)	
Public safety	3,957,058	1,152,194	85,593	-	(2,719,271)		(2,719,271)	
Highways and public improvements	558,575	129,397	814,344	167,832	552,998		552,998	
Community services	3,872,112	1,988,549	62,547	-	(1,821,016)		(1,821,016)	
Community development	732,537	-	-	-	(732,537)		(732,537)	
Interest on long-term debt	720,704	-	-	-	(720,704)		(720,704)	
Total governmental activities	<u>14,170,881</u>	<u>4,570,675</u>	<u>962,484</u>	<u>167,832</u>	<u>(8,469,890)</u>		<u>(8,469,890)</u>	
Business-type activities:								
Public utility	8,787,371	9,541,816	-	-	-	754,445	754,445	
Total business-type activities	<u>8,787,371</u>	<u>9,541,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,445</u>	<u>754,445</u>	
Total primary government	<u>\$ 22,958,252</u>	<u>14,112,491</u>	<u>962,484</u>	<u>167,832</u>	<u>(8,469,890)</u>	<u>754,445</u>	<u>(7,715,445)</u>	
Component unit								
North Davis Fire District	\$ 3,118,201	896,997	-	-				(2,221,204)
Total component unit	<u>\$ 3,118,201</u>	<u>896,997</u>	<u>-</u>	<u>-</u>				<u>(2,221,204)</u>
General revenues:								
Property taxes					5,543,631	-	5,543,631	2,379,080
General sales and use tax					3,844,816	-	3,844,816	-
Franchise tax					812,423	-	812,423	-
Energy use tax					2,362,536	-	2,362,536	-
Parks and recreation tax					52,389	-	52,389	-
Transient room tax					6,618	-	6,618	-
Interest earnings					116,633	61,709	178,342	10,894
Miscellaneous					176,888	3,394	180,282	4,500
Transfers					256,838	(256,838)	-	-
Nonemployer contributions relating to pensions					-	-	-	108,344
Contribution of capital assets					109,049	(109,049)	-	-
Total general revenues					<u>13,281,821</u>	<u>(300,784)</u>	<u>12,981,037</u>	<u>2,502,818</u>
Change in net position					4,811,931	453,661	5,265,592	281,614
Net position - beginning, as adjusted					24,851,469	56,383,874	81,235,343	3,204,435
Net position - ending					<u>\$ 29,663,400</u>	<u>56,837,535</u>	<u>86,500,935</u>	<u>3,486,049</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, 2015

	<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	
<u>Assets</u>						
Cash and cash equivalents	\$ 3,642,404	4,647,489	1,664,010	-	33,733	9,987,636
Property, sales, and franchise taxes receivable	2,443,475	-	-	738,579	-	3,182,054
Other receivables	494,984	-	-	-	-	494,984
Prepaid items	157,836	-	-	-	-	157,836
Due from other funds	1,075,391	-	-	-	-	1,075,391
Restricted cash and cash equivalents	1,612,349	2,861,134	-	95,341	418,568	4,987,392
Restricted land held for sale	-	1,053,643	-	-	-	1,053,643
Total assets	<u>9,426,439</u>	<u>8,562,266</u>	<u>1,664,010</u>	<u>833,920</u>	<u>452,301</u>	<u>20,938,936</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities						
Accounts payable	436,809	9,357	157,184	-	-	603,350
Accrued liabilities	807,212	-	-	-	-	807,212
Interfund loans payable	-	1,021,297	-	-	-	1,021,297
Total liabilities	<u>1,244,021</u>	<u>1,030,654</u>	<u>157,184</u>	<u>-</u>	<u>-</u>	<u>2,431,859</u>
Deferred Inflows of Resources						
Unavailable revenue- property taxes	1,473,822	-	-	738,579	-	2,212,401
Total deferred inflows of resources	<u>\$ 1,473,822</u>	<u>-</u>	<u>-</u>	<u>738,579</u>	<u>-</u>	<u>2,212,401</u>

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

Clearfield City Corporation
Balance Sheet - Continued
Governmental Funds
June 30, 2015

	<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	\$ 157,836	-	-	-	-	157,836
Land held as inventory	-	1,053,643	-	-	-	1,053,643
Restricted for:						
Debt service	1,046,616	-	-	95,341	-	1,141,957
Capital projects	-	-	-	-	212,504	212,504
Cemetery perpetual care	-	-	-	-	206,064	206,064
E-911	396,155	-	-	-	-	396,155
Other	169,578	2,861,134	-	-	-	3,030,712
Committed	1,476,747	150,000	-	-	33,733	1,660,480
Assigned, reported in:						
Capital projects - improvements	-	-	1,506,826	-	-	1,506,826
Special revenue - community development	-	3,466,835	-	-	-	3,466,835
Unassigned, reported in:						
General fund	3,461,664	-	-	-	-	3,461,664
Total fund balances	<u>6,708,596</u>	<u>7,531,612</u>	<u>1,506,826</u>	<u>95,341</u>	<u>452,301</u>	<u>16,294,676</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,426,439</u>	<u>8,562,266</u>	<u>1,664,010</u>	<u>833,920</u>	<u>452,301</u>	<u>20,938,936</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, 2015

Total fund balances - governmental fund types:	\$ 16,294,676
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,752,964
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(214,213)
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.	(20,170,028)
Net position of governmental activities	<u><u>\$ 29,663,399</u></u>

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, 2015

	<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	
<u>Revenues</u>						
Taxes	\$ 8,684,662	2,843,634	-	1,094,117	-	12,622,413
Rents and other services	732,813	40,833	-	-	-	773,646
Intergovernmental	1,130,316	-	343,000	-	8,870	1,482,186
Charges for services	2,616,847	-	-	-	-	2,616,847
Impact fees	-	-	-	-	129,397	129,397
Fines and forfeitures	633,352	-	-	-	-	633,352
Interest and investment income	23,495	28,203	45,005	-	1,635	98,338
Miscellaneous revenue	59,154	-	-	-	-	59,154
Total revenues	<u>13,880,639</u>	<u>2,912,670</u>	<u>388,005</u>	<u>1,094,117</u>	<u>139,902</u>	<u>18,415,333</u>
<u>Expenditures</u>						
Current						
General government	3,675,035	70,369	-	-	-	3,745,404
Public safety	3,985,536	-	-	-	-	3,985,536
Highways and public improvements	400,535	-	-	-	-	400,535
Community services	3,510,477	-	-	-	-	3,510,477
Community development	568,389	-	-	-	-	568,389
Capital outlay	-	53,382	2,013,269	-	-	2,066,651
Debt service						
Principal retirement	785,000	-	-	885,000	-	1,670,000
Interest and fiscal charges	491,025	6,130	-	203,634	-	700,789
Cost of issuance	-	-	-	87,985	-	87,985
Total expenditures	<u>13,415,997</u>	<u>129,881</u>	<u>2,013,269</u>	<u>1,176,619</u>	<u>-</u>	<u>16,735,766</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, 2015

	General Fund	Special Revenue Community Development & Renewal Agency Fund	Capital Projects	Debt Service G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) revenues over (under) expenditures	\$ 464,642	2,782,789	(1,625,264)	(82,502)	139,902	1,679,567
Other Financing Sources (Uses)						
Issuance of refunding bonds	-	-	-	5,465,000	-	5,465,000
Payment to refunded bonds escrow agent	-	-	-	(5,719,513)	-	(5,719,513)
Premium on bond issuance	-	-	-	342,498	-	342,498
Proceeds (cost) from disposal of capital assets	6,860	168,018	-	-	-	174,878
Transfers in	1,472,233	-	1,957,483	-	-	3,429,716
Transfers (out)	(1,957,483)	(1,215,394)	-	-	-	(3,172,877)
Total other financing sources and (uses)	(478,390)	(1,047,376)	1,957,483	87,985	-	519,702
Net change in fund balances	(13,748)	1,735,413	332,219	5,483	139,902	2,199,269
Fund balances - beginning of year	6,722,344	5,796,199	1,174,607	89,858	312,399	14,095,407
Fund balances - end of year	\$ 6,708,596	7,531,612	1,506,826	95,341	452,301	16,294,676

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, 2015

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

Net changes in fund balances - total governmental funds \$ 2,199,269

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. 489,534

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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. 1,452,502

Internal service funds are used by management to charge the costs of fleet management and insurance costs to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities. 299,413

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. 371,214

Change in net position of governmental activities \$ 4,811,932

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, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Revenues</u>				
Taxes				
General property taxes	\$ 1,392,918	1,392,918	1,605,880	212,962
General sales and use taxes	3,504,382	3,504,382	3,844,816	340,434
Franchise taxes	929,000	929,000	812,423	(116,577)
Energy sales and use tax	2,275,000	2,275,000	2,362,536	87,536
Parks and recreation tax	-	-	52,389	52,389
Transient room tax	5,600	5,600	6,618	1,018
	<u>8,106,900</u>	<u>8,106,900</u>	<u>8,684,662</u>	<u>577,762</u>
Intergovernmental				
Class "C" road allotment	808,000	808,000	814,344	6,344
State liquor allotment	40,000	40,000	36,082	(3,918)
Other grants	20,000	48,009	35,785	(12,224)
Federal grants	231,052	231,052	244,105	13,053
	<u>1,099,052</u>	<u>1,127,061</u>	<u>1,130,316</u>	<u>3,255</u>
Charges for services				
Special police services	514,900	514,900	518,842	3,942
Licenses and permits	353,500	353,500	452,456	98,956
Parks and recreation	1,707,551	1,721,551	1,637,116	(84,435)
Cemetery lots and services	10,000	10,000	8,433	(1,567)
	<u>2,585,951</u>	<u>2,599,951</u>	<u>2,616,847</u>	<u>16,896</u>
Fines and forfeitures	<u>720,700</u>	<u>720,700</u>	<u>633,352</u>	<u>(87,348)</u>
Interest and investment income	<u>22,000</u>	<u>22,000</u>	<u>23,495</u>	<u>1,495</u>
Miscellaneous	<u>14,282</u>	<u>14,282</u>	<u>59,154</u>	<u>44,872</u>
Rents and other services	<u>728,550</u>	<u>728,550</u>	<u>732,813</u>	<u>4,263</u>
<u>Other Financing Sources</u>				
Proceeds from sale of fixed assets	-	-	6,860	6,860
Transfers in	1,260,058	1,367,458	1,472,233	104,775
	<u>1,260,058</u>	<u>1,367,458</u>	<u>1,479,093</u>	<u>111,635</u>
Total other financing sources	<u>1,260,058</u>	<u>1,367,458</u>	<u>1,479,093</u>	<u>111,635</u>
Total revenues and other financing sources	<u>\$ 14,537,493</u>	<u>14,686,902</u>	<u>15,359,732</u>	<u>672,830</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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<u>Expenditures</u>				
<u>General government</u>				
Legislative				
Salaries and wages	\$ 69,345	69,345	69,300	45
Employee benefits	83,845	88,845	78,888	9,957
Council & mayor	39,250	44,250	35,404	8,846
Materials, supplies, and services	42,554	42,554	35,758	6,796
	234,994	244,994	219,350	25,644
Judicial				
Salaries and wages	221,754	221,754	220,383	1,371
Employee benefits	84,096	84,096	80,267	3,829
Professional services	84,240	84,240	76,610	7,630
Materials, supplies, and services	16,153	16,153	7,790	8,363
	406,243	406,243	385,050	21,193
Executive				
Salaries and wages	502,209	518,209	525,728	(7,519)
Employee benefits	194,980	203,480	188,238	15,242
Professional services	25,465	25,465	9,710	15,755
Materials, supplies, and services	119,135	119,135	108,301	10,834
	841,789	866,289	831,977	34,312
Administrative services				
Salaries and wages	551,078	555,878	546,296	9,582
Employee benefits	257,007	257,447	209,052	48,395
Professional services	109,452	109,452	90,667	18,785
Materials, supplies, and services	330,496	457,496	396,455	61,041
Capital outlay	6,000	6,000	13,700	(7,700)
	1,254,033	1,386,273	1,256,170	130,103
Non-departmental				
Materials, supplies, and services	333,161	378,161	277,302	100,859
Utilities	650,100	742,500	679,729	62,771
Telephone	24,000	24,000	19,266	4,734
	\$ 1,007,261	1,144,661	976,297	168,364

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, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Expenditures - continued</u>				
Elections				
Materials, supplies, and services	\$ 5,800	5,800	6,191	(391)
	5,800	5,800	6,191	(391)
Total general government	3,750,120	4,054,260	3,675,035	379,225
<u>Public safety</u>				
Police				
Salaries and wages	2,401,922	2,409,297	2,217,891	191,406
Employee benefits	1,327,750	1,327,750	1,116,386	211,364
Professional services	156,807	156,807	169,871	(13,064)
Materials, supplies, and services	429,935	430,935	348,614	82,321
Capital outlay	-	14,009	17,300	(3,291)
	4,316,414	4,338,798	3,870,062	468,736
Start grant				
Salaries and wages	64,995	64,995	68,511	(3,516)
Employee benefits	42,964	42,964	35,685	7,279
Materials, supplies, and services	19,160	19,160	11,278	7,882
	127,119	127,119	115,474	11,645
Total public safety	\$ 4,443,533	4,465,917	3,985,536	480,381

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, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Expenditures - continued</u>				
<u>Highways and public improvements</u>				
Streets and highways				
Salaries and wages	\$ 100,175	100,175	97,436	2,739
Employee benefits	44,287	44,287	42,371	1,916
Professional services	61,921	71,921	60,382	11,539
Materials, supplies, and services	281,537	281,537	200,346	81,191
Principal payments	235,000	235,000	235,000	-
Interest payments	46,750	46,750	39,150	7,600
Total highways and public improvements	<u>769,670</u>	<u>779,670</u>	<u>674,685</u>	<u>104,985</u>
<u>Community services</u>				
Salaries and wages	1,738,048	1,738,048	1,722,191	15,857
Employee benefits	479,696	479,696	468,817	10,879
Professional services	326,909	356,909	310,485	46,424
Materials, supplies, and services	1,115,776	1,238,403	963,400	275,003
Capital outlay	86,200	73,200	45,584	27,616
Total community services	<u>\$ 3,746,629</u>	<u>3,886,256</u>	<u>3,510,477</u>	<u>375,779</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, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Expenditures - continued</u>				
<u>Community development</u>				
Administration				
Salaries and wages	\$ 25,816	25,816	27,421	(1,605)
Employee benefits	2,014	2,014	2,112	(98)
Professional services	105,996	105,996	75,285	30,711
Materials, supplies, and services	158,157	158,157	122,347	35,810
	<u>291,983</u>	<u>291,983</u>	<u>227,165</u>	<u>64,818</u>
CDBG urban redevelopment				
Salaries and wages	11,790	11,790	14,278	(2,488)
Employee benefits	6,504	6,504	6,827	(323)
Materials, supplies, and services	55,773	79,793	46,238	33,555
	<u>74,067</u>	<u>98,087</u>	<u>67,343</u>	<u>30,744</u>
Building development services				
Salaries and wages	166,134	166,134	170,904	(4,770)
Employee benefits	74,510	74,510	70,703	3,807
Professional services	38,528	38,528	22,638	15,890
Materials, supplies, and services	15,727	15,727	9,636	6,091
	<u>294,899</u>	<u>294,899</u>	<u>273,881</u>	<u>21,018</u>
Total community development	<u>660,949</u>	<u>684,969</u>	<u>568,389</u>	<u>116,580</u>
<u>Debt service</u>				
Principal payments	550,000	550,000	550,000	-
Interest payments	450,172	450,172	451,875	(1,703)
Total debt service	<u>1,000,172</u>	<u>1,000,172</u>	<u>1,001,875</u>	<u>(1,703)</u>
Total expenditures	<u>\$ 14,371,073</u>	<u>14,871,244</u>	<u>13,415,997</u>	<u>1,455,247</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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<u>Other Financing Uses</u>				
Transfers out	\$ 1,742,355	1,852,355	1,957,483	(105,128)
Total other financing uses	<u>1,742,355</u>	<u>1,852,355</u>	<u>1,957,483</u>	<u>(105,128)</u>
Net change in fund balances	<u>(1,575,935)</u>	<u>(2,036,697)</u>	<u>(13,748)</u>	<u>2,022,949</u>
Fund balances, beginning of year	<u>6,722,344</u>	<u>6,722,344</u>	<u>6,722,344</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,146,409</u>	<u>4,685,647</u>	<u>6,708,596</u>	<u>2,022,949</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 - Community Development & Renewal Agency Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Revenues</u>				
Taxes	\$ 2,545,040	2,545,040	2,843,634	298,594
Rents and other services	67,891	67,891	40,833	(27,058)
Interest	20,000	20,000	28,203	8,203
	<u>2,632,931</u>	<u>2,632,931</u>	<u>2,912,670</u>	<u>279,739</u>
<u>Expenditures</u>				
Current operating				
General government	1,291,756	1,341,756	70,369	1,271,387
Capital outlay	150,000	150,000	53,382	96,618
Interest payments	8,500	8,500	6,130	2,370
Total expenditures	<u>1,450,256</u>	<u>1,500,256</u>	<u>129,881</u>	<u>1,370,375</u>
Excess of revenue over (under) expenditures	<u>1,182,675</u>	<u>1,132,675</u>	<u>2,782,789</u>	<u>1,650,114</u>
<u>Other Financing Sources (Uses)</u>				
Sale of land	-	-	168,018	168,018
Operating transfers (out)	(1,182,675)	(1,182,675)	(1,215,394)	(32,719)
Total other financing sources (uses)	<u>(1,182,675)</u>	<u>(1,182,675)</u>	<u>(1,047,376)</u>	<u>135,299</u>
Net change in fund balances	-	(50,000)	1,735,413	1,785,413
Fund balances, beginning of year	<u>5,796,199</u>	<u>5,796,199</u>	<u>5,796,199</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,796,199</u>	<u>5,746,199</u>	<u>7,531,612</u>	<u>1,785,413</u>

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

Clearfield City Corporation
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise						Governmental
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Internal Service Funds
Assets							
Current assets							
Cash and cash equivalents	\$ -	4,555,016	2,429,906	1,384,133	2,964,376	11,333,431	85,455
Accounts receivable (net)	19,757	276,032	321,344	125,010	90,853	832,996	-
Prepaid items	5,392	535,298	-	-	-	540,690	32,007
Restricted cash and cash equivalents	-	1,268,418	334,712	-	563,117	2,166,247	-
Interfund loan - CDRA	1,021,297	-	-	-	-	1,021,297	-
Total current assets	<u>1,046,446</u>	<u>6,634,764</u>	<u>3,085,962</u>	<u>1,509,143</u>	<u>3,618,346</u>	<u>15,894,661</u>	<u>117,462</u>
Noncurrent assets							
Water stock and rights	-	9,162	-	-	-	9,162	-
Land, equipment, buildings, and improvements	-	34,469,990	21,410,729	-	25,961,320	81,842,039	3,470,493
Less: accumulated depreciation	-	(16,958,569)	(10,760,626)	-	(11,706,256)	(39,425,451)	(2,176,444)
Construction in process	-	552,206	1,161,070	330	59,422	1,773,028	-
Total noncurrent assets	<u>-</u>	<u>18,072,789</u>	<u>11,811,173</u>	<u>330</u>	<u>14,314,486</u>	<u>44,198,778</u>	<u>1,294,049</u>
Total assets	<u>\$ 1,046,446</u>	<u>24,707,553</u>	<u>14,897,135</u>	<u>1,509,473</u>	<u>17,932,832</u>	<u>60,093,439</u>	<u>1,411,511</u>
Deferred Outflows of Resources							
Deferred outflows relating to pensions							
	6,573	23,060	17,136	3,042	9,309	59,120	8,709
Total deferred outflows of resources	<u>\$ 6,573</u>	<u>23,060</u>	<u>17,136</u>	<u>3,042</u>	<u>9,309</u>	<u>59,120</u>	<u>8,709</u>
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	\$ 11,294	62,524	393,840	106,942	7,900	582,500	12,520
Customer deposits	123,844	-	-	-	-	123,844	-
Due to other funds	756,236	-	-	-	-	756,236	319,155
Compensated absences - current	3,442	2,485	4,576	-	3,191	13,694	-
Revenue bond payable - current	-	275,000	-	-	-	275,000	-
Total current liabilities	<u>\$ 894,816</u>	<u>340,009</u>	<u>398,416</u>	<u>106,942</u>	<u>11,091</u>	<u>1,751,274</u>	<u>331,675</u>

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

Clearfield City Corporation
Statement of Net Position - Continued
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise					Total	Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<u>Liabilities - continued</u>							
Non current liabilities							
Compensated							
absences - noncurrent	\$ 6,393	4,614	8,498	-	5,927	25,432	-
Revenue bond payable							
- noncurrent	-	1,213,086	-	-	-	1,213,086	-
Net pension liability	30,774	107,951	80,215	14,240	43,575	276,755	40,769
Total noncurrent liabilities	37,167	1,325,651	88,713	14,240	49,502	1,515,273	40,769
Total liabilities	\$ 931,983	1,665,660	487,129	121,182	60,593	3,266,547	372,444
<u>Deferred Inflows of Resources</u>							
Deferred inflows relating to							
pensions	5,390	18,909	14,051	2,494	7,633	48,477	7,141
Total deferred inflows of resources	\$ 5,390	18,909	14,051	2,494	7,633	48,477	7,141
<u>Net position</u>							
Net investment in capital assets	\$ -	16,584,703	11,811,173	330	14,314,486	42,710,692	1,294,049
Restricted							
Impact fees	-	1,184,718	334,712	-	563,117	2,082,547	-
Debt service	-	83,700	-	-	-	83,700	-
Unrestricted	115,646	5,192,923	2,267,206	1,388,509	2,996,312	11,960,596	(253,414)
Total net position	\$ 115,646	23,046,044	14,413,091	1,388,839	17,873,915	56,837,535	1,040,635

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, 2015

	Business-Type Activities - Enterprise					Total	Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<u>Operating Revenues</u>							
Charges for services	\$ 154,218	3,388,274	3,243,892	1,257,671	934,516	8,978,571	1,071,737
Impact fees	-	261,808	141,931	-	159,506	563,245	-
Miscellaneous	-	1,101	2,100	-	193	3,394	15,279
Total operating revenues	154,218	3,651,183	3,387,923	1,257,671	1,094,215	9,545,210	1,087,016
<u>Operating Expenses</u>							
Salaries and wages	79,524	278,967	207,291	36,797	112,607	715,186	105,355
Employee benefits	39,414	109,993	96,868	11,219	37,294	294,788	46,693
Maintenance, supplies, and contracts	81,963	1,899,568	2,268,573	1,075,438	225,799	5,551,341	645,725
Depreciation and amortization	-	914,983	565,690	-	660,999	2,141,672	229,783
Total operating expenses	200,901	3,203,511	3,138,422	1,123,454	1,036,699	8,702,987	1,027,556
Net operating income	\$ (46,683)	447,672	249,501	134,217	57,516	842,223	59,460

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, 2015

	Business-Type Activities - Enterprise					Total	Governmental Activities -
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<u>Nonoperating Revenues (Expenses)</u>							
Gain/(loss) on disposal of capital assets	\$ -	(16,341)	-	-	-	(16,341)	10,170
Interest revenue	6,130	24,937	11,138	5,656	13,848	61,709	-
Interest expense	-	(68,043)	-	-	-	(68,043)	-
Total nonoperating revenues (expenses)	6,130	(59,447)	11,138	5,656	13,848	(22,675)	10,170
Income (loss) before contributions and transfers	(40,553)	388,225	260,639	139,873	71,364	819,548	69,630
Contribution of capital assets	-	(174,961)	39,854	-	26,058	(109,049)	-
Transfers in	42,192	-	-	-	-	42,192	-
Transfers (out)	-	(187,857)	(100,633)	(6,028)	(4,512)	(299,030)	-
Change in net position	1,639	25,407	199,860	133,845	92,910	453,661	69,630
Total net position - beginning, as adjusted	114,007	23,020,637	14,213,231	1,254,994	17,781,005	56,383,874	971,005
Total net position - ending	\$ 115,646	23,046,044	14,413,091	1,388,839	17,873,915	56,837,535	1,040,635

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, 2015

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain		Internal Service Funds
<u>Cash flows from operating activities</u>							
Receipts from customers	\$ 171,518	3,739,934	3,329,308	1,259,818	1,087,727	9,588,305	1,090,066
Payments to suppliers	(88,732)	(1,947,543)	(2,098,547)	(1,044,256)	(383,439)	(5,562,517)	(647,911)
Payments to employees	(123,448)	(407,565)	(317,032)	(49,609)	(145,658)	(1,043,312)	(156,609)
Net cash provided (used) by operating activities	(40,662)	1,384,826	913,729	165,953	558,630	2,982,476	285,546
<u>Cash flows from noncapital financing activities</u>							
Advances (to) from other funds	(7,660)	-	128,642	-	-	120,982	136,004
Transfers from other funds	42,192	-	-	-	-	42,192	-
Transfers to other funds	-	(187,857)	(100,633)	(6,028)	(4,512)	(299,030)	-
Net cash provided (used) by noncapital financing activities	34,532	(187,857)	28,009	(6,028)	(4,512)	(135,856)	136,004
<u>Cash flows from capital and related financing activities</u>							
Purchases of capital assets	-	(208,194)	(482,192)	(330)	(56,773)	(747,489)	(353,700)
Proceeds from sale of capital assets	-	-	-	-	-	-	17,605
Reimbursement for capital assets constructed	-	(174,961)	39,854	-	26,058	(109,049)	-
Principal paid on capital debt	-	(265,000)	-	-	-	(265,000)	-
Interest paid on capital debt	-	(68,043)	-	-	-	(68,043)	-
Net cash provided (used) by capital and related financing activities	-	(716,198)	(442,338)	(330)	(30,715)	(1,189,581)	(336,095)
<u>Cash flows from investing activities</u>							
Interest and dividends received	6,130	24,937	11,138	5,656	13,848	61,709	-
Net cash provided (used) by investing activities	6,130	24,937	11,138	5,656	13,848	61,709	-
Net increase (decrease) in cash and cash equivalents	-	505,708	510,538	165,251	537,251	1,718,748	85,455
Cash and cash equivalents - beginning	-	5,317,726	2,254,080	1,218,882	2,990,242	11,780,930	-
Cash and cash equivalents - ending	\$ -	5,823,434	2,764,618	1,384,133	3,527,493	13,499,678	85,455

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, 2015

	Business-Type Activities - Enterprise Funds					Governmental	
	Public Utility Administration	Water Utility	Sewer Utility	Waste Collection	Storm Drain	Total	Activities - Internal Service Funds
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>							
Operating income (loss)	\$ (46,683)	447,672	249,501	134,217	57,516	842,223	59,460
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	-	914,983	565,690	-	660,999	2,141,672	229,783
Contribution of capital assets	-	-	-	-	-	-	-
(Increase)/decrease in accounts receivable	3,001	88,751	(58,615)	2,147	(6,488)	28,796	3,050
(Increase)/decrease in prepaid items	(5,392)	(10,451)	-	-	-	(15,843)	(6,757)
Increase /(decrease) in accounts payable	(1,377)	(35,501)	170,026	31,182	(157,640)	6,690	4,571
Increase /(decrease) in customer deposits	14,299	-	-	-	-	14,299	-
Increase /(decrease) in compensated absences	(1,068)	(6,529)	(3,900)	-	9,118	(2,379)	-
Increase /(decrease) in unearned revenue	-	(2,023)	-	-	-	(2,023)	-
Increase /(decrease) in pension assets/ liabilities	(3,442)	(12,076)	(8,973)	(1,593)	(4,875)	(30,959)	(4,561)
Total adjustments	6,021	937,154	664,228	31,736	501,114	2,140,253	226,086
Net cash provided (used) by operating activities	\$ (40,662)	1,384,826	913,729	165,953	558,630	2,982,476	285,546

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, 2015

	<u>Offsite Improvements</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 99,120
<u>Liabilities</u>	
Due to developers	99,120
Total liabilities	\$ 99,120

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Reporting entity

Clearfield City Corporation (the City) is a municipal corporation governed by an elected mayor and a five member council. The City's major operations include public safety, highways and roads, culture-recreation, public improvements, planning and zoning, and general administrative services. The City's fiscal authority includes responsibility for final approval over budgeting appropriations, for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets. The financial statements include the various departments, agencies, and other organizational units governed by the City 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. Clearfield City Community Development and Renewal Agency is blended in the accompanying basic financial statements.

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 unit is blended because it is governed by a board comprised of the City council members. Additionally, there is a financial benefit/ burden relationship between the City and the blended component unit. 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, 381 North 3150 West, West Point, Utah 84015.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

Description 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.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

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 held.

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.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

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.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

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.

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.

Certain resources of the City's governmental funds are set aside for the following: debt, class C roads, capital improvements, and E911 as required by applicable federal and state regulations.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

3. Receivables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectible. Trade accounts receivables 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. 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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

4. Capital assets - continued

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

5. 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 city only has two items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. 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 two types 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. The City also reports amounts related to pension valuations.

Note 1 - Summary of Significant Account Policies - continued

6. 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 position. 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.

7. Pensions

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

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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:

Net investment in capital assets - 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 does not meet the definition of "restricted" or "net investment in capital assets."

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 1 - Summary of Significant Account Policies - continued

10. Fund balance/net position 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 of 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. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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.

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.

Note 1 - Summary of Significant Account Policies - continued

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.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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

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

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position 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 position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 74,177,560
Accumulated depreciation	<u>(40,424,596)</u>
Total difference	<u><u>\$ 33,752,964</u></u>

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 position. Balances at June 30, 2015 were:

General obligation bonds	\$ 5,380,000
Revenue bonds	11,885,000
Bond discount	(14,219)
Bond premium	391,453
Deferred charge on refunding	(330,624)
Pension related debt	2,175,306
Interest payable on long-term debt	301,875
Compensated absences	<u>381,237</u>
Total difference	<u><u>\$ 20,170,028</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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

Internal service funds:

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of equipment and risk to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this difference are as follows:

	Fleet Management	Risk Management
Net position of the internal service funds	\$ (329,538)	115,325

B. 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 position 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	\$ 1,963,509
Loss on disposal of capital assets	(74,412)
Depreciation expense	(1,399,564)
Net difference as reported	\$ 489,533

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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

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 position. 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:

Debt issued or incurred:	
Revenue bond	\$ (5,465,000)
Premiums	(342,498)
Principal repayments:	
General obligation debt	1,010,000
Revenue bond obligations	785,000
Payment to escrow agent for refunding	<u>5,465,000</u>
Net difference as reported	<u><u>\$ 1,452,502</u></u>

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	\$ 31,081
Amortization of bond premiums	80,483
Amortization of bond discounts	(1,093)
Amortization of deferred charge	(62,188)
Pension related debt	253,768
Accrued interest	<u>69,163</u>
Net difference as reported	<u><u>\$ 371,214</u></u>

Another element of the reconciliation states that "Internal service funds are used by management to charge the costs of service equipment and central stores to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this are as follows:

	<u>Fleet</u>	<u>Risk</u>
	<u>Management</u>	<u>Management</u>
Changes in net position	\$ 8,998	60,632
Depreciation on fleet assets	229,783	-
Net difference reported	<u><u>\$ 238,781</u></u>	<u><u>60,632</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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 current year 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 \$1,636,114.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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, 2015, the City had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	\$ 1,343,519
Utah Public Treasurers' Investment Fund	14,583,083
Other investments	<u>13,001,387</u>
	<u>\$ 28,927,989</u>

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2015, \$863,104 of the \$1,363,104 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Deposits and investments - continued

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2015, the City had investments of \$14,583,083 with the PTIF at fair value. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

For the year ended June 30, 2015, the City had investments of \$13,001,387 at fair value that consist of marketable securities.

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

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Deposits and 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, 2015, are as follows:

Cash on hand and on deposit	
Cash on hand	\$ 8,950
Cash on deposit	1,065,861
Utah State Treasurer's investment pool account	14,583,083
Other investments	<u>13,001,387</u>
Total cash and investments	<u><u>\$ 28,659,281</u></u>

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

Cash and cash equivalents	\$ 21,406,522
Restricted cash	<u>7,153,639</u>
Cash and investments - government-wide statement of net position	28,560,161
Cash and cash equivalents - statement of fiduciary assets and liabilities	<u>99,120</u>
Total cash and investments	<u><u>\$ 28,659,281</u></u>

Change in Other Investments

Fair value at June 30, 2014	\$ -
Initial amount deposited	13,000,000
Interest and Dividends	24,971
Unrealized gain/(loss)	(23,304)
Investment fees	<u>(280)</u>
Fair value at June 30, 2015	<u><u>\$ 13,001,387</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Receivables

Receivables as of year end for the government's general and enterprise funds are as follows:

	Governmental	Business-type	Total
Accounts, net	\$ 306,368	832,996	1,139,364
B & C road	156,072	-	156,072
Property taxes	2,271,246	-	2,271,246
Intergovernmental	943,352	-	943,352
	<u>\$ 3,677,038</u>	<u>832,996</u>	<u>4,510,034</u>

The business-type accounts receivable includes \$8,023 in allowance for doubtful accounts for utility services.

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes	\$ 2,212,401	-
Total deferred / unearned revenue for governmental funds	<u>\$ 2,212,401</u>	<u>-</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Capital assets

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

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,943,221	-	-	4,943,221
Construction in progress	595,212	797,024	395,278	996,958
Water rights	25,200	-	-	25,200
Total capital assets not being depreciated	5,563,633	797,024	395,278	5,965,379
Capital assets being depreciated:				
Buildings	25,100,511	-	93,174	25,007,337
Improvements	1,952,707	83,624	-	2,036,331
Machinery and equipment	7,257,998	392,924	317,242	7,333,680
Infrastructure	33,834,833	1,438,915	1,438,915	33,834,833
Total capital assets being depreciated	68,146,049	1,915,463	1,849,331	68,212,181
Less accumulated depreciation for:				
Buildings	7,776,408	640,966	27,777	8,389,597
Improvements	693,445	93,149	-	786,594
Machinery and equipment	4,793,461	510,024	300,792	5,002,693
Infrastructure	27,529,202	155,425	1,438,915	26,245,712
Total accumulated depreciation	40,792,516	1,399,564	1,767,484	40,424,596
Total capital assets, being depreciated, net	27,353,533	515,899	81,847	27,787,585
Governmental activities capital assets, net	\$ 32,917,166	1,312,923	477,125	33,752,964

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Capital assets - continued

Primary Government

Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in process	\$ 1,751,401	801,642	780,015	1,773,028
Land	1,404,577	-	-	1,404,577
Water stock and rights	9,162	-	-	9,162
Total capital assets not being depreciated	3,165,140	801,642	780,015	3,186,767
Capital assets being depreciated:				
Buildings	3,379,679	-	-	3,379,679
Improvements	345,641	-	-	345,641
Infrastructure	74,925,235	725,866	456,259	75,194,842
Machinery and equipment	1,520,524	-	3,224	1,517,300
Total capital assets being depreciated	80,171,079	725,866	459,483	80,437,462
Less accumulated depreciation for:				
Buildings	2,586,541	31,469	-	2,618,010
Improvements	87,501	22,827	-	110,328
Infrastructure	34,246,034	2,001,837	439,917	35,807,954
Machinery and equipment	806,844	85,539	3,224	889,159
Total accumulated depreciation	37,726,920	2,141,672	443,141	39,425,451
Total capital assets, being depreciated, net	42,444,159	(1,415,806)	16,342	41,012,011
Business-type activities capital assets, net	\$ 45,609,299	(614,164)	796,357	44,198,778

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Capital assets - continued

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

Governmental activities:

General government	\$ 480,706
Public safety	70,495
Public works	6,499
Highways and public improvements	155,759
Community services	456,322
Internal service fund	229,783
Total depreciation expense- governmental activities	<u>1,399,564</u>

Business-type activities:

Water	914,983
Sewer	565,690
Storm sewer	660,999
Total depreciation expense - business-type activities	<u>2,141,672</u>
Total depreciation expense	<u><u>\$ 3,541,236</u></u>

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Discretely presented component unit - North Davis Fire District

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 200,110	-	-	200,110
Construction in process	-	94,533	-	94,533
Total capital assets not being depreciated	200,110	94,533	-	294,643
Capital assets being depreciated:				
Buildings and improvements	3,006,948	-	-	3,006,948
Machinery and equipment	2,224,710	79,550	5,000	2,299,260
Total capital assets being depreciated	5,231,658	79,550	5,000	5,306,208
Less accumulated depreciation for:				
Buildings and improvements	438,393	75,174	-	513,567
Machinery and equipment	1,460,825	294,300	5,000	1,750,125
Total accumulated depreciation	1,899,218	369,474	5,000	2,263,692
Total capital assets, being depreciated, net	3,332,440	(289,924)	-	3,042,516
Business-type activities capital assets, net	\$ 3,532,550	(195,391)	-	3,337,159

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Interfund receivables, payables, and transfers

Individual interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,075,391	-
Public Utility Administration	-	756,236
Internal Service Fund - Fleet	-	319,155
	<u>\$ 1,075,391</u>	<u>1,075,391</u>

<u>Fund</u>	<u>Loans Receivable Other Funds</u>	<u>Loans Payable Other Funds</u>
Community Development & Renewal Agency	\$ -	1,021,297
Public Utility Administration	1,021,297	-
	<u>\$ 1,021,297</u>	<u>1,021,297</u>

Interfund transfers:

	<u>Transfer in</u>				<u>Total Transfers out</u>
	<u>General Fund</u>	<u>G.O. Bond Fund</u>	<u>Capital Projects</u>	<u>Non-Major Governmental</u>	
Transfers out:					
General Fund	\$ -	-	1,957,483	-	1,957,483
CDRA Fund	1,215,393	-	-	-	1,215,393
Enterprise funds	256,839	-	-	-	256,839
Total	<u>\$ 1,472,232</u>	<u>-</u>	<u>1,957,483</u>	<u>-</u>	<u>3,429,715</u>

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

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, 2015 lease revenue amounted to \$38,692.

Long-term debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
General obligation					
bonds	\$ 6,390,000	5,465,000	(6,475,000)	5,380,000	925,000
General obligation					
bonds - premium	107,482	342,498	(74,997)	374,983	-
Revenue bonds	12,670,000	-	(785,000)	11,885,000	810,000
Revenue bonds					
- discount	(15,312)	-	1,093	(14,219)	-
Revenue bonds					
- premium	21,956	-	(5,486)	16,470	-
Total bonds payable	19,174,126	5,807,498	(7,339,390)	17,642,234	1,735,000
Compensated absences	412,318	211,379	(242,460)	381,237	224,183
Governmental activity					
long-term liabilities	<u>\$ 19,586,444</u>	<u>6,018,877</u>	<u>(7,581,850)</u>	<u>18,023,471</u>	<u>1,959,183</u>
Business-type activities:					
Bonds payable					
Revenue bonds	\$ 1,745,000	-	(265,000)	1,480,000	275,000
Revenue bonds					
- premium	10,109	-	(2,023)	8,086	-
Compensated absences	41,505	30,191	(32,570)	39,126	13,694
Business-type activities:					
long-term liabilities	<u>\$ 1,796,614</u>	<u>30,191</u>	<u>(299,593)</u>	<u>1,527,212</u>	<u>288,694</u>

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Long-term debt - continued

General obligation issues at June 30, 2015 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2005	Refunding bonds for series 1998 used to finance the acquisition and construction of major capital facilities	\$ 10,105,000	3.0% - 5.0%	2021	\$ -
2014	Refunding bonds for series 2005 used to finance the acquisition and construction of major capital facilities	\$ 5,465,000	3%	2021	5,380,000
				Governmental activities	<u>\$ 5,380,000</u>

Tax revenue issues at June 30, 2015 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
<i>Sales tax revenue bonds</i>					
2003	To finance the costs of acquiring or constructing such projects as: aquatic center, park improvements, overpass repairs, water and sewer improvements	\$ 14,650,000	2.0% - 5.0%	2028	\$ 1,210,000
2006	Refunding bonds for partial refunding of series 2003 bonds.	\$ 9,700,000	3.625% - 4.150%	2028	9,390,000
2010	Refunding bonds for series 2009 sales tax bonds.	\$ 2,210,000	1.5% - 3.25%	2019	1,285,000
<i>Water revenue bonds</i>					
2007	Finance the acquisition and construction of major capital facilities.	\$ 3,330,000	4.00%	2020	1,480,000
					<u>\$ 13,365,000</u>
				Governmental activities	\$ 11,885,000
				Business-type activities	1,480,000
					<u>\$ 13,365,000</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Long-term debt - continued

Years Ending June 30	Governmental Activities				Business-type Activities	
	General Obligation		Sales Tax Revenue		Water Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 925,000	161,400	810,000	457,226	275,000	59,200
2017	960,000	133,650	845,000	428,079	285,000	48,200
2018	975,000	104,850	875,000	396,407	295,000	36,800
2019	1,010,000	75,600	915,000	370,213	305,000	25,000
2020	1,010,000	45,300	945,000	326,060	320,000	12,800
2021-2025	500,000	15,000	3,820,000	1,162,031	-	-
2026-2030	-	-	3,675,000	312,153	-	-
Total	\$ 5,380,000	535,800	11,885,000	3,452,169	1,480,000	182,000

Advance and current refunding

In 2014, the government issued \$5,465,000 of general obligation 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 \$5,590,000 on general obligation 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 position. This advance refunding originally reduced total debt service payments over 7 years by \$500,975. The outstanding principal balance of the defeased bond as of June 30, 2015 was \$5,590,000.

Prior year defeasance of debt. In prior years, the government defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2015, \$16,152,000 of defeased bonds remain outstanding.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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	\$ 2,400,000	-	(150,000)	2,250,000	155,000
Capital leases	491,520	563,500	(55,294)	999,726	108,063
Compensated absences	144,820	-	(4,670)	140,150	-
Total component unit long-term liabilities	<u>\$ 3,036,340</u>	<u>563,500</u>	<u>(209,964)</u>	<u>3,389,876</u>	<u>263,063</u>

The District purchased an aerial fire truck on November 15, 2011, 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 first principal and interest payment of \$69,991 was made on September 14, 2012.

The District entered into a lease agreement with Oshkosh Capital in October 2014 for the purchase of a new Rescue Engine. The amount financed is \$563,500 with 10 annual payments of \$66,979 beginning on August 29, 2015.

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, 2015.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 4 - Detailed Notes on All Funds - continued

Discretely presented component unit - North Davis Fire District - continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Activities
2015	\$ 136,969
2016	136,969
2017	136,969
2018	136,969
2019	136,969
Thereafter	474,874
Total minimum lease payments	1,159,719
Less: amount representing interest	(159,995)
Present value of minimum lease payments	<u>\$ 999,724</u>

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
2016	155,000	76,050
2017	160,000	70,811
2018	165,000	65,403
2019	170,000	59,826
2020	175,000	54,080
2021-2025	985,000	176,436
2026-2027	440,000	22,477
Total	<u>\$ 2,250,000</u>	<u>525,083</u>

Note 5 - Other Information

General Information about the Pension Plan

Plan Description

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

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

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

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

Benefits Provided

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

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Non-contributory	Highest 3 years	30 years any age 25 years any age* 20 years any age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

Contributions

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

Utah Retirement Systems

	Employee Paid	Employer for	Contribution
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.940%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%

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

At December 31, 2014, we reported a net pension asset of \$5,868 and a net pension liability of \$2,545,155.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3322114%	\$ -	1,442,540
Public Safety System	0.8767732%	-	1,102,615
Tier 2 Public Employees System	0.0870999%	2,640	-
Tier 2 Public Safety and Firefighters System	0.2181973%	3,228	-
Total Net Pension Asset / Liability		<u>\$ 5,868</u>	<u>2,545,155</u>

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

For the year ended December 31, 2014, we recognized pension expense of \$695,672. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of	Inflows of
Differences between expected and actual experience	\$ 105	156,008
Changes in assumptions	-	289,809
Net difference between projected and actual earnings on pension plan investments	59,356	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	484,225	-
Total	\$ 543,686	445,817

\$484,225 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	\$ (106,793)
2016	(106,793)
2017	(106,793)
2018	(62,973)
2019	(471)
Thereafter	(2,535)

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

Inflation	2.75%
Salary Increases	3.5 - 10.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

Retired Member mortality

Class of member

Public Safety and firefighters
Men RP 2000mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 2000mWC (100%)
Women EDUF (120%)

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

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

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

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

Asset Class	Expected Return Arithmetic Basis		
	Allocation	Arithmetic	Long-Term expected portfolio
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	<u>Inflation</u>		<u>2.75%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.98%</u>

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

Discount Rate

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset)/liability	\$ 6,279,079	\$ 2,539,287	\$ (540,921)

Pension plan fiduciary net position

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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, 2015, for the following:

<u>Fund</u>	<u>Capital Purchases</u>	<u>Capital Improvements</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 243,000	1,233,747	-	1,476,747
Community Development and Renewal Fund	-	150,000	-	150,000
Nonmajor Funds - governmental	-	33,733	-	33,733
Water Fund	-	3,206,680	-	3,206,680
Sewer Fund	-	1,080,481	-	1,080,481
Storm Sewer Fund	-	894,124	-	894,124
	<u>\$ 243,000</u>	<u>6,598,765</u>	<u>-</u>	<u>6,841,765</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

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.

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.

The City is a defendant in various lawsuits. For certain of these cases, where it is probable that a claim will be paid, the City has determined that such claims would be covered under the City's insurance policy. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney's Office, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Community Development & Renewal Agency

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

Area #6	\$ 226,029
Area #7	338,716
Area #8	177,867
Area #9	299,028
Area #10	345,168
EDA	<u>1,456,826</u>
Total Increment Money	<u>\$ 2,843,634</u>

Outstanding debt of the CDRA consists of the following:

Interfund loan with enterprise administration fund	<u>\$ 1,021,297</u>
--	---------------------

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

Administration Costs	\$ 70,369
Debt repayment and bond issuance costs	<u>6,130</u>
	<u>\$ 129,881</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

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, 2015, the following bonds were outstanding:

<u>Company</u>	<u>Balance at June 30, 2015</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

The City has implemented GASB 68 Accounting and Financial Reporting for Pensions. Those standards require restatement of beginning net position as it relates to net pension liability, deferred outflows and inflows of resources, and net pension asset.

During the reconciliation of advanced refunding transaction for the current year, it was discovered the deferred charge on refunding was not being reported on the government-wide financial statements.

	<u>Governmental</u>	<u>Administration</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Storm</u>
Net position - beginning						
\$	26,892,291	147,040	23,136,513	14,299,333	1,270,279	17,827,779
GASB 68						
(2,433,634)	(33,033)	(115,876)	(86,102)	(15,285)	(46,774)	
Deferred Charge						
392,812	-	-	-	-	-	-
Net position - restated						
\$	<u>24,851,469</u>	<u>\$ 114,007</u>	<u>\$ 23,020,637</u>	<u>\$ 14,213,231</u>	<u>\$ 1,254,994</u>	<u>\$ 17,781,005</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2015

Note 5 - Other Information - continued

Subsequent events

Subsequent events have been evaluated through November 12, 2015, 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.

REQUIRED SUPPLEMENTAL INFORMATION

Clearfield City Corporation
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last Two Fiscal Years Ending December 31*

	2013	2014
<u>Noncontributory System</u>		
Proportion of the net pension liability (asset)	0.3322114%	0.3322114%
Proportionate share of the net pension liability (asset)	\$ 1,792,785	\$ 1,442,540
Covered employee payroll	NA	\$ 2,737,451
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	52.70%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.20%
<u>Public Safety System</u>		
Proportion of the net pension liability (asset)	0.8767732%	0.8767732%
Proportionate share of the net pension liability (asset)	\$ 1,435,613	\$ 1,102,615
Covered employee payroll	NA	\$ 1,348,923
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	NA	81.70%
Plan fiduciary net position as a percentage of the total pension liability	NA	90.50%
<u>Tier 2 Public Employees System</u>		
Proportion of the net pension liability (asset)	0.0870999%	0.0870999%
Proportionate share of the net pension liability (asset)	\$ 524	\$ (2,640)
Covered employee payroll	NA	\$ 427,055
Proportionate share of the net pension liability (asset) as a	NA	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	NA	103.50%
<u>Tier 2 Public Safety and Firefighters System</u>		
Proportion of the net pension liability (asset)	0.2181973%	0.2181973%
Proportionate share of the net pension liability (asset)	\$ (1,289)	\$ (3,228)
Covered employee payroll	NA	\$ 90,437
Proportionate share of the net pension liability (asset) as a	NA	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	NA	120.50%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the employers the fiscal year.

NA Information not available

Clearfield City Corporation
Schedule of Contributions
Last 10 Fiscal Years Ending June 30

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Noncontributory System</u>										
Contractually required contribution	\$ 363,138	410,903	416,362	427,467	418,021	455,203	463,986	505,433	508,305	522,143
Contributions in relation to the contractually required contribution	(363,138)	(410,903)	(416,362)	(427,467)	(418,021)	(455,203)	(463,986)	(505,433)	(508,305)	(522,143)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 3,274,468	3,545,308	3,583,151	3,678,723	3,585,084	2,996,019	3,373,985	3,086,705	2,785,219	2,605,217
Contributions as a percentage of covered-employee payroll	11.09%	11.59%	11.62%	11.62%	11.66%	15.19%	13.75%	16.37%	18.25%	20.04%
<u>Public Safety System</u>										
Contractually required contribution	\$ 276,919	319,165	311,365	341,587	341,500	375,024	406,345	431,262	449,220	406,337
Contributions in relation to the contractually required contribution	(276,919)	(319,165)	(311,365)	(341,587)	(341,500)	(375,024)	(406,345)	(431,262)	(449,220)	(406,337)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 1,432,844	1,426,117	1,377,111	1,510,781	1,463,153	1,282,362	1,598,759	1,487,632	1,203,354	1,203,354
Contributions as a percentage of covered-employee payroll	19.33%	22.38%	22.61%	22.61%	23.34%	29.24%	25.42%	28.99%	37.33%	33.77%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	\$ -	-	-	-	-	-	9,811	22,526	36,111	40,559
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	(9,811)	(22,526)	(36,111)	(40,559)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	-	129,261	263,157	424,836	486,900
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.59%	8.56%	8.50%	8.33%
<u>Tier 2 Public Safety and Firefighters System</u>										
Contractually required contribution	\$ -	-	-	-	-	-	3,365	1,543	5,585	18,669
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	(3,365)	(1,543)	(5,585)	(18,669)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	-	32,202	13,901	50,681	172,859
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.45%	11.10%	11.02%	10.80%

Clearfield City Corporation
Notes to Required Supplemental Information
June 30, 2015

Changes of Assumptions

None

Other Information that is not required as part of RSI

This information below is not a required part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods July 1 through June 30.

Defined Contribution System

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan	\$ 35,532	\$ 42,632
457 Plan	\$ 33,355	\$ -
Roth IRA Plan	\$ 4,666	\$ -

The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

SUPPLEMENTAL INFORMATION

Clearfield City Corporation

Governmental Fund Descriptions

June 30, 2015

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ -	343,000	343,000	-
Miscellaneous	-	-	45,005	45,005
	-	343,000	388,005	45,005
<u>Expenditures</u>				
Capital outlay	1,747,355	2,232,355	2,013,269	219,086
Excess (deficiency) of revenues over (under) expenditures	(1,747,355)	(1,889,355)	(1,625,264)	264,091
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,742,355	1,807,355	1,957,483	150,128
Total other financing sources (uses)	1,742,355	1,807,355	1,957,483	150,128
Net change in fund balances	(5,000)	(82,000)	332,219	414,219
Fund balances, beginning of year	1,174,607	1,174,607	1,174,607	-
Fund balances, end of year	<u>\$ 1,169,607</u>	<u>1,092,607</u>	<u>1,506,826</u>	<u>414,219</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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 732,662	732,662	1,094,117	361,455
Total revenues	<u>732,662</u>	<u>732,662</u>	<u>1,094,117</u>	<u>361,455</u>
<u>Expenditures</u>				
Bond issue costs	500	500	500	-
Principal retirement	885,000	885,000	885,000	-
Interest and fiscal charges	208,026	208,026	203,134	4,892
Bond issue costs	-	87,985	87,985	-
Total expenditures	<u>1,093,526</u>	<u>1,181,511</u>	<u>1,176,619</u>	<u>4,892</u>
Excess (deficiency) of revenues over expenditures	<u>(360,864)</u>	<u>(448,849)</u>	<u>(82,502)</u>	<u>366,347</u>
<u>Other Financing Sources (Uses)</u>				
Issuance of refunding bonds	-	5,465,000	5,465,000	-
Payment to refunded bonds escrow agent	-	(5,719,513)	(5,719,513)	-
Premium on bond issuance	-	342,498	342,498	-
Transfers in	360,864	360,864	-	(360,864)
Total other financing sources (uses)	<u>360,864</u>	<u>448,849</u>	<u>87,985</u>	<u>(360,864)</u>
Net change in fund balances	-	-	5,483	5,483
Fund balances, beginning of year	<u>89,858</u>	<u>89,858</u>	<u>89,858</u>	<u>-</u>
Fund balances, end of year	<u>\$ 89,858</u>	<u>89,858</u>	<u>95,341</u>	<u>5,483</u>

Clearfield City Corporation
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects	Permanent Fund	
	Parks	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 33,733	-	33,733
Restricted cash and cash equivalents	212,504	206,064	418,568
Total assets	<u>246,237</u>	<u>206,064</u>	<u>452,301</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted for:			
Capital projects	212,504	-	212,504
Cemetery perpetual care	-	206,064	206,064
Committed	33,733	-	33,733
Total fund balances	<u>246,237</u>	<u>206,064</u>	<u>452,301</u>
Total liabilities and fund balances	<u>\$ 246,237</u>	<u>206,064</u>	<u>452,301</u>

Clearfield City Corporation
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Fund
<u>Revenues</u>			
Intergovernmental	\$ -	8,870	8,870
Impact fees	129,397	-	129,397
Interest	650	985	1,635
Total	130,047	9,855	139,902
<u>Expenditures</u>			
General government	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	130,047	9,855	139,902
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	130,047	9,855	139,902
Fund balances, beginning of year	116,190	196,209	312,399
Fund balances, end of year	\$ 246,237	206,064	452,301

Clearfield City Corporation
Statement of Changes in Assets and Liabilities
Fiduciary Fund
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Assets</u>				
Cash and cash equivalents	\$ 50,691	90,000	(41,571)	99,120
Total assets	<u>\$ 50,691</u>	<u>90,000</u>	<u>(41,571)</u>	<u>99,120</u>
<u>Liabilities</u>				
Due to developers	\$ 50,691	90,000	(41,571)	99,120
Total liabilities	<u>\$ 50,691</u>	<u>90,000</u>	<u>(41,571)</u>	<u>99,120</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Parks Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 500	500	650	150
Impact fees	<u>20,000</u>	<u>20,000</u>	<u>129,397</u>	<u>109,397</u>
	<u>20,500</u>	<u>20,500</u>	<u>130,047</u>	<u>109,547</u>
<u>Expenditures</u>				
General government	<u>20,500</u>	<u>20,500</u>	<u>-</u>	<u>20,500</u>
Excess of revenue over expenditures	<u>-</u>	<u>-</u>	<u>130,047</u>	<u>130,047</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	130,047	130,047
Fund balances, beginning of year	<u>116,190</u>	<u>116,190</u>	<u>116,190</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 116,190</u></u>	<u><u>116,190</u></u>	<u><u>246,237</u></u>	<u><u>130,047</u></u>

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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 1,000	1,000	985	(15)
Intergovernmental	9,000	9,000	8,870	(130)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>9,855</u>	<u>(145)</u>
<u>Expenditures</u>				
General government	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>9,855</u>	<u>9,855</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	9,855	9,855
Fund balances, beginning of year	<u>196,209</u>	<u>196,209</u>	<u>196,209</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 196,209</u></u>	<u><u>196,209</u></u>	<u><u>206,064</u></u>	<u><u>9,855</u></u>

Clearfield City Corporation
Internal Fund Descriptions
June 30, 2015

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
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ -	85,455	85,455
Prepaid items	-	32,007	32,007
Total current assets	-	117,462	117,462
Noncurrent assets			
Land, equipment, buildings and improvements	3,470,493	-	3,470,493
Less: accumulated depreciation	(2,176,444)	-	(2,176,444)
Total noncurrent assets	1,294,049	-	1,294,049
Total assets	1,294,049	117,462	1,411,511
<u>Deferred Outflows of Resources</u>			
Deferred outflows relating to pensions	8,709	-	8,709
Total deferred outflows of resources	8,709	-	8,709
<u>Liabilities</u>			
Current liabilities			
Accounts payable and accrued liabilities	10,383	2,137	12,520
Due to other funds	319,155	-	319,155
Total current liabilities	329,538	2,137	331,675
Non current liabilities			
Net pension liability	40,769	-	40,769
Total non current liabilities	40,769	-	40,769
Total liabilities	370,307	2,137	372,444
<u>Deferred Inflows of Resources</u>			
Deferred inflows relating to pensions	7,141	-	7,141
Total deferred inflows of resources	7,141	-	7,141
<u>Net Position</u>			
Net investment in capital assets	1,294,049	-	1,294,049
Unrestricted	(368,739)	115,325	(253,414)
Total net position	\$ 925,310	115,325	1,040,635

Clearfield City Corporation
Combining Statement of Revenues, Expenses, and Changes in
Net Position - Internal Service Funds
For the Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Operating Revenues</u>			
Charges for services	\$ 765,091	306,646	1,071,737
Miscellaneous	15,279	-	15,279
Total operating revenues	<u>780,370</u>	<u>306,646</u>	<u>1,087,016</u>
<u>Operating Expenses</u>			
Salaries and wages	105,355	-	105,355
Employee benefits	46,693	-	46,693
Maintenance supplies and contracts	399,711	246,014	645,725
Depreciation and amortization	229,783	-	229,783
Total operating expenses	<u>781,542</u>	<u>246,014</u>	<u>1,027,556</u>
Net operating income	<u>(1,172)</u>	<u>60,632</u>	<u>59,460</u>
<u>Nonoperating Revenues (Expenses)</u>			
Gain/(loss) on disposal of capital assets	10,170	-	10,170
Total nonoperating revenues (expenses)	<u>10,170</u>	<u>-</u>	<u>10,170</u>
Change in net position	8,998	60,632	69,630
Total net position - beginning, as adjusted	<u>916,312</u>	<u>54,693</u>	<u>971,005</u>
Total net position - ending	<u>\$ 925,310</u>	<u>115,325</u>	<u>1,040,635</u>

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

Clearfield City Corporation
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Cash flows from operating activities</u>			
Receipts from customers	\$ 783,420	306,646	1,090,066
Payments to suppliers	(397,277)	(250,634)	(647,911)
Payments to employees	(156,609)	-	(156,609)
Net cash provided (used) by operating activities	<u>229,534</u>	<u>56,012</u>	<u>285,546</u>
<u>Cash flows from noncapital financing activities</u>			
Advances (to) from other funds	<u>106,561</u>	<u>29,443</u>	<u>136,004</u>
Net cash provided (used) by noncapital financing activities	<u>106,561</u>	<u>29,443</u>	<u>136,004</u>
<u>Cash flows from capital and related financing activities</u>			
Purchases of capital assets	(353,700)	-	(353,700)
Proceeds from sale of capital assets	17,605	-	17,605
Net cash provided (used) by capital and related financing activities	<u>(336,095)</u>	<u>-</u>	<u>(336,095)</u>
Net increase (decrease) in cash and cash equivalents	-	85,455	85,455
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>85,455</u>	<u>85,455</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ (1,172)	60,632	59,460
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	229,783	-	229,783
(Increase)/decrease in accounts receivable	3,050	-	3,050
(Increase)/decrease in prepaid items	-	(6,757)	(6,757)
Increase /(decrease) in accounts payable	2,434	2,137	4,571
Increase /(decrease) in pension assets/ liabilities	(4,561)	-	(4,561)
Total adjustments	<u>230,706</u>	<u>(4,620)</u>	<u>226,086</u>
Net cash provided (used) by operating activities	<u>\$ 229,534</u>	<u>56,012</u>	<u>285,546</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, 2015

	Totals June 30, 2015
<u>General Capital Assets</u>	
Land	\$ 4,943,221
Water rights	25,200
Buildings	25,007,337
Improvements	2,036,331
Machinery and equipment	7,333,680
Infrastructure	33,834,833
Construction in progress	996,958
Total general capital assets	74,177,560
<u>Investment in General Capital Assets by Source</u>	
General fund	18,581,227
Capital projects funds	50,335,307
Grants	5,261,026
Total investment in general capital assets	\$ 74,177,560

Clearfield City Corporation
Schedule of General Capital Assets - By Function and Activity
June 30, 2015

Function and activity	<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	\$ -	-	11,876,815	-	127,436	-	-	12,004,251
Justice court	-	-	-	1,988	26,615	-	-	28,603
Information technology	-	-	-	-	1,618,373	-	-	1,618,373
Finance and administration	-	-	-	2,460	74,709	-	-	77,169
Building	-	-	-	284,916	187,419	-	-	472,335
Other	2,439,736	25,200	-	-	-	-	-	2,464,936
Total general government	<u>2,439,736</u>	<u>25,200</u>	<u>11,876,815</u>	<u>289,364</u>	<u>2,034,552</u>	<u>-</u>	<u>-</u>	<u>16,665,667</u>
Community development								
Administration	-	-	-	631	45,016	-	-	45,647
Public safety								
Police	-	-	-	-	548,212	-	-	548,212
Dispatch	-	-	-	45,942	246,028	-	-	291,970
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,942</u>	<u>794,240</u>	<u>-</u>	<u>-</u>	<u>840,182</u>
Highways and public improvements								
Shops	-	-	74,895	-	154,859	-	-	229,754
Streets	-	-	-	229,158	51,544	33,309,348	606,578	34,196,628
Total highways and public improvements	<u>-</u>	<u>-</u>	<u>74,895</u>	<u>229,158</u>	<u>206,403</u>	<u>33,309,348</u>	<u>606,578</u>	<u>34,426,382</u>
Community services								
Parks	2,503,485	-	818,510	1,471,236	476,133	525,485	147,536	5,942,385
Aquatic center	-	-	12,237,117	-	220,583	-	63,312	12,521,012
Recreation	-	-	-	-	86,260	-	179,532	265,792
Total community services	<u>2,503,485</u>	<u>-</u>	<u>13,055,627</u>	<u>1,471,236</u>	<u>782,976</u>	<u>525,485</u>	<u>390,380</u>	<u>18,729,189</u>
Internal service fund - fleet	-	-	-	-	3,470,493	-	-	3,470,493
Total general capital assets	<u>\$ 4,943,221</u>	<u>25,200</u>	<u>25,007,337</u>	<u>2,036,331</u>	<u>7,333,680</u>	<u>33,834,833</u>	<u>996,958</u>	<u>74,177,560</u>

Clearfield City Corporation
Schedule of Changes in General Capital Assets - By Function and Activity
June 30, 2015

Function and Activity	General Capital Assets June 30, 2014	Additions	Deletions	General Capital Assets June 30, 2015
General government				
Executive	\$ 12,097,425	-	93,174	12,004,251
Justice court	33,323	-	4,720	28,603
Information technology	1,735,882	14,902	132,411	1,618,373
Finance and administration	77,169	-	-	77,169
Buildings	388,711	83,624	-	472,335
Other	2,464,936	-	-	2,464,936
Total general government	<u>16,797,446</u>	<u>98,526</u>	<u>230,305</u>	<u>16,665,667</u>
Community development				
Administration	45,647	-	-	45,647
Public safety				
Police	573,663	-	25,451	548,212
Dispatch	294,940	-	2,970	291,970
Total public safety	<u>868,603</u>	<u>-</u>	<u>28,421</u>	<u>840,182</u>
Highways and public improvements				
Shops	234,180	-	4,426	229,754
Streets	33,994,531	2,068,797	1,866,700	34,196,628
Total highways and public improvements	<u>34,228,711</u>	<u>2,068,797</u>	<u>1,871,126</u>	<u>34,426,382</u>
Community services				
Parks	5,903,271	39,654	540	5,942,385
Aquatic center	12,512,179	12,333	3,500	12,521,012
Recreation	89,456	179,131	2,795	265,792
Total community services	<u>18,504,906</u>	<u>231,118</u>	<u>6,835</u>	<u>18,729,189</u>
Internal service fund - fleet	3,264,369	353,700	147,576	3,470,493
Total general capital assets	<u>\$ 73,709,682</u>	<u>2,752,141</u>	<u>2,284,263</u>	<u>74,177,560</u>

STATISTICAL SECTION

Clearfield City Corporation
Statistical Section
June 30, 2015

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 9,796,336	9,792,559	11,226,398	11,229,615	10,684,837	12,506,584	13,775,641	12,312,930	13,743,040	13,842,330
Restricted	4,510,594	5,406,581	2,368,930	3,157,193	5,199,538	4,958,333	3,015,238	3,693,214	3,151,603	6,198,871
Unrestricted	3,348,510	1,651,639	2,146,117	1,952,266	896,019	1,730,456	5,697,952	7,698,069	7,956,826	9,622,198
Total governmental activities net position	17,655,440	16,850,779	15,741,445	16,339,074	16,780,394	19,195,373	22,488,831	23,704,213	24,851,469	29,663,399
Business-type activities										
Net investment in capital assets	8,685,553	37,957,402	40,872,119	40,459,590	39,209,218	38,596,646	42,536,944	43,787,842	43,854,192	42,710,692
Restricted	113,208	3,386,643	5,728,025	5,236,082	3,078,859	2,616,983	1,712,629	1,982,181	1,856,320	2,166,247
Unrestricted	6,935,467	8,034,733	5,980,543	6,912,041	10,169,423	10,980,894	11,349,674	11,866,408	10,673,362	11,960,596
Total business-type activities net position	15,734,228	49,378,778	52,580,687	52,607,713	52,457,500	52,194,523	55,599,247	57,636,431	56,383,874	56,837,535
Primary government										
Net investment in capital assets	18,481,889	47,749,961	52,098,517	51,689,205	49,894,055	51,103,230	56,312,585	56,100,772	57,597,232	56,553,022
Restricted	4,623,802	8,793,224	8,096,955	8,393,275	8,278,397	7,575,316	4,727,867	5,675,395	5,007,923	8,365,118
Unrestricted	10,283,977	9,686,372	8,126,660	8,864,307	11,065,442	12,711,350	17,047,626	19,564,477	18,630,188	21,582,794
Total primary government net position	\$ 33,389,668	66,229,557	68,322,132	68,946,787	69,237,894	71,389,896	78,088,078	81,340,644	81,235,343	86,500,934

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,989,256	4,682,965	4,720,553	4,665,323	4,944,458	4,363,191	3,771,942	4,408,533	4,419,080	4,329,895
Public safety	4,707,841	3,440,153	3,646,990	3,640,464	3,789,561	4,038,550	3,893,612	4,298,248	4,258,275	3,957,058
Highways and public improvements	1,013,820	1,588,695	1,353,026	4,004,225	1,363,122	1,204,022	1,407,454	579,064	583,792	558,575
Community services	2,542,861	2,926,392	3,201,188	3,362,671	3,381,382	3,518,420	3,883,509	3,755,723	4,196,122	3,872,112
Community development	340,805	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675	460,111	732,537
Interest on long-term debt	1,335,936	1,769,555	1,043,794	1,216,615	1,083,758	1,066,514	974,740	912,002	828,074	720,704
Total governmental activities	<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>	<u>14,745,454</u>	<u>14,170,881</u>
Business-type activities:										
Administration	-	138,879	265,041	288,567	258,512	280,137	255,994	249,164	258,759	200,901
Water utility	1,811,303	2,659,152	3,047,802	3,203,892	3,022,477	3,270,047	3,369,811	3,079,128	3,325,788	3,287,895
Sewer utility	1,478,375	1,885,883	1,953,459	1,982,423	2,229,146	2,429,889	2,404,677	2,366,004	3,034,977	3,138,422
Waste collection	1,081,481	981,352	1,010,683	994,856	1,068,563	1,056,648	1,096,444	1,047,633	1,083,652	1,123,454
Storm drain	242,043	788,642	757,544	774,457	810,427	917,836	900,220	865,544	980,594	1,036,699
Total business-type activities	<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>	<u>8,683,770</u>	<u>8,787,371</u>
Total primary government	<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>	<u>23,429,224</u>	<u>22,958,252</u>

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,076,566	1,290,713	1,424,031	1,682,490	1,506,417	1,533,299	1,521,045	1,293,996	1,185,291	1,300,535
Public safety	1,661,720	1,574,291	1,526,867	1,509,713	1,432,264	1,297,907	1,349,386	1,282,823	1,219,731	1,152,194
Highways and public improvements	479,263	-	45,209	44,282	41,797	17,060	22,178	32,414	61,254	129,397
Community services	1,373,500	1,703,051	1,716,925	1,748,047	1,723,027	1,852,665	1,788,547	1,690,649	1,758,678	1,988,549
Operating grants and contributions	1,062,939	1,736,182	1,011,690	1,016,117	966,684	887,377	924,175	883,706	899,337	962,484
Capital grants and contributions	-	-	-	617,100	268,198	1,259,993	293,872	345,019	304,303	167,832
Total governmental activities	<u>5,653,988</u>	<u>6,304,237</u>	<u>5,724,722</u>	<u>6,617,749</u>	<u>5,938,387</u>	<u>6,848,301</u>	<u>5,899,203</u>	<u>5,528,607</u>	<u>5,428,594</u>	<u>5,700,991</u>
Business-type activities:										
Charges for services										
Administration	-	84,146	116,991	119,159	140,935	145,197	156,956	156,063	149,946	154,218
Water utility	2,607,700	2,743,116	2,889,292	2,941,440	2,869,716	3,047,459	3,297,870	3,456,368	3,459,034	3,388,274
Sewer utility	1,891,575	1,888,952	1,881,440	1,934,614	2,101,417	2,156,850	2,267,037	2,493,762	2,757,461	3,243,892
Waste collection	1,428,771	1,296,784	1,189,402	1,208,019	1,215,655	1,216,840	1,223,850	1,230,271	1,239,842	1,257,671
Storm drain	449,679	509,834	584,695	758,345	779,766	800,316	830,130	863,469	894,103	934,516
Impact fees	-	-	205,459	362,931	473,965	177,061	266,464	288,422	280,838	563,245
Capital grants and contributions	-	-	-	-	-	-	290,000	1,461,653	-	-
Total business-type activities	<u>6,377,725</u>	<u>6,522,832</u>	<u>6,867,279</u>	<u>7,324,508</u>	<u>7,581,454</u>	<u>7,543,723</u>	<u>8,332,307</u>	<u>9,950,008</u>	<u>8,781,224</u>	<u>9,541,816</u>
Total primary government	<u>12,031,713</u>	<u>12,827,069</u>	<u>12,592,001</u>	<u>13,942,257</u>	<u>13,519,841</u>	<u>14,392,024</u>	<u>14,231,510</u>	<u>15,478,615</u>	<u>14,209,818</u>	<u>15,242,807</u>
Net (expense) / revenue										
Governmental activities	(9,276,531)	(8,867,922)	(9,010,682)	(11,115,149)	(9,406,517)	(8,360,924)	(8,546,369)	(8,959,638)	(9,316,860)	(8,469,890)
Business-type activities	1,764,523	68,924	(167,250)	80,313	192,329	(410,834)	305,161	2,342,535	97,454	754,445
Total primary government	<u>\$ (7,512,008)</u>	<u>(8,798,998)</u>	<u>(9,177,932)</u>	<u>(11,034,836)</u>	<u>(9,214,188)</u>	<u>(8,771,758)</u>	<u>(8,241,208)</u>	<u>(6,617,103)</u>	<u>(9,219,406)</u>	<u>(7,715,445)</u>

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,326,539	2,778,450	3,454,703	3,760,325	3,582,694	3,549,977	4,976,559	5,249,766	5,200,014	5,543,631
General sales and use tax	3,080,936	3,612,893	3,610,112	3,225,351	2,922,375	3,128,336	3,404,944	3,511,629	3,648,705	3,844,816
Franchise tax	898,676	946,761	910,973	903,058	879,213	833,116	896,961	892,791	888,626	812,423
Energy use tax	2,001,987	1,841,854	1,981,196	1,958,311	1,965,037	2,155,374	2,160,778	2,273,564	2,361,797	2,362,536
Transient room tax	-	-	-	-	8,231	5,927	6,565	5,380	7,139	6,618
Parks and recreation tax	-	-	-	-	-	-	-	-	-	52,389
Interest earnings	308,299	363,275	386,571	130,172	54,125	51,381	62,548	77,621	99,266	116,633
Miscellaneous	(298,386)	(38,793)	6,100	5,950	5,450	10,950	11,100	12,300	(67,631)	176,888
Proceeds from settlement	-	-	-	1,350,000	-	775,000	240,000	-	-	-
Transfers	1,665,654	180,104	(2,818,360)	379,611	430,712	506,530	80,372	439,081	559,827	256,838
Contribution of capital asset	-	-	-	-	-	(240,688)	-	-	-	109,049
Total governmental activities	10,983,705	9,684,544	7,531,295	11,712,778	9,847,837	10,775,903	11,839,827	12,462,132	12,697,743	13,281,821
Business-type activities:										
Interest earnings	315,367	443,179	556,539	296,874	86,970	60,988	80,165	84,951	41,848	61,709
Miscellaneous	(519,806)	28,754	(5,740)	29,452	1,200	352,711	8,080	48,779	880	3,394
Transfers	(1,665,654)	(180,104)	2,818,360	(379,611)	(430,712)	(506,530)	(80,372)	(439,081)	(559,827)	(256,838)
Contribution of capital asset	-	-	-	-	-	240,688	3,091,690	-	-	(109,049)
Total business-type activities	(1,870,093)	291,829	3,369,159	(53,285)	(342,542)	147,857	3,099,563	(305,351)	(517,099)	(300,784)
Total primary government	\$ 9,113,612	9,976,373	10,900,454	11,659,493	9,505,295	10,923,760	14,939,390	12,156,781	12,180,644	12,981,037
Change in Net Position										
Governmental activities	\$ 1,707,174	816,622	(1,479,387)	597,629	441,320	2,414,979	3,293,458	3,502,494	3,380,883	4,811,931
Business-type activities	(105,570)	360,753	3,201,909	27,028	(150,213)	(262,977)	3,404,724	2,037,184	(419,645)	453,661
Total primary government	\$ 1,601,604	1,177,375	1,722,522	624,657	291,107	2,152,002	6,698,182	5,539,678	2,961,238	5,265,592

Clearfield City Corporation

**Table 3 - Governmental Activities Tax Revenue by Source
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	Parks and Recreation Tax	Total Tax Revenue
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
2014	1,364,045	3,042,856	793,113	3,648,705	2,361,797	888,626	-	12,099,142
2015	1,605,880	2,843,634	1,094,117	3,844,816	2,362,536	812,423	52,389	12,615,795

Clearfield City Corporation
Table 4 - Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ 18,755	313,874	51,611	80,885	287,123	47,220	61,907	80,285	150,117	157,836
Restricted	-	370,053	1,310,699	1,297,551	1,531,770	1,658,586	1,574,563	1,490,318	1,428,739	1,612,349
Committed	-	-	-	-	899,687	595,334	514,529	1,232,272	1,340,742	1,476,747
Assigned	-	-	-	-	40,787	36,795	56,779	98,408	-	-
Unassigned	1,656,701	1,592,608	2,450,054	2,931,551	1,572,607	2,309,607	4,172,083	3,798,077	3,802,746	3,461,664
Total general fund	\$ 1,675,456	2,276,535	3,812,364	4,309,987	4,331,974	4,647,542	6,379,861	6,699,360	6,722,344	6,708,596
All other governmental funds										
Nonspendable	\$ 563,295	563,294	1,167,271	1,167,271	708,964	708,964	709,004	1,208,964	1,134,148	1,053,643
Restricted for:										
Debt service funds	52,315	399,947	402,925	393,285	386,768	385,647	140,597	-	89,858	95,341
Capital projects funds	4,339,129	4,310,460	517,507	152,409	957,080	892,086	355,876	85,606	152,532	212,504
Special revenue funds	-	-	-	-	-	-	-	654,750	-	2,861,134
Cemetery perpetual care	119,141	132,871	110,839	116,889	153,104	138,922	173,291	173,291	196,209	206,064
Committed	-	-	-	-	275,042	531,574	406,011	454,059	835,201	183,733
Assigned, reported in:										
Capital projects funds	1,412,262	1,414,219	819,219	918,798	146,036	181,775	156,645	1,178,595	489,406	1,506,826
Special revenue funds	-	3,390	-	-	-	-	1,263,136	1,799,424	4,512,051	3,466,835
Debt service funds	-	-	801	801	-	-	-	-	-	-
Cemetery perpetual care	-	-	26,960	29,788	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	(36,342)	-
Special revenue funds	(83,019)	-	(510,919)	(189,697)	-	-	-	-	-	-
Total all other governmental funds	\$ 6,403,123	6,824,181	2,534,603	2,589,544	2,626,994	2,838,968	3,204,560	5,554,689	7,373,063	9,586,080
General fund balance unrestricted										
% of total revenue for current year	11.94%	11.47%	17.79%	21.77%	19.08%	21.04%	32.78%	37.80%	37.82%	35.56%

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

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Clearfield City Corporation

Table 5 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Revenues</u>										
Taxes	\$ 10,507,143	9,179,958	9,956,984	9,847,045	9,357,550	9,672,730	11,445,807	11,933,130	12,106,281	12,622,413
Rents and other services	577,727	873,375	994,127	1,276,766	1,080,221	1,154,622	1,148,197	890,085	799,995	773,646
Intergovernmental	1,068,789	1,741,082	1,017,790	1,022,067	1,240,332	2,158,320	1,229,147	1,241,025	1,210,825	1,482,186
Charges for services	2,332,049	2,661,630	2,652,473	2,648,675	2,626,047	2,688,744	2,651,439	2,557,761	2,626,777	2,616,847
Impact fees	479,263	293,689	45,209	44,282	41,797	17,060	22,178	32,414	61,254	129,397
Fines and forfeitures	1,140,610	1,092,308	1,042,473	1,009,685	940,385	824,050	836,329	777,396	700,060	633,352
Interest	287,942	379,029	366,925	110,526	30,725	27,981	49,530	54,221	75,866	98,338
Miscellaneous revenue	61,400	24,964	7,244	10,116	14,104	14,100	19,849	23,437	20,325	59,154
Total revenues	<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>	<u>17,601,383</u>	<u>18,415,333</u>
<u>Expenditures</u>										
Current										
General government	4,436,855	4,117,561	3,757,775	4,042,501	4,416,391	4,468,769	3,791,141	4,066,466	3,865,151	3,745,404
Public safety	4,724,461	3,312,474	3,616,083	3,660,749	3,932,189	4,212,321	3,894,202	4,223,155	4,182,267	3,985,536
Highways and public improv.	961,903	961,374	683,016	799,811	1,022,875	433,557	535,484	435,336	419,032	400,535
Community services	2,372,712	2,558,125	2,877,875	3,005,011	2,964,755	3,157,436	3,418,717	3,435,059	3,735,613	3,510,477
Community development	340,805	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675	534,927	568,389
Capital outlay	2,560,647	1,383,757	2,921,062	2,132,164	2,151,643	452,680	1,140,023	426,296	1,018,145	2,066,651
Debt service										
Principal retirement	1,629,104	1,413,854	1,440,866	1,442,039	1,677,281	2,513,348	1,757,000	1,618,000	1,680,000	1,670,000
Interest and fiscal charges	1,252,059	1,691,335	1,241,303	1,219,625	1,071,084	1,057,949	978,676	914,058	853,556	700,789
Cost of issuance	-	192,554	32,500	-	99,910	-	-	-	-	87,985
Total expenditures	<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>	<u>16,288,691</u>	<u>16,735,766</u>
Excess (deficiency) revenues over (under) expenditures	<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>	<u>1,312,692</u>	<u>1,679,567</u>

Clearfield City Corporation

Table 5 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Issuance of bonds payable	\$ 150,000	-	1,300,000	-	2,223,000	-	-	-	-	-
Issuance of refunding bonds	-	9,700,000	-	-	2,210,000	-	-	-	-	5,465,000
Payment to refunding bonds escrows	-	(8,820,000)	-	-	(2,223,000)	-	-	-	-	(5,719,513)
Premium on bond issuance	-	(24,056)	-	-	33,794	-	-	-	-	342,498
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	7,155	5,098	21,710	-	172,521	2,626	404,621	8,057	(31,161)	174,878
Proceeds from settlement	-	-	-	1,350,000	-	775,000	240,000	-	-	-
Transfers in	4,010,224	3,291,372	3,580,388	1,723,293	2,138,659	1,886,154	1,707,868	2,824,234	2,648,906	3,429,716
Transfers (out)	(2,344,570)	(3,111,268)	(6,398,748)	(1,344,390)	(1,707,947)	(1,379,257)	(1,627,496)	(2,385,153)	(2,089,079)	(3,172,877)
Total other financing sources	<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>	<u>528,666</u>	<u>519,702</u>
Net change in fund balances	(814)	891,748	(2,753,758)	552,565	59,437	527,542	2,097,911	2,303,562	1,841,358	2,199,269
Fund balances - beginning of year	8,079,393	8,208,976	9,100,724	6,346,966	6,899,531	6,958,968	7,486,510	9,950,487	12,254,049	14,095,407
Fund balances - end of year	<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>	<u>14,095,407</u>	<u>16,294,676</u>
Debt service as a percentage of noncapital expenditures	18.83%	20.97%	18.62%	15.90%	17.60%	22.42%	18.63%	16.90%	16.40%	16.05%

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	Parks and Recreation Tax	Total Tax Revenue
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
2014	1,364,045	3,042,856	793,113	3,648,705	2,361,797	888,626	-	12,099,142
2015	1,605,880	2,843,634	1,094,117	3,844,816	2,362,536	812,423	52,389	12,615,795

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 (in thousands)	Commercial Property (in thousands)	Personal Property (in thousands)				
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%
2013-14	539,807	518,593	283,013	1,341,413	0.001800	1,776,035	75.5%
2014-15	597,272	525,565	318,908	1,441,745	0.001800	1,925,723	74.9%

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	
	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	Total Special Districts	Levy for Clearfield City
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%
2014	0.1028%	0.0772%	0.1800%	0.5958%	0.2571%	0.8529%	0.1797%	0.0114%	0.1911%	0.4618%	1.6858%
2015	0.1178%	0.0622%	0.1800%	0.5984%	0.2571%	0.8555%	0.1795%	0.0110%	0.1905%	0.3005%	1.5265%

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	2015			2006		
	Taxable Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Value	Rank	Percentage of Total Taxable Assessed Value
Freeport Center Associates	\$ 189,443,140	1	12.57%	161,595,385	1	15.48%
ATK Aerospace	113,681,186	2	7.55%			
Lifetime Products	40,378,662	3	2.68%	44,161,350	2	4.23%
Worthington Foods, Inc.	29,776,724	4	1.98%			
Pacific Corp	27,125,509	5	1.80%			
Utility Trailer	17,853,999	6	1.19%			
Belleuu, Wayne	18,689,260	7	1.24%	12,996,370	9	1.24%
K & M Two	16,649,474	8	1.11%	15,150,000	8	1.45%
Union Pacific Railroad Co.	22,035,931	9	1.46%			
Morkill Stonegate Mountain View	14,065,099	10	0.93%			
Oakstone, LC				15,174,759	7	1.45%
Qwest Communications				16,614,801	5	1.59%
Boyer TRW				19,369,338	4	1.85%
Honeywell International				16,112,966	6	1.54%
Security Capital Industrial				24,900,000	3	2.38%
Gardenburger				11,018,784	10	1.06%
	<u>\$ 489,698,984</u>			<u>\$ 337,093,753</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
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%	137,169	1,885,303	100.00%
2010-11	2,024,290	1,810,238	89.43%	213,025	2,023,263	99.95%
2011-12	2,170,606	1,995,065	91.91%	159,610	2,154,675	99.27%
2012-13	2,026,140	1,793,649	88.53%	215,202	2,008,851	99.15%
2013-14	2,176,638	1,972,289	90.61%	163,562	2,135,851	98.13%
2014-15	2,711,862	2,542,141	93.74%	-	2,542,141	93.74%

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			
2005-06	\$ 12,000,794	\$ 16,231,138	\$ 670,132	\$ 148,261	\$ -	\$ -	\$ 29,050,325	0.32%	\$ 1,045.92
2006-07	11,407,880	16,378,102	603,499	63,789	3,354,270	-	31,807,540	0.32%	1,131.94
2007-08	10,789,966	16,948,462	534,072	21,596	3,147,247	-	31,441,343	0.31%	1,114.94
2008-09	10,147,052	16,184,822	461,629	-	2,940,224	-	29,733,727	0.29%	1,047.85
2009-10	9,469,138	17,128,221	234,348	-	2,723,201	-	29,554,908	0.28%	1,019.06
2010-11	8,766,224	15,499,826	30,000	-	2,496,178	-	26,792,228	0.24%	889.75
2011-12	8,038,310	14,478,431	-	-	2,259,155	-	24,775,896	0.21%	822.79
2012-13	7,285,396	13,591,036	-	-	2,012,132	-	22,888,564	0.19%	760.11
2013-14	6,497,482	12,676,644	-	-	1,755,109	-	20,929,235	0.17%	689.01
2014-15	5,754,983	11,887,251	-	-	1,488,086	-	19,130,320	0.15%	627.55

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
And Net General Bonded Debt Per Capita
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
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
2014	30,376	1,341,413	6,497,481	1,124,461	5,373,020	0.40%	176.88
2015	30,484	1,441,745	5,754,983	1,141,957	4,613,026	0.32%	151.33

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>	2014 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	\$ 210,954,472,304	1,506,589,876	0.71%	\$ 2,830,150,000	\$ 20,212,301
Davis County School District	18,010,803,256	1,506,589,876	8.36%	432,179,325	36,151,469
Davis County	18,010,803,256	1,506,589,876	8.36%	15,510,000	1,297,400
Weber Basin Water Conservancy District	45,852,419,512	1,506,589,876	3.29%	22,440,060	737,321
North Davis County Sewer District	9,053,975,922	1,506,589,876	16.64%	30,125,000	<u>5,012,828</u>
Total overlapping debt					63,411,319
Clearfield City - direct	1,506,589,876	1,506,589,876	100.00%	17,642,234	<u>17,642,234</u>
Total direct and overlapping					<u>\$ 81,053,553</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$56,808,200	43,310,887	45,638,800	40,446,240	40,117,640	44,438,200	52,724,120	51,670,040	53,656,520	57,669,800
Total net debt applicable to limit	<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>	<u>6,390,000</u>	<u>5,380,000</u>
Legal debt margin	<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>	<u>47,266,520</u>	<u>52,289,800</u>
Total net debt applicable to the limit as a percentage of debt limit	20.68%	25.80%	23.17%	24.60%	23.16%	19.36%	14.97%	13.86%	11.91%	9.33%

Legal Debt Margin Calculation for Fiscal Year 2015

Total Assessed Actual Value \$ 1,441,745,000

Debt limit - 4% of total actual value 57,669,800

Total amount of debt applicable to debt limit (5,380,000)

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

Legal debt margin \$ 52,289,800

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
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)	-	-	-	n/a
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
2014	3,605,224	(356,677)	3,200,814	47,733	255,000	78,300	333,300	0.14
2015	3,659,779	(187,857)	3,203,511	268,411	265,000	68,043	333,043	0.81

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 (%)
2006	27,775	\$ 9,040,113	\$ 32,425	24.0	6,070	3.8
2007	28,100	9,873,024	34,253	24.0	5,463	3.3
2008	28,200	10,265,644	34,705	24.0	5,638	4.3
2009	28,376	10,163,623	33,658	24.0	5,565	8.9
2010	29,002	10,371,357	33,698	24.0	5,713	9.8
2011	30,112	11,142,032	35,733	25.8	5,700	8.5
2012	30,112	11,908,635	37,712	25.8	5,625	7.4
2013	30,112	12,359,481	38,372	25.8	5,605	7.7
2014	30,376	12,359,481	38,372	25.8	5,725	7.0
2015	30,484	12,359,481	38,372	25.8	5,659	3.8

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Department of Defense	23,000	1	63.50%	19300	1	58%
Lifetime Products	1,600	2	0.06%	1750	2	0.05%
Utility Trailer Man	1,043	3	0.05%	1160	4	0.03%
Vista Outdoor/Alliant	800	4	0.04%			
ATK Space Systems Inc.	693	5	0.03%	723	5	0.02%
Clearfield Job Corp	400	6	0.01%	424	9	0.01%
Pioneer Adult Rehabilitation Ce	327	7	0.01%			
Futura Industries	312	8	0.01%			
Northrop Grumman Corp	250	9	0.00%	690	6	0.02%
Americold Logistics	150	10	0.00%			
L-3 Communications	n/a	n/a	n/a	1500	3	0.04%
ICON Health & Fitness	n/a	n/a	n/a	580	7	0.02%
Davis School District	n/a	n/a	n/a	430	8	0.01%
DFG, Inc.	n/a	n/a	n/a	251	10	0.00%

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/hillaafb.html>

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

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Judicial	3	3	3	3	3	4	4	4	4	4
Legal	2	1	2	2	2	2	2	2	2	3
Executive	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	5	5	5	5	4	3
Buildings & Plants	2	2	2	2	2	2	2	2	2	2
Planning & Zoning	2	2	2	2	2	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	1	2	2	2	2	2	2	3	3	1
Public Safety										
Police Administration	8	7	7	7	7	7	7	7	7	7
Patrol & Investigations	26	24	28	28	29	28	28	28	28	24
Liquor	1	1	1	1	1	1	1	1	1	1
Dispatch/Emergency Services	9	9	9	9	9	9	9	8	8	8
Public Works										
Public Works Administration	2	2	3	3	3	3	2	2	2	1
Shops	3	4	4	4	4	4	3	2	2	2
Roadways	2	2	2	2	2	2	2	2	2	2
Community Services										
Administration	2	2	2	2	2	2	2	2	2	2
Parks	6	6	6	6	6	6	5	5	5	5
Recreation	2	2	2	2	2	2	2	2	3	3
Aquatic Center	7	7	7	6	7	10	7	7	7	7
Community Development										
Community & Economic Development Administration	1	-	1	1	1	1	1	1	1	1
CDBG	1	1	1	1	1	1	1	1	1	1
Inspections	2	2	2	2	2	2	1	1	1	1
Permitting	-	-	-	-	-	-	-	1	1	1
Enterprise Funds										
Utility Administration	6	3	3	4	4	5	3	3	3	3
Water	5	6	6	6	6	8	5	5	5	5
Sewer	3	3	3	3	4	3	3	3	3	3
Storm Sewer	1	1	1	1	1	1	1	1	1	1
Total Employees	<u>108</u>	<u>103</u>	<u>110</u>	<u>110</u>	<u>113</u>	<u>117</u>	<u>107</u>	<u>107</u>	<u>107</u>	<u>100</u>

Data source: Clearfield City Human Resource Department

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Incidents	10,297	17,764	17,223	16,832	15,609	16,876	17,654	17,015	14,925	15,792
Parking violations	261	462	560	560	525	1,015	725	634	-	196
Youth court cases	11	58	56	12	-	-	-	-	-	-
Traffic violations	9,049	8,068	8,311	10,042	10,026	4,389	9,255	7,700	9,233	7,018
Highways and streets										
Street resurfacing	1	-	-	-	27	4	3	3	3	3
Recreation										
Units of service	84,499	140,208	166,655	177,400	177,082	193,304	189,734	-	-	192,563
Aquatic center admissions	66,374	87,419	75,488	83,896	82,079	100,665	99,328	90,359	90,359	93,569
Public works										
Building permits issued	324	296	287	307	339	245	233	226	221	326
Water										
New connections	72	66	71	53	55	51	51	51	51	51
Water main breaks	70	103	80	-	7	-	-	-	-	47
Utility customers	6,366	6,508	6,571	6,573	6,564	6,578	7,025	6,705	6,886	6,545
Average daily consumption										
Commercial	1,099,320	1,156,340	1,219,471	2,660,085	1,224,436	1,345,822	1,490,129	1,481,288	1,665,795	16,655,795
Residential	2,646,052	3,114,816	3,281,000	3,233,000	2,835,066	2,982,874	3,260,901	3,497,022	3,491,011	3,491,011

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	-	-	-	-	-	-	-	-	-	-
Highways and streets										
Streets (miles)	77.1	77.3	77.2	78.2	78.2	78.2	78.23	78.23	78.23	85.90
Streetlights	758	1,171	1,171	1,176	1,180	1,182	1,183	1,183	1,183	1,183
Recreation										
Parks acreage	81.456	81.456	81.456	81.456	81.456	81.456	81.456	81.456	81.456	90.400
Parks	12	12	12	12	12	12	12	12	12	14
Soccer fields	3	3	3	3	3	3	3	3	3	6
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	1	1
Boweries	5	5	5	5	5	5	5	5	5	5
Softball/baseball diamonds	10	10	10	10	10	10	10	10	10	10
Community centers	1	2	2	2	2	1	1	1	1	1
Trails	-	1	1	1	2	2	2	2	2	3
Water										
Water mains (miles)	119.58	110.00	110.00	114.00	114.40	114.40	114.50	114.50	115.00	146.1*
Fire hydrants	899	950	1,300	1,300	1,303	1,303	1,308	1,308	1,310	1,298
Sewer										
Sanitary sewers (miles)	82.00	72.33	72.33	73.00	73.00	73.00	73.25	73.25	73.25	84.20
Storm sewers (miles)	52.79	56.00	56.00	68.00	68.00	70.25	71.00	71.00	71.25	71.25

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

*Note: New in 2015 GIS Software implemented providing a more accurate accounting of Water Main Miles throughout the City.

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 PERFORMED 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, 2015, 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 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clearfield City Corporation'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 Clearfield City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Clearfield City Corporation'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 Corporation'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 certain matters that we reported to management of Clearfield City Corporation Corporation in a separate letter dated November 12, 2015.

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.

Ulrich & Associates, P.C.

Ogden, UT

November 12, 2015

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE STATE COMPLIANCE AUDIT GUIDE ON:
- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- COMPLIANCE FOR EACH MAJOR STATE PROGRAM
- INTERNAL CONTROL OVER COMPLIANCE
- SCHEDULE OF EXPENDITURES OF STATE AWARDS**

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

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

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

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

Budgetary Compliance
Fund Balance
Justice Court
Utah Retirement
Systems
Enterprise Fund Transfers, Reimbursements, Loans, and Services
Open and Public Meetings Act
Cash Management
Government Records Access Management Act

Clearfield City Corporation received state funding from the following programs classified as major programs for the year ended June 30, 2015.

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on Clearfield City Corporation's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Clearfield City Corporation or its major state programs occurred. An audit includes examining, on a test basis, evidence about Clearfield City Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements and Each Major State Program

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

Other Matters

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

Clearfield City Corporation's response to the noncompliance findings identified in our audit is 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.

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 of compliance, we considered Clearfield City Corporation's internal control over compliance with the compliance requirements that could have a direct and material effect on Clearfield City Corporation or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clearfield City Corporation's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clearfield City Corporation as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clearfield City Corporation's basic financial statements. We issued our report thereon dated June 30, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ulrich & Associates, P.C.

Ogden, Utah
November 12, 2015

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2015

Statement of Condition - 2015-1

Cash Management: The City did not correctly report balances held by the City. The error amounted to \$1,208,700.

Criteria

State Law requires that the public treasurer file a written report at year end that contains information on the deposits and investments of the entity. This form is used by the Money Management Council to determine if the entity is in compliance with the Money Management

Cause

Because of an error in completing the form, the amounts reported were incorrect.

Effect

The City is not in compliance with cash management requirements.

Recommendation

We recommend that the treasurer review and include all cash balances on the year end report.

Response

Administrative controls have been put into place to ensure that all future reports will be submitted in a timely manner with complete information. An updated report was submitted on December 8, 2015.

Statement of Condition - 2015-2

Fund Balance: Unrestricted fund balance in the General Fund exceeds 25% of the total current year revenues by \$1,636,114.

Criteria

State Law requires that general fund balance does not exceed 25% for cities or 75% for towns of the total revenue of the general fund for the fiscal year under audit under Utah Code 10-6-115(2).

Cause

Because the City has not completely used the excess fund balance for designated projects, the general fund is over legal requirements. This was a finding in prior years.

Effect

The City is not in compliance with fund balance requirements.

Recommendation

We recommend that the City review the unreserved fund balance and plan the coming years expenditures accordingly.

Response

The City plans on utilizing the funds to aid in the many infrastructure projects throughout the City. The City Council has appropriated \$1,476,747 of the excess during the original budget process. Management plans to present additional amounts to the City Council during an upcoming amended budget process.

Status

Uncorrected. See 2015-2

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2015

Prior Year Findings

Statement of Condition - 2014-1

Enterprise Fund Transfers, Reimbursements, Loans, and Services: A series of interfund loans took place between 1999 and 2008 between Community Development & Renewal Agency Fund (governmental) and the Water Utility Fund (enterprise). This interfund loan has no formal document for terms of the repayment.

Criteria

State Law requires that loans from a public utility enterprise fund have established terms including rates and repayment schedule.

Cause

Because no detailed formal agreement has been established as of year end, the City is not in compliance.

Effect

The City is not in compliance with utility enterprise funds requirements.

Recommendation

We recommend that management present loan terms to the city council for their approval.

Response

Staff was made aware of this error early in the audit process. Consequently, on November 25, 2014 the City Council approved Resolution 2014R-23 establishing terms for the loan from Clearfield City's Utility Administration Fund to the Clearfield Community Development and Renewal Agency.

Status

Corrected

Statement of Condition - 2014-2

Cash Management: The City did not timely remit the "Deposit and Investment Report" for the June 30, 2014 balances. Further, the City did not include cash balances relating to debt reserve requirements in the amount of \$140,372.

Criteria

State Law requires that the public treasurer file a written report at year end that contains information on the deposits and investments of the entity. This form is used by the Money Management Council to determine if the entity is in compliance with the Money Management Act.

Cause

Because of a change in treasurer responsibilities, the proper amounts were omitted and the report was not remitted timely.

Effect

The City is not in compliance with cash management requirements.

Recommendation

We recommend that the treasurer review and include all cash balances on the year end report and file the report timely.

Response

The required report was turned in on August 20, 2014 and administrative controls have been put into place to ensure that all future reports will be submitted in a timely manner with complete information.

Status

Uncorrected. See 2015-1

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2015

Statement of Condition - 2014-3.1

Budgetary Compliance : The Park Fund exceeded budgeted total fund expenditures at year end.

Criteria

State Law requires that officers or employees of the entity do not incur expenditures or encumbrances in excess of the total appropriation for any fund.

Cause

The fund was overlooked during the amending process.

Effect

The City is not in compliance with budget requirements.

Recommendation

We recommend that the City review procedures to ensure complete budgets are available for approval by the council.

Response

We concur with the recommendation and will work to improve our amended budget process in the future.

Status

Corrected.

Statement of Condition - 2014-3.2

Budgetary Compliance: Amounts reported to the City Council quarterly did not agree with amounts in the general ledger.

Criteria

State Law requires that management provide quarterly financial reports to the governing board in sufficient detail to provide information for the board to make decisions.

Cause

Budgeted amounts for transfers to and from funds were presented as actual amounts, but had not taken place as of the statement date.

Effect

The City is not in compliance with reporting requirements due to an error in the timing of journal entry for transfers. This resulted in one material number being incorrect at the time of presentation. All other information presented to the City Council was based on actual and reasonably estimated operating numbers.

Recommendation

We recommend that the City review procedures to ensure complete and accurate reports are available to the City Council.

Response

We agree that amounts reported for December 2013 for the General Fund included a transfer to the Capital Improvements Fund at the budget level not that actual amount. We do not believe the information as it was reported negatively affected the Council's decision-making nor did it result in budget issues.

Status

Corrected.

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2015

Statement of Condition - 2014-4

Fund Balance: Unrestricted fund balance in the General Fund exceeds 25% of the total current year revenues by \$1,733,036.

Criteria

State Law requires that general fund balance does not exceed 25% for cities or 75% for towns of the total revenue of the general fund for the fiscal year under audit under Utah Code 10-6-115(2).

Cause

Because the City has not completely used the excess fund balance for designated projects, the general fund is over legal requirements. This was a finding in prior years.

Effect

The City is not in compliance with fund balance requirements.

Recommendation

We recommend that the City review the unreserved fund balance and plan the coming years expenditures accordingly.

Response

The City plans on utilizing the funds to aid in the many infrastructure projects throughout the City. The City Council has appropriated \$1,340,742 of the excess during the original budget process. Management plans to present additional amounts to the City Council during an upcoming amended budget process.

Status

Uncorrected. See 2015-2

Statement of Condition - 2014-5

Utah Public Finance Website: The City did not timely report required public financial information to the Utah Public Finance Website as required by state law.

Criteria

State Law (UCA 63A-3-402) requires the City to post revenue and expense information quarterly and within one month of the end of each quarter. Additionally, the law requires employee compensation summary information be posted within three months after the end of each fiscal year.

Cause

Because of a change in treasurer responsibilities, the required information was not timely submitted to the Utah Public Finance Website.

Effect

The City is not in compliance with reporting requirements.

Recommendation

We recommend that the City review procedures to ensure complete and accurate reports are posted timely.

Response

The required information was posted on October 23, 2014 and administrative controls have been put into place to ensure that all future reports will be submitted in a timely manner.

Status

Corrected

Clearfield City Corporation
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2015

Grant Name	Award Amount	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Class C Road		2014	\$ 814,344
SR193 Landscaping	\$ 343,000		\$ 343,000
Liquor			\$ 36,082
<u>Utah Department of Public Safety</u>			
Eliminate Alcohol Sales to Youth Grant			\$ 659
Citizen Corp Grant			\$ 4,681
Metro Narcotics Overtime Grant			\$ 2,996
Driving Under the Influence Overtime Grant			\$ 22,369
<u>Attorney General's Office</u>			
ICAC Task Force			\$ 2,003
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			\$ 1,226,134