

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

For the Year Ended June 30, 2016

Adam Lenhard, City Manager
Rich Knapp, Finance Manager

Clearfield City Corporation

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INTRODUCTORY SECTION



December 12, 2016

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

It is my pleasure to present the 2016 Comprehensive Annual Financial Report (CAFR) of Clearfield City for the fiscal year ended June 30, 2016.

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, 2016, in accordance with these requirements.

The government-wide financial statements include a Statement of Net Position which 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, 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. Bordering the east side of Clearfield City is Hill Air Force Base (HAFB). The Base was established in 1941 when World War II broke out. Less than a year later, Army and Navy engineers chose Clearfield as the site for the largest U.S. Naval Supply Depot, which was completed in 1942. In 1963 the Clearfield Naval Supply Depot became what is known as the Freeport Center.



Administrative Services

55 South State Street

Clearfield, UT 84015

Phone: 801.525.2700

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. Additionally, the Utah Transit Authority (UTA) provides daily mass transit service throughout the City and along the Wasatch Front.

ORGANIZATION

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

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

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

Clearfield City provides a range of services, including police, budgeting, justice court, planning and zoning, business licensing, construction and maintenance of highways and streets, parks and recreation services, art programs and facilities, cemeteries, utility administrative services, water, sewer, storm sewer, solid waste and recyclables, fleet management, and risk management.

ECONOMIC CONDITION AND OUTLOOK

Clearfield City boasts a prime location in northern Davis County. Hill Air Force Base is one of the largest employers in the State of Utah and has been awarded several contracts to maintain military aircraft, such as the new F-35 fighter jet. The development of the 550-acre Falcon Hill project is underway, with two office buildings “behind the gate” and one retail building “outside the gate” complete. A groundbreaking ceremony was recently held for a third “behind the gate” office building. 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.

Manufacturers in Clearfield’s Freeport Center industrial park continue to thrive. Lifetime Products has been steadily growing, creating jobs and expanding into additional buildings. Futura Industries and Smith Optics have also invested in improvements and expansions to their facilities. Also, ATK Space Systems is five years into an expansion that will create 800 new jobs over twenty years, with a total investment of over \$100 million. Clearfield City is providing 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 working together to plan for the development of the 70-acre commuter rail stop, which will serve an estimated 3,000 riders a day. The site will become a mixed-use transit-oriented development, and is a finalist for a large international manufacturer that would create upwards of 1,000 jobs.

A 120-unit apartment building—Clearfield Centre—is under construction downtown, and should be complete in 2017. The building includes underground parking as well as some retail space on the ground floor. This is an important redevelopment project, expected to be a catalyst for other redevelopment along the State/Main Street corridor. The City has also adopted a Downtown Small Area Plan that will guide redevelopment along this corridor. The potential for redevelopment of the Mabey Pond area—the future heart of Clearfield’s downtown—is also taking shape.

The SR-193 extension project was completed in early 2014, dramatically improving access to the northern entrance of the Freeport Center. Further east along the corridor is the Legend Hills area. An 11-acre parcel fronting on SR-193 has been acquired and is being planned for mixed-use development. Adjacent to that property is a 125,000 square foot office building that had been vacant for two years, but is now home to AAA and Exeter Finance and nearly 1000 jobs. Another 40 vacant acres in Legend Hills are zoned for commercial use, and it is

anticipated that due to imminent development on adjacent property in Layton, these acres will attract significant interest from national brand retailers within the next couple of years.

MAJOR INITIATIVES

Streets-

In FY2016, the Streets and Roads division chip sealed 55 streets, 7.09 miles, 146,009 square yards of pavement surface. 400 East and 550 E Utility upgrade was completed in FY16, and improvements continue on 300 N 825 W sidewalk.

The Maintenance and Operations Center project phase 1 is complete and phase 2 design is complete and construction will begin in the Spring of 2017. The fourth and final phase of the MOC will not be completed until FY2024.

In FY2016, the County passed a transportation tax that will result in an additional \$330k per year, and the State passed an increase in Class C Road monies that should result in an approximate increase of \$150k per year.

Community Services-

In FY2015, the city adopted a Parks, Arts, Recreation, Aquatic, and Trails (PARAT) sales tax. The first year of revenue was \$210,000. A PARAT master plan, which was developed with the Mayor and Council, will serve as the basis for deciding PARAT projects in the future.

Proprietary /

Internal Service Funds -

The City provides Water, Sewer, Storm Sewer and Solid Waste Services to over 6,500 residential and commercial accounts through Proprietary Funds. 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 consulting firm was hired to update the city's compensation plan. The plan has resulted in a more predictable and simpler system of compensation.

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,

2015 (FY2016).

In the fiscal year ended June 30, 2015, the GFOA also awarded Clearfield City the Certificate of Achievement for Excellence in Financial Reporting, which is the highest form of recognition in the area of governmental accounting and financial reporting. The City has received this certificate 17 out of the last 19 fiscal years.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's accounting records for general governmental operations, utilities, and other proprietary activities 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 gives consideration to the adequacy of internal control structure in developing and maintaining its accounting system. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

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

The City's internal controls adequately safeguard assets and provide 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 strategic plan that will be updated yearly. This plan not only determines where we want to go, but exactly how we'll get there. The plan identifies current conditions, a vision, policy priorities, goals and strategies, and three year project plans. This current plan can be found on the city's web site.

OTHER INFORMATION

Independent Audit

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

Acknowledgments

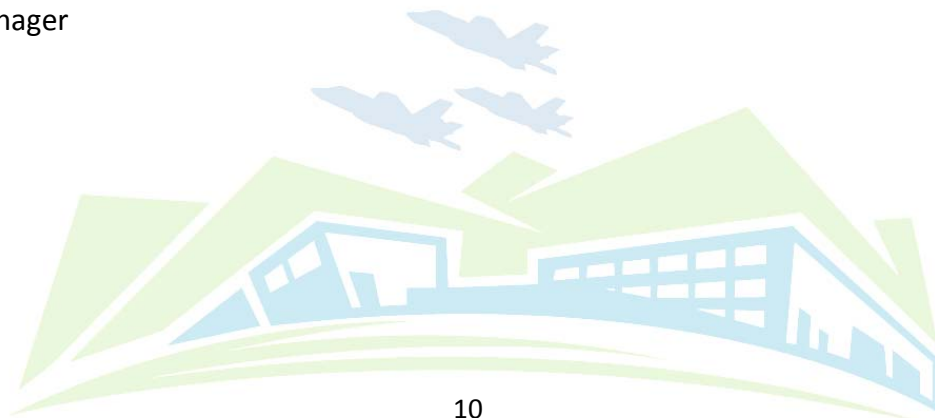
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire city staff who were instrumental in the successful completion of this report.

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 striving to fulfill the duties and responsibilities of their respective offices.

Respectfully submitted,



Rich Knapp
Finance Manager





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, 2015

Executive Director/CEO

Clearfield City Corporation

City Officials

For the Year Ended June 30, 2016

Executive Budgetary

Adam Lenhard	City Manager
JJ Allen	Assistant City Manager
Brian Brower/ Stuart Williams	City Attorney

Statutory Appointed Officials

Nancy Dean	City Recorder
Rich Knapp	City Treasurer

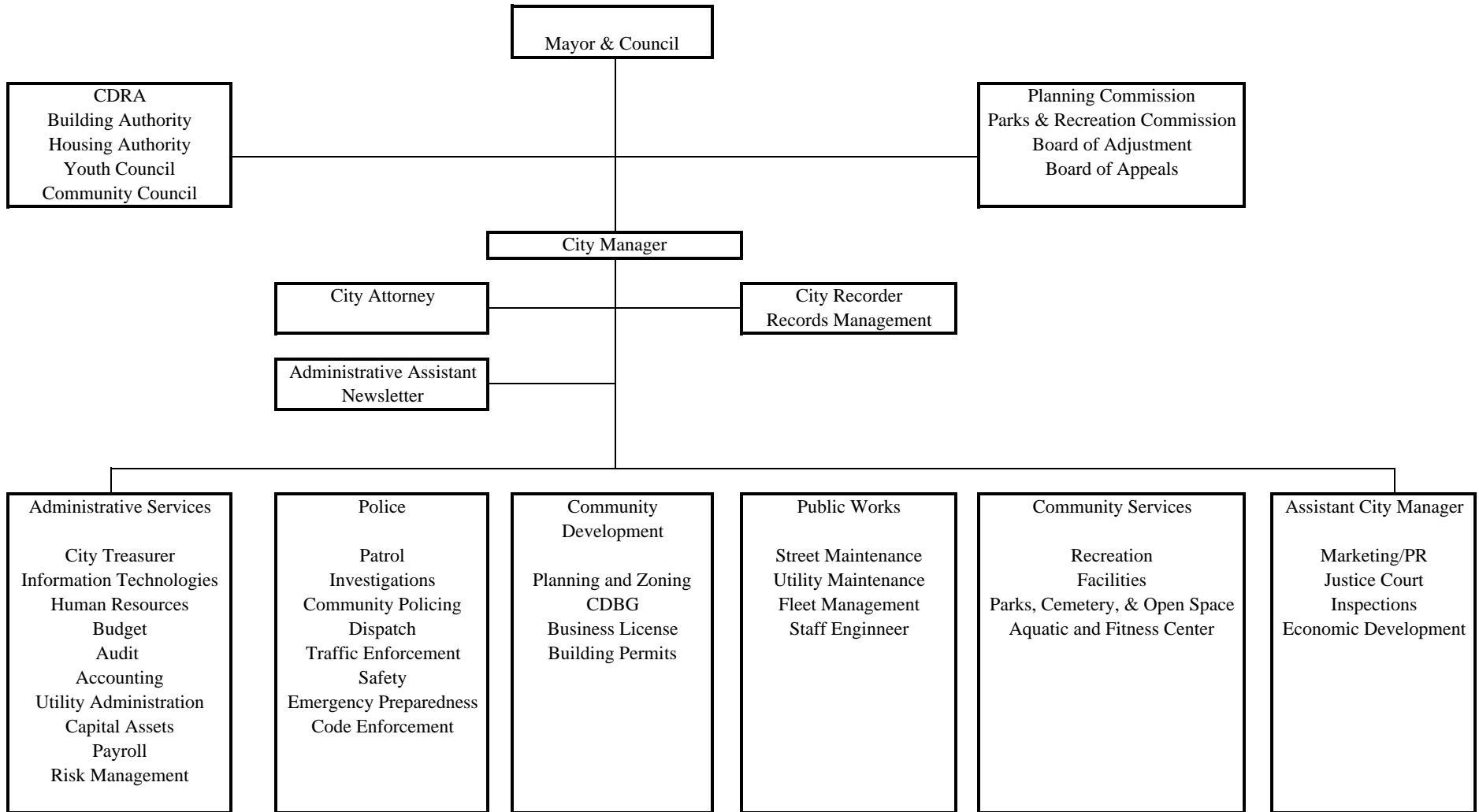
Department Heads

Summer Palmer	Administrative Services Director
Scott Hodge	Public Works Director
Eric Howes	Community Services Director
Greg Krusi	Police Chief

Other City Officials

Mike Stenquist	Assistant Police Chief
Summer Palmer	Human Resource Manager
Rich Knapp	Finance 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, 2016, 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, 2016, 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 19, 2016 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 19, 2016

Management's Discussion and Analysis 2016

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 32. 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 2016 (FY2016) actual General Fund revenues were \$697,400 above expected or final budgeted numbers before Other Financing Sources. This is a 5% increase over budgeted revenue. Final budgeted revenues before Other Financing Sources were \$14,136,372 and final actual amounts are \$14,833,772. The largest increase from budgeted numbers came from Taxes. Sales and Use taxes were \$293,080 above budgeted, the new PARAT taxes were \$126,774 above budgeted amounts and Energy Sales taxes were \$94,724 above budgeted amounts. Overall taxes came in \$528,381 above final budgeted numbers. Fines and Forfeitures were down \$1,691 from budgeted numbers. Franchise Taxes were down \$66,286 from budget. Lastly, Class "C" roads revenues were \$21,258 lower than budget.
- General Fund revenue before Other Financing Sources was up \$953,133 in FY2016 compared to FY2015. Revenues from Taxes increased \$320,219 from FY15 with revenues from the new County Transportation totaling \$81,846 and Parks and Recreation increasing by \$126,842.
- Expenditures of \$15,168,465 and revenues of \$14,833,772 in the general fund combined to have a net change in fund balance of (\$334,693).
- The total assets of Clearfield City increased by \$7,869,373 to \$120,681,354. Total liabilities increased by \$8,462,407 to \$32,989,546. The largest component of the increase in liabilities was from the timing of the 2016 Sales Tax Bond Refund timing for over \$9 million of pension liability. Without this change, liabilities would have decreased.
- The total net position of \$86,772,709 is made up of \$50,838,042 invested in capital assets net of related debt, \$12,565,606 in restricted net position and \$23,369,061 in unrestricted net position.
- Outstanding Long Term General Obligation Bonds and Revenue Bonds government wide increased by \$7,705,956. General Obligation Bonds decreased by \$925,000. Revenue Bonds increased by \$8,630,956.

- 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: 1st government-wide financial statements-pages 32 and 34, 2nd fund financial statements-pages 36 to 56 and 3rd notes to the financial statements-pages 58 through 103.

GASB Statement Number 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 32 to 34.

Clearfield City's Statement of Net Position: page 32.

Clearfield City's Statement of Net Position is reported as of June 30, 2016, 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, 2016 the City's total net assets exceeded liabilities by \$86,772,709. The statement shows that unrestricted net position of \$23,369,061 is enough to cover the current liabilities of \$14,570,442.

Assets

Clearfield City's assets on June 30, 2016 were \$120,681,354 for an increase of \$7,869,373 from the previous fiscal year ending June 30, 2015. Cash and cash equivalents increased \$3,231,942, and taxes receivable increased \$405,993. Other receivables also increased by \$110,571.

Of the total assets about \$77,397,298 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 \$40.9 million dollars or 60% 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 \$40.5 million dollars and is 50% of the purchase price. More information on depreciation is available in the Notes to the Financial Statements on pages 70 and 84 - 86. Schedules of general capital assets are on pages 122 to 124.

Liabilities

Clearfield City’s liabilities on June 30, 2016 were \$32,989,546. Non-current liabilities are 56% and current liabilities are 44% of the total liabilities. The 44% is \$14,570,442 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 56% of non-current liabilities is \$18,419,104, with \$15,123,256 in revenue & general obligation bond debt and \$143,367 for noncurrent compensated absences. Liabilities increased from the prior year by \$8,462,407. This increase was mostly from the timing of the 2016 sales tax refunding.

For detailed information see pages 89 to 91, which has the debt section of Clearfield City’s Notes to Financial Statements.

<u>Current Liabilities</u>		<u>Non-current Liabilities</u>	
Leases, loans, notes payable	1%	Loans- Bonds	46%
Compensated Absences	1%	Compensated Absences	.4%
Accounts Payable	8%	Net Pension	<u>10%</u>
G.O. & Revenue bonds	<u>35%</u>		<u>56%</u>
	44%		

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, 2016 Clearfield City had 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, 2016 was \$4,455,000. This is a decrease of \$960,000 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 April 2016 the bond was refunded. There is \$9,592,000 outstanding at the end of 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, 2016 is \$1,040,000.

Other bonds are outstanding and can be referenced in the Note Section pages 88 to 91.

Clearfield City's Statement of Activities: page 34.

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, 2016 and covers the time period of July 1, 2015 to June 30, 2016. 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 \$12,137,302 in parentheses represents the cost of services that were not covered with program revenues. The general revenues of \$12,803,225 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 \$665,923.

The Statement of Activities is a useful report for seeing how property tax, sales tax, other taxes, and interest earned were spent. For example, total expenses for Public Safety (police, dispatch, emergency services and not including the North Davis Fire District), is \$4,173,640. The revenues from charges for services related to Public Safety totals \$1,183,288 with \$83,714 in operating grants and contributions. The \$2,906,638 in parentheses 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 30% 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	\$4,255,926	100%
2 nd	Interest on long-term debt	\$ 474,319	100%
3 th	Public Safety	\$2,906,638	70%
4 rd	General Government	\$3,218,126	67%
5 th	Community Services	\$2,171,594	52%
6 th	Highways	\$ -889,301	0%

Governmental Activities expenditures before contributions or transfers increased \$4,108,063 in 2016 compared to fiscal year 2015.

	2012	2013	2014	2015	2016
Expenses:					
General Government	\$4,175,063	\$4,408,533	\$4,419,080	\$4,329,895	\$4,813,376
Public Safety	3,893,612	4,298,248	4,258,275	3,957,058	4,173,640
Highway & Streets	1,407,454	579,064	583,792	558,575	385,530
Community Services	3,480,388	3,755,723	4,196,122	3,872,112	4,176,153
Community Development	514,315	534,675	460,111	732,537	4,255,926
Other	974,740	912,002	828,074	720,704	474,319
Total Expenses	\$14,445,572	\$14,488,245	\$14,745,454	\$14,170,881	\$18,278,944

Business-type activities summary

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

The business-type activities run by Clearfield City had a decrease of net Operating Revenues of \$506,131 for a total of \$336,092. The majority of this decrease in net operating revenue came from increased cost of water and sewer materials, supplies, and contracts. When interest income, impact fees, miscellaneous revenue, gain on disposal of capital assets and transfers to the general fund are included, net position decreased \$394,148 to \$56,443,387.

Net Position

The total net position for both governmental-type activities and business type activities is \$86,772,709. The change in net position is a useful indicator of the City's financial position, especially if several years are available for comparison. Since FY2010, the five year change in Net Position has increased by \$3,985,887 for the business type activities. For the same time period, Governmental activities have had an increase in Net Position of \$13,548,928.

The following two charts compare fiscal year ending June 30, 2015 (FY2015) and fiscal year ending June 30, 2016 (FY2016) of the Changes in Net position and a comparison of Net Position.

Comparison of Changes in Net Position

	Governmental Activities		Business-type Activities	
	2015	2016	2015	2016
Revenues:				
Program Revenues:				
Charges for Services	\$ 4,570,675	\$ 4,888,414	\$ 9,541,816	\$ 9,985,511
Operating Grants & Contributions	962,484	1,070,777		
Capital Grants and Contributions	167,832	182,451	-	-
General Revenues:				
Property Taxes	\$ 5,543,631	\$ 4,738,368		
General Sales & Use Tax	3,844,816	3,963,080		
Other Taxes	3,233,966	3,482,282		
Investment Income	116,633	200,323	61,709	151,438
Other Revenue	176,888	9,400	3,394	6,631
Total Revenues	\$ 18,616,925	\$ 18,535,095	\$ 9,606,919	\$ 10,143,580
Expenses:				
General Government	\$ 4,329,895	\$ 4,813,376		
Public Safety	3,957,058	4,173,640		
Highway & Streets	558,575	385,530		
Community Services	3,872,112	4,176,153		
Community Development	732,537	4,255,926		
Other	720,704	474,319		
Utilities			8,787,371	9,713,407
Total Expenses	\$ 14,170,881	\$ 18,278,944	\$ 8,787,371	\$ 9,713,407
Excess(deficiency)before transfers	\$ 4,446,044	\$ 256,151	\$ 819,548	\$ 430,173
Contributions of Capital Assets	109,049	69,888	(109,049)	(69,888)
Transfers	\$ 256,838	\$ 754,433	\$ (256,838)	\$ (754,433)
Loss on sale of land held for sale		\$ (414,549)		
Increase (Decrease) in Net Position	\$ 4,811,931	\$ 665,923	\$ 453,661	\$ (394,148)
Net Position, beg. of year, as adjusted	\$ 24,851,469	\$ 29,663,399	\$ 56,383,874	\$ 56,837,535
Net Position, ending of year	\$ 29,663,400	\$ 30,329,322	\$ 56,837,535	\$ 56,443,387

Fiscal Year Comparison of Net Position

	Governmental Activities		Business-type Activities	
	2015	2016	2015	2016
Current and Other Assets	\$ 19,715,946	\$ 28,249,618	\$ 15,138,425	\$ 15,034,438
Capital Assets (net of depr.)	33,758,832	33,196,240	44,198,778	44,201,058
Total Assets	\$ 53,474,778	\$ 61,445,858	\$ 59,337,203	\$ 59,235,496
Deferred Outflows	\$ 815,190	\$ 1,931,203	\$ 59,120	\$ 157,138
Total Deferred Outflows	\$ 815,190	\$ 1,931,203	\$ 59,120	\$ 157,138
Other Liabilities	\$ 6,109,594	\$ 15,909,087	\$ 1,297,225	\$ 1,957,203
Long Term Debt Outstanding	15,907,234	14,197,193	1,213,086	926,063
Total Liabilities	\$ 22,016,828	\$ 30,106,280	\$ 2,510,311	\$ 2,883,266
Deferred Inflows	\$ 2,609,741	\$ 2,941,459	\$ 48,477	\$ 65,981
Total Deferred Inflows	\$ 2,609,741	\$ 2,941,459	\$ 48,477	\$ 65,981
Invested in Capital, net of debt	\$ 13,842,330	\$ 7,848,047	\$ 42,710,692	\$ 42,989,995
Restricted	6,198,871	11,970,081	2,166,247	595,525
Unrestricted	9,622,198	10,511,194	11,960,596	12,857,867
Total Net Position	\$ 29,663,399	\$ 30,329,322	\$ 56,837,535	\$ 56,443,387

Fund financial statements: pages 36 to 56.

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

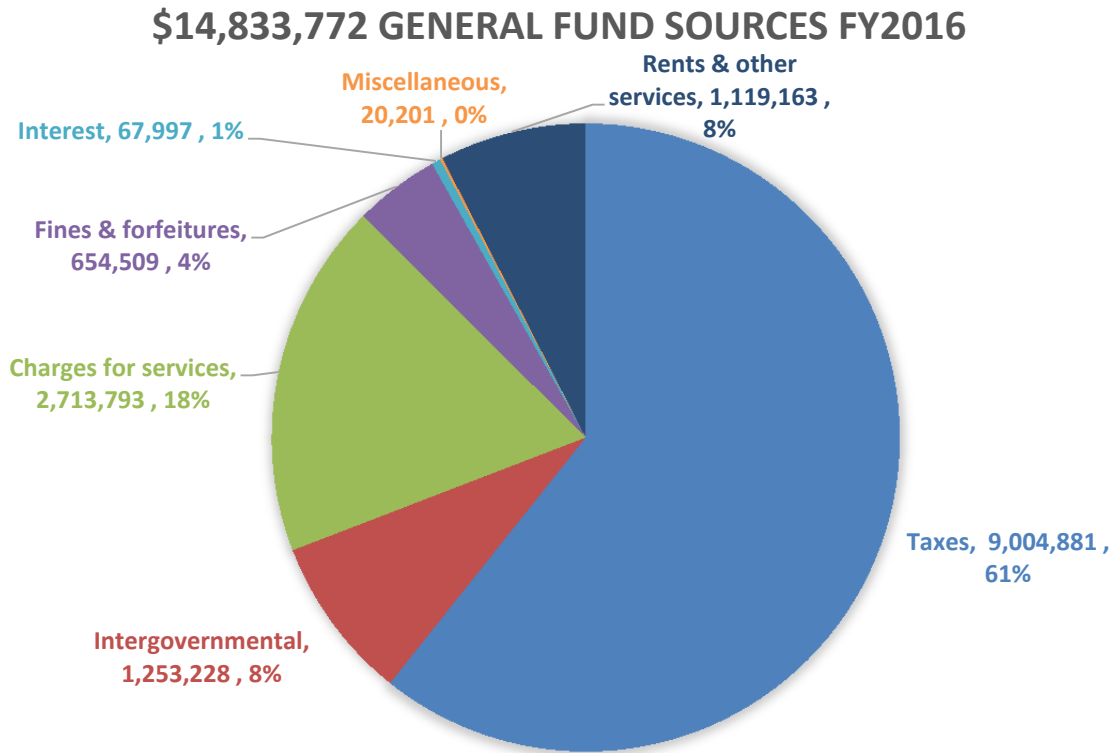
Clearfield City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Government funds summary

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

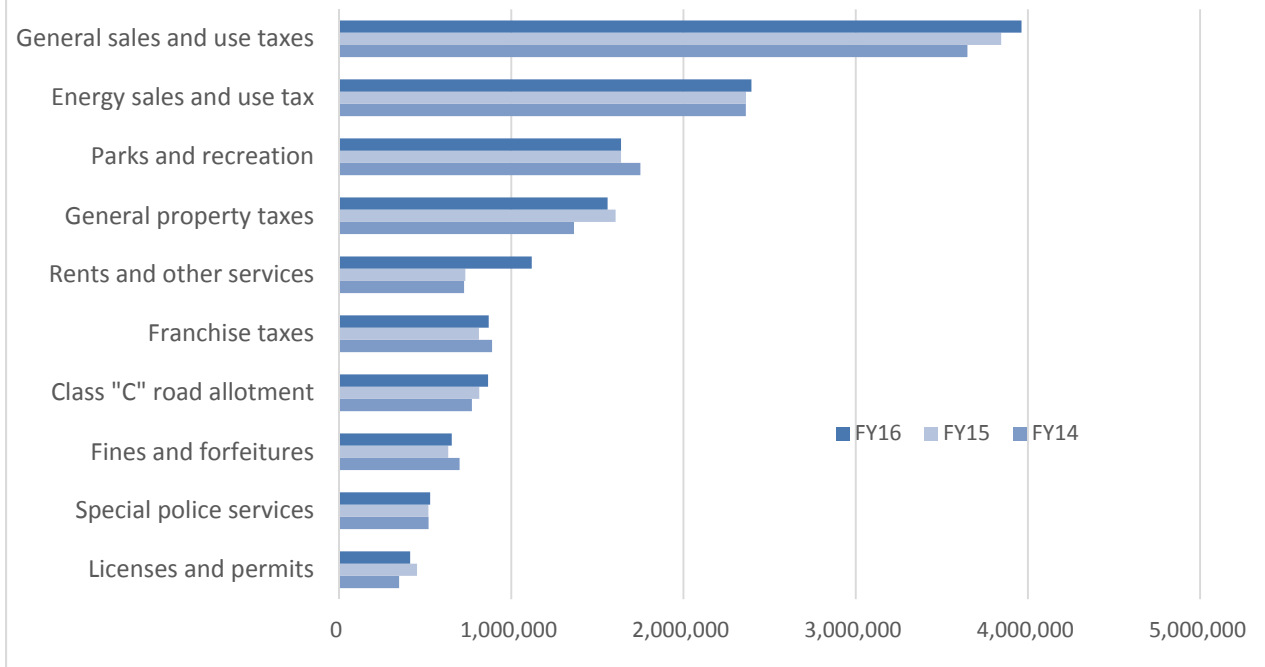
General Fund: pages 43 to 48.

During the year, \$14,833,772 came into the General Fund before Other Financing Sources. This is an increase of \$953,133 from the previous year. The primary increase came from sales tax, the new PARAT tax, and rents and other services. Taxes still remain the largest source of revenue received in the General Fund with 61% of the total—\$9,004,881. For the prior year taxes represented 63% or \$8,684,662 of the total revenue source before other financing sources.



The next chart compares the normal general fund revenue for Fiscal years 2014, 2015, and 2016. On the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, the top general fund revenues increased \$588,801 from 2015 to 2016 (before transfers or other sources). This amount represents a 4.3% increase in these revenue sources. The largest decrease was in property tax of \$46,361, followed by a decrease in licenses and permits of \$40,100. These decreases were more than offset by an increase in rents and other services of \$386,350, sales tax of \$118,264, and an increase in franchise taxes of \$56,294.

General Fund Revenue FY14 through FY16

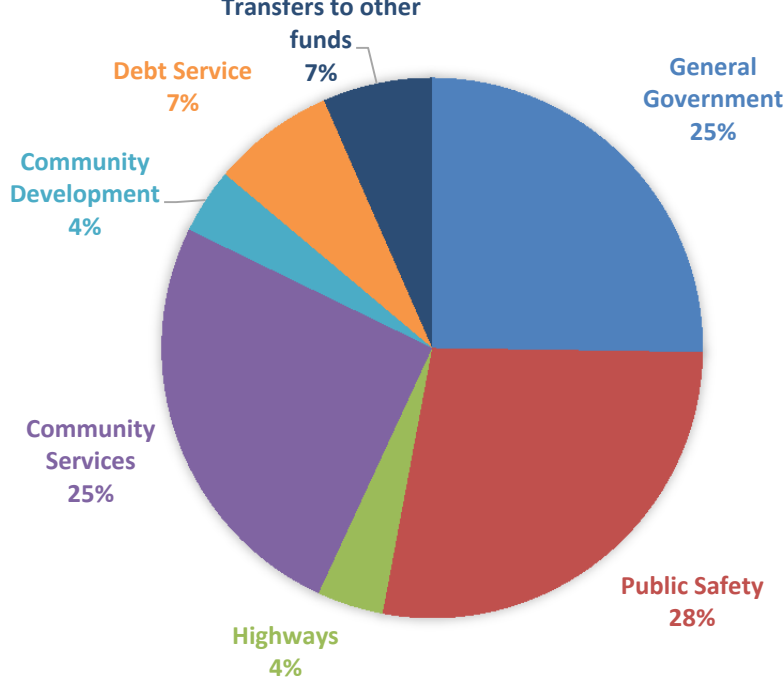


General Fund Spending:

The General Fund's actual operating expenditures increased by \$649,549 before any debt service or transfers to other funds. This represents a 5% increase from the prior year for the same functions. After transfers to other funds are included, the total expenditures decreased by \$205,015 as compared to the prior year. This decrease in transfers was a result of higher capital spending in the prior year.

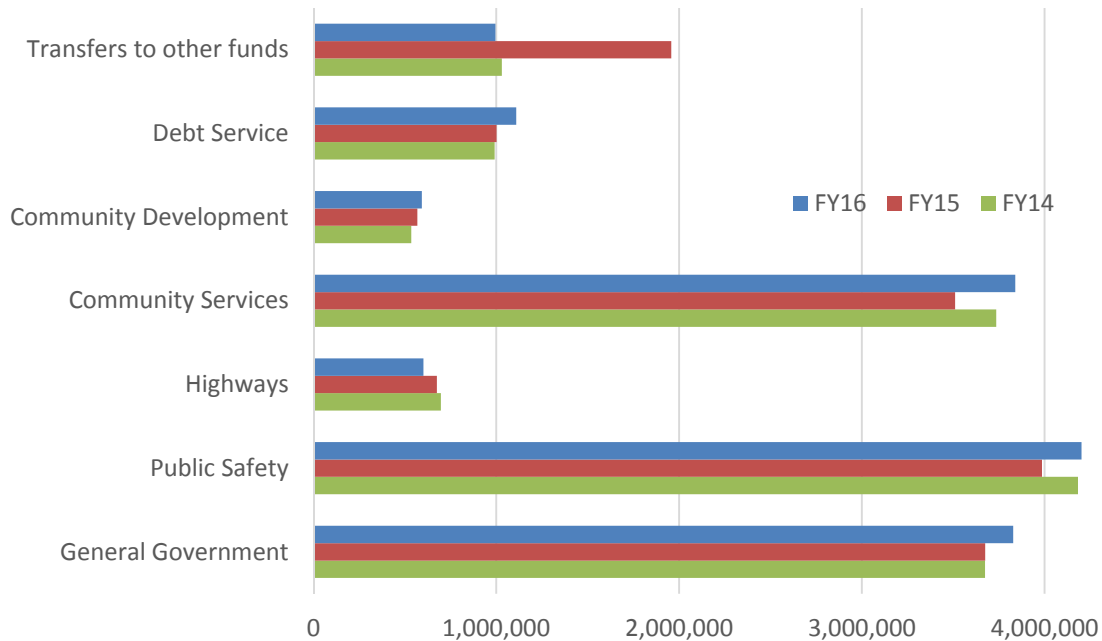
The percentage and amount of general fund spending by broad functions is presented below.

\$15,168,465 GENERAL FUND SPENDING 2016



The next chart compares general fund spending for 2014, 2015, and 2016 by governmental activity.

General Fund Spending 2014 through 2016



Community Development and Renewal Agency: page 49.

Total revenue of \$2,489,844 was generated in 2016. This is a decrease of \$422,826 from FY2015. 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 \$1,030,268. 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 decreased \$1,705,395 to end the year at \$5,826,217. Much of the decrease is a result of ATK qualifying for multiple years of tax increment incentive.

Capital Projects Fund: page 110.

The Capital Projects Fund began the fiscal year with a fund balance of \$1,506,826. During the year, \$613,214 was spent related to capital projects. During the year, \$695,283 was transferred in to fund authorized capital projects. The fund balance had a net increase of \$274,269 to end the fiscal year with a \$1,781,095 fund balance.

Debt Service / General Obligation Bond Fund: page 111.

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 FY2016, \$760,510 was received in this fund as revenue and \$261,477 was transferred in from enterprise funds. The property tax revenue was budgeted from a portion of the certified tax rate. In FY2016, this rate related to the G.O. debt was 0.000622.

Proprietary Funds Summary: pages 50 to 55.

Proprietary funds include the Water, Sewer, Solid Waste Collection & Recycling, and Storm Drain departments. All of the City's business type activities except Utility Administration and Storm, have a positive net income before transfers in or out. The Utility Administration fund shows a loss of \$185,983. 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 Revenues, Expenses, and Changes in Fund Net Position for Proprietary Funds shows a total operating revenue of \$9,992,142 for the fiscal year ending 2016. For all proprietary funds this is an increase of \$446,932 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, the addition of curbside recycling, and the continuing increases from the North Davis Sewer District.

The Proprietary funds also had operating expenses including depreciation totaling \$9,656,050 before non-operating revenues or expenditures; this is up \$953,063 from the prior year. After non-operating revenues and expenses, the proprietary funds had a net decrease of \$394,148.

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, 2016 is \$1,211,063. The maturity date is scheduled for May 2020.

Internal Service Funds-Fleet and Risk Management pages 118 to 120.

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 \$867,393 with Operating Expenses including depreciation to be \$812,623 for a net operating income of \$54,770. The increase to net position was \$433,583.

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 2016, revenue was \$258,877. Insurance costs for the city were \$259,377. The decrease to net position was \$500.

Notes to Financial Statements: pages 58 to 103.

The Notes to the financial statements present important details and schedules explaining Clearfield City's significant 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 112 to 116. 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 112 and 113. Budget and actual comparisons for the non-major funds are presented on pages 115 to 116. Budget and actual comparisons for major capital projects fund and G.O bond fund are presented on pages 110 and 111.

Requests for information:

It is granted that in a city the size of Clearfield the accounting for over \$120 million in assets and over \$28 million of annual revenues and other financing sources for 2016 is bound to be a complex undertaking. GASB Statement Number 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 Finance Manager can be reached at (801) 525-2720 Monday through Friday from 8 A.M to 5 P.M. MST.

BASIC FINANCIAL STATEMENTS

Clearfield City Corporation

Statement of Net Position

June 30, 2016

	<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	\$ 12,684,067	11,954,397	24,638,464	2,270,017
Accounts receivable (net)	-	893,332	893,332	139,371
Property, sales, & franchise taxes receivable	3,588,047	-	3,588,047	2,295,896
Other receivables	605,555	-	605,555	-
Prepaid items	135,656	560,916	696,572	114,900
Internal balances	(1,030,268)	1,030,268	-	-
Restricted cash	12,014,229	595,525	12,609,754	-
Land held for sale	246,473	-	246,473	-
Net pension asset	5,859	-	5,859	60,068
Capital assets (net of accumulated depreciation):				
Land	4,631,620	1,404,577	6,036,197	200,110
Water stock & rights	25,200	9,162	34,362	-
Buildings	15,984,016	730,200	16,714,216	2,418,207
Improvements	1,397,664	212,485	1,610,149	-
Machinery & equipment	2,284,076	552,178	2,836,254	1,043,956
Infrastructure	8,059,118	38,414,666	46,473,784	-
Construction in process	814,546	2,877,790	3,692,336	15,142
Total assets	<u>61,445,858</u>	<u>59,235,496</u>	<u>120,681,354</u>	<u>8,557,667</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows relating to pensions	1,379,386	157,138	1,536,524	306,169
Deferred charge on refunding	551,817	-	551,817	-
Total deferred outflows of resources	<u>\$ 1,931,203</u>	<u>157,138</u>	<u>2,088,341</u>	<u>306,169</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, 2016

	<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	\$ 1,251,509	1,288,368	2,539,877	121,654
Accrued interest payable	332,775	8,033	340,808	41,113
Compensated absences - current	240,076	13,681	253,757	-
Capital lease payable - current	-	-	-	108,310
General obligation bonds payable - current	960,000	-	960,000	-
Revenue bonds payable - current	10,191,000	285,000	10,476,000	156,000
Compensated absences - noncurrent	117,959	25,408	143,367	138,979
Capital lease payable - noncurrent	-	-	-	783,353
General obligation bonds payable - noncurrent	3,723,332	-	3,723,332	-
Revenue bonds payable - noncurrent	10,473,861	926,063	11,399,924	1,939,000
Net pension liability	2,815,768	336,713	3,152,481	32,230
Total liabilities	30,106,280	2,883,266	32,989,546	3,320,639
<u>Deferred Inflows of Resources</u>				
Deferred inflows relating to pensions	557,150	65,981	623,131	154,992
Deferred revenue- property taxes	2,384,309	-	2,384,309	2,021,827
Total deferred inflows of resources	2,941,459	65,981	3,007,440	2,176,819
<u>Net Position</u>				
Net investment in capital assets	7,848,047	42,989,995	50,838,042	805,652
Restricted for:				
Debt service	10,579,118	83,700	10,662,818	65,294
Perpetual care - expendable	33,239	-	33,239	-
Perpetual care - nonexpendable	185,185	-	185,185	-
Capital projects	415,496	511,825	927,321	109,210
Parks, art, recreation, aquatics and trails	262,332	-	262,332	-
E-911	248,238	-	248,238	-
Community redevelopment	246,473	-	246,473	-
Unrestricted	10,511,194	12,857,867	23,369,061	2,386,222
Total net position	\$ 30,329,322	56,443,387	86,772,709	3,366,378

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, 2016

Function/Programs	Program Revenues				Net (Expenses) Revenues & Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating	Capital	Primary Government		North Davis Fire District	
Grants and Contributions			Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government								
Governmental activities:								
General government	\$ 4,813,376	1,595,250	-	-	\$ (3,218,126)		(3,218,126)	
Public safety	4,173,640	1,183,288	83,714	-	(2,906,638)		(2,906,638)	
Highways and public improvements	385,530	145,018	947,362	182,451	889,301		889,301	
Community services	4,176,153	1,964,858	39,701	-	(2,171,594)		(2,171,594)	
Community development	4,255,926	-	-	-	(4,255,926)		(4,255,926)	
Interest on long-term debt	474,319	-	-	-	(474,319)		(474,319)	
Total governmental activities	<u>18,278,944</u>	<u>4,888,414</u>	<u>1,070,777</u>	<u>182,451</u>	<u>(12,137,302)</u>		<u>(12,137,302)</u>	
Business-type activities:								
Public utility	9,713,407	9,985,511	-	-	-	272,104	272,104	
Total business-type activities	<u>9,713,407</u>	<u>9,985,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,104</u>	<u>272,104</u>	
Total primary government	<u>\$ 27,992,351</u>	<u>14,873,925</u>	<u>1,070,777</u>	<u>182,451</u>	<u>(12,137,302)</u>	<u>272,104</u>	<u>(11,865,198)</u>	
Component unit								
North Davis Fire District	\$ 3,646,818	931,241	-	-				(2,715,577)
Total component unit	<u>\$ 3,646,818</u>	<u>931,241</u>	<u>-</u>	<u>-</u>				<u>(2,715,577)</u>
General revenues:								
Property taxes					4,738,368	-	4,738,368	2,426,804
General sales and use tax					3,963,080	-	3,963,080	-
Franchise tax					868,717	-	868,717	-
Energy use tax					2,394,724	-	2,394,724	-
Parks and recreation tax					211,774	-	211,774	-
Transient room tax					7,067	-	7,067	-
Interest earnings					200,323	151,438	351,761	17,907
Miscellaneous					9,400	6,631	16,031	20,000
Transfers					754,433	(754,433)	-	-
Nonemployer contributions relating to pensions					-	-	-	131,195
Loss on sale of land held for sale					(414,549)	-	(414,549)	-
Contribution of capital assets					69,888	(69,888)	-	-
Total general revenues					<u>12,803,225</u>	<u>(666,252)</u>	<u>12,136,973</u>	<u>2,595,906</u>
Change in net position					665,923	(394,148)	271,775	(119,671)
Net position - beginning					29,663,399	56,837,535	86,500,934	3,486,049
Net position - ending					<u>\$ 30,329,322</u>	<u>56,443,387</u>	<u>86,772,709</u>	<u>3,366,378</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, 2016

	General Fund	Special Revenue		Debt Service G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
		Community Development & Renewal Agency Fund	Capital Projects			
<u>Assets</u>						
Cash and cash equivalents	\$ 5,146,384	5,579,744	1,847,133	-	26,188	12,599,449
Property, sales, and franchise taxes receivable	2,854,967	-	-	733,080	-	3,588,047
Other receivables	605,555	-	-	-	-	605,555
Prepaid items	104,949	-	-	-	-	104,949
Restricted cash and cash equivalents	11,349,781	-	-	30,528	633,920	12,014,229
Land held for sale	-	246,473	-	-	-	246,473
Total assets	<u>20,061,636</u>	<u>5,826,217</u>	<u>1,847,133</u>	<u>763,608</u>	<u>660,108</u>	<u>29,158,702</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities						
Accounts payable	361,870	6,950	66,038	-	-	434,858
Accrued liabilities	791,309	-	-	-	-	791,309
Interfund loans payable	-	1,030,268	-	-	-	1,030,268
Total liabilities	<u>1,153,179</u>	<u>1,037,218</u>	<u>66,038</u>	<u>-</u>	<u>-</u>	<u>2,256,435</u>
Deferred Inflows of Resources						
Unavailable revenue- property taxes	<u>1,651,229</u>	<u>-</u>	<u>-</u>	<u>733,080</u>	<u>-</u>	<u>2,384,309</u>
Total deferred inflows of resources	<u>\$ 1,651,229</u>	<u>-</u>	<u>-</u>	<u>733,080</u>	<u>-</u>	<u>2,384,309</u>

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

Clearfield City Corporation
Balance Sheet - Continued
Governmental Funds
June 30, 2016

	<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	\$ 104,949	-	-	-	-	104,949
Land held as inventory	-	246,473	-	-	-	246,473
Restricted for:						
Debt service	10,548,590	-	-	30,528	-	10,579,118
Capital projects	-	-	-	-	415,496	415,496
Cemetery perpetual care	-	-	-	-	218,424	218,424
Parks, art, recreation, aquatics and trails	262,332	-	-	-	-	262,332
E-911	248,238	-	-	-	-	248,238
Committed	184,731	150,000	931,689	-	-	1,266,420
Assigned, reported in:						
Capital projects - improvements	-	-	849,406	-	26,188	875,594
Special revenue - community development	-	4,392,526	-	-	-	4,392,526
Unassigned, reported in:						
General fund	5,908,388	-	-	-	-	5,908,388
Total fund balances	<u>17,257,228</u>	<u>4,788,999</u>	<u>1,781,095</u>	<u>30,528</u>	<u>660,108</u>	<u>24,517,958</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$20,061,636</u>	<u>5,826,217</u>	<u>1,847,133</u>	<u>763,608</u>	<u>660,108</u>	<u>29,158,702</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, 2016

Total fund balances - governmental fund types:	\$ 24,517,958
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.	31,776,404
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,473,718
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.	(27,438,758)
Net position of governmental activities	<u><u>\$ 30,329,322</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, 2016

	<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	\$ 9,004,881	2,418,339	-	760,510	-	12,183,730
Rents and other services	1,119,163	9,537	-	-	-	1,128,700
Intergovernmental	1,253,228	-	192,200	-	9,400	1,454,828
Charges for services	2,713,793	-	-	-	-	2,713,793
Impact fees	-	-	-	-	145,018	145,018
Fines and forfeitures	654,509	-	-	-	-	654,509
Interest and investment income	67,997	61,968	-	-	4,024	133,989
Miscellaneous revenue	20,201	-	-	-	-	20,201
Total revenues	<u>14,833,772</u>	<u>2,489,844</u>	<u>192,200</u>	<u>760,510</u>	<u>158,442</u>	<u>18,434,768</u>
<u>Expenditures</u>						
Current						
General government	3,828,174	26,291	-	-	250,635	4,105,100
Public safety	4,201,941	-	-	-	-	4,201,941
Highways and public improvements	322,279	-	-	-	-	322,279
Community services	3,839,258	-	-	-	-	3,839,258
Community development	592,975	3,665,828	-	-	-	4,258,803
Capital outlay	-	11,190	613,214	-	-	624,404
Debt service						
Principal retirement	810,000	-	-	925,000	-	1,735,000
Interest and fiscal charges	462,349	8,971	-	161,800	-	633,120
Cost of issuance	116,206	-	-	-	-	116,206
Total expenditures	<u>14,173,182</u>	<u>3,712,280</u>	<u>613,214</u>	<u>1,086,800</u>	<u>250,635</u>	<u>19,836,111</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, 2016

	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	\$ 660,590	(1,222,436)	(421,014)	(326,290)	(92,193)	(1,401,343)
Other Financing Sources (Uses)						
Proceeds (cost) from disposal of capital assets	13,623	-	-	-	-	13,623
Loss on sale of land held for sale	-	(414,549)	-	-	-	(414,549)
Bond issuance	9,592,000	-	-	-	-	9,592,000
Transfers in	1,277,702	-	695,283	261,477	300,000	2,534,462
Transfers (out)	(995,283)	(1,105,628)	-	-	-	(2,100,911)
Total other financing sources and (uses)	<u>9,888,042</u>	<u>(1,520,177)</u>	<u>695,283</u>	<u>261,477</u>	<u>300,000</u>	<u>9,624,625</u>
Net change in fund balances	10,548,632	(2,742,613)	274,269	(64,813)	207,807	8,223,282
Fund balances - beginning of year	<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>
Fund balances - end of year	<u>\$17,257,228</u>	<u>4,788,999</u>	<u>1,781,095</u>	<u>30,528</u>	<u>660,108</u>	<u>24,517,958</u>

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

Clearfield City Corporation
Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net changes in fund balances - total governmental funds \$ 8,223,282

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. (950,700)

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. (7,550,000)

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. 701,272

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. 242,069

Change in net position of governmental activities \$ 665,923

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, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Revenues</u>				
Taxes				
General property taxes	\$ 1,480,000	1,480,000	1,559,519	79,519
General sales and use taxes	3,670,000	3,670,000	3,963,080	293,080
Franchise taxes	935,000	935,000	868,717	(66,283)
Energy sales and use tax	2,300,000	2,300,000	2,394,724	94,724
Parks and recreation tax	85,000	85,000	211,774	126,774
Transient room tax	6,500	6,500	7,067	567
	<u>8,476,500</u>	<u>8,476,500</u>	<u>9,004,881</u>	<u>528,381</u>
Intergovernmental				
Class "C" road allotment	887,000	887,000	865,416	(21,584)
State liquor allotment	36,000	36,000	32,151	(3,849)
County transportation	-	-	81,946	81,946
Other grants	105,160	105,160	46,513	(58,647)
Federal grants	217,219	217,219	227,202	9,983
	<u>1,245,379</u>	<u>1,245,379</u>	<u>1,253,228</u>	<u>7,849</u>
Charges for services				
Special police services	514,500	514,500	528,779	14,279
Licenses and permits	385,950	385,950	412,356	26,406
Parks and recreation	1,663,000	1,663,000	1,763,958	100,958
Cemetery lots and services	10,000	10,000	8,700	(1,300)
	<u>2,573,450</u>	<u>2,573,450</u>	<u>2,713,793</u>	<u>140,343</u>
Fines and forfeitures	<u>656,200</u>	<u>656,200</u>	<u>654,509</u>	<u>(1,691)</u>
Interest and investment income	<u>60,000</u>	<u>60,000</u>	<u>67,997</u>	<u>7,997</u>
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>20,201</u>	<u>201</u>
Rents and other services	<u>1,104,843</u>	<u>1,104,843</u>	<u>1,119,163</u>	<u>14,320</u>
<u>Other Financing Sources</u>				
Proceeds from sale of fixed assets	-	-	13,623	13,623
Bond issuance	9,592,000	9,592,000	9,592,000	-
Transfers in	1,163,672	1,277,954	1,277,702	(252)
	<u>10,755,672</u>	<u>10,869,954</u>	<u>10,883,325</u>	<u>13,371</u>
Total other financing sources	<u>10,755,672</u>	<u>10,869,954</u>	<u>10,883,325</u>	<u>13,371</u>
Total revenues and other financing sources	<u>\$ 24,892,044</u>	<u>25,006,326</u>	<u>25,717,097</u>	<u>710,771</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<u>Expenditures</u>				
<u>General government</u>				
Legislative				
Salaries and wages	\$ 69,600	69,600	67,091	2,509
Employee benefits	87,037	87,037	74,864	12,173
Council & mayor	61,690	61,690	54,477	7,213
Materials, supplies, and services	42,554	42,554	34,699	7,855
	260,881	260,881	231,131	29,750
Judicial				
Salaries and wages	240,838	240,838	237,559	3,279
Employee benefits	103,240	103,240	97,063	6,177
Professional services	82,060	82,060	94,839	(12,779)
Materials, supplies, and services	14,054	14,054	11,405	2,649
	440,192	440,192	440,866	(674)
Executive				
Salaries and wages	535,395	535,395	525,882	9,513
Employee benefits	208,673	208,673	199,527	9,146
Professional services	25,465	25,465	7,080	18,385
Materials, supplies, and services	99,218	99,218	86,733	12,485
	868,751	868,751	819,222	49,529
Administrative services				
Salaries and wages	477,923	477,923	478,373	(450)
Employee benefits	230,529	230,529	190,635	39,894
Professional services	92,392	92,392	83,298	9,094
Materials, supplies, and services	417,621	426,121	381,780	44,341
Capital outlay	143,000	143,000	147,093	(4,093)
	1,361,465	1,369,965	1,281,179	88,786
Non-departmental				
Materials, supplies, and services	429,863	429,863	326,080	103,783
Utilities	679,200	679,200	698,920	(19,720)
Telephone	24,000	24,000	22,925	1,075
	\$ 1,133,063	1,133,063	1,047,925	85,138

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, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Expenditures - continued</u>				
Elections				
Materials, supplies, and services	\$ 29,650	29,650	7,851	21,799
	<u>29,650</u>	<u>29,650</u>	<u>7,851</u>	<u>21,799</u>
Total general government	<u>4,094,002</u>	<u>4,102,502</u>	<u>3,828,174</u>	<u>274,328</u>
<u>Public safety</u>				
Police				
Salaries and wages	2,432,072	2,432,072	2,353,470	78,602
Employee benefits	1,258,118	1,258,118	1,174,862	83,256
Professional services	164,228	164,228	166,557	(2,329)
Materials, supplies, and services	583,665	583,665	384,544	199,121
Capital outlay	-	-	3,339	(3,339)
	<u>4,438,083</u>	<u>4,438,083</u>	<u>4,082,772</u>	<u>355,311</u>
Start grant				
Salaries and wages	74,351	74,351	72,633	1,718
Employee benefits	40,321	40,321	35,126	5,195
Materials, supplies, and services	20,854	20,854	11,410	9,444
	<u>135,526</u>	<u>135,526</u>	<u>119,169</u>	<u>16,357</u>
Total public safety	<u>\$ 4,573,609</u>	<u>4,573,609</u>	<u>4,201,941</u>	<u>371,668</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<u>Expenditures - continued</u>				
<u>Highways and public improvements</u>				
Streets and highways				
Salaries and wages	\$ 84,372	84,372	94,205	(9,833)
Employee benefits	38,387	38,387	37,801	586
Professional services	103,271	103,271	73,513	29,758
Materials, supplies, and services	174,948	174,948	113,834	61,114
Principal payments	245,000	245,000	245,000	-
Interest payments	34,044	34,044	34,044	-
Capital outlay	10,000	10,000	2,926	7,074
Total highways and public improvements	<u>690,022</u>	<u>690,022</u>	<u>601,323</u>	<u>88,699</u>
<u>Community services</u>				
Salaries and wages	1,794,547	1,804,047	1,802,031	2,016
Employee benefits	520,158	520,158	488,927	31,231
Professional services	305,512	305,512	287,839	17,673
Materials, supplies, and services	1,155,367	1,173,425	1,084,835	88,590
Capital outlay	262,500	318,500	175,626	142,874
Total community services	<u>\$ 4,038,084</u>	<u>4,121,642</u>	<u>3,839,258</u>	<u>282,384</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, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Expenditures - continued</u>				
<u>Community development</u>				
Administration				
Salaries and wages	\$ 26,716	26,716	27,924	(1,208)
Employee benefits	2,084	2,084	2,071	13
Professional services	83,086	101,086	54,520	46,566
Materials, supplies, and services	148,649	148,649	128,878	19,771
	<u>260,535</u>	<u>278,535</u>	<u>213,393</u>	<u>65,142</u>
CDBG urban redevelopment				
Salaries and wages	11,966	11,966	12,155	(189)
Employee benefits	6,671	6,671	6,990	(319)
Materials, supplies, and services	34,633	34,633	34,271	362
	<u>53,270</u>	<u>53,270</u>	<u>53,416</u>	<u>(146)</u>
Building development services				
Salaries and wages	186,434	186,434	182,252	4,182
Employee benefits	77,850	77,850	76,247	1,603
Professional services	45,241	51,241	57,403	(6,162)
Materials, supplies, and services	15,116	15,116	10,264	4,852
	<u>324,641</u>	<u>330,641</u>	<u>326,166</u>	<u>4,475</u>
Total community development	<u>638,446</u>	<u>662,446</u>	<u>592,975</u>	<u>69,471</u>
<u>Debt service</u>				
Principal payments	565,000	565,000	565,000	-
Interest payments	336,982	336,982	428,305	(91,323)
Bond issuance costs	116,206	116,206	116,206	-
Total debt service	<u>1,018,188</u>	<u>1,018,188</u>	<u>1,109,511</u>	<u>(91,323)</u>
Total expenditures	<u>\$ 15,052,351</u>	<u>15,168,409</u>	<u>14,173,182</u>	<u>995,227</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, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Other Financing Uses</u>				
Transfers out	\$ 1,035,712	1,045,712	995,283	50,429
Total other financing uses	<u>1,035,712</u>	<u>1,045,712</u>	<u>995,283</u>	<u>50,429</u>
Net change in fund balances	<u>8,803,981</u>	<u>8,792,205</u>	<u>10,548,632</u>	<u>1,756,427</u>
Fund balances, beginning of year	<u>6,708,596</u>	<u>6,708,596</u>	<u>6,708,596</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 15,512,577</u></u>	<u><u>15,500,801</u></u>	<u><u>17,257,228</u></u>	<u><u>1,756,427</u></u>

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

Clearfield City Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Community Development & Renewal Agency Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		With Final Budget
<u>Revenues</u>				
Taxes	\$ 3,228,664	3,228,664	2,418,339	(810,325)
Rents and other services	1,000	1,000	9,537	8,537
Interest	30,000	30,000	61,968	31,968
	<u>3,259,664</u>	<u>3,259,664</u>	<u>2,489,844</u>	<u>(769,820)</u>
<u>Expenditures</u>				
Current operating				
General government	100,386	100,386	26,291	74,095
Community development	4,411,168	4,411,168	3,665,828	745,340
Capital outlay	100,000	160,000	11,190	148,810
Interest payments	8,500	8,500	8,971	(471)
Total expenditures	<u>4,620,054</u>	<u>4,680,054</u>	<u>3,712,280</u>	<u>967,774</u>
Excess of revenue over (under) expenditures	<u>(1,360,390)</u>	<u>(1,420,390)</u>	<u>(1,222,436)</u>	<u>197,954</u>
<u>Other Financing Sources (Uses)</u>				
Loss on sale of land held for sale	-	-	(414,549)	(414,549)
Operating transfers (out)	<u>(1,086,289)</u>	<u>(1,105,628)</u>	<u>(1,105,628)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,086,289)</u>	<u>(1,105,628)</u>	<u>(1,520,177)</u>	<u>(414,549)</u>
Net change in fund balances	(2,446,679)	(2,526,018)	(2,742,613)	(216,595)
Fund balances, beginning of year	<u>7,531,612</u>	<u>7,531,612</u>	<u>7,531,612</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,084,933</u>	<u>5,005,594</u>	<u>4,788,999</u>	<u>(216,595)</u>

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

Clearfield City Corporation
Statement of Net Position
Proprietary Funds
June 30, 2016

	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	\$ 37,954	4,426,250	2,686,958	1,351,459	3,451,776	11,954,397	84,618
Accounts receivable (net)	17,396	308,673	338,684	140,245	88,334	893,332	-
Prepaid items	-	560,916	-	-	-	560,916	30,707
Restricted cash and cash equivalents	-	533,091	-	-	62,434	595,525	-
Interfund loan - CDRA	1,030,268	-	-	-	-	1,030,268	-
Total current assets	1,085,618	5,828,930	3,025,642	1,491,704	3,602,544	15,034,438	115,325
Noncurrent assets							
Water stock and rights	-	9,162	-	-	-	9,162	-
Land, equipment, buildings, and improvements	-	34,481,300	21,410,728	-	25,961,320	81,853,348	3,632,309
Less: accumulated depreciation	-	(17,475,582)	(10,873,184)	-	(12,190,476)	(40,539,242)	(2,212,473)
Construction in process	-	989,238	1,294,882	176,106	417,564	2,877,790	-
Total noncurrent assets	-	18,004,118	11,832,426	176,106	14,188,408	44,201,058	1,419,836
Total assets	\$ 1,085,618	23,833,048	14,858,068	1,667,810	17,790,952	59,235,496	1,535,161
Deferred Outflows of Resources							
Deferred outflows relating to pensions							
	22,248	56,259	45,364	6,100	27,167	157,138	23,492
Total deferred outflows of resources	\$ 22,248	56,259	45,364	6,100	27,167	157,138	23,492
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	\$ 10,812	237,109	672,651	149,497	91,402	1,161,471	25,342
Customer deposits	134,930	-	-	-	-	134,930	-
Compensated absences - current	3,105	2,931	3,984	-	3,661	13,681	-
Revenue bond payable - current	-	285,000	-	-	-	285,000	-
Total current liabilities	\$ 148,847	525,040	676,635	149,497	95,063	1,595,082	25,342

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

Clearfield City Corporation
Statement of Net Position - Continued
Proprietary Funds
June 30, 2016

	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	\$ 5,766	5,443	7,400	-	6,799	25,408	-
Revenue bond payable							
- noncurrent	-	926,063	-	-	-	926,063	-
Net pension liability	40,362	128,259	97,482	16,111	54,499	336,713	49,812
Total noncurrent liabilities	46,128	1,059,765	104,882	16,111	61,298	1,288,184	49,812
Total liabilities	\$ 194,975	1,584,805	781,517	165,608	156,361	2,883,266	75,154
<u>Deferred Inflows of Resources</u>							
Deferred inflows relating to							
pensions	8,189	24,838	19,092	3,040	10,822	65,981	9,781
Total deferred inflows of resources	\$ 8,189	24,838	19,092	3,040	10,822	65,981	9,781
<u>Net position</u>							
Net investment in capital assets	\$ -	16,793,055	11,832,426	176,106	14,188,408	42,989,995	1,419,836
Restricted							
Impact fees	-	449,391	-	-	62,434	511,825	-
Debt service	-	83,700	-	-	-	83,700	-
Unrestricted	904,702	4,953,518	2,270,397	1,329,156	3,400,094	12,857,867	53,882
Total net position	\$ 904,702	22,279,664	14,102,823	1,505,262	17,650,936	56,443,387	1,473,718

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, 2016

	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	\$ 154,715	3,428,137	3,619,940	1,365,841	947,179	9,515,812	1,092,277
Impact fees	-	246,531	132,376	-	90,792	469,699	-
Miscellaneous	-	-	1,980	-	4,651	6,631	33,993
Total operating revenues	154,715	3,674,668	3,754,296	1,365,841	1,042,622	9,992,142	1,126,270
<u>Operating Expenses</u>							
Salaries and wages	105,481	223,407	189,956	20,578	120,171	659,593	99,483
Employee benefits	48,985	115,686	89,655	7,161	55,818	317,305	52,539
Maintenance, supplies, and contracts	186,232	2,223,898	2,813,719	1,058,708	269,983	6,552,540	651,789
Depreciation and amortization	-	906,387	557,864	-	662,361	2,126,612	268,189
Total operating expenses	340,698	3,469,378	3,651,194	1,086,447	1,108,333	9,656,050	1,072,000
Net operating income	\$ (185,983)	205,290	103,102	279,394	(65,711)	336,092	54,270

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, 2016

	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	\$ -	-	-	-	-	-	57,932
Interest revenue	8,971	63,023	28,016	15,374	36,054	151,438	-
Interest expense	-	(57,357)	-	-	-	(57,357)	-
Total nonoperating revenues (expenses)	8,971	5,666	28,016	15,374	36,054	94,081	57,932
Income (loss) before contributions and transfers	(177,012)	210,956	131,118	294,768	(29,657)	430,173	112,202
Contribution of capital assets	-	-	(69,888)	-	-	(69,888)	-
Transfers in	966,068	-	-	-	-	966,068	320,881
Transfers (out)	-	(977,336)	(371,498)	(178,345)	(193,322)	(1,720,501)	-
Change in net position	789,056	(766,380)	(310,268)	116,423	(222,979)	(394,148)	433,083
Total net position - beginning	115,646	23,046,044	14,413,091	1,388,839	17,873,915	56,837,535	1,040,635
Total net position - ending	\$ 904,702	22,279,664	14,102,823	1,505,262	17,650,936	56,443,387	1,473,718

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, 2016

	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	\$ 168,162	3,642,027	3,736,956	1,350,606	1,045,141	9,942,892	1,126,270
Payments to suppliers	(181,322)	(2,076,954)	(2,534,908)	(1,016,153)	(186,481)	(5,995,818)	(637,667)
Payments to employees	(158,718)	(344,780)	(287,221)	(28,380)	(178,392)	(997,491)	(155,122)
Net cash provided (used) by operating activities	(171,878)	1,220,293	914,827	306,073	680,268	2,949,583	333,481
<u>Cash flows from noncapital financing activities</u>							
Advances (to) from other funds	(765,207)	-	-	-	-	(765,207)	(319,155)
Transfers from other funds	966,068	-	-	-	-	966,068	320,881
Transfers to other funds	-	(977,336)	(371,498)	(178,345)	(193,322)	(1,720,501)	-
Net cash provided (used) by noncapital financing activities	200,861	(977,336)	(371,498)	(178,345)	(193,322)	(1,519,640)	1,726
<u>Cash flows from capital and related financing activities</u>							
Purchases of capital assets	-	(837,716)	(649,005)	(175,776)	(536,283)	(2,198,780)	(409,346)
Proceeds from sale of capital assets	-	-	-	-	-	-	73,302
Principal paid on capital debt	-	(275,000)	-	-	-	(275,000)	-
Interest paid on capital debt	-	(57,357)	-	-	-	(57,357)	-
Net cash provided (used) by capital and related financing activities	-	(1,170,073)	(649,005)	(175,776)	(536,283)	(2,531,137)	(336,044)
<u>Cash flows from investing activities</u>							
Interest and dividends received	8,971	63,023	28,016	15,374	36,054	151,438	-
Net cash provided (used) by investing activities	8,971	63,023	28,016	15,374	36,054	151,438	-
Net increase (decrease) in cash and cash equivalents	37,954	(864,093)	(77,660)	(32,674)	(13,283)	(949,756)	(837)
Cash and cash equivalents - beginning	-	5,823,434	2,764,618	1,384,133	3,527,493	13,499,678	85,455
Cash and cash equivalents - ending	\$ 37,954	4,959,341	2,686,958	1,351,459	3,514,210	12,549,922	84,618

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, 2016

	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)	\$ (185,983)	205,290	103,102	279,394	(65,711)	336,092	54,270
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	-	906,387	557,864	-	662,361	2,126,612	268,189
(Increase)/decrease in accounts receivable	2,361	(32,641)	(17,340)	(15,235)	2,519	(60,336)	-
(Increase)/decrease in prepaid items	5,392	(25,618)	-	-	-	(20,226)	1,300
Increase /(decrease) in accounts payable	(482)	174,585	278,811	42,555	83,502	578,971	12,822
Increase /(decrease) in customer deposits	11,086	-	-	-	-	11,086	-
Increase /(decrease) in compensated absences	(964)	1,275	(1,690)	-	1,342	(37)	-
Increase /(decrease) in unearned revenue	-	(2,023)	-	-	-	(2,023)	-
Increase /(decrease) in pension assets/ liabilities	(3,288)	(6,962)	(5,920)	(641)	(3,745)	(20,556)	(3,100)
Total adjustments	14,105	1,015,003	811,725	26,679	745,979	2,613,491	279,211
Net cash provided (used) by operating activities	<u>\$ (171,878)</u>	<u>1,220,293</u>	<u>914,827</u>	<u>306,073</u>	<u>680,268</u>	<u>2,949,583</u>	<u>333,481</u>

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

Clearfield City Corporation
Statement of Assets and Liabilities
Fiduciary Fund - An Agency Fund
June 30, 2016

	<u>Offsite Improvements</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 82,119
<u>Liabilities</u>	
Due to developers	82,119
Total liabilities	\$ 82,119

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

NOTES TO FINANCIAL STATEMENTS

Clearfield City Corporation

Notes to Financial Statements

June 30, 2016

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, 2016

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, 2016

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, specifically related to service charges and late fees charged to customers that offset the cost of utility shut-off.

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, 2016

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, 2016

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, 2016

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, 2016

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016

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, 2016

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016

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	\$ 70,462,254
Accumulated depreciation	<u>(38,685,850)</u>
Total difference	<u><u>\$ 31,776,404</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, 2016 were:

General obligation bonds	\$ 4,455,000
Revenue bonds	20,667,000
Bond discount	(13,126)
Bond premium	239,319
Deferred charge on refunding	(551,817)
Pension related debt	1,951,572
Interest payable on long-term debt	332,775
Compensated absences	<u>358,035</u>
Total difference	<u><u>\$ 27,438,758</u></u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 1,358,893	114,825

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	\$ 953,063
Loss on disposal of capital assets	(467,465)
Depreciation expense	(1,436,299)
Net difference as reported	\$ (950,701)

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ (9,592,000)
Deferred charge	307,000
Principal repayments:	
General obligation debt	925,000
Revenue bond obligations	810,000
	<u>810,000</u>
Net difference as reported	<u>\$ (7,550,000)</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	\$ 23,202
Amortization of bond premiums	152,137
Amortization of bond discounts	(1,093)
Amortization of deferred charge	(85,803)
Pension related debt	184,526
Accrued interest	(30,900)
	<u>(30,900)</u>
Net difference as reported	<u>\$ 242,069</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:

	Fleet Management	Risk Management
Changes in net position	\$ 433,583	(500)
Depreciation on fleet assets	268,189	-
Net difference reported	<u>\$ 701,772</u>	<u>(500)</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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.

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 \$2,384,676.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds

Deposits and investments

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.

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. As of June 30, 2016, \$1,396,750 of the \$1,646,750 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

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

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

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Deposits and investments - continued

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

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

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

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

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Deposits and investments - continued

Investments by fair value level	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Debt Securities			
Corporate Bonds	\$ -	13,188,831	-
Money Market Mutual Funds	-	10,551,735	-
Utah Public Treasurers' Investment Fund	-	12,196,191	-
Total investments measured at fair value	<u>\$ -</u>	<u>35,936,757</u>	<u>-</u>

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the December 31, 2015 fair value factor, as calculated by the Utah State Treasurer, to the Entity's average daily balance in the Fund.

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Deposits and investments - continued

As of June 30, 2016, the City's investments had the following maturities:

Investment Type	Investment Maturities (in years)		
	Less than 1	1-5	6 or more
Corporate Bonds	\$ 2,744,424	10,444,407	-
Money Market Mutual Funds	10,551,735	-	-
Utah Public Treasurers' Investment Fund	12,196,191	-	-
Total	\$ 25,492,350	10,444,407	-

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

Investment Type	Quality Ratings		
	AA	A	Unrated
Corporate Bonds	\$ -	13,188,831	-
Money Market Mutual Funds	-	-	10,551,735
Utah Public Treasurers' Investment Fund	-	-	12,196,191
Total	\$ -	13,188,831	22,747,926

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.

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.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 303,127	893,332	1,196,459
B & C road	267,879	-	267,879
Property taxes	2,626,144	-	2,626,144
Intergovernmental	996,452	-	996,452
	<u>\$ 4,193,602</u>	<u>893,332</u>	<u>5,086,934</u>

The business-type accounts receivable includes \$8,336 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	\$ 2,384,309	-
Total deferred / unearned revenue for governmental funds	<u>\$ 2,384,309</u>	<u>-</u>

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Capital assets

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

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,943,221	147,535	459,136	4,631,620
Construction in progress	996,958	625,983	808,395	814,546
Water rights	25,200	-	-	25,200
Total capital assets not being depreciated	5,965,379	773,518	1,267,531	5,471,366
Capital assets being depreciated:				
Buildings	25,007,337	-	11,457	24,995,880
Improvements	2,036,331	250,390	-	2,286,721
Machinery and equipment	7,333,680	473,510	348,178	7,459,012
Infrastructure	33,834,833	673,386	626,635	33,881,584
Total capital assets being depreciated	68,212,181	1,397,286	986,270	68,623,197
Less accumulated depreciation for:				
Buildings	8,389,597	625,396	3,129	9,011,864
Improvements	786,594	102,463	-	889,057
Machinery and equipment	5,002,693	505,051	332,808	5,174,936
Infrastructure	26,245,712	203,389	626,635	25,822,466
Total accumulated depreciation	40,424,596	1,436,299	962,572	40,898,323
Total capital assets, being depreciated, net	27,787,585	(39,013)	23,698	27,724,874
Governmental activities capital assets, net	\$ 33,752,964	734,505	1,291,229	33,196,240

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 1,773,028	1,821,937	717,175	2,877,790
Land	1,404,577	-	-	1,404,577
Water stock and rights	9,162	-	-	9,162
Total capital assets not being depreciated	3,186,767	1,821,937	717,175	4,291,529
Capital assets being depreciated:				
Buildings	3,379,679	-	-	3,379,679
Improvements	345,641	-	-	345,641
Infrastructure	75,194,841	1,127,291	1,115,981	75,206,151
Machinery and equipment	1,517,300	-	-	1,517,300
Total capital assets being depreciated	80,437,461	1,127,291	1,115,981	80,448,771
Less accumulated depreciation for:				
Buildings	2,618,010	31,469	-	2,649,479
Improvements	110,328	22,828	-	133,156
Infrastructure	35,807,954	1,996,352	1,012,821	36,791,485
Machinery and equipment	889,159	75,963	-	965,122
Total accumulated depreciation	39,425,451	2,126,612	1,012,821	40,539,242
Total capital assets, being depreciated, net	41,012,010	(999,321)	103,160	39,909,529
Business-type activities capital assets, net	\$ 44,198,777	822,616	820,335	44,201,058

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 456,869
Public safety	47,300
Public works	8,078
Highways and public improvements	207,716
Community services	448,147
Internal service fund	268,189
Total depreciation expense - governmental activities	<u>1,436,299</u>

Business-type activities:

Water	906,387
Sewer	557,864
Storm sewer	662,361
Total depreciation expense - business-type activities	<u>2,126,612</u>
Total depreciation expense	<u><u>\$ 3,562,911</u></u>

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	15,142	94,533	15,142
Total capital assets not being depreciated	294,643	15,142	94,533	215,252
Capital assets being depreciated:				
Buildings and improvements	3,006,948	-	-	3,006,948
Machinery and equipment	2,299,260	839,145	170,000	2,968,405
Total capital assets being depreciated	5,306,208	839,145	170,000	5,975,353
Less accumulated depreciation for:				
Buildings and improvements	513,567	75,174	-	588,741
Machinery and equipment	1,750,125	344,324	170,000	1,924,449
Total accumulated depreciation	2,263,692	419,498	170,000	2,513,190
Total capital assets, being depreciated, net	3,042,516	419,647	-	3,462,163
Business-type activities capital assets, net	\$ 3,337,159	434,789	94,533	3,677,415

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Interfund receivables, payables, and transfers

Individual interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Fund</u>	<u>Loans Receivable Other Funds</u>	<u>Loans Payable Other Funds</u>
Community Development & Renewal Agency	\$ -	1,030,268
Public Utility Administration	1,030,268	-
	<u>\$ 1,030,268</u>	<u>1,030,268</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	\$ -	-	695,283	300,000	995,283
CDRA Fund	1,105,627	-	-	-	1,105,627
Enterprise funds	172,074	261,477	-	-	433,551
Total	<u>\$ 1,277,701</u>	<u>261,477</u>	<u>695,283</u>	<u>300,000</u>	<u>2,534,461</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.

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Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016 lease revenue amounted to \$9,000.

Long-term debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
General obligation					
bonds	\$ 5,380,000	-	(925,000)	4,455,000	960,000
General obligation					
bonds - premium	374,983	-	(146,651)	228,332	-
Revenue bonds	11,885,000	9,592,000	(810,000)	20,667,000	10,191,000
Revenue bonds					
- discount	(14,219)	-	1,093	(13,126)	-
Revenue bonds					
- premium	16,473	-	(5,486)	10,987	-
Total bonds payable	17,642,237	9,592,000	(1,886,044)	25,348,193	11,151,000
Net pension liability	2,227,626	538,330	-	2,765,956	-
Compensated absences	381,237	232,432	(255,634)	358,035	240,076
Governmental activity					
long-term liabilities	<u>\$20,251,100</u>	<u>10,362,762</u>	<u>(2,141,678)</u>	<u>28,472,184</u>	<u>11,391,076</u>
Business-type activities:					
Bonds payable					
Revenue bonds	\$ 1,480,000	-	(275,000)	1,205,000	285,000
Revenue bonds					
- premium	8,086	-	(2,023)	6,063	-
Compensated absences	39,126	24,451	(24,488)	39,089	13,681
Net pension liability	276,755	59,958	-	336,713	-
Business-type activities:					
long-term liabilities	<u>\$ 1,803,967</u>	<u>84,409</u>	<u>(301,511)</u>	<u>1,586,865</u>	<u>298,681</u>

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 4 - Detailed Notes on All Funds - continued

Long-term debt - continued

General obligation issues at June 30, 2016 consist of the following:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2014	Refunding bonds for series 2005 used to finance the acquisition and construction of major capital facilities	\$ 5,465,000	3%	2021	\$ 4,455,000
				Governmental activities	<u>\$ 4,455,000</u>

Tax revenue issues at June 30, 2016 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	\$ 695,000
2006	Refunding bonds for partial refunding of series 2003 bonds.	\$ 9,700,000	3.625% - 4.150%	2028	9,340,000
2010	Refunding bonds for series 2009 sales tax bonds.	\$ 2,210,000	1.5% - 3.25%	2019	1,040,000
2016	Refunding bonds for series 2006 tax increment bonds.	\$ 9,592,000	2.395%	2028	9,592,000
<i>Water revenue bonds</i>					
2007	Finance the acquisition and construction of major capital facilities.	\$ 3,330,000	4.00%	2020	1,205,000
					<u>\$ 21,872,000</u>
				Governmental activities	\$ 20,667,000
				Business-type activities	1,205,000
					<u>\$ 21,872,000</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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
2017	\$ 960,000	133,650	10,191,000	455,136	285,000	48,200
2018	975,000	104,850	954,000	282,962	295,000	36,800
2019	1,010,000	75,600	988,000	244,662	305,000	25,000
2020	1,010,000	45,300	1,008,000	206,273	320,000	12,800
2021	500,000	15,000	758,000	171,171	-	-
2022-2026	-	-	4,074,000	571,255	-	-
2027-2031	-	-	2,694,000	97,764	-	-
Total	\$ 4,455,000	374,400	20,667,000	2,029,223	1,205,000	122,800

Advance and current refunding

In 2016, the government issued \$9,592,000 of sales tax 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 \$9,285,000 on sales tax revenue bonds. Normally, the refunded bonds are considered to be defeased and the liability will be removed from the governmental activities column of the statement of net position. However, this payment was not executed until after year end on July 1, 2016. As a result, the government still shows an outstanding balance on the bonds of \$9,340,000 and a corresponding restricted cash amount equal to the final interest and principle payment of \$9,531,928. This advance refunding originally reduced total debt service payments over 13 years by \$1,020,314. The outstanding principal balance of the defeased bond as of June 30, 2016 was \$9,340,000.

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, 2016, \$16,667,000 of defeased bonds remain outstanding.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 2,250,000	-	(155,000)	2,095,000	156,000
Capital leases	999,726	-	(108,063)	891,663	108,310
Compensated absences	140,150	-	(1,171)	138,979	-
Total component unit					
long-term liabilities	<u>\$ 3,389,876</u>	<u>-</u>	<u>(264,234)</u>	<u>3,125,642</u>	<u>264,310</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, 2016.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016, were as follows:

Year Ending June 30	Governmental Activities
2016	\$ 136,969
2017	136,969
2018	136,969
2019	136,969
2020	136,969
Thereafter	337,909
Total minimum lease payments	1,022,754
Less: amount representing interest	(131,091)
Present value of minimum lease payments	<u>\$ 891,663</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
2017	\$ 160,000	70,811
2018	165,000	65,403
2019	170,000	59,826
2020	175,000	54,080
2021	185,000	48,165
2022-2026	1,015,000	143,143
2027	225,000	7,605
Total	<u>\$ 2,095,000</u>	<u>449,033</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); is a multiple employer, cost sharing, public employee retirement systems.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System); is a multiple employer, cost sharing, public employee retirement systems.

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

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016

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	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System				
111 - Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.04%	N/A
122 - Other Division A Contributory Tier 2	N/A	N/A	22.55%	1.33%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69%	10.00%
222 Public Safety	N/A	N/A	11.83%	12.00%

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 5 - Other Information - continued

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

System	Employer Contributions	Employee Contributions
Non contributory System	\$ 447,180	N/A
Public Safety System	359,842	-
Tier 2 Public Employees System	104,114	-
Tier 2 Public Safety and Firefighter	52,823	-
Tier 2 DC Only System	14,564	N/A
Tier 2 DC Public Safety and Firefighter system	10,249	N/A
Total Contributions	\$ 988,772	-

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

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

At June 30, 2016, we reported a net pension asset of \$5,859 and a net pension liability of \$3,152,481.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3092115%	\$ -	1,749,669
Public Safety System	0.7831462%	-	1,402,812
Tier 2 Public Employees System	0.0948483%	207	-
Tier 2 Public Safety and Firefighters System	0.3868592%	5,652	-
Total Net Pension Asset / Liability		\$ 5,859	3,152,481

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

For the year ended June 30, 2016 we recognized pension expense of \$780,470.

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 5 - Other Information - continued

At June 30, 2016 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 981	227,595
Changes in assumptions	-	192,987
Net difference between projected and actual earnings on pension plan investments	1,046,445	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,664	202,551
Contributions subsequent to the measurement date	485,432	-
Total	\$ 1,536,522	623,133

\$485,432 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, 2015. 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
2016	\$ 56,022
2017	56,022
2018	95,230
2019	224,563
2020	(627)
Thereafter	(3,251)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 5 - Other Information - continued

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

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%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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. There was no change in the discount rate from the prior measurement date.

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

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

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 3,696,877	1,749,669	124,141
Public Safety System	2,970,564	1,402,812	126,373
Tier 2 Public Employees System	37,970	(207)	(29,142)
Tier 2 Public Safety and Firefighter	9,608	(5,652)	(17,371)
Total	\$ 6,715,019	3,146,622	204,001

Pension plan fiduciary net position

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

Defined Contribution Savings Plans

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

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

Note 5 - Other Information - continued

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

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

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

<i>401(k) Plan</i>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer Contributions	\$ 83,528	42,219	34,869
Employee Contributions	10,288	35,532	18,039
<i>457 Plan</i>			
Employer Contributions	-	-	-
Employee Contributions	20,746	33,355	19,636
<i>Roth IRA Plan</i>			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	7,755	4,666	50

Commitments and Contingencies

The City has commitments related to capital improvements, capital purchases, and other contractual agreements at June 30, 2016, for the following:

<u>Fund</u>	<u>Capital Purchases</u>	<u>Capital Improvements</u>	<u>Total</u>
<i>Governmental Funds</i>			
General Fund	\$ 144,731	40,000	184,731
Community Development and Renewal Fund	-	150,000	150,000
Capital Projects Fund	-	931,689	931,689
	<u>144,731</u>	<u>1,121,689</u>	<u>1,266,420</u>
<i>Enterprise Funds</i>			
Water Fund	-	1,601,200	1,601,200
Sewer Fund	-	1,057,200	1,057,200
Storm Sewer Fund	-	567,200	567,200
Garbage Fund	-	117,200	117,200
	<u>\$ -</u>	<u>3,342,800</u>	<u>3,342,800</u>

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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	\$ 231,611
Area #7	332,904
Area #8	200,653
Area #9	312,489
Area #10	359,348
EDA	981,334
Total Increment Money	\$ 2,418,339

Outstanding debt of the CDRA consists of the following:

Interfund loan with enterprise administration fund	\$ 1,030,268
--	--------------

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

Incentive payment	\$ 3,665,828
Site Improvements/ Preparation Costs	11,190
Administration Costs	26,291
Debt repayment and bond issuance costs	8,971
	\$ 3,712,280

Clearfield City Corporation
Notes to Financial Statements - Continued
June 30, 2016

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, 2016, the following bonds were outstanding:

<u>Company</u>	<u>Balance at June 30, 2016</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.

Subsequent events

Subsequent events have been evaluated through November 19, 2016, 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*

	2014	2015
<u>Noncontributory System</u>		
Proportion of the net pension liability (asset)	0.3322114%	30.9211500%
Proportionate share of the net pension liability (asset)	1,442,540.00	\$ 1,749,669
Covered employee payroll	\$ 2,737,451	\$ 2,481,043
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	52.70%	70.52%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	87.80%
<u>Public Safety System</u>		
Proportion of the net pension liability (asset)	0.8767732%	0.7831462%
Proportionate share of the net pension liability (asset)	\$ 1,102,615	\$ 1,402,812
Covered employee payroll	\$ 1,348,923	\$ 1,208,489
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	81.70%	116.08%
Plan fiduciary net position as a percentage of the total pension liability	90.50%	87.10%
<u>Tier 2 Public Employees System</u>		
Proportion of the net pension liability (asset)	0.0870999%	0.9484830%
Proportionate share of the net pension liability (asset)	\$ (2,640)	\$ (207)
Covered employee payroll	\$ 427,055	\$ 612,830
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.60%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%
<u>Tier 2 Public Safety and Firefighters System</u>		
Proportion of the net pension liability (asset)	0.2181973%	0.3868592%
Proportionate share of the net pension liability (asset)	\$ (3,228)	\$ (5,652)
Covered employee payroll	\$ 90,437	\$ 230,174
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-3.60%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	120.50%	110.70%

* 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Noncontributory System</u>										
Contractually required contribution	410,903	416,362	427,467	418,021	455,203	463,986	505,433	508,305	522,143	447,180
Contributions in relation to the contractually required contribution	(410,903)	(416,362)	(427,467)	(418,021)	(455,203)	(463,986)	(505,433)	(508,305)	(522,143)	(447,180)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	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	2,428,434
Contributions as a percentage of covered-employee payroll	12%	11.62%	11.62%	11.66%	15.19%	13.75%	16.37%	18.25%	20.04%	18.41%
<u>Public Safety System</u>										
Contractually required contribution	319,165	311,365	341,587	341,500	375,024	406,345	431,262	449,220	406,337	359,842
Contributions in relation to the contractually required contribution	(319,165)	(311,365)	(341,587)	(341,500)	(375,024)	(406,345)	(431,262)	(449,220)	(406,337)	(359,842)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	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	1,239,005
Contributions as a percentage of covered-employee payroll	22.38%	22.61%	22.61%	23.34%	29.24%	25.42%	28.99%	37.33%	33.77%	29.04%
<u>Tier 2 Public Employees System</u>										
Contractually required contribution	-	-	-	-	-	9,811	22,526	36,111	40,559	104,114
Contributions in relation to the contractually required contribution	-	-	-	-	-	(9,811)	(22,526)	(36,111)	(40,559)	(104,114)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	129,261	263,157	424,836	486,900	698,283
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	7.59%	8.56%	8.50%	8.33%	14.91%
<u>Tier 2 Public Safety and Firefighters System</u>										
Contractually required contribution	-	-	-	-	-	3,365	1,543	5,585	18,669	52,823
Contributions in relation to the contractually required contribution	-	-	-	-	-	(3,365)	(1,543)	(5,585)	(18,669)	(52,823)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	32,202	13,901	50,681	172,859	234,767
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	10.45%	11.10%	11.02%	10.80%	22.50%
<u>Tier 2 Public Employees DC Only System</u>										
Contractually required contribution	-	-	-	-	-	-	-	5,853	8,062	14,564
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	(5,853)	(8,062)	(14,564)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	-	-	104,893	119,973	217,700
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.58%	6.72%	6.69%
<u>Tier 2 Public Safety and Firefighter DC Only System</u>										
Contractually required contribution	-	-	-	-	-	-	-	3,902	5,603	10,249
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	(3,902)	(5,603)	(10,249)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	-	-	-	39,255	47,360	86,639
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.94%	11.83%	11.83%

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

Clearfield City Corporation
Notes to Required Supplemental Information
June 30, 2016

Changes in Assumptions

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

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

SUPPLEMENTAL INFORMATION

Clearfield City Corporation

Governmental Fund Descriptions

June 30, 2016

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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 54,000	54,000	192,200	138,200
	54,000	54,000	192,200	138,200
<u>Expenditures</u>				
Capital outlay	1,587,712	1,597,712	613,214	984,498
Excess (deficiency) of revenues over (under) expenditures	(1,533,712)	(1,543,712)	(421,014)	1,122,698
<u>Other Financing Sources (Uses)</u>				
Transfers in	735,712	735,712	695,283	(40,429)
Total other financing sources (uses)	735,712	735,712	695,283	(40,429)
Net change in fund balances	(798,000)	(808,000)	274,269	1,082,269
Fund balances, beginning of year	1,506,826	1,506,826	1,506,826	-
Fund balances, end of year	<u>\$ 708,826</u>	<u>698,826</u>	<u>1,781,095</u>	<u>1,082,269</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 729,982	729,982	760,510	30,528
Total revenues	<u>729,982</u>	<u>729,982</u>	<u>760,510</u>	<u>30,528</u>
<u>Expenditures</u>				
Bond issue costs	500	500	400	100
Principal retirement	925,000	925,000	925,000	-
Interest and fiscal charges	<u>160,800</u>	<u>161,400</u>	<u>161,400</u>	<u>-</u>
Total expenditures	<u>1,086,300</u>	<u>1,086,900</u>	<u>1,086,800</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>(356,318)</u>	<u>(356,918)</u>	<u>(326,290)</u>	<u>30,628</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	<u>359,544</u>	<u>359,544</u>	<u>261,477</u>	<u>(98,067)</u>
Total other financing sources (uses)	<u>359,544</u>	<u>359,544</u>	<u>261,477</u>	<u>(98,067)</u>
Net change in fund balances	3,226	2,626	(64,813)	(67,439)
Fund balances, beginning of year	<u>95,341</u>	<u>95,341</u>	<u>95,341</u>	<u>-</u>
Fund balances, end of year	<u>\$ 98,567</u>	<u>97,967</u>	<u>30,528</u>	<u>(67,439)</u>

Clearfield City Corporation
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects	Permanent Fund	
	Parks	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 26,188	-	26,188
Restricted cash and cash equivalents	415,496	218,424	633,920
Total assets	441,684	218,424	660,108
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances			
Restricted for:			
Capital projects	415,496	-	415,496
Cemetery perpetual care	-	218,424	218,424
Assigned, reported in:			
Capital projects funds	26,188	-	26,188
Total fund balances	441,684	218,424	660,108
Total liabilities and fund balances	\$ 441,684	218,424	660,108

Clearfield City Corporation
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects <hr/> Parks	Permanent Fund <hr/> Cemetery Perpetual Care	Total Nonmajor Governmental Fund
<u>Revenues</u>			
Intergovernmental	\$ -	9,400	9,400
Impact fees	145,018	-	145,018
Interest	1,064	2,960	4,024
Total	<hr/> 146,082	<hr/> 12,360	<hr/> 158,442
<u>Expenditures</u>			
General government	<hr/> 250,635	<hr/> -	<hr/> 250,635
Total expenditures	<hr/> 250,635	<hr/> -	<hr/> 250,635
Excess (deficiency) of revenues over (under) expenditures	<hr/> (104,553)	<hr/> 12,360	<hr/> (92,193)
<u>Other Financing Sources (Uses)</u>			
Transfers in	<hr/> 300,000	<hr/> -	<hr/> 300,000
Total other financing sources (uses)	<hr/> 300,000	<hr/> -	<hr/> 300,000
Net change in fund balances	195,447	12,360	207,807
Fund balances, beginning of year	<hr/> 246,237	<hr/> 206,064	<hr/> 452,301
Fund balances, end of year	<hr/> <hr/> \$ 441,684	<hr/> <hr/> 218,424	<hr/> <hr/> 660,108

Clearfield City Corporation
Statement of Changes in Assets and Liabilities
Fiduciary Fund
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Assets</u>				
Cash and cash equivalents	\$ 99,120	54,000	(71,001)	82,119
Total assets	<u>\$ 99,120</u>	<u>54,000</u>	<u>(71,001)</u>	<u>82,119</u>
<u>Liabilities</u>				
Due to developers	\$ 99,120	54,000	(71,001)	82,119
Total liabilities	<u>\$ 99,120</u>	<u>54,000</u>	<u>(71,001)</u>	<u>82,119</u>

Clearfield City Corporation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Parks Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest	\$ 500	500	1,064	564
Impact fees	<u>30,000</u>	<u>30,000</u>	<u>145,018</u>	<u>115,018</u>
	<u>30,500</u>	<u>30,500</u>	<u>146,082</u>	<u>115,582</u>
<u>Expenditures</u>				
General government	<u>316,000</u>	<u>316,000</u>	<u>250,635</u>	<u>65,365</u>
Excess of revenue over expenditures	<u>(285,500)</u>	<u>(285,500)</u>	<u>(104,553)</u>	<u>180,947</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in (out)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances	14,500	14,500	195,447	180,947
Fund balances, beginning of year	<u>246,237</u>	<u>246,237</u>	<u>246,237</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 260,737</u></u>	<u><u>260,737</u></u>	<u><u>441,684</u></u>	<u><u>180,947</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<u>Revenues</u>				
Interest	\$ 1,000	1,000	2,960	1,960
Intergovernmental	9,000	9,000	9,400	400
Total revenues	10,000	10,000	12,360	2,360
<u>Expenditures</u>				
General government	-	-	-	-
Excess (deficiency) of revenues over expenditures	10,000	10,000	12,360	2,360
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	10,000	10,000	12,360	2,360
Fund balances, beginning of year	206,064	206,064	206,064	-
Fund balances, end of year	\$ 216,064	216,064	218,424	2,360

Clearfield City Corporation
Internal Fund Descriptions
June 30, 2016

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, 2016

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ -	84,618	84,618
Prepaid items	-	30,707	30,707
Total current assets	-	115,325	115,325
Noncurrent assets			
Land, equipment, buildings and improvements	3,632,309	-	3,632,309
Less: accumulated depreciation	(2,212,473)	-	(2,212,473)
Total noncurrent assets	1,419,836	-	1,419,836
Total assets	1,419,836	115,325	1,535,161
<u>Deferred Outflows of Resources</u>			
Deferred outflows relating to pensions	23,492	-	23,492
Total deferred outflows of resources	23,492	-	23,492
<u>Liabilities</u>			
Current liabilities			
Accounts payable and accrued liabilities	24,842	500	25,342
Total current liabilities	24,842	500	25,342
Non current liabilities			
Net pension liability	49,812	-	49,812
Total non current liabilities	49,812	-	49,812
Total liabilities	74,654	500	75,154
<u>Deferred Inflows of Resources</u>			
Deferred inflows relating to pensions	9,781	-	9,781
Total deferred inflows of resources	9,781	-	9,781
<u>Net Position</u>			
Net investment in capital assets	1,419,836	-	1,419,836
Unrestricted	(60,943)	114,825	53,882
Total net position	\$ 1,358,893	114,825	1,473,718

Clearfield City Corporation
Combining Statement of Revenues, Expenses, and Changes in
Net Position - Internal Service Funds
For the Year Ended June 30, 2016

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Operating Revenues</u>			
Charges for services	\$ 844,481	247,796	1,092,277
Miscellaneous	22,912	11,081	33,993
Total operating revenues	<u>867,393</u>	<u>258,877</u>	<u>1,126,270</u>
<u>Operating Expenses</u>			
Salaries and wages	99,483	-	99,483
Employee benefits	52,539	-	52,539
Maintenance supplies and contracts	392,412	259,377	651,789
Depreciation and amortization	268,189	-	268,189
Total operating expenses	<u>812,623</u>	<u>259,377</u>	<u>1,072,000</u>
Net operating income	<u>54,770</u>	<u>(500)</u>	<u>54,270</u>
<u>Nonoperating Revenues (Expenses)</u>			
Gain/(loss) on disposal of capital assets	57,932	-	57,932
Total nonoperating revenues (expenses)	<u>57,932</u>	<u>-</u>	<u>57,932</u>
Income (loss) before contributions and transfers	112,702	(500)	112,202
Transfers in	320,881	-	320,881
Change in net position	433,583	(500)	433,083
Total net position - beginning	<u>925,310</u>	<u>115,325</u>	<u>1,040,635</u>
Total net position - ending	<u>\$ 1,358,893</u>	<u>114,825</u>	<u>1,473,718</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, 2016

	Internal Service Funds		
	Fleet Management	Risk Management	Total
<u>Cash flows from operating activities</u>			
Receipts from customers	\$ 867,393	258,877	1,126,270
Payments to suppliers	(377,953)	(259,714)	(637,667)
Payments to employees	(155,122)	-	(155,122)
Net cash provided (used) by operating activities	<u>334,318</u>	<u>(837)</u>	<u>333,481</u>
<u>Cash flows from noncapital financing activities</u>			
Advances (to) from other funds	(319,155)	-	(319,155)
Transfers to other funds	320,881	-	320,881
Net cash provided (used) by noncapital financing activities	<u>1,726</u>	<u>-</u>	<u>1,726</u>
<u>Cash flows from capital and related financing activities</u>			
Purchases of capital assets	(409,346)	-	(409,346)
Proceeds from sale of capital assets	73,302	-	73,302
Net cash provided (used) by capital and related financing activities	<u>(336,044)</u>	<u>-</u>	<u>(336,044)</u>
Net increase (decrease) in cash and cash equivalents	-	(837)	(837)
Cash and cash equivalents - beginning	-	85,455	85,455
Cash and cash equivalents - ending	<u>\$ -</u>	<u>84,618</u>	<u>84,618</u>
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 54,770	(500)	54,270
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	268,189	-	268,189
(Increase)/decrease in prepaid items	-	1,300	1,300
Increase /(decrease) in accounts payable	14,459	(1,637)	12,822
Increase /(decrease) in pension assets/ liabilities	(3,100)	-	(3,100)
Total adjustments	<u>279,548</u>	<u>(337)</u>	<u>279,211</u>
Net cash provided (used) by operating activities	<u>\$ 334,318</u>	<u>(837)</u>	<u>333,481</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, 2016

	Totals June 30, 2016
<u>General Capital Assets</u>	
Land	\$ 4,631,620
Water rights	25,200
Buildings	24,995,880
Improvements	2,286,721
Machinery and equipment	7,459,012
Infrastructure	33,881,584
Construction in progress	814,546
	74,094,563
<u>Investment in General Capital Assets by Source</u>	
General fund	17,726,234
Capital projects funds	51,107,303
Grants	5,261,026
	\$ 74,094,563

Clearfield City Corporation
Schedule of General Capital Assets - By Function and Activity
June 30, 2016

Function and activity	Land	Water Rights	Buildings	Improvements	Machinery and Equipment	Infra-structure	Construction In Progress	Totals
General government								
Executive	\$ -	-	11,876,815	-	125,287	-	-	12,002,102
Justice court	-	-	-	1,988	25,130	-	-	27,118
Information technology	-	-	-	-	1,624,040	-	-	1,624,040
Finance and administration	-	-	-	2,460	73,297	-	-	75,757
Building	-	-	-	284,916	187,419	-	-	472,335
Other	2,064,935	25,200	-	-	-	-	-	2,090,135
Total general government	<u>2,064,935</u>	<u>25,200</u>	<u>11,876,815</u>	<u>289,364</u>	<u>2,035,173</u>	<u>-</u>	<u>-</u>	<u>16,291,487</u>
Community development								
Administration	-	-	-	631	45,016	-	-	45,647
Public safety								
Police	-	-	-	-	522,504	-	-	522,504
Dispatch	-	-	-	45,942	247,513	-	-	293,455
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,942</u>	<u>770,017</u>	<u>-</u>	<u>-</u>	<u>815,959</u>
Highways and public improvements								
Shops	-	-	74,895	-	140,286	-	-	215,181
Streets	-	-	-	229,158	51,544	33,356,099	563,911	34,200,712
Total highways and public improvements	<u>-</u>	<u>-</u>	<u>74,895</u>	<u>229,158</u>	<u>191,830</u>	<u>33,356,099</u>	<u>563,911</u>	<u>34,415,893</u>
Community services								
Parks	2,566,685	-	814,600	1,471,236	477,824	525,485	250,635	6,106,465
Aquatic center	-	-	12,229,570	70,859	220,583	-	-	12,521,012
Recreation	-	-	-	179,531	86,260	-	-	265,791
Total community services	<u>2,566,685</u>	<u>-</u>	<u>13,044,170</u>	<u>1,721,626</u>	<u>784,667</u>	<u>525,485</u>	<u>250,635</u>	<u>18,893,268</u>
Internal service fund - fleet	-	-	-	-	3,632,309	-	-	3,632,309
Total general capital assets	<u>\$ 4,631,620</u>	<u>25,200</u>	<u>24,995,880</u>	<u>2,286,721</u>	<u>7,459,012</u>	<u>33,881,584</u>	<u>814,546</u>	<u>74,094,563</u>

Clearfield City Corporation
Schedule of Changes in General Capital Assets - By Function and Activity
June 30, 2016

<u>Function and Activity</u>	General Capital Assets June 30, 2015	Additions	Deletions	General Capital Assets June 30, 2016
General government				
Executive	\$ 12,004,251	-	2,149	12,002,102
Justice court	28,603	-	1,485	27,118
Information technology	1,618,373	5,667	-	1,624,040
Finance and administration	77,169	-	1,412	75,757
Buildings	472,335	-	-	472,335
Other	2,464,936	25,199	400,000	2,090,135
Total general government	<u>16,665,667</u>	<u>30,866</u>	<u>405,046</u>	<u>16,291,487</u>
Community development				
Administration	45,647	-	-	45,647
Public safety				
Police	548,212	-	25,708	522,504
Dispatch	291,970	1,485	-	293,455
Total public safety	<u>840,182</u>	<u>1,485</u>	<u>25,708</u>	<u>815,959</u>
Highways and public improvements				
Shops	229,754	-	14,573	215,181
Streets	34,196,628	1,048,734	1,044,650	34,200,712
Total highways and public improvements	<u>34,426,382</u>	<u>1,048,734</u>	<u>1,059,223</u>	<u>34,415,893</u>
Community services				
Parks	5,942,385	457,963	293,883	6,106,465
Aquatic center	12,521,012	70,859	70,859	12,521,012
Recreation	265,792	179,531	179,532	265,791
Total community services	<u>18,729,189</u>	<u>708,353</u>	<u>544,274</u>	<u>18,893,268</u>
Internal service fund - fleet	3,470,493	409,346	247,530	3,632,309
Total general capital assets	<u>\$ 74,177,560</u>	<u>2,198,784</u>	<u>2,281,781</u>	<u>74,094,563</u>

STATISTICAL SECTION

Clearfield City Corporation
Statistical Section
June 30, 2016

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	7,848,047
Restricted	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	11,970,081
Unrestricted	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	10,511,194
Total governmental activities net position	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	30,329,322
Business-type activities										
Net investment in capital assets	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	42,989,995
Restricted	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	595,525
Unrestricted	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	12,857,867
Total business-type activities net position	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	56,443,387
Primary government										
Net investment in capital assets	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	50,838,042
Restricted	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	12,565,606
Unrestricted	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	23,369,061
Total primary government net position	\$ 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	86,772,709

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 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	4,813,376
Public safety	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	4,173,640
Highways and public improvements	1,588,695	1,353,026	4,004,225	1,363,122	1,204,022	1,407,454	579,064	583,792	558,575	385,530
Community services	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	4,176,153
Community development	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675	460,111	732,537	4,255,926
Interest on long-term debt	1,769,555	1,043,794	1,216,615	1,083,758	1,066,514	974,740	912,002	828,074	720,704	474,319
Total governmental activities	<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>	<u>18,278,944</u>
Business-type activities:										
Administration	138,879	265,041	288,567	258,512	280,137	255,994	249,164	258,759	200,901	340,698
Water utility	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	3,526,735
Sewer utility	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	3,651,194
Waste collection	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	1,086,447
Storm drain	788,642	757,544	774,457	810,427	917,836	900,220	865,544	980,594	1,036,699	1,108,333
Total business-type activities	<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>	<u>9,713,407</u>
Total primary government	<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>	<u>27,992,351</u>

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 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	1,595,250
Public safety	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	1,183,288
Highways and public improvements	-	45,209	44,282	41,797	17,060	22,178	32,414	61,254	129,397	145,018
Community services	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	1,964,858
Operating grants and contributions	1,736,182	1,011,690	1,016,117	966,684	887,377	924,175	883,706	899,337	962,484	1,070,777
Capital grants and contributions	-	-	617,100	268,198	1,259,993	293,872	345,019	304,303	167,832	182,451
Total governmental activities	<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>	<u>6,141,642</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	154,715
Water utility	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	3,428,137
Sewer utility	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	3,619,940
Waste collection	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	1,365,841
Storm drain	509,834	584,695	758,345	779,766	800,316	830,130	863,469	894,103	934,516	947,179
Impact fees	-	205,459	362,931	473,965	177,061	266,464	288,422	280,838	563,245	469,699
Capital grants and contributions	-	-	-	-	-	290,000	1,461,653	-	-	-
Total business-type activities	<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>	<u>9,985,511</u>
Total primary government	<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>	<u>16,127,153</u>
Net (expense) / revenue										
Governmental activities	(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)	(12,137,302)
Business-type activities	68,924	(167,250)	80,313	192,329	(410,834)	305,161	2,342,535	97,454	754,445	272,104
Total primary government	<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>	<u>(11,865,198)</u>

Clearfield City Corporation

Table 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	4,738,368
General sales and use tax	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	3,963,080
Franchise tax	946,761	910,973	903,058	879,213	833,116	896,961	892,791	888,626	812,423	868,717
Energy use tax	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	2,394,724
Transient room tax	-	-	-	8,231	5,927	6,565	5,380	7,139	6,618	7,067
Parks and recreation tax	-	-	-	-	-	-	-	-	52,389	211,774
Interest earnings	363,275	386,571	130,172	54,125	51,381	62,548	77,621	99,266	116,633	200,323
Miscellaneous	(38,793)	6,100	5,950	5,450	10,950	11,100	12,300	(67,631)	176,888	9,400
Proceeds from settlement	-	-	1,350,000	-	775,000	240,000	-	-	-	-
Transfers	180,104	(2,818,360)	379,611	430,712	506,530	80,372	439,081	559,827	256,838	754,433
Loss on sale of land held for sale	-	-	-	-	-	-	-	-	-	(414,549)
Contribution of capital asset	-	-	-	-	(240,688)	-	-	-	109,049	69,888
Total governmental activities	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	12,803,225
Business-type activities:										
Interest earnings	443,179	556,539	296,874	86,970	60,988	80,165	84,951	41,848	61,709	151,438
Miscellaneous	28,754	(5,740)	29,452	1,200	352,711	8,080	48,779	880	3,394	6,631
Transfers	(180,104)	2,818,360	(379,611)	(430,712)	(506,530)	(80,372)	(439,081)	(559,827)	(256,838)	(754,433)
Contribution of capital asset	-	-	-	-	240,688	3,091,690	-	-	(109,049)	(69,888)
Total business-type activities	291,829	3,369,159	(53,285)	(342,542)	147,857	3,099,563	(305,351)	(517,099)	(300,784)	(666,252)
Total primary government	\$ 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	12,136,973
Change in Net Position										
Governmental activities	\$ 816,622	(1,479,387)	597,629	441,320	2,414,979	3,293,458	3,502,494	3,380,883	4,811,931	665,923
Business-type activities	360,753	3,201,909	27,028	(150,213)	(262,977)	3,404,724	2,037,184	(419,645)	453,661	(394,148)
Total primary government	\$ 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	271,775

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	Transient Room Tax	Total Tax Revenue
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	-	8,231	9,357,550
2011	1,064,353	1,803,431	682,193	3,128,336	2,155,374	833,116	-	5,927	9,672,730
2012	1,519,514	2,367,203	1,089,842	3,404,944	2,160,778	896,961	-	6,565	11,445,807
2013	1,424,107	3,098,449	727,210	3,511,629	2,273,564	892,791	-	5,380	11,933,130
2014	1,364,045	3,042,856	793,113	3,648,705	2,361,797	888,626	-	7,139	12,106,281
2015	1,605,880	2,843,634	1,094,117	3,844,816	2,362,536	812,423	52,389	6,618	12,622,413
2016	1,559,519	2,418,339	760,510	3,963,080	2,394,724	868,717	211,774	7,067	12,183,730

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

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ 313,874	51,611	80,885	287,123	47,220	61,907	80,285	150,117	157,836	104,949
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	11,059,160
Committed	-	-	-	899,687	595,334	514,529	1,232,272	1,340,742	1,476,747	184,731
Assigned	-	-	-	40,787	36,795	56,779	98,408	-	-	-
Unassigned	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	5,908,388
Total general fund	\$ 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	17,257,228
All other governmental funds										
Nonspendable	563,294	1,167,271	1,167,271	708,964	708,964	709,004	1,208,964	1,134,148	1,053,643	246,473
Restricted for:										
Debt service funds	399,947	402,925	393,285	386,768	385,647	140,597	-	89,858	95,341	30,528
Capital projects funds	4,310,460	517,507	152,409	957,080	892,086	355,876	85,606	152,532	212,504	415,496
Special revenue funds	-	-	-	-	-	-	654,750	-	2,861,134	-
Cemetery perpetual care	132,871	110,839	116,889	153,104	138,922	173,291	173,291	196,209	206,064	218,424
Committed	-	-	-	275,042	531,574	406,011	454,059	835,201	183,733	1,081,689
Assigned, reported in:										
Capital projects funds	1,414,219	819,219	918,798	146,036	181,775	156,645	1,178,595	489,406	1,506,826	875,594
Special revenue funds	3,390	-	-	-	-	1,263,136	1,799,424	4,512,051	3,466,835	4,392,526
Debt service funds	-	801	801	-	-	-	-	-	-	-
Cemetery perpetual care	-	26,960	29,788	-	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	(36,342)	-	-
Special revenue funds	-	(510,919)	(189,697)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 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	7,260,730
General fund balance unrestricted										
% of total revenue for current year	11.47%	17.79%	21.77%	19.08%	21.04%	32.78%	37.80%	37.82%	35.58%	41.04%

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

Clearfield City Corporation

Table 5 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Revenues</u>										
Taxes	\$ 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	12,183,730
Rents and other services	873,375	994,127	1,276,766	1,080,221	1,154,622	1,148,197	890,085	799,995	773,646	1,128,700
Intergovernmental	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	1,454,828
Charges for services	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	2,713,793
Impact fees	293,689	45,209	44,282	41,797	17,060	22,178	32,414	61,254	129,397	145,018
Fines and forfeitures	1,092,308	1,042,473	1,009,685	940,385	824,050	836,329	777,396	700,060	633,352	654,509
Interest	379,029	366,925	110,526	30,725	27,981	49,530	54,221	75,866	98,338	133,989
Miscellaneous revenue	24,964	7,244	10,116	14,104	14,100	19,849	23,437	20,325	59,154	20,201
Total revenues	<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>18,434,768</u>
<u>Expenditures</u>										
Current										
General government	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	4,105,100
Public safety	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	4,201,941
Highways and public improv.	961,374	683,016	799,811	1,022,875	433,557	535,484	435,336	419,032	400,535	322,279
Community services	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	3,839,258
Community development	764,399	769,853	843,600	782,623	1,018,528	514,315	534,675	534,927	568,389	4,258,803
Capital outlay	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	624,404
Debt service										
Principal retirement	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	1,735,000
Interest and fiscal charges	1,691,335	1,241,303	1,219,625	1,071,084	1,057,949	978,676	914,058	853,556	700,789	633,120
Cost of issuance	192,554	32,500	-	99,910	-	-	-	-	87,985	116,206
Total expenditures	<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>	<u>19,836,111</u>
Excess (deficiency) revenues over (under) expenditures	<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>	<u>(1,401,343)</u>

Clearfield City Corporation

Table 5 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Issuance of bonds payable	\$ -	1,300,000	-	2,223,000	-	-	-	-	-	-
Issuance of refunding bonds	9,700,000	-	-	2,210,000	-	-	-	-	5,465,000	9,592,000
Payment to refunding bonds escrows	(8,820,000)	-	-	(2,223,000)	-	-	-	-	(5,719,513)	-
Premium on bond issuance	(24,056)	-	-	33,794	-	-	-	-	342,498	-
Proceeds from sale of capital assets	5,098	21,710	-	172,521	2,626	404,621	8,057	(31,161)	174,878	13,623
Loss on sale of land held for sale	-	-	-	-	-	-	-	-	-	(414,549)
Proceeds from settlement	-	-	1,350,000	-	775,000	240,000	-	-	-	-
Transfers in	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	2,534,462
Transfers (out)	(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)	(2,100,911)
Total other financing sources	<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>	<u>9,624,625</u>
Net change in fund balances	891,748	(2,753,758)	552,565	59,437	527,542	2,097,911	2,303,562	1,841,358	2,199,269	8,223,282
Fund balances - beginning of year	<u>8,208,976</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>9,950,487</u>	<u>12,254,049</u>	<u>14,095,407</u>	<u>16,294,676</u>
Fund balances - end of year	<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>	<u>24,517,958</u>
Debt service as a percentage of noncapital expenditures	20.97%	18.62%	15.90%	17.60%	22.42%	18.63%	16.90%	16.40%	16.05%	12.54%

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	Transient Room Tax	Total Tax Revenue
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	-	8,231	9,357,550
2011	1,064,353	1,803,431	682,193	3,128,336	2,155,374	833,116	-	5,927	9,672,730
2012	1,519,514	2,367,203	1,089,842	3,404,944	2,160,778	896,961	-	6,565	11,445,807
2013	1,424,107	3,098,449	727,210	3,511,629	2,273,564	892,791	-	5,380	11,933,130
2014	1,364,045	3,042,856	793,113	3,648,705	2,361,797	888,626	-	7,139	12,106,281
2015	1,605,880	2,843,634	1,094,117	3,844,816	2,362,536	812,423	52,389	6,618	12,622,413
2016	1,559,519	2,418,339	760,510	3,963,080	2,394,724	868,717	211,774	7,067	12,183,730

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			Total 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)				
2006-07	\$ 427,770	\$ 422,495	209,386	\$ 1,059,651	0.002980	\$ 1,435,070	73.8%
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%
2015-16	612,132	538,133	340,321	1,490,586	0.001800	1,987,969	75.0%

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
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%
2016	0.1178%	0.0622%	0.1800%	0.4248%	0.2571%	0.6819%	0.1795%	0.0110%	0.1905%	0.3008%	1.3532%

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	2016			2007		
	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	12.71%	155,685,824	1	10.44%
ATK Aerospace	113,681,186	2	7.63%	26,694,733	3	
Lifetime Products	40,378,662	3	2.71%	43,859,596	2	2.94%
Worthington Foods, Inc.	29,776,724	4	2.00%			
Pacific Corp	27,125,509	5	1.82%			
Utility Trailer	17,853,999	6	1.20%	16,741,598	7	
Belleuu, Wayne	18,689,260	7	1.25%	25,368,692	4	1.70%
K & M Two	16,649,474	8	1.12%	15,209,908	8	1.02%
Union Pacific Railroad Co.	22,035,931	9	1.48%			
Morkill Stonegate Mountain View	14,065,099	10	0.94%			
Prologis First Us Properties, LP				17,522,705	5	1.18%
BG Properties Clearfield. LLC				17,136,195	6	1.15%
Qwest Communications				13,639,619	9	0.92%
Honeywell International				11,292,316	10	0.76%
	<u>\$ 489,698,984</u>			<u>\$ 343,151,186</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
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%	214,052	2,024,290	100.00%
2011-12	2,170,606	1,995,065	91.91%	175,508	2,170,573	100.00%
2012-13	2,026,140	1,793,649	88.53%	229,708	2,023,357	99.86%
2013-14	2,176,638	1,972,289	90.61%	200,745	2,173,034	99.83%
2014-15	1,982,032	1,941,245	97.94%	32,893	1,974,138	99.60%
2015-16	2,137,367	2,148,974	100.54%	-	2,148,974	100.54%

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			
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	6,022,484	11,891,646	-	-	1,486,063	-	19,400,193	0.16%	636.41
2015-16	4,683,332	20,664,861	-	-	1,211,063	-	26,559,256	0.21%	866.45

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
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
2016	30,653	1,490,586	4,683,332	10,579,118	(5,895,786)	-0.40%	(192.34)

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>	2015 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	\$ 224,103,168,575	1,567,540,110	0.70%	\$ 2,498,895,000	\$ 17,479,084
Davis County School District	18,877,150,704	1,567,540,110	8.30%	424,740,000	35,269,994
Davis County	18,877,150,704	1,567,540,110	8.30%		-
Weber Basin Water Conservancy District	47,945,468,733	1,567,540,110	3.27%	21,139,452	691,138
North Davis County Sewer District	9,377,362,021	1,567,540,110	16.72%	30,100,000	<u>5,031,581</u>
Total overlapping debt					58,471,797
Clearfield City - direct	1,567,540,110	1,567,540,110	100.00%	25,348,193	<u>25,348,193</u>
Total direct and overlapping					<u>\$ 83,819,990</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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$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	59,623,440
Total net debt applicable to limit	11,175,000	10,575,000	9,950,000	9,290,000	8,605,000	7,895,000	7,160,000	6,390,000	5,380,000	4,455,000
Legal debt margin	<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>	<u>55,168,440</u>
Total net debt applicable to the limit as a percentage of debt limit	25.80%	23.17%	24.60%	23.16%	19.36%	14.97%	13.86%	11.91%	9.33%	7.47%

Legal Debt Margin Calculation for Fiscal Year 2016

Total Assessed Actual Value	<u>\$ 1,490,586,000</u>
Debt limit - 4% of total actual value	59,623,440
Total amount of debt applicable to debt limit	<u>(4,455,000)</u>
Legal debt margin	<u>\$ 55,168,440</u>

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

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

Water Revenue Bonds

Fiscal Year	Water Utility Revenue	Operating Transfers	Expenses Net of Interest	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
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
2016	3,737,691	(977,336)	3,469,378	(709,023)	275,000	57,357	332,357	(2.13)

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 (%)
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
2016	30,653	12,782,159	38,770	25.8	5,645	3.3

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	2016			2007		
	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	1,050	3	0.05%	1160	4	0.03%
Vista Outdoor/Alliant	800	4	0.04%			
AAA Member Service Center, II	750	5	0.03%			
ATK Space Systems Inc.	699	6	0.03%	723	5	0.02%
Clearfield Job Corp	400	7	0.01%	424	9	0.01%
Pioneer Adult Rehabilitaion Cen	350	8	0.01%			
Futura Industries	325	9	0.01%			
Northrop Grumman Corp	250	10	0.00%	690	6	0.02%
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>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>	<u>2016</u>
General Government										
Judicial	3	3	3	3	4	4	4	4	4	4
Legal	1	2	2	2	2	2	2	2	3	3
Executive	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	5	5	5	4	3	3
Buildings & Plants	2	2	2	2	2	2	2	2	2	2
Planning & Zoning	2	2	2	2	1	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	2	2	2	2	2	2	3	3	1	1
Public Safety										
Police Administration	7	7	7	7	7	7	7	7	7	7
Patrol & Investigations	24	28	28	29	28	28	28	28	24	22
Liquor	1	1	1	1	1	1	1	1	1	1
Dispatch/Emergency Services	9	9	9	9	9	9	8	8	8	8
Code Enforcement	-	-	-	-	-	2	2	2	2	2
Public Works										
Public Works Administration	2	3	3	3	3	2	2	2	1	2
Shops	4	4	4	4	4	3	2	2	2	2
Roadways	2	2	2	2	2	2	2	2	2	3
Community Services										
Administration	2	2	2	2	2	2	2	2	2	3
Parks	6	6	6	6	6	5	5	5	5	6
Recreation	2	2	2	2	2	2	2	3	3	4
Aquatic Center	7	7	6	7	10	7	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	1	1	1	1	1
Permitting	-	-	-	-	-	-	1	1	1	1
Enterprise Funds										
Utility Administration	3	3	4	4	5	3	3	3	3	3
Water	6	6	6	6	8	5	5	5	5	4
Sewer	3	3	3	4	3	3	3	3	3	3
Storm Sewer	1	1	1	1	1	1	1	1	1	1
Total Employees	<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>	<u>102</u>

Data source: Clearfield City Human Resource Department

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Incidents	17,764	17,223	16,832	15,609	16,876	17,654	17,015	14,925	15,792	15,125
Parking violations	462	560	560	525	1,015	725	634	-	196	69
Youth court cases	58	56	12	-	-	-	-	-	-	-
Traffic violations	8,068	8,311	10,042	10,026	4,389	9,255	7,700	9,233	7,018	6,376
Highways and streets										
Street resurfacing	-	-	-	27	4	3	3	3	3	
Recreation										
Units of service	140,208	166,655	177,400	177,082	193,304	189,734	-	-	192,563	163,491
Aquatic center admissions	87,419	75,488	83,896	82,079	100,665	99,328	90,359	90,359	93,569	124,872
Public works										
Building permits issued	296	287	307	339	245	233	226	221	326	363
Water										
New connections	66	71	53	55	51	51	51	51	51	63
Water main breaks	103	80	-	7	-	-	-	-	47	38
Utility customers	6,508	6,571	6,573	6,564	6,578	7,025	6,705	6,886	6,545	6,558
Average daily consumption										
Commercial	1,156,340	1,219,471	2,660,085	1,224,436	1,345,822	1,490,129	1,481,288	1,665,795	1,665,795	1,282,910
Residential	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	2,865,912

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	77.3	77.2	78.2	78.2	78.2	78.23	78.23	78.23	85.90	85.90
Streetlights	1,171	1,171	1,176	1,180	1,182	1,183	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	90.400	90.400
Parks	12	12	12	12	12	12	12	12	14	14
Soccer fields	3	3	3	3	3	3	3	3	6	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	2	2	2	2	1	1	1	1	1	1
Trails	1	1	1	2	2	2	2	2	3	3
Water										
Water mains (miles)	110.00	110.00	114.00	114.40	114.40	114.50	114.50	115.00	115.60	115.60
Fire hydrants	950	1,300	1,300	1,303	1,303	1,308	1,308	1,310	1,310	1,312
Sewer										
Sanitary sewers (miles)	72.33	72.33	73.00	73.00	73.00	73.25	73.25	73.25	84.20	84.20
Storm sewers (miles)	56.00	56.00	68.00	68.00	70.25	71.00	71.00	71.25	71.25	72.90

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

OTHER REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS 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, 2016, 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 19, 2016.

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 in a separate letter dated November 19, 2016.

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 19, 2016

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE STATE COMPLIANCE AUDIT GUIDE ON:
- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERNAL CONTROL OVER COMPLIANCE**

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

Report On Compliance with General State Compliance Requirements

We have audited Clearfield City Corporation's compliance with the applicable general state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Clearfield City Corporation for the year ended June 30, 2016.

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

Budgetary Compliance
Fund Balance
Justice Court
Utah Retirement Systems
Restricted Taxes and Related Revenues
Open and Public Meetings Act
Treasurer's
Bond
Utah Public Finance
Website
Impact Fees

Management's Responsibility

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

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

Opinion on General State Compliance Requirements

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 for the year ended June 30, 2016.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Ulrich & Associates, P.C.

Ogden, Utah
November 19, 2016

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2016

Statement of Condition - 2016-1

Fund Balance: Unrestricted fund balance in the General Fund exceeds 25% of the total current year revenues by \$2,384,676.

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 appropriated \$1.6 million of the excess during the original budget process for fiscal year ending 2017. Management plans to present additional amounts to the City Council during an upcoming amended budget process for fiscal year 2017 for \$250,000. Additional projects are under consideration and will be added to future budget amendments.

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2016

Prior Year Findings

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 Act.

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

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.

Status

Corrected

Clearfield City Corporation
State Legal Compliance - Schedule of Findings
For the Year Ended June 30, 2016

Prior Year Findings - continued

Statement of Condition - 2015-2

Fund Balance: Unrestricted fund balance in the General Fund exceeds 25% of the total

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 2016-1