

CITY OF CLIFTON, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2017

CITY OF CLIFTON, TENNESSEE

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CITY OF CLIFTON, TENNESSEE

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INTRODUCTORY SECTION

CITY OF CLIFTON, TENNESSEE

Officials of the City of Clifton, Tennessee

June 30, 2017

Name

Title

Elected Officials:

Randy Burns

Mayor

Carol Hickerson

Vice Mayor

Jimmy Pickett

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, and each major fund, the discretely presented component unit of the City of Clifton, Tennessee as of and for the year ended June 30, 2017, 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, and each major fund, the discretely presented component unit of the City of Clifton, Tennessee as of June 30, 2017, 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 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, 2017 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 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 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, 2017

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, 2017. 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 \$8,650,716. Of this amount, \$2,087,046 (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 \$471,030 due to decreases in expenses in governmental funds. Overall expenses were \$50,314 less in the current year as the City had decreased repair and maintenance and capital expenses. The governmental funds showed a net increase in net position of \$381,646 and the business-type net position increased by \$89,384.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$680,600, a decrease of \$197,829 in comparison to the prior year. The decrease was the result of capital asset purchases of \$478,203 related to the fire department during the current year. During the year the City made governmental debt repayments of \$123,438.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$344,007 or 29% of the total general fund expenditures.

The City made capital improvements of \$138,248 for utility improvements. The City's utility debt decreased by \$74,534. All debts are paying 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 28-47 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 \$8,650,716 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-2016

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$1,131,204	1,679,559
Capital assets	<u>1,373,863</u>	<u>5,413,162</u>
Total assets	2,505,067	7,092,721
Deferred outflows	32,469	45,291
Long-term liabilities outstanding	344,960	818,640
Other liabilities	<u>76,400</u>	<u>67,405</u>
Total liabilities	421,360	886,045
Deferred Inflows	133,614	54,843
Net position:		
Net investment in capital assets	1,028,903	4,594,522
Restricted	376,164	139,449
Unrestricted	<u>577,495</u>	<u>1,463,153</u>
Total net position	\$ 1,982,562	6,197,124

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 2016 revenues and expenses

	2017	2016	Change Between Years
Revenues:			
Program revenues:			
Charges for services	1,630,808	1,712,782	(81,974)
Operating grants and contributions	142,514	378,462	(235,948)
Capital grants and contributions	297,222	0	297,222
General revenues:			
Property taxes	137,273	156,605	(19,332)
Sales taxes	297,193	305,167	(7,974)
Beer taxes	51,005	49,688	1,317
Business taxes	39,843	37,924	1,919
Other state shared taxes	9,001	7,095	1,906
Other	20,949	47,563	(26,614)
Total revenues	<u>2,625,808</u>	<u>2,695,286</u>	<u>(69,478)</u>
Expenses:			
General government	109,145	268,504	(159,359)
Police department	285,669	323,831	(38,162)
Fire department	61,995	37,024	24,971
Highways and streets	97,651	146,758	(49,107)
Sanitation	177,771	114,019	63,752
Library	5,789	7,496	(1,707)
Parks and recreations	66,145	61,480	4,665
Natural gas	195,451	200,871	(5,420)
Water and Sewer	1,155,162	1,045,109	110,053
Total expenses	<u>2,154,778</u>	<u>2,205,092</u>	<u>(50,314)</u>
Increases in Net Position	<u>471,030</u>	<u>490,194</u>	<u>(19,164)</u>

Governmental Budgetary Highlights

The City exceeded some 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, 2017, amounts to \$1,770,014 (net of accumulated depreciation) and its business-type activities amounts to \$5,413,162. 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-2016

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land, buildings and improvement	\$ 1,950,776	\$ 10,895,568
Equipment	<u>311,728</u>	<u>290,241</u>
Less accumulated depreciation	(888,641)	(5,772,647)
Net Capital Assets	<u>\$ 1,373,863</u>	<u>\$ 5,413,162</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 \$965,544. The General obligation debt of the City is \$221,438. Water and Sewer fund debt of \$708,106 and Natural Gas fund debt of \$36,000. All loans are paying down as scheduled.

Economic Factors and Next Year's Budget and Rates

In the 2017-2018 budget, General fund revenues are budgeted to increase from the 2016-2017 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 2017-2018 fiscal year.

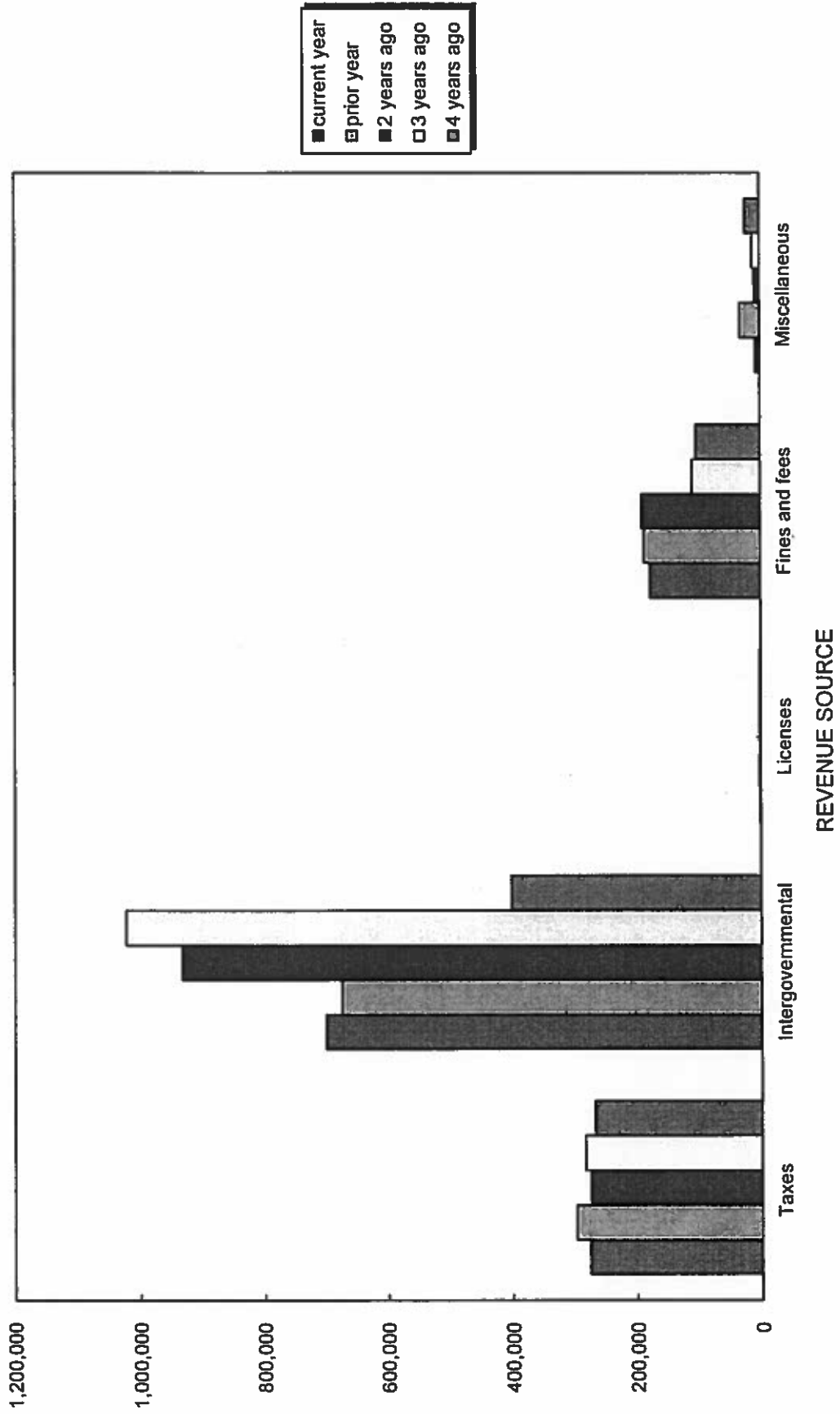
Requests for Information

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:

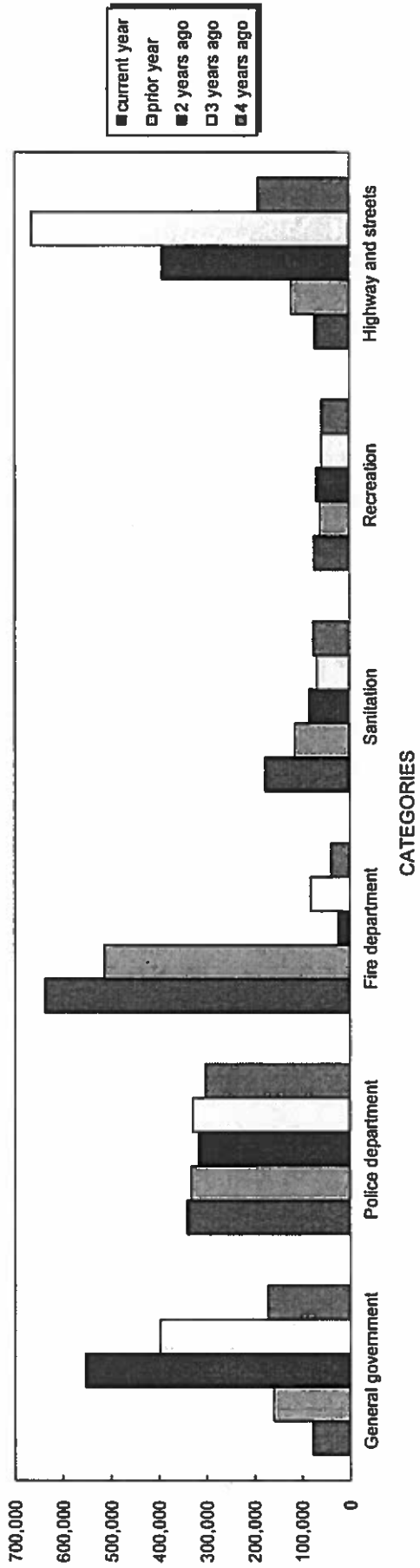
Doug Kibbey
City of Clifton

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, 2017

	Governmental Activities	Business-type Activities	Total	Component Unit Governmental Fund- Airport
Assets and Deferred Outflows				
Cash and cash equivalents	514,328	493,236	1,007,564	27,101
Cash and cash equivalents - restricted	0	13,011	13,011	0
Certificate of deposits	16,204	1,220,041	1,236,245	0
Receivables	194,382	114,348	308,730	0
Inventory	0	27,097	27,097	0
Net Pension asset	136,530	121,074	257,604	0
Internal balances	125,647	(125,647)	0	0
Capital assets not being depreciated	193,000	107,367	300,367	76,228
Capital assets, net of accumulated depreciation	1,577,014	5,132,143	6,709,157	1,742,723
Total Assets	2,757,105	7,102,670	9,859,775	1,846,052
Deferred Outflows of Resources				
Deferred outflow of resources - pension	40,700	36,094	76,794	0
Total Deferred Outflows	40,700	36,094	76,794	0
Liabilities, Deferred Inflows, and Net Position				
Liabilities				
Accounts payable	32,517	21,411	53,928	1,749
Accrued expenses	33,257	19,523	52,780	0
Customer deposits	0	26,083	26,083	0
Long-term liabilities:				
Due within one year	106,979	78,229	185,208	200,020
Due in more than one year	114,459	665,877	780,336	0
Total Liabilities	287,212	811,123	1,098,335	201,769
Deferred Inflows				
Deferred inflow of resources - property taxes	100,000	0	100,000	0
Deferred inflow of resources - pension	46,385	41,133	87,518	0
Total Deferred Inflows	146,385	41,133	187,518	0
Net Position:				
Net Investment in Capital Assets	1,548,576	4,495,404	6,043,980	1,618,931
Restricted - Sanitation	183,866	0	183,866	0
Restricted - State street aid	120,758	0	120,758	0
Restricted - Drug fund	31,969	0	31,969	0
Restricted - Pension	90,145	79,941	170,086	0
Restricted - Debt service	0	13,011	13,011	0
Unrestricted	388,894	1,698,152	2,087,046	25,352
Total Net Position	2,364,208	6,286,508	8,650,716	1,644,283

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2017

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Unit Governmental Fund
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-Type Activities	Total	
Government Activities:								
General government	109,145	1,555	60,425	0	(47,165)	0	(47,165)	0
Police department	285,669	26,314	0	0	(259,355)	0	(259,355)	0
Fire department	61,995	0	1,550	297,222	236,777	0	236,777	0
Parks and recreations	66,145	0	0	0	(66,145)	0	(66,145)	0
Library	5,789	0	0	0	(5,789)	0	(5,789)	0
Sanitation	177,771	151,445	0	0	(26,326)	0	(26,326)	0
Highways and streets	97,651	0	80,539	0	(17,112)	0	(17,112)	0
Total Governmental Activities	804,165	179,314	142,514	297,222	(185,115)	0	(185,115)	0
Business - type Activities:								
Natural Gas	195,451	192,453	0	0	0	(2,998)	(2,998)	0
Water and Sewer	1,155,162	1,259,041	0	0	0	103,879	103,879	0
Total Business Type Activities	1,350,613	1,451,494	0	0	0	100,881	100,881	0
Component Unit - Airport	88,031	1,450	25,253	16,003	0	0	0	(45,325)
Total	2,242,809	1,632,258	167,767	313,225	(185,115)	100,881	(84,234)	(45,325)
General Revenues:								
Property taxes					106,877	0	106,877	0
Public utility taxes					30,396	0	30,396	0
Sales taxes					297,193	0	297,193	0
Beer taxes					51,005	0	51,005	0
Business taxes					39,843	0	39,843	0
State income and excise taxes					9,001	0	9,001	0
Interest income					2,196	5,141	7,337	0
Other					3,660	9,952	13,612	0
Total general revenues					540,171	15,093	555,264	0
Transfers - in lieu of property taxes					26,590	(26,590)	0	0
Changes in Net Position					381,646	89,384	471,030	(45,325)
Net Position - beginning of year					1,982,562	6,197,124	8,179,686	1,689,608
Net Position - ending of year					2,364,208	6,286,508	8,650,716	1,644,283

See accompanying notes to financial statements.

FUND FINANCIAL
STATEMENTS

CITY OF CLIFTON, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2017

<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>\$227,533</u>	<u>\$114,231</u>	<u>\$140,595</u>	<u>\$31,969</u>	<u>\$514,328</u>
Certificate of deposits	<u>0</u>	<u>0</u>	<u>16,204</u>	<u>0</u>	<u>16,204</u>
Accounts receivable:					
Taxes receivable	112,360	0	0	0	112,360
Other receivables	<u>55,488</u>	<u>13,054</u>	<u>13,480</u>	<u>0</u>	<u>82,022</u>
	<u>167,848</u>	<u>13,054</u>	<u>13,480</u>	<u>0</u>	<u>194,382</u>
Due from other funds	<u>99,348</u>	<u>0</u>	<u>26,299</u>	<u>0</u>	<u>125,647</u>
 Total Assets	 <u>\$494,729</u>	 <u>\$127,285</u>	 <u>\$196,578</u>	 <u>\$31,969</u>	 <u>\$850,561</u>
 <u>Liabilities, Deferred Inflows and Fund Balance</u>					
Liabilities:					
Accounts payable	<u>\$19,805</u>	<u>\$0</u>	<u>\$12,712</u>	<u>\$0</u>	<u>\$32,517</u>
Total Liabilities	<u>19,805</u>	<u>0</u>	<u>12,712</u>	<u>0</u>	<u>32,517</u>
Deferred Inflow of Resources:					
Deferred current property taxes	\$100,000	\$0	\$0	\$0	\$100,000
Deferred delinquent property taxes	12,360	0	0	0	12,360
Other deferred/unavailable- other governments	<u>18,557</u>	<u>6,527</u>	<u>0</u>	<u>0</u>	<u>25,084</u>
Total Deferred Inflow of Resources	<u>130,917</u>	<u>6,527</u>	<u>0</u>	<u>0</u>	<u>137,444</u>
Fund balance:					
Restricted	0	120,758	183,866	31,969	336,593
Unassigned	<u>344,007</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>344,007</u>
Total Fund Balance	<u>344,007</u>	<u>120,758</u>	<u>183,866</u>	<u>31,969</u>	<u>680,600</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$494,729</u>	<u>\$127,285</u>	<u>\$196,578</u>	<u>\$31,969</u>	<u>\$850,561</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, 2017

Amounts reported for fund balance - total governmental funds	\$	680,600
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		1,770,014
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds		37,444
Pension related accounts - governmental funds to not record these post-benefit obligations		
Net pension asset		136,530
Deferred outflow - pension		40,700
Deferred inflow - pension		(46,385)
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		(33,257)
Loans payable		(221,438)
Net Position of governmental activities	\$	<u>2,364,208</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, 2017

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Sanitation Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	275,820	0	0	0	275,820
Intergovernmental	625,524	75,081	0	0	700,605
Licenses and permits	1,555	0	0	0	1,555
Fines and fees	24,734	0	151,445	1,580	177,759
Miscellaneous	5,971	201	587	656	7,415
Total Revenues	<u>933,604</u>	<u>75,282</u>	<u>152,032</u>	<u>2,236</u>	<u>1,163,154</u>
Expenditures:					
Current:					
General government	78,055	0	0	0	78,055
Police department	338,718	0	0	2,621	341,339
Fire department	27,779	0	0	0	27,779
Library	5,789	0	0	0	5,789
Parks and recreation	73,655	0	0	0	73,655
Sanitation	0	0	177,770	0	177,770
Highway and streets	72,140	0	0	0	72,140
Capital outlay:					
Fire department	478,203	0	0	0	478,203
Debt service:					
Principal	123,522	0	0	0	123,522
Interest	9,321	0	0	0	9,321
Total Expenditures	<u>1,207,182</u>	<u>0</u>	<u>177,770</u>	<u>2,621</u>	<u>1,387,573</u>
Excess (deficiency) of revenues over expenditures	<u>(273,578)</u>	<u>75,282</u>	<u>(25,738)</u>	<u>(385)</u>	<u>(224,419)</u>
In lieu of taxes:	26,590	0	0	0	26,590
Net change in fund balance	<u>(246,988)</u>	<u>75,282</u>	<u>(25,738)</u>	<u>(385)</u>	<u>(197,829)</u>
Fund Balance, Beginning of year	<u>590,995</u>	<u>45,476</u>	<u>209,604</u>	<u>32,354</u>	<u>878,429</u>
Fund Balance, End of Year	<u>344,007</u>	<u>120,758</u>	<u>183,866</u>	<u>31,969</u>	<u>680,600</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, 2017

Net change in fund balances - total governmental funds:	\$	(197,829)
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		478,203
Depreciation expense		(82,052)
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		48,642
Change in employee vacation accrual		15,094
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenues		(3,934)
Expenses reported in the statement of governmental funds that reduce long-term liabilities		
Principal debt repayments		<u>123,522</u>
Change in Net Position of governmental activities	\$	<u>381,646</u>

See accompanying notes to financial statements.

CITY OF CLIFTON, TENNESSEE

Statement of Net Position

Enterprise Funds

June 30, 2017

	Water and Sewer Fund	Natural Gas Fund	Total
Assets and Deferred Outflows			
Current Assets:			
Cash and cash equivalents	\$383,978	109,258	493,236
Certificate of deposits	1,011,420	208,621	1,220,041
Customer accounts receivable, net of allowance	107,135	7,213	114,348
Due from other funds	12,765	0	12,765
Inventory- natural gas	0	27,097	27,097
Total Current Assets	1,515,298	352,189	1,867,487
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	10,374,746	939,978	11,314,724
Less accumulated depreciation	(5,488,488)	(586,726)	(6,075,214)
Total Capital Assets, Net	4,886,258	353,252	5,239,510
Net Pension asset	110,770	10,304	121,074
Total Assets	\$6,525,337	\$715,745	\$7,241,082
Deferred Outflows - Pension	33,021	3,073	36,094
Liabilities, Deferred Inflows, and Net Position			
Current Liabilities (payable from current assets):			
Accounts payable	\$14,386	7,025	21,411
Accrued expenses	15,895	3,628	19,523
Due to other funds	125,647	12,765	138,412
Current maturities - long-term debt	63,229	15,000	78,229
Total Current Liabilities (payable from current assets)	219,157	38,418	257,575
Other Liabilities:			
Customer deposits	15,505	10,578	26,083
Total Other Liabilities	15,505	10,578	26,083
Long-Term Debt	644,877	21,000	665,877
Total Liabilities	879,539	69,996	949,535
Deferred Inflows - Pension	37,623	3,510	41,133
Net Position:			
Net Investment in Capital Assets	4,178,152	317,252	4,495,404
Restricted - Debt Service	13,011	0	13,011
Restricted - Pension	73,147	6,794	79,941
Unrestricted	1,376,886	321,266	1,698,152
Total Net Position	\$5,641,196	\$645,312	\$6,286,508

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, 2017

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$1,249,563	\$191,019	\$1,440,582
Tap and installation revenues	9,478	1,434	10,912
Other revenue	9,833	119	9,952
Total Operating Revenues	<u>1,268,874</u>	<u>192,572</u>	<u>1,461,446</u>
Operating Expenses:			
Salaries	277,335	20,564	297,899
Payroll taxes	20,790	1,566	22,356
Employee benefits	52,117	21,712	73,829
Fees	8,373	440	8,813
Office expense	6,381	660	7,041
Utilities	138,177	4,843	143,020
Professional services	30,452	27,798	58,250
Gas purchased	0	73,023	73,023
Insurance	37,335	2,000	39,335
Repair and maintenance	103,952	1,715	105,667
Supplies	161,106	15,354	176,460
Depreciation	288,379	23,520	311,899
Total Operating Expenses	<u>1,124,397</u>	<u>193,195</u>	<u>1,317,592</u>
Operating income (loss)	<u>144,477</u>	<u>(623)</u>	<u>143,854</u>
Nonoperating Revenues (Expenses):			
Interest expense	(30,765)	(2,256)	(33,021)
Interest income	4,385	756	5,141
Total Nonoperating Revenues (Expenses)	<u>(26,380)</u>	<u>(1,500)</u>	<u>(27,880)</u>
Operating transfer: In lieu of tax:	(18,877)	(7,713)	(26,590)
Net change in Net Position	99,220	(9,836)	89,384
Net Position, July 1, 2016	<u>5,541,976</u>	<u>655,148</u>	<u>6,197,124</u>
Net Position, June 30, 2017	<u>\$5,641,196</u>	<u>\$645,312</u>	<u>6,286,508</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, 2017

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	1,259,470	193,775	1,453,245
Cash paid to suppliers	(510,719)	(137,130)	(647,849)
Cash paid to employees	(350,242)	(43,842)	(394,084)
Net Cash Provided (Used) by Operating Activities	<u>398,509</u>	<u>12,803</u>	<u>411,312</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(108,427)	(29,821)	(138,248)
Interest paid	(30,765)	(2,256)	(33,021)
Repayment of debt	(59,534)	(15,000)	(74,534)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(198,726)</u>	<u>(47,077)</u>	<u>(245,803)</u>
Cash Flows from Investing Activities:			
Redemption (purchase) of certificate of deposit	(504,653)	(150,684)	(655,337)
Interest received	4,385	756	5,141
Net Cash Flows Provided (Used) from Investing Activities:	<u>(500,268)</u>	<u>(149,928)</u>	<u>(650,196)</u>
 Net Change in Cash	 (300,485)	 (184,202)	 (484,687)
Cash and Cash Equivalents, July 1, 2016	697,474	293,460	990,934
Cash and Cash Equivalents, June 30, 2017	<u>396,989</u>	<u>109,258</u>	<u>506,247</u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	144,477	(623)	143,854
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
In lieu of taxes	(18,877)	(7,713)	(26,590)
Depreciation	288,379	23,520	311,899
Change in assets (increase) decrease:			
Accounts receivable	(9,404)	1,203	(8,201)
Inventory	0	(17,445)	(17,445)
Due from other funds	(12,765)	0	(12,765)
Deferred outflows	3,440	5,757	9,197
Net pension asset	(5,488)	20,404	14,916
Change in liabilities increase (decrease):			
Accounts payable and accrued expenses	(3,614)	3,629	15
Customer deposits	(250)	(150)	(400)
Due to other funds	17,447	(6,905)	10,542
Deferred inflows	(4,836)	(8,874)	(13,710)
Net Cash Provided (Used) by Operating Activities	<u>398,509</u>	<u>12,803</u>	<u>411,312</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Taxes:				
Property taxes	\$110,010	\$110,010	\$110,811	801
Local beer tax	51,629	51,629	50,378	(1,251)
Local sales tax	88,663	88,663	74,788	(13,875)
Franchise taxes	2,100	2,100	2,005	(95)
Business taxes	39,555	39,555	37,838	(1,717)
Total Taxes	<u>291,957</u>	<u>291,957</u>	<u>275,820</u>	<u>(16,137)</u>
Intergovernmental:				
TVA in lieu	32,000	32,000	30,396	(1,604)
State sales tax	220,450	220,450	222,405	1,955
State income tax	2,885	2,885	2,864	(21)
State alcohol taxes	1,665	1,665	627	(1,038)
State gasoline tax - special petroleum tax	5,500	5,500	5,448	(52)
Grants	419,000	753,950	297,222	(456,728)
River resort	67,883	67,883	60,425	(7,458)
Corporate excise tax	4,100	4,100	6,137	2,037
Total Intergovernmental Revenue	<u>753,483</u>	<u>1,088,433</u>	<u>625,524</u>	<u>(462,909)</u>
Licenses and permits:				
Building permits	300	300	125	(175)
Beer permits	1,705	1,705	1,430	(275)
Total License and Permits Revenue	<u>2,005</u>	<u>2,005</u>	<u>1,555</u>	<u>(450)</u>
Fines:				
Police citation	28,938	28,938	24,734	(4,204)
Total Fines Revenue	<u>28,938</u>	<u>28,938</u>	<u>24,734</u>	<u>(4,204)</u>
Miscellaneous:				
Miscellaneous	9,050	9,050	3,394	(5,656)
Sale of assets	22,000	22,000	0	(22,000)
Special fire protection	1,500	1,500	1,550	50
Interest income	1,480	1,480	1,027	(453)
Total Miscellaneous Revenue	<u>34,030</u>	<u>34,030</u>	<u>5,971</u>	<u>(28,059)</u>
Total Revenues	<u>1,110,413</u>	<u>1,445,363</u>	<u>933,604</u>	<u>(511,759)</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Expenditures:				
General Government:				
Current:				
Personnel costs	5,730	5,730	108	(5,622)
Advertising	1,350	1,350	1,207	(143)
Dues and subscriptions	2,800	2,800	1,342	(1,458)
Utilities	9,850	9,850	2,207	(7,643)
Professional services	12,600	12,600	13,648	1,048
Repair and maintenance	6,300	1,300	1,043	(257)
Supplies	10,175	10,700	3,681	(7,019)
Travel and mileage	1,450	1,450	50	(1,400)
Donations	5,500	5,500	10,000	4,500
Airport	20,000	20,000	18,357	(1,643)
Tourism	10,500	10,500	9,946	(554)
Other	8,200	8,200	2,030	(6,170)
	<u>94,455</u>	<u>89,980</u>	<u>63,619</u>	<u>(26,361)</u>
Capital outlay	0	0	0	0
Total General Government	<u>94,455</u>	<u>89,980</u>	<u>63,619</u>	<u>(26,361)</u>
Board of Commissioners:				
Salaries	4,213	4,213	3,415	(798)
Election	0	0	4,911	4,911
Miscellaneous	1,500	1,500	110	(1,390)
	<u>5,713</u>	<u>5,713</u>	<u>8,436</u>	<u>2,723</u>
Capital outlay	0	0	0	0
Total Board of Commissioners	<u>5,713</u>	<u>5,713</u>	<u>8,436</u>	<u>2,723</u>
Judicial - Judge's fee	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Total General Government	<u>106,168</u>	<u>101,693</u>	<u>78,055</u>	<u>(23,638)</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Public Safety:				
Police Department:				
Salaries	233,380	233,380	226,087	(7,293)
Payroll taxes	17,920	17,920	16,184	(1,736)
Employee benefits	54,826	54,826	49,770	(5,056)
Training	6,500	6,500	5,765	(735)
Fees	2,000	2,000	1,730	(270)
Utilities	2,700	2,700	2,260	(440)
Repair and maintenance	5,600	5,600	6,870	1,270
Travel	1,580	1,580	1,552	(28)
Supplies	6,400	6,400	4,153	(2,247)
Vehicle expense	14,000	14,000	11,050	(2,950)
Insurance	12,657	12,657	12,623	(34)
Miscellaneous	200	200	674	474
	<u>357,763</u>	<u>357,763</u>	<u>338,718</u>	<u>(19,045)</u>
Capital outlay	28,445	50,327	0	(50,327)
Total Police Department	<u>386,208</u>	<u>408,090</u>	<u>338,718</u>	<u>(69,372)</u>
Fire Department:				
Current:				
Salaries	4,986	4,986	5,114	128
Payroll taxes	457	457	367	(90)
Gas and oil	324	324	623	299
Supplies	2,410	2,410	3,040	630
Utilities	3,640	3,640	2,312	(1,328)
Volunteer firemen	6,230	6,230	9,275	3,045
Insurance	7,000	7,000	7,048	48
Miscellaneous	0	0	0	0
	<u>25,047</u>	<u>25,047</u>	<u>27,779</u>	<u>2,732</u>
Debt service	20,021	20,021	17,381	(2,640)
Capital outlay	399,800	399,800	478,203	78,403
Total Fire Department	<u>444,868</u>	<u>444,868</u>	<u>523,363</u>	<u>78,495</u>
Animal Control:				
Supplies	250	50	0	(50)
Miscellaneous	250	200	0	(200)
	<u>500</u>	<u>250</u>	<u>0</u>	<u>(250)</u>
Capital outlay	0	0	0	0
Total Animal Control	<u>500</u>	<u>250</u>	<u>0</u>	<u>(250)</u>
Total Public Safety	<u>831,576</u>	<u>853,208</u>	<u>862,081</u>	<u>8,873</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, 2017

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Streets:				
Inmate lunches	5,250	5,250	7,703	2,453
Repair and maintenance	3,000	3,000	1,816	(1,184)
Supplies	3,250	3,250	4,854	1,604
Street lighting	45,000	45,000	57,767	12,767
Miscellaneous	7,800	7,800	0	(7,800)
	<u>64,300</u>	<u>64,300</u>	<u>72,140</u>	<u>7,840</u>
Capital outlay	0	0	0	0
Total Streets Department	<u>64,300</u>	<u>64,300</u>	<u>72,140</u>	<u>7,840</u>
Parks and Recreation:				
Current:				
Salaries	32,940	32,940	32,495	(445)
Employee benefits	9,842	9,842	11,241	1,399
Inmate lunches	2,000	2,000	4,008	2,008
Repair and maintenance	3,700	3,700	3,194	(506)
Supplies	10,100	5,100	5,379	279
Vehicle expense	4,520	4,520	4,631	111
Insurance	4,160	4,160	4,160	0
Utilities	6,170	6,170	7,034	864
Miscellaneous	1,800	1,800	1,513	(287)
	<u>75,232</u>	<u>70,232</u>	<u>73,655</u>	<u>3,423</u>
Debt service	115,400	115,400	115,462	62
Total Parks and Recreation	<u>190,632</u>	<u>185,632</u>	<u>189,117</u>	<u>3,485</u>
Library	<u>8,000</u>	<u>8,000</u>	<u>5,789</u>	<u>(2,211)</u>
Total Expenditures	<u>1,200,676</u>	<u>1,212,833</u>	<u>1,207,182</u>	<u>(5,651)</u>
Excess (deficiency) of Revenues over Expenditures	(90,263)	232,530	(273,578)	(506,108)
In lieu of taxes	<u>26,590</u>	<u>26,590</u>	<u>26,590</u>	<u>0</u>
Change in fund balance	(63,673)	259,120	(246,988)	(506,108)
Fund Balance, July 1, 2016	<u>590,995</u>	<u>590,995</u>	<u>590,995</u>	<u>0</u>
Fund Balance, June 30, 2017	<u>\$527,322</u>	<u>\$850,115</u>	<u>\$344,007</u>	<u>(\$506,108)</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Intergovernmental:				
Gasoline .03 tax	\$15,000	\$15,000	\$15,335	335
Gasoline 1989 tax	10,000	10,000	8,263	(1,737)
Gasoline and motor fuel	47,400	47,400	51,483	4,083
Miscellaneous:				
Interest	<u>475</u>	<u>475</u>	<u>201</u>	<u>(274)</u>
Total Revenues	<u>72,875</u>	<u>72,875</u>	<u>75,282</u>	<u>2,407</u>
Expenditures:				
Streets:				
Maintenance and repair	4,000	4,000	0	(4,000)
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>
Total Expenditures	<u>24,000</u>	<u>24,000</u>	<u>0</u>	<u>(24,000)</u>
Excess (deficiency) of revenues over expenditures	48,875	48,875	75,282	26,407
 Fund Balance, July 1, 2016	 <u>45,476</u>	 <u>45,476</u>	 <u>45,476</u>	 <u>-</u>
Fund Balance, June 30, 2017	<u>\$94,351</u>	<u>\$94,351</u>	<u>\$120,758</u>	<u>\$26,407</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Fees	152,067	152,067	151,445	(622)
Miscellaneous:				
Interest	<u>430</u>	<u>430</u>	<u>587</u>	<u>157</u>
Total Revenues	<u>152,497</u>	<u>152,497</u>	<u>152,032</u>	<u>(465)</u>
Expenditures:				
Sanitation:				
Salaries	35,443	35,443	39,289	3,846
Payroll taxes	2,815	2,815	2,511	(304)
Employee benefits	8,619	8,619	11,146	2,527
Utility	1,050	1,050	8,381	7,331
Professional services	200	200	7,288	7,088
Supplies and maintenance	2,300	2,300	18,403	16,103
Collection fees	80,400	80,400	78,970	(1,430)
Insurance	0	0	9,300	9,300
Miscellaneous	250	250	2,482	2,232
	<u>131,077</u>	<u>131,077</u>	<u>177,770</u>	<u>46,693</u>
Capital outlay	0	0	0	0
Total Expenditures	<u>131,077</u>	<u>131,077</u>	<u>177,770</u>	<u>46,693</u>
 Excess (deficiency) of revenues over expenditures	 21,420	 21,420	 (25,738)	 (47,158)
 Fund Balance, July 1, 2016	 <u>209,604</u>	 <u>209,604</u>	 <u>209,604</u>	 <u>0</u>
Fund Balance, June 30, 2017	<u>\$231,024</u>	<u>\$231,024</u>	<u>183,866</u>	<u>(47,158)</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Fines and Fees:				
Drug related	3,000	3,000	1,580	(1,420)
Miscellaneous:				
Interest	<u>350</u>	<u>350</u>	<u>656</u>	<u>306</u>
Total Revenues	<u>3,350</u>	<u>3,350</u>	<u>2,236</u>	<u>(1,114)</u>
Expenditures:				
Program costs	7,000	7,000	2,621	(4,379)
Capital outlay	0	0	0	0
Total expenses	<u>7,000</u>	<u>7,000</u>	<u>2,621</u>	<u>(4,379)</u>
Excess (deficiency) of revenues over expenditures	(3,650)	(3,650)	(385)	3,265
Fund Balance, July 1, 2016	<u>32,354</u>	<u>32,354</u>	<u>32,354</u>	<u>0</u>
Fund Balance, June 30, 2017	<u><u>\$28,704</u></u>	<u><u>\$28,704</u></u>	<u><u>31,969</u></u>	<u><u>3,265</u></u>

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