

CITY OF CLIFTON, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2018

CITY OF CLIFTON, TENNESSEE

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INTRODUCTORY SECTION

CITY OF CLIFTON, TENNESSEE

Officials of the City of Clifton, Tennessee

June 30, 2018

<u>Name</u>	<u>Title</u>
Elected Officials:	
Randy Burns	Mayor
Carol Hickerson	Vice Mayor
Mark Staggs	Commissioner
Eva Ruth Warren	Commissioner
Layton Packwood	Commissioner
Management:	
Doug Kibbey	City Manager
Barbara Culp	City Recorder - CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Commissioners of the
City of Clifton, Tennessee
Clifton, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit and each major fund of the City of Clifton, Tennessee as of and for the year ended June 30, 2018, 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my 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 discretely presented component unit of the City of Clifton, Tennessee as of June 30, 2018, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund, State Street Aid Fund, Sanitation Fund, and the Drug Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis and the Schedule of Changes in Net Pension Liability (Asset) and the Schedule of Contributions to the Employee Pension Plan and the Schedule of Changes in Total Liability and Related Ratios 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. I 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 my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section and the Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water) have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water), are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Unaccounted for Water has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2018 on the consideration of the City of Clifton's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of 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 entity's internal control over financial reporting and compliance.

John R Poole, CPA

October 31, 2018

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

CITY OF CLIFTON, TENNESSEE

Management's Discussion and Analysis

As management of the City of Clifton, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the City of Clifton exceeded its liabilities at the close of the most recent fiscal year by \$8,692,361. Of this amount, \$1,972,650 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$65,292 due to increases in property and sales tax revenues in the governmental funds. Overall expenses were \$299,166 higher in the current year as the City had increased personnel and depreciation expenses. The governmental funds showed a net increase in net position of \$42,657 and the business-type net position increased by \$22,635.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,042,525, an increase of \$361,925 in comparison to the prior year. The increase was the result of the City receiving loan proceeds of \$520,000 during the current year. During the year the City made governmental debt repayments of \$221,438.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$742,398 or 73% of the total general fund expenditures.

The City made capital improvements of \$128,600 for utility improvements. The City's utility debt decreased by \$655,404. All debts are being paid as scheduled.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Clifton's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Clifton include general government, personnel, finance, parks, planning, police, fire, disposal service, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Clifton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds all of which are considered to be major funds.

The City of Clifton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic financial statements can be found on pages 14-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-51 of this report.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Clifton, assets exceeded liabilities by \$8,692,361 at the close of the most recent fiscal year.

By far the largest portion of the City's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Clifton's Net Position-2017

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$ 987,091	1,863,160
Capital assets	<u>1,770,014</u>	<u>5,239,510</u>
Total assets	2,757,105	7,102,670
Deferred outflows	40,700	36,094
Long-term liabilities outstanding	221,438	744,106
Other liabilities	<u>65,774</u>	<u>67,017</u>
Total liabilities	287,212	811,123
Deferred Inflows	146,385	41,133
Net position:		
Net investment in capital assets	1,548,576	4,495,404
Restricted	426,738	92,952
Unrestricted	<u>388,894</u>	<u>1,698,152</u>
Total net position	\$ 2,364,208	6,286,508

City of Clifton's Net Position-2018

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$1,547,140	1,488,136
Capital assets	<u>1,672,824</u>	<u>5,052,157</u>
Total assets	3,219,964	6,540,293
Deferred outflows	37,245	21,873
Long-term liabilities outstanding	493,575	88,702
Other liabilities	<u>92,991</u>	<u>103,371</u>
Total liabilities	586,566	192,073
Deferred Inflows	278,676	69,699
Net position:		
Net investment in capital assets	1,179,249	4,963,455
Restricted	583,728	110,643
Unrestricted	<u>628,990</u>	<u>1,226,296</u>
Total net position	\$ 2,391,967	6,300,394

At the end to the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Comparison of 2017 and 2018 revenues and expenses

	2018	2017	Change Between Years
Revenues:			
Program revenues:			
Charges for services	1,638,857	1,630,808	8,049
Operating grants and contributions	156,664	142,514	14,150
Capital grants and contributions	0	297,222	(297,222)
General revenues:			
Property taxes	192,226	137,273	54,953
Sales taxes	337,852	297,193	40,659
Beer taxes	51,126	51,005	121
Business taxes	36,451	39,843	(3,392)
Other state shared taxes	7,440	9,001	(1,561)
Other	98,620	20,949	77,671
Total revenues	<u>2,519,236</u>	<u>2,625,808</u>	<u>(106,572)</u>
Expenses:			
General government	180,930	109,145	71,785
Police department	411,530	285,669	125,861
Fire department	74,220	61,995	12,225
Highways and streets	84,124	97,651	(13,527)
Sanitation	255,675	177,771	77,904
Library	4,090	5,789	(1,699)
Parks and recreations	80,478	66,145	14,333
Natural gas	258,238	195,451	62,787
Water and Sewer	1,104,659	1,155,162	(50,503)
Total expenses	<u>2,453,944</u>	<u>2,154,778</u>	<u>299,166</u>
Increases in Net Position	<u>65,292</u>	<u>471,030</u>	<u>(405,738)</u>

The assets of the City of Clifton exceeded its liabilities at the close of the most recent fiscal year by \$8,692,361. Of this amount, \$1,972,650 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$65,292 due to increases in property and sales tax revenues in the governmental funds. Overall expenses were \$299,166 higher in the current year as the City had increased personnel and depreciation expenses. The governmental funds showed a net increase in net position of \$42,657 and the business-type net position increased by \$22,635.

Governmental Budgetary Highlights

The City exceeded two of its budgeted departmental expenditures during the year. See pages 21-27 for an analysis of the budgets.

Capital Assets

The City of Clifton's investment in capital assets from its governmental activities at June 30, 2018, amounts to \$1,672,824 (net of accumulated depreciation) and its business-type activities amounts to \$5,052,157. This investment in capital assets is in land, buildings, improvements, machinery and equipment.

City of Clifton's Capital Assets-2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land, buildings and improvement	\$ 2,063,481	\$ 10,895,568
Equipment	<u>677,226</u>	<u>419,156</u>
Less accumulated depreciation	(970,693)	(6,075,214)
Net Capital Assets	\$ <u>1,770,014</u>	\$ <u>5,239,510</u>

City of Clifton's Capital Assets-2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land, buildings and improvement	\$ 2,023,364	\$ 10,961,968
Equipment	<u>671,608</u>	<u>481,356</u>
Less accumulated depreciation	(1,022,148)	(6,391,167)
Net Capital Assets	\$ <u>1,672,824</u>	\$ <u>5,052,157</u>

Additional information on the City of Clifton's capital assets can be found in the notes to the financial statements section of this report.

Debt

The City has debt totaling \$582,277. The General obligation debt of the City is \$493,575. Water and Sewer fund debt of \$67,702 and Natural Gas fund debt of \$21,000. All loans are paying down as scheduled.

Economic Factors and Next Year's Budget and Rates

In the 2018-2019 budget, General fund revenues are budgeted to increase from the 2017-2018 budget year primarily due to increases in local tax revenues and user charges which will be partially reduced by a reduction in the state shared revenues. The City's budget has benefited by an expanding commercial and retail base producing increased local sales tax receipts.

All of these factors were considered in preparing the City's budget for the 2018-2019 fiscal year.

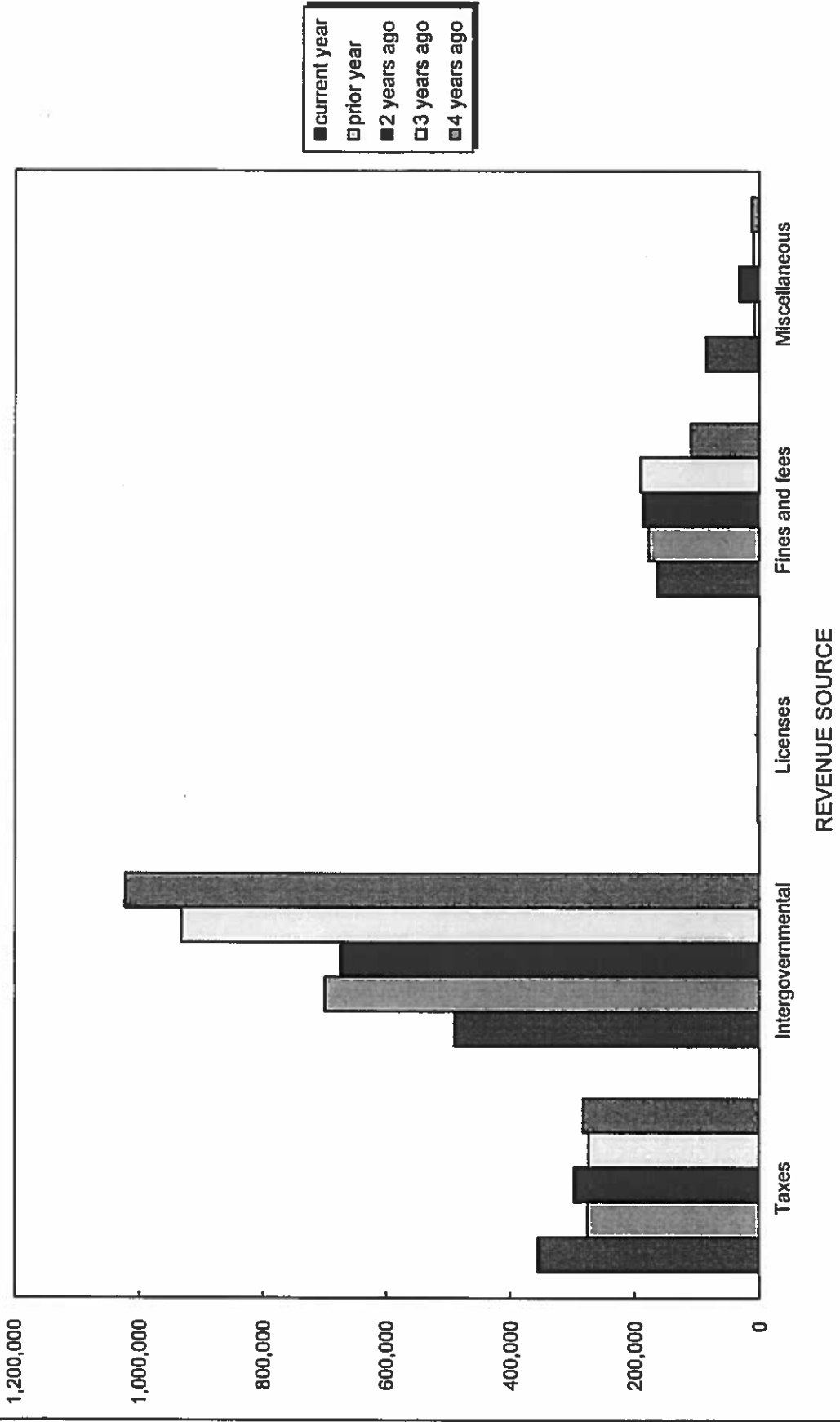
Requests for Information

This financial report is designed to provide a general overview of the City of Clifton, Tennessee's finances for all those with an interest in the governments' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Doug Kibbey
City of Clifton

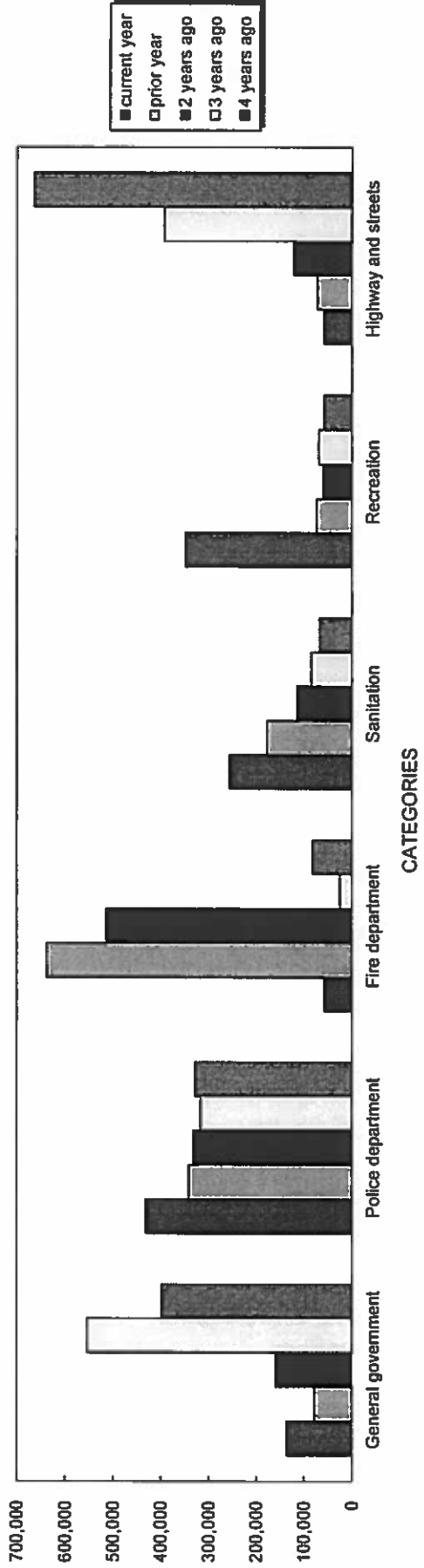
CITY OF CLIFTON, TENNESSEE

GOVERNMENTAL FUND REVENUES



CITY OF CLIFTON, TENNESSEE

GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL
STATEMENTS

CITY OF CLIFTON, TENNESSEE

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit Governmental Fund- Airport</u>
Assets and Deferred Outflows				
Cash and cash equivalents	883,991	371,606	1,255,597	15,655
Cash and cash equivalents - restricted	0	13,011	13,011	0
Certificate of deposits	0	848,526	848,526	0
Receivables	241,536	208,312	449,848	17,704
Inventory	0	17,092	17,092	0
Net Pension asset	284,257	166,945	451,202	0
Internal balances	137,356	(137,356)	0	0
Capital assets not being depreciated	193,000	107,367	300,367	245,825
Capital assets, net of accumulated depreciation	1,479,824	4,944,790	6,424,614	1,675,022
Total Assets	<u>3,219,964</u>	<u>6,540,293</u>	<u>9,760,257</u>	<u>1,954,206</u>
Deferred Outflows:				
Deferred outflows of resources - OPEB	93	54	147	0
Deferred outflows of resources - pension	37,152	21,819	58,971	0
Total Deferred Outflows	<u>37,245</u>	<u>21,873</u>	<u>59,118</u>	<u>0</u>
Liabilities, Deferred Inflows, and Net Position				
Liabilities				
Accounts payable	43,107	49,832	92,939	19,453
Accrued expenses	33,437	17,796	51,233	0
Customer deposits	0	26,083	26,083	0
Total OPEB liability	16,447	9,660	26,107	0
Long-term liabilities:				
Due within one year	0	70,401	70,401	186,755
Due in more than one year	493,575	18,301	511,876	0
Total Liabilities	<u>586,566</u>	<u>192,073</u>	<u>778,639</u>	<u>206,208</u>
Deferred Inflows				
Deferred inflow of resources - current year property taxes	160,000	0	160,000	0
Deferred inflow of resources - OPEB	656	386	1,042	0
Deferred inflow of resources - pension	118,020	69,313	187,333	0
Total Deferred Inflows	<u>278,676</u>	<u>69,699</u>	<u>348,375</u>	<u>0</u>
Net Position:				
Net Investment in Capital Assets	1,179,249	4,963,455	6,142,704	1,734,092
Restricted - Sanitation	77,163	0	77,163	0
Restricted - State street aid	206,765	0	206,765	0
Restricted - Drug fund	16,199	0	16,199	0
Restricted - Pension	166,237	97,632	263,869	0
Restricted - Debt service	0	13,011	13,011	0
Unrestricted	746,354	1,226,296	1,972,650	13,906
Total Net Position	<u>2,391,967</u>	<u>6,300,394</u>	<u>8,692,361</u>	<u>1,747,998</u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE
Statement of Activities

For the Year Ended June 30, 2018

Function/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities	Total
Government Activities:								
General government	180,930	66,696	39,285	0	(74,949)	0	(74,949)	0
Police department	411,530	15,700	5,400	0	(390,430)	0	(390,430)	0
Fire department	74,220	0	17,962	0	(56,258)	0	(56,258)	0
Parks and recreations	80,478	0	0	0	(80,478)	0	(80,478)	0
Library	4,090	0	0	0	(4,090)	0	(4,090)	0
Sanitation	255,675	148,700	0	0	(106,975)	0	(106,975)	0
Highways and streets	84,124	0	94,017	0	9,893	0	9,893	0
Total Governmental Activities	1,091,047	231,096	156,664	0	(703,287)	0	(703,287)	0
Business - type Activities:								
Natural Gas	258,238	281,538	0	0	0	23,300	23,300	0
Water and Sewer	1,104,659	1,126,223	0	0	0	21,564	21,564	0
Total Business Type Activities	1,362,897	1,407,761	0	0	0	44,864	44,864	0
Component Unit - Airport	95,331	5,298	24,151	169,597	0	0	0	103,715
Total	2,549,275	1,644,155	180,815	169,597	(703,287)	44,864	(658,423)	103,715
General Revenues:								
Property taxes					161,677	0	161,677	0
Public utility taxes					30,549	0	30,549	0
Sales taxes					337,852	0	337,852	0
Beer taxes					51,126	0	51,126	0
Business taxes					36,451	0	36,451	0
State income and excise taxes					7,440	0	7,440	0
Interest income					2,559	8,864	11,423	0
Other					82,426	4,771	87,197	0
Total general revenues					710,080	13,635	723,715	0
Transfers - in lieu of property taxes					35,864	(35,864)	0	0
Changes in Net Position					42,657	22,635	65,292	103,715
Net Position - beginning of year					2,364,208	6,286,508	8,650,716	1,644,283
Restatement - OPEB					(14,898)	(8,749)	(23,647)	0
Net Position - beginning of year, as restated					2,349,310	6,277,759	8,627,069	1,644,283
Net Position - ending of year					2,391,967	6,300,394	8,692,361	1,747,998

See accompanying notes to financial statements.

FUND FINANCIAL
STATEMENTS

CITY OF CLIFTON, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2018

<u>Assets</u>	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Sanitation Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	<u>\$615,597</u>	<u>\$198,621</u>	<u>\$53,574</u>	<u>\$16,199</u>	<u>\$883,991</u>
Accounts receivable:					
Taxes receivable	177,251	0	0	0	177,251
Other receivables	<u>43,728</u>	<u>8,144</u>	<u>12,413</u>	<u>0</u>	<u>64,285</u>
	<u>220,979</u>	<u>8,144</u>	<u>12,413</u>	<u>0</u>	<u>241,536</u>
Due from other funds	<u>114,990</u>	<u>0</u>	<u>22,366</u>	<u>0</u>	<u>137,356</u>
 Total Assets	 <u>\$951,566</u>	 <u>\$206,765</u>	 <u>\$88,353</u>	 <u>\$16,199</u>	 <u>\$1,262,883</u>
 <u>Liabilities, Deferred Inflows and Fund Balance</u>					
Liabilities:					
Accounts payable	<u>\$31,917</u>	<u>\$0</u>	<u>\$11,190</u>	<u>\$0</u>	<u>\$43,107</u>
Total Liabilities	<u>31,917</u>	<u>0</u>	<u>11,190</u>	<u>0</u>	<u>43,107</u>
Deferred Inflow of Resources:					
Deferred current property taxes	\$160,000	\$0	\$0	\$0	\$160,000
Deferred delinquent property taxes	<u>17,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,251</u>
Total Deferred Inflow of Resources	<u>177,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>177,251</u>
Fund balance:					
Restricted	0	206,765	77,163	16,199	300,127
Unassigned	<u>742,398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>742,398</u>
Total Fund Balance	<u>742,398</u>	<u>206,765</u>	<u>77,163</u>	<u>16,199</u>	<u>1,042,525</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$951,566</u>	<u>\$206,765</u>	<u>\$88,353</u>	<u>\$16,199</u>	<u>\$1,262,883</u>

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

CITY OF CLIFTON, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities

June 30, 2018

Amounts reported for fund balance - total governmental funds	\$	1,042,525
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 governmental funds		1,672,824
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds		17,251
Pension related accounts - governmental funds to not record these post-benefit obligations		
Net pension asset		284,257
Deferred outflow - pension		37,152
Deferred inflow - pension		(118,020)
OPEB related accounts - governmental funds to not record these post-benefit obligations		
Total OPEB Liability		(16,447)
Deferred outflow - OPEB		93
Deferred inflow - OPEB		(656)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds		
Accrued vacation		(33,437)
Loans payable		(493,575)
Net Position of governmental activities	\$	<u>2,391,967</u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Sanitation Fund</u>	<u>Drug Fund</u>	Total Governmental Funds
Revenues:					
Taxes	355,438	0	0	0	355,438
Intergovernmental	401,329	88,588	0	0	489,917
Licenses and permits	2,200	0	0	0	2,200
Fines and fees	11,937	0	148,700	3,763	164,400
Miscellaneous	85,081	463	272	69	85,885
Total Revenues	<u>855,985</u>	<u>89,051</u>	<u>148,972</u>	<u>3,832</u>	<u>1,097,840</u>
Expenditures:					
Current:					
General government	97,609	0	0	0	97,609
Police department	396,623	0	0	0	396,623
Fire department	57,385	0	0	0	57,385
Library	4,090	0	0	0	4,090
Parks and recreation	72,056	0	0	0	72,056
Sanitation	0	0	255,675	0	255,675
Highway and streets	55,569	3,044	0	0	58,613
Capital outlay:					
Police department	14,602	0	0	19,602	34,204
Parks and recreation	49,883	0	0	0	49,883
Debt service:					
Principal	247,863	0	0	0	247,863
Interest	17,778	0	0	0	17,778
Total Expenditures	<u>1,013,458</u>	<u>3,044</u>	<u>255,675</u>	<u>19,602</u>	<u>1,291,779</u>
Excess (deficiency) of revenues over expenditures	<u>(157,473)</u>	<u>86,007</u>	<u>(106,703)</u>	<u>(15,770)</u>	<u>(193,939)</u>
In lieu of taxes:	35,864	0	0	0	35,864
Other financing sources: loan proceeds	520,000	0	0	0	520,000
Net change in fund balance	<u>398,391</u>	<u>86,007</u>	<u>(106,703)</u>	<u>(15,770)</u>	<u>361,925</u>
Fund Balance, Beginning of year	<u>344,007</u>	<u>120,758</u>	<u>183,866</u>	<u>31,969</u>	<u>680,600</u>
Fund Balance, End of Year	<u>742,398</u>	<u>206,765</u>	<u>77,163</u>	<u>16,199</u>	<u>1,042,525</u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds:	\$	361,925
Amounts reported for governmental activities in the statement of net position are different because:		
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.		
Acquisition of capital assets		84,087
Depreciation expense		(91,277)
Less proceeds from sell of assets		(79,386)
Loss on sale of assets		(10,614)
Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds		
Change in pension plan accrual		72,544
Change in OPEB accounts		(2,112)
Change in employee vacation accrual		(180)
Revenues reported in the statement of activities that increase long-term liabilities		
Loan proceeds		(520,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenues		(20,193)
Expenses reported in the statement of governmental funds that reduce long-term liabilities		
Principal debt repayments		<u>247,863</u>
Change in Net Position of governmental activities	\$	<u><u>42,657</u></u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

Statement of Net Position

Enterprise Funds

June 30, 2018

	Water and Sewer Fund	Natural Gas Fund	Total
Assets and Deferred Outflows			
Current Assets:			
Cash and cash equivalents	\$231,652	139,954	371,606
Certificate of deposits	637,908	210,618	848,526
Customer accounts receivable, net of allowance	202,833	5,479	208,312
Due from other funds	16,872	0	16,872
Inventory- natural gas	0	17,092	17,092
Total Current Assets	1,089,265	373,143	1,462,408
Restricted Assets:			
Cash and cash equivalents	13,011	0	13,011
Total Restricted Assets	13,011	0	13,011
Capital Assets:			
Utility plant in service	10,503,346	939,978	11,443,324
Less accumulated depreciation	(5,780,921)	(610,246)	(6,391,167)
Total Capital Assets, Net	4,722,425	329,732	5,052,157
Net Pension asset	135,361	31,584	166,945
Total Assets	\$5,960,062	\$734,459	\$6,694,521
Deferred outflows:			
Deferred outflows - pension	\$17,691	\$4,128	21,819
Deferred outflows - OPEB	44	10	54
Total Deferred outflows	\$17,735	\$4,138	\$21,873
Liabilities, Deferred Inflows, and Net Position			
Current Liabilities (payable from current assets):			
Accounts payable	\$40,059	9,773	49,832
Accrued expenses	14,168	3,628	17,796
Total OPEB liability	7,832	1,828	9,660
Due to other funds	137,356	16,872	154,228
Current maturities - long-term debt	49,401	21,000	70,401
Total Current Liabilities (payable from current assets)	248,816	53,101	301,917
Other Liabilities:			
Customer deposits	15,505	10,578	26,083
Total Other Liabilities	15,505	10,578	26,083
Long-Term Debt	18,301	0	18,301
Total Liabilities	282,622	63,679	346,301
Deferred inflows:			
Deferred inflows - pension	\$56,200	\$13,113	69,313
Deferred inflows - OPEB	313	73	386
Total Deferred inflows	\$56,513	\$13,186	\$69,699
Net Position:			
Net Investment in Capital Assets	4,654,723	308,732	4,963,455
Restricted - Debt Service	13,011	0	13,011
Restricted - Pension	79,161	18,471	97,632
Unrestricted	891,767	334,529	1,226,296
Total Net Position	\$5,638,662	\$661,732	\$6,300,394

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenses
and Changes in Net Position**

Enterprise Funds

For the Year Ended June 30, 2018

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$1,113,680	\$279,233	\$1,392,913
Tap and installation revenues	12,543	2,300	14,843
Other revenue	4,771	5	4,776
Total Operating Revenues	<u>1,130,994</u>	<u>281,538</u>	<u>1,412,532</u>
Operating Expenses:			
Salaries	227,180	46,822	274,002
Payroll taxes	16,890	3,548	20,438
Employee benefits	69,887	959	70,846
Fees	6,217	387	6,604
Office expense	4,971	2,008	6,979
Utilities	144,204	5,116	149,320
Professional services	31,694	16,308	48,002
Gas purchased	0	132,764	132,764
Insurance	33,600	4,000	37,600
Repair and maintenance	93,085	3,964	97,049
Supplies	174,496	16,970	191,466
Depreciation	292,433	23,520	315,953
Total Operating Expenses	<u>1,094,657</u>	<u>256,366</u>	<u>1,351,023</u>
Operating income (loss)	<u>36,337</u>	<u>25,172</u>	<u>61,509</u>
Nonoperating Revenues (Expenses):			
Interest expense	(10,002)	(1,872)	(11,874)
Interest income	6,557	2,307	8,864
Total Nonoperating Revenues (Expenses)	<u>(3,445)</u>	<u>435</u>	<u>(3,010)</u>
Operating transfer: In lieu of tax:	(28,332)	(7,532)	(35,864)
Net change in Net Position	4,560	18,075	22,635
Net Position, July 1, 2017	<u>5,641,196</u>	<u>645,312</u>	<u>6,286,508</u>
Restatement- OPEB	(7,094)	(1,655)	(8,749)
Net Position, July 1, 2017, as restated	<u>5,634,102</u>	<u>643,657</u>	<u>6,277,759</u>
Net Position, June 30, 2018	<u>\$5,638,662</u>	<u>\$661,732</u>	<u>6,300,394</u>

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

CITY OF CLIFTON, TENNESSEE

Statement of Cash Flows

Proprietary Fund Type

Water and Sewer And Natural Gas Funds

For the Year Ended June 30, 2018

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	1,113,680	279,233	1,392,913
Cash paid to suppliers	(553,112)	(180,646)	(733,758)
Cash paid to employees	(313,957)	(51,329)	(365,286)
Net Cash Provided (Used) by Operating Activities	<u>246,611</u>	<u>47,258</u>	<u>293,869</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(128,600)	0	(128,600)
Interest paid	(10,002)	(1,872)	(11,874)
Repayment of debt	(640,404)	(15,000)	(655,404)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(779,006)</u>	<u>(16,872)</u>	<u>(795,878)</u>
Cash Flows from Investing Activities:			
Redemption (purchase) of certificate of deposit	373,512	(1,997)	371,515
Interest received	6,557	2,307	8,864
Net Cash Flows Provided (Used) from Investing Activities:	<u>380,069</u>	<u>310</u>	<u>380,379</u>
 Net Change in Cash	 (152,326)	 30,696	 (121,630)
Cash and Cash Equivalents, July 1, 2017	396,989	109,258	506,247
Cash and Cash Equivalents, June 30, 2018	<u>244,663</u>	<u>139,954</u>	<u>384,617</u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	36,337	25,172	61,509
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
In lieu of taxes	(28,332)	(7,532)	(35,864)
Depreciation	292,433	23,520	315,953
Change in assets (increase) decrease:			
Accounts receivable	(95,698)	1,734	(93,964)
Inventory	0	10,005	10,005
Due from other funds	(4,107)	0	(4,107)
Deferred outflows	15,286	(1,065)	14,221
Net pension asset	(24,591)	(21,280)	(45,871)
Change in liabilities increase (decrease):			
Accounts payable and accrued expenses	23,946	2,748	26,694
Total OPEB liability	738	173	911
Due to other funds	11,709	4,107	15,816
Deferred inflows	18,890	9,676	28,566
Net Cash Provided (Used) by Operating Activities	<u>246,611</u>	<u>47,258</u>	<u>293,869</u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Taxes:				
Property taxes	\$130,800	\$130,800	\$161,677	30,877
Local beer tax	51,230	51,230	49,329	(1,901)
Local sales tax	89,800	89,800	107,981	18,181
Franchise taxes	2,100	2,100	2,302	202
Business taxes	36,310	36,310	34,149	(2,161)
Total Taxes	<u>310,240</u>	<u>310,240</u>	<u>355,438</u>	<u>45,198</u>
Intergovernmental:				
TVA in lieu	31,000	31,000	30,549	(451)
State sales tax	214,860	214,860	229,871	15,011
State income tax	2,800	2,800	2,824	24
State alcohol taxes	1,525	1,525	1,797	272
State gasoline tax - special petroleum tax	5,465	5,465	5,429	(36)
State supplement	3,600	3,600	5,400	1,800
Grants	372,098	372,098	56,347	(315,751)
River resort	62,700	62,700	64,496	1,796
Corporate excise tax	6,500	6,500	4,616	(1,884)
Total Intergovernmental Revenue	<u>700,548</u>	<u>700,548</u>	<u>401,329</u>	<u>(299,219)</u>
Licenses and permits:				
Building permits	225	225	1,000	775
Beer permits	1,750	1,750	1,200	(550)
Total License and Permits Revenue	<u>1,975</u>	<u>1,975</u>	<u>2,200</u>	<u>225</u>
Fines:				
Police citation	26,400	26,400	11,937	(14,463)
Total Fines Revenue	<u>26,400</u>	<u>26,400</u>	<u>11,937</u>	<u>(14,463)</u>
Miscellaneous:				
Miscellaneous	5,300	5,300	3,040	(2,260)
Sale of assets	9,000	9,000	79,386	70,386
Special fire protection	1,350	1,350	900	(450)
Interest income	800	800	1,755	955
Total Miscellaneous Revenue	<u>16,450</u>	<u>16,450</u>	<u>85,081</u>	<u>68,631</u>
Total Revenues	<u>1,055,613</u>	<u>1,055,613</u>	<u>855,985</u>	<u>(199,628)</u>

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Expenditures:				
General Government:				
Current:				
Personnel costs	5,000	5,000	0	(5,000)
Advertising	800	800	1,136	336
Dues and subscriptions	900	900	1,292	392
Utilities	1,700	1,700	2,822	1,122
Professional services	11,850	11,850	11,553	(297)
Supplies	635	635	3,704	3,069
Donations	19,600	19,600	24,487	4,887
Airport	20,000	20,000	19,877	(123)
Tourism	41,350	41,350	20,657	(20,693)
Other	1,000	1,000	2,123	1,123
	<u>102,835</u>	<u>102,835</u>	<u>87,651</u>	<u>(15,184)</u>
Debt service	51,648	51,648	38,715	(12,933)
Capital outlay	250,000	250,000	0	(250,000)
Total General Government	<u>404,483</u>	<u>404,483</u>	<u>126,366</u>	<u>(278,117)</u>
Board of Commissioners:				
Salaries	3,800	3,800	4,958	1,158
Election	0	0	0	0
Miscellaneous	0	0	0	0
	<u>3,800</u>	<u>3,800</u>	<u>4,958</u>	<u>1,158</u>
Capital outlay	0	0	0	0
Total Board of Commissioners	<u>3,800</u>	<u>3,800</u>	<u>4,958</u>	<u>1,158</u>
Judicial - Judge's fee	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
Total General Government	<u>414,283</u>	<u>414,283</u>	<u>136,324</u>	<u>(277,959)</u>

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Public Safety:				
Police Department:				
Salaries	235,443	235,443	263,020	27,577
Payroll taxes	17,561	17,561	18,950	1,389
Employee benefits	61,712	61,712	60,728	(984)
Training	1,500	1,500	1,992	492
Fees	2,250	2,250	1,820	(430)
Utilities	1,800	1,800	2,145	345
Repair and maintenance	5,000	5,000	6,987	1,987
Travel	1,250	1,250	1,417	167
Supplies	6,300	6,300	5,937	(363)
Vehicle expense	11,540	11,540	18,429	6,889
Insurance	24,000	24,000	15,198	(8,802)
Miscellaneous	0	0	0	0
	<u>368,356</u>	<u>368,356</u>	<u>396,623</u>	<u>28,267</u>
Capital outlay	15,000	15,000	14,602	(398)
Total Police Department	<u>383,356</u>	<u>383,356</u>	<u>411,225</u>	<u>27,869</u>
Fire Department:				
Current:				
Salaries	7,964	7,964	0	(7,964)
Payroll taxes	367	367	0	(367)
Gas and oil	1,000	1,000	611	(389)
Supplies and maintenance	73,494	73,494	35,695	(37,799)
Utilities	3,150	3,150	2,825	(325)
Volunteer firemen	7,000	7,000	5,025	(1,975)
Professional services	0	0	9,231	9,231
Insurance	4,000	4,000	3,998	(2)
Miscellaneous	0	0	0	0
	<u>96,975</u>	<u>96,975</u>	<u>57,385</u>	<u>(39,590)</u>
Capital outlay	344,604	344,604	0	(344,604)
Total Fire Department	<u>441,579</u>	<u>441,579</u>	<u>57,385</u>	<u>(384,194)</u>
Total Public Safety	<u>824,935</u>	<u>824,935</u>	<u>468,610</u>	<u>(356,325)</u>

Continued on next page

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Streets:				
Inmate lunches	10,000	10,000	5,048	(4,952)
Repair and maintenance	1,500	1,500	0	(1,500)
Supplies	3,100	3,100	1,692	(1,408)
Street lighting	58,000	58,000	48,829	(9,171)
Miscellaneous	0	0	0	0
	<u>72,600</u>	<u>72,600</u>	<u>55,569</u>	<u>(17,031)</u>
Capital outlay	0	0	0	0
Total Streets Department	<u>72,600</u>	<u>72,600</u>	<u>55,569</u>	<u>(17,031)</u>
Parks and Recreation:				
Current:				
Salaries	30,599	30,599	30,728	129
Employee benefits	9,528	9,528	11,927	2,399
Inmate lunches	3,000	3,000	2,493	(507)
Repair and maintenance	2,750	2,750	2,390	(360)
Supplies	6,000	6,000	5,968	(32)
Vehicle expense	4,058	4,058	3,177	(881)
Insurance	4,000	4,000	4,000	0
Utilities	7,797	7,797	6,318	(1,479)
Miscellaneous	1,000	1,000	5,055	4,055
	<u>68,732</u>	<u>68,732</u>	<u>72,056</u>	<u>3,324</u>
Debt service	115,409	115,409	226,926	111,517
Capital outlay	197,500	197,500	49,883	(147,617)
Total Parks and Recreation	<u>381,641</u>	<u>381,641</u>	<u>348,865</u>	<u>(32,776)</u>
Library	<u>6,500</u>	<u>6,500</u>	<u>4,090</u>	<u>(2,410)</u>
Total Expenditures	<u>1,699,959</u>	<u>1,699,959</u>	<u>1,013,458</u>	<u>(686,501)</u>
Excess (deficiency) of Revenues over Expenditures	<u>(644,346)</u>	<u>(644,346)</u>	<u>(157,473)</u>	<u>486,873</u>
In lieu of taxes	<u>26,725</u>	<u>26,725</u>	<u>35,864</u>	<u>9,139</u>
Other financing sources - loan proceeds	<u>520,000</u>	<u>520,000</u>	<u>520,000</u>	<u>0</u>
Net change in fund balance	<u>(97,621)</u>	<u>(97,621)</u>	<u>398,391</u>	<u>496,012</u>
Fund Balance, July 1, 2017	<u>344,007</u>	<u>344,007</u>	<u>344,007</u>	<u>0</u>
Fund Balance, June 30, 2018	<u>\$246,386</u>	<u>\$246,386</u>	<u>\$742,398</u>	<u>\$496,012</u>

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Intergovernmental:				
Gasoline .03 tax	19,480	19,480	16,201	(3,279)
Gasoline 1989 tax	14,230	14,230	11,170	(3,060)
Gasoline 2017 tax	-	-	8,740	8,740
Gasoline and motor fuel	56,642	56,642	52,477	(4,165)
Miscellaneous:				
Interest	250	250	463	213
Total Revenues	<u>90,602</u>	<u>90,602</u>	<u>89,051</u>	<u>(1,551)</u>
Expenditures:				
Streets:				
Maintenance and repair	4,000	4,000	3,044	(956)
Capital outlay	65,000	65,000	0	(65,000)
Total Expenditures	<u>69,000</u>	<u>69,000</u>	<u>3,044</u>	<u>(65,956)</u>
Excess (deficiency) of revenues over expenditures	21,602	21,602	86,007	64,405
 Fund Balance, July 1, 2017	 <u>120,758</u>	 <u>120,758</u>	 <u>120,758</u>	 <u>-</u>
Fund Balance, June 30, 2018	<u><u>\$142,360</u></u>	<u><u>\$142,360</u></u>	<u><u>\$206,765</u></u>	<u><u>\$64,405</u></u>

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Sanitation Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Fees	155,000	155,000	148,700	(6,300)
Miscellaneous:				
Interest	<u>250</u>	<u>250</u>	<u>272</u>	<u>22</u>
Total Revenues	<u>155,250</u>	<u>155,250</u>	<u>148,972</u>	<u>(6,278)</u>
Expenditures:				
Sanitation:				
Salaries	108,568	108,568	113,828	5,260
Payroll taxes	8,224	8,224	8,398	174
Employee benefits	24,394	24,394	25,132	738
Utility	4,060	4,060	3,568	(492)
Professional services	5,000	5,000	6,966	1,966
Supplies and maintenance	13,235	13,235	5,835	(7,400)
Collection fees	75,000	75,000	79,323	4,323
Insurance	12,000	12,000	12,335	335
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>290</u>	<u>(710)</u>
	<u>251,481</u>	<u>251,481</u>	<u>255,675</u>	<u>4,194</u>
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>251,481</u>	<u>251,481</u>	<u>255,675</u>	<u>4,194</u>
 Excess (deficiency) of revenues over expenditures	 (96,231)	 (96,231)	 (106,703)	 (10,472)
 Fund Balance, July 1, 2017	 <u>183,866</u>	 <u>183,866</u>	 <u>183,866</u>	 <u>0</u>
Fund Balance, June 30, 2018	<u><u>\$87,635</u></u>	<u><u>\$87,635</u></u>	<u><u>77,163</u></u>	<u><u>(10,472)</u></u>

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

CITY OF CLIFTON, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Fines and Fees:				
Drug related	2,500	2,500	3,763	1,263
Miscellaneous:				
Interest	<u>600</u>	<u>600</u>	<u>69</u>	<u>(531)</u>
Total Revenues	<u>3,100</u>	<u>3,100</u>	<u>3,832</u>	<u>732</u>
Expenditures:				
Program costs	5,000	5,000	0	(5,000)
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>19,602</u>	<u>4,602</u>
Total expenses	<u>20,000</u>	<u>20,000</u>	<u>19,602</u>	<u>(398)</u>
Excess (deficiency) of revenues over expenditures	(16,900)	(16,900)	(15,770)	1,130
Fund Balance, July 1, 2017	<u>31,969</u>	<u>31,969</u>	<u>31,969</u>	<u>0</u>
Fund Balance, June 30, 2018	<u><u>\$15,069</u></u>	<u><u>\$15,069</u></u>	<u><u>16,199</u></u>	<u><u>1,130</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CLIFTON, TENNESSEE

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

The City of Clifton, Tennessee, was incorporated by the Private Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety (Police and Fire), water and sewerage, natural gas, streets, sanitation, recreations, public improvements, planning and zoning, and general administrative services. The accounting policies of the City of Clifton, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has one component unit at yearend – Clifton Airport Authority. The financial statements of the Clifton Airport Authority can be found at City Hall.

Accounting Pronouncements:

Effective July 1, 2003, the City adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the City. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis. The government-wide financial statements present the City's programs between business-type and governmental activities.

CITY OF CLIFTON, TENNESSEE

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies, Continued

Government - Wide and Fund Financial Statements

The Government-wide financial statements, 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 the interfund activity has been removed from these statements. Government 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most governmental revenues as available if received within 45 days of years end. Expenditures generally 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.

Property taxes, state shared revenues, 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 using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.