

**CITY OF CLIFTON, TENNESSEE**

**Annual Financial Report**

**For the Year Ended June 30, 2020**

# CITY OF CLIFTON, TENNESSEE

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# INTRODUCTORY SECTION

# **CITY OF CLIFTON, TENNESSEE**

## **Officials of the City of Clifton, Tennessee**

**June 30, 2020**

### **Name**

### **Title**

#### **Elected Officials:**

**Randy Burns**

**Mayor**

**Layton Packwood**

**Vice Mayor**

**Mark Staggs**

**Commissioner**

**Eva Ruth Warren**

**Commissioner**

**Bill Willoughby**

**Commissioner**

#### **Management:**

**Doug Kibbey**

**City Manager, CMFO**

**Barbara Culp**

**City Recorder**

**Kiersten Rainey**

**Finance Director**

# 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, 2020, 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, 2020, 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, Drug Fund and the River Resort Act 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, Supplementary Information and Management's Corrective Action Plan 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 Supplementary Information (except for the Schedule of Unaccounted for Water) has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Supplementary Information (except for the Schedule of Unaccounted for Water) is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section, Schedule of Unaccounted for Water, and Management's Corrective Action Plan have 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 November 30, 2020 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. Pore, CPA*

November 30, 2020



# 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, 2020. 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 \$9,028,698. Of this amount, \$1,619,301 (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 \$92,481 due to total revenues of \$2,651,321 and a reduction of expenses of \$61,587 in comparison to the prior year. The governmental funds showed a net increase in net position of \$122,500 and the business-type net position decreased by \$30,019.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$802,698, an increase of \$160,194 in comparison to the prior year. The increase was the result of the City's stable revenues and lower expenses. The City opened a new governmental fund in the current year (River Resort Act) to account for the River Resort Act revenues. During the year, the City made governmental capital asset purchases of \$136,858 and debt repayments of \$35,982.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$342,767 or 42% of the total general fund expenditures.

The City had capital improvements of \$124,256 for utility improvements. The City's utility debt decreased by \$12,639. 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 14-28 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 29-53 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 \$9,028,698 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-2020**

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$ 1,207,243	1,764,359
Capital assets	<u>2,225,355</u>	<u>4,782,625</u>
Total assets	3,432,598	6,546,984
Deferred outflows	12,069	18,100
Long-term liabilities outstanding	418,573	8,674
Other liabilities	<u>81,147</u>	<u>142,512</u>
Total liabilities	499,720	151,186
Deferred Inflows	223,146	107,001
Net position:		
Net investment in capital assets	1,806,782	4,773,951
Restricted	607,425	221,239
Unrestricted	<u>307,594</u>	<u>1,311,707</u>
Total net position	\$ 2,721,801	6,306,897

**City of Clifton's Net Position-2019**

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$ 1,108,125	1,600,670
Capital assets	<u>2,245,129</u>	<u>4,945,490</u>
Total assets	3,353,254	6,546,160
Deferred outflows	18,481	18,481
Long-term liabilities outstanding	454,555	21,313
Other liabilities	<u>72,689</u>	<u>121,222</u>
Total liabilities	527,244	142,535
Deferred Inflows	245,190	85,190
Net position:		
Net investment in capital assets	1,790,574	4,924,177
Restricted	431,859	162,183
Unrestricted	<u>376,868</u>	<u>1,250,556</u>
Total net position	\$ 2,599,301	6,336,916

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 2020 and 2019 revenues and expenses

Revenues:	2020	2019	Change Between Years
Program revenues:			
Charges for services	1,762,850	1,764,934	(2,084)
Operating grants and contributions	176,685	390,167	(213,482)
Capital grants and contributions	0	0	0
General revenues:			
Property taxes	205,971	194,468	11,503
Sales taxes	385,284	355,155	30,129
Beer taxes	57,984	49,721	8,263
Business taxes	39,447	40,882	(1,435)
Other state shared taxes	2,535	5,968	(3,433)
Other	20,565	62,988	(42,423)
Total revenues	<u>2,651,321</u>	<u>2,864,283</u>	<u>(212,962)</u>
Expenses:			
General government	158,583	361,934	(203,351)
Police department	387,207	408,289	(21,082)
Fire department	82,863	96,245	(13,382)
Highways and streets	142,897	97,327	45,570
Sanitation	132,264	169,983	(37,719)
Library	2,881	3,561	(680)
Parks and recreations	91,829	92,356	(527)
Natural gas	379,808	281,130	98,678
Water and Sewer	1,180,508	1,109,602	70,906
Total expenses	<u>2,558,840</u>	<u>2,620,427</u>	<u>(61,587)</u>
Increases in Net Position	<u>92,481</u>	<u>243,856</u>	<u>(151,375)</u>

## Governmental Budgetary Highlights

The City amended several of its budgeted departmental expenditures during the year. See pages 21-28 for an analysis of the budgets.

### Capital Assets

The City of Clifton's investment in capital assets from its governmental activities at June 30, 2020, amounts to \$2,225,355 (net of accumulated depreciation) and its business-type activities amounts to \$4,782,625. This investment in capital assets is in land, buildings, improvements, machinery and equipment.

#### City of Clifton's Capital Assets-2020

	Governmental Activities	Business-Type Activities
Land, buildings and improvement	\$ 2,507,719	\$ 11,300,744
Equipment	<u>919,382</u>	<u>464,882</u>
Less accumulated depreciation	(1,201,746)	(6,983,001)
Net Capital Assets	<u>\$ 2,225,355</u>	<u>\$ 4,782,625</u>

#### City of Clifton's Capital Assets-2019

	Governmental Activities	Business-Type Activities
Land, buildings and improvement	\$ 2,390,261	\$ 11,125,407
Equipment	<u>906,882</u>	<u>464,882</u>
Less accumulated depreciation	(1,052,014)	(6,644,799)
Net Capital Assets	<u>\$ 2,245,129</u>	<u>\$ 4,945,490</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 \$427,247. The General obligation debt of the City is \$418,573 and Water and Sewer fund debt is \$8,674. All loans are paying down as scheduled.

### **Economic Factors and Next Year's Budget and Rates**

In the 2020-2021 budget, General fund revenues are budgeted to increase from the 2019-2020 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 2020-2021 fiscal year.

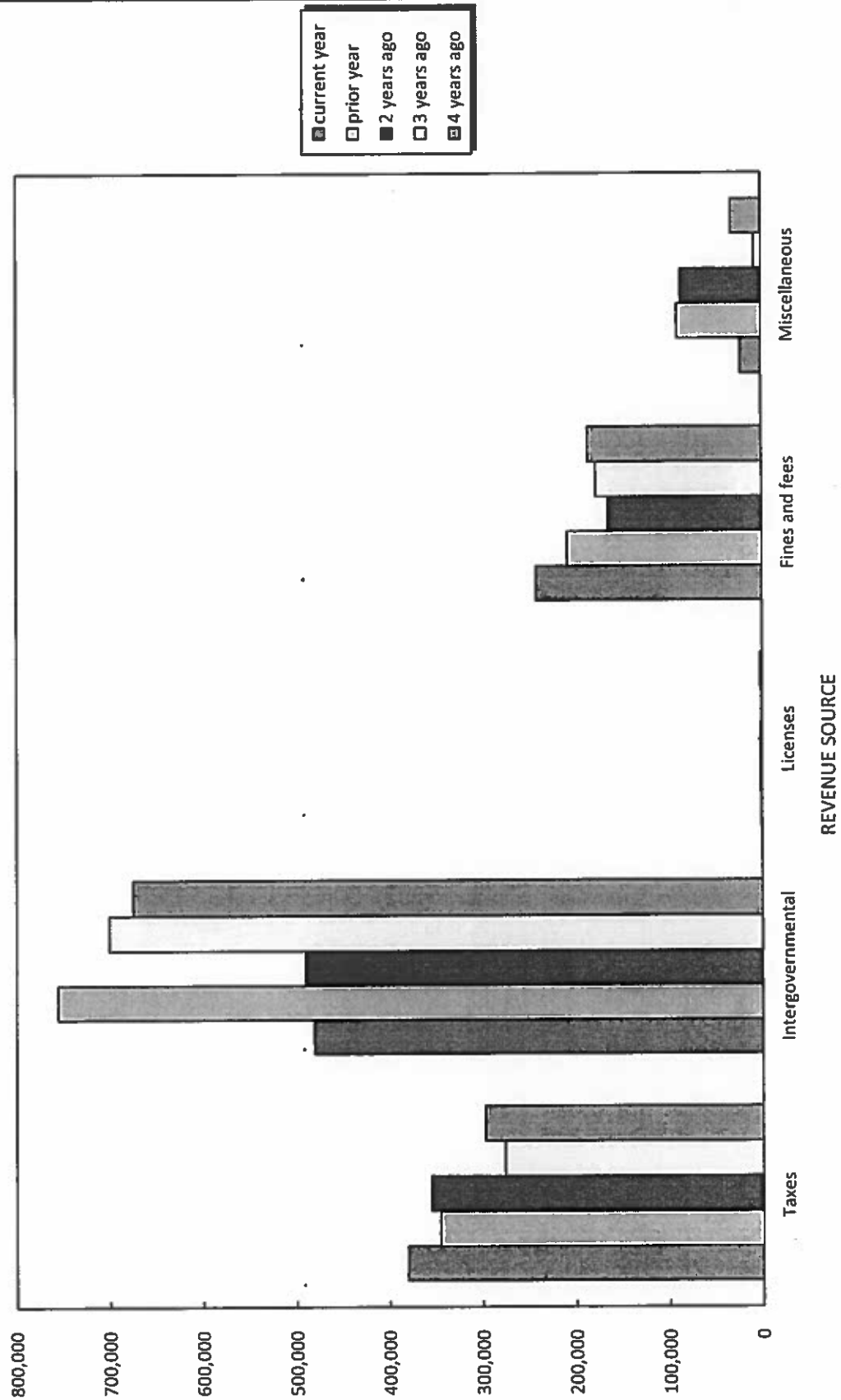
### **Requests for Information**

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:

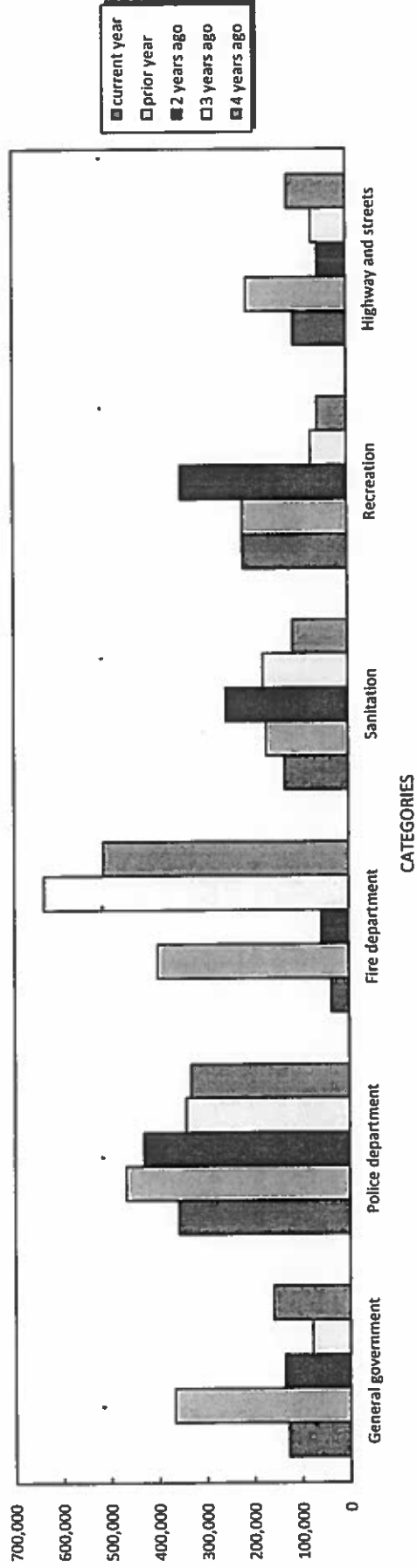
Doug Kibbey  
City of Clifton



# 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, 2020

	Governmental Activities	Business-type Activities	Total	Component Unit Governmental Fund- Airport
<b>Assets and Deferred Outflows</b>				
Cash and cash equivalents	697,719	374,841	1,072,560	8,751
Certificate of deposits	0	866,382	866,382	0
Receivables	303,244	202,881	506,125	0
Inventory	0	10,837	10,837	0
Net pension asset	206,280	309,418	515,698	0
Capital assets not being depreciated	193,000	219,026	412,026	200,484
Capital assets, net of accumulated depreciation	2,032,355	4,563,599	6,595,954	1,718,403
<b>Total Assets</b>	<b>3,432,598</b>	<b>6,546,984</b>	<b>9,979,582</b>	<b>1,927,638</b>
<b>Deferred Outflows:</b>				
Deferred outflows of resources - OPEB	702	1,051	1,753	0
Deferred outflows of resources - pension	11,367	17,049	28,416	0
<b>Total Deferred Outflows</b>	<b>12,069</b>	<b>18,100</b>	<b>30,169</b>	<b>0</b>
<b>Liabilities, Deferred Inflows, and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	19,964	44,798	64,762	0
Accrued expenses	15,952	17,018	32,970	0
Customer deposits	0	25,133	25,133	0
Total OPEB liability	45,231	67,846	113,077	0
Long-term liabilities:				
Due within one year	41,396	8,674	50,070	0
Due in more than one year	377,177	0	377,177	0
<b>Total Liabilities</b>	<b>499,720</b>	<b>163,469</b>	<b>663,189</b>	<b>0</b>
<b>Deferred Inflows</b>				
Deferred inflow of resources - current year property taxes	160,000	0	160,000	0
Deferred inflow of resources - OPEB	4,360	6,539	10,899	0
Deferred inflow of resources - pension	58,786	88,179	146,965	0
<b>Total Deferred Inflows</b>	<b>223,146</b>	<b>94,718</b>	<b>317,864</b>	<b>0</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	1,806,782	4,773,951	6,580,733	1,918,887
Restricted - Sanitation	117,114	0	117,114	0
Restricted - State street aid	209,181	0	209,181	0
Restricted - Drug fund	31,384	0	31,384	0
Restricted - River Resort Act	102,252	0	102,252	0
Restricted - Pension	147,494	221,239	368,733	0
Unrestricted	307,594	1,311,707	1,619,301	8,751
<b>Total Net Position</b>	<b>2,721,801</b>	<b>6,306,897</b>	<b>9,028,698</b>	<b>1,927,638</b>

See accompanying notes to financial statements.

## CITY OF CLIFTON, TENNESSEE

## Statement of Activities

For the Year Ended June 30, 2020

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Total	Component Unit Governmental Fund
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Government Activities:								
General government	158,583	1,302	54,773	0	(102,508)	0	(102,508)	0
Police department	387,207	31,376	3,887	0	(351,944)	0	(351,944)	0
Fire department	82,863	0	16,462	0	(66,401)	0	(66,401)	0
Parks and recreations	91,829	0	0	0	(91,829)	0	(91,829)	0
Library	2,881	0	0	0	(2,881)	0	(2,881)	0
Sanitation	132,264	177,352	0	0	45,088	0	45,088	0
Highways and streets	142,897	0	101,563	0	(41,334)	0	(41,334)	0
Total Governmental Activities	998,524	210,030	176,685	0	(611,809)	0	(611,809)	0
Business - type Activities:								
Natural Gas	379,808	506,363	0	0	0	126,555	126,555	0
Water and Sewer	1,180,508	1,046,457	0	0	0	(134,051)	(134,051)	0
Total Business Type Activities	1,560,316	1,552,820	0	0	0	(7,496)	(7,496)	0
Component Unit - Airport	121,054	43,185	0	134,905	0	0	0	57,036
Total	2,679,894	1,806,035	176,685	134,905	(611,809)	(7,496)	(619,305)	57,036
General Revenues:								
Property taxes					172,836	0	172,836	0
Public utility taxes					33,135	0	33,135	0
Sales taxes					385,284	0	385,284	0
Beer taxes					57,984	0	57,984	0
Business taxes					39,447	0	39,447	0
State income and excise taxes					2,535	0	2,535	0
Interest income					1,593	12,002	13,595	0
Other					6,970	0	6,970	10,170
Total general revenues					699,784	12,002	711,786	10,170
Transfers - in lieu of property taxes					34,525	(34,525)	0	0
Changes in Net Position					122,500	(30,019)	92,481	67,206
Net Position - beginning of year					2,599,301	6,336,916	8,936,217	1,860,432
Net Position - ending of year					2,721,801	6,306,897	9,028,698	1,927,638

See accompanying notes to financial statements.

# FUND FINANCIAL STATEMENTS

**CITY OF CLIFTON, TENNESSEE**

**Balance Sheet**

**Governmental Funds**

**June 30, 2020**

<u>Assets</u>	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Sanitation Fund</u>	<u>Drug Fund</u>	<u>River Resort Act Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$268,510	\$192,828	\$102,745	\$31,384	\$102,252	\$697,719
Accounts receivable:						
Taxes receivable	178,301	0	0	0	0	178,301
Other receivables	93,230	16,353	15,360	0	0	124,943
	<u>271,531</u>	<u>16,353</u>	<u>15,360</u>	<u>0</u>	<u>0</u>	<u>303,244</u>
Total Assets	<u>\$540,041</u>	<u>\$209,181</u>	<u>\$118,105</u>	<u>\$31,384</u>	<u>\$102,252</u>	<u>\$1,000,963</u>
<u>Liabilities, Deferred Inflows and Fund Balance</u>						
Liabilities:						
Accounts payable	<u>18,973</u>	<u>0</u>	<u>991</u>	<u>0</u>	<u>0</u>	<u>19,964</u>
Total Liabilities	<u>18,973</u>	<u>0</u>	<u>991</u>	<u>0</u>	<u>0</u>	<u>19,964</u>
Deferred Inflow of Resources:						
Deferred current property taxes	\$160,000	\$0	\$0	\$0	\$0	160,000
Deferred delinquent property taxes	<u>18,301</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,301</u>
Total Deferred Inflow of Resources	<u>178,301</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>178,301</u>
Fund balance:						
Restricted	0	209,181	117,114	31,384	102,252	459,931
Unassigned	<u>342,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>342,767</u>
Total Fund Balance	<u>342,767</u>	<u>209,181</u>	<u>117,114</u>	<u>31,384</u>	<u>102,252</u>	<u>802,698</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$540,041</u>	<u>\$209,181</u>	<u>\$118,105</u>	<u>\$31,384</u>	<u>\$102,252</u>	<u>\$1,000,963</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, 2020**

Amounts reported for fund balance - total governmental funds	\$ 802,698
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	2,225,355
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	18,301
Pension related accounts - governmental funds do not record these post-benefit obligations	
Net pension asset	206,280
Deferred outflow - pension	11,367
Deferred inflow - pension	(58,786)
OPEB related accounts - governmental funds do not record these post-benefit obligations	
Total OPEB Liability	(45,231)
Deferred outflow - OPEB	702
Deferred inflow - OPEB	(4,360)
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	(15,952)
Loans payable	(418,573)
Net Position of governmental activities	\$ <u>2,721,801</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, 2020**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Sanitation Fund</u>	<u>Drug Fund</u>	<u>River Resort Act Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	380,622	0	0	0	0	380,622
Intergovernmental	384,900	96,215	0	0	0	481,115
Licenses and permits	1,302	0	0	0	0	1,302
Fines and fees	28,316	0	177,352	3,060	33,309	242,037
Miscellaneous	20,961	571	228	97	190	22,047
<b>Total Revenues</b>	<b>816,101</b>	<b>96,786</b>	<b>177,580</b>	<b>3,157</b>	<b>33,499</b>	<b>1,127,123</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	78,715	0	0	0	0	78,715
Police department	357,904	0	0	1,841	0	359,745
Fire department	36,901	0	0	0	0	36,901
Library	2,881	0	0	0	0	2,881
Parks and recreation	89,849	0	0	0	0	89,849
Sanitation	0	0	132,264	0	0	132,264
River Resort	0	0	0	0	2,240	2,240
Highway and streets	64,240	45,915	0	0	0	110,155
<b>Capital outlay:</b>						
Parks and recreation	127,358	0	0	0	0	127,358
Highway and streets	0	9,500	0	0	0	9,500
<b>Debt service:</b>						
Principal	35,952	0	0	0	0	35,952
Interest	15,883	0	0	0	0	15,883
<b>Total Expenditures</b>	<b>809,683</b>	<b>55,415</b>	<b>132,264</b>	<b>1,841</b>	<b>2,240</b>	<b>1,001,443</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>6,418</b>	<b>41,371</b>	<b>45,316</b>	<b>1,316</b>	<b>31,259</b>	<b>125,680</b>
<b>In lieu of taxes:</b>	<b>34,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,514</b>
<b>Operating transfer:</b>	<b>(70,993)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,993</b>	<b>0</b>
<b>Net change in fund balance</b>	<b>(30,061)</b>	<b>41,371</b>	<b>45,316</b>	<b>1,316</b>	<b>102,252</b>	<b>160,194</b>
<b>Fund Balance, Beginning of year</b>	<b>372,828</b>	<b>167,810</b>	<b>71,798</b>	<b>30,068</b>	<b>0</b>	<b>642,504</b>
<b>Fund Balance, End of Year</b>	<b>342,767</b>	<b>209,181</b>	<b>117,114</b>	<b>31,384</b>	<b>102,252</b>	<b>802,698</b>

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, 2020**

Net change in fund balances - total governmental funds:	\$	160,194
 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		136,859
Depreciation expense		(156,632)
 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		(21,233)
Change in OPEB accounts		(33,649)
Change in employee vacation accrual		8,093
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenues		(7,114)
 Expenses reported in the statement of governmental funds that reduce long-term liabilities		
Principal debt repayments		<u>35,982</u>
Change in Net Position of governmental activities	\$	<u><u>122,500</u></u>

See accompanying notes to financial statements.

## CITY OF CLIFTON, TENNESSEE

## Statement of Net Position

## Enterprise Funds

June 30, 2020

	Water and Sewer Fund	Natural Gas Fund	Total
<b>Assets and Deferred Outflows</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$105,818	269,023	374,841
Certificate of deposits	650,206	216,176	866,382
Customer accounts receivable, net of allowance	181,217	21,664	202,881
Inventory- natural gas	0	10,837	10,837
<b>Total Current Assets</b>	<b>937,241</b>	<b>517,700</b>	<b>1,454,941</b>
<b>Capital Assets:</b>			
Utility plant in service	10,881,941	883,685	11,765,626
Less accumulated depreciation	(6,389,530)	(593,471)	(6,983,001)
<b>Total Capital Assets, Net</b>	<b>4,492,411</b>	<b>290,214</b>	<b>4,782,625</b>
<b>Net Pension asset</b>	<b>242,379</b>	<b>67,039</b>	<b>309,418</b>
<b>Total Assets</b>	<b>\$5,672,031</b>	<b>\$874,953</b>	<b>\$6,546,984</b>
<b>Deferred outflows:</b>			
Deferred outflows - pension	\$13,356	\$3,693	17,049
Deferred outflows - OPEB	824	227	1,051
<b>Total Deferred outflows</b>	<b>\$14,180</b>	<b>\$3,920</b>	<b>\$18,100</b>
<b>Liabilities, Deferred Inflows, and Net Position</b>			
<b>Current Liabilities (payable from current assets):</b>			
Accounts payable	\$34,391	10,407	44,798
Accrued expenses	13,390	3,628	17,018
Total OPEB liability	66,430	1,416	67,846
Current maturities - long-term debt	8,674	0	8,674
<b>Total Current Liabilities (payable from current assets)</b>	<b>122,885</b>	<b>15,451</b>	<b>138,336</b>
<b>Other Liabilities:</b>			
Customer deposits	14,955	10,178	25,133
<b>Total Other Liabilities</b>	<b>14,955</b>	<b>10,178</b>	<b>25,133</b>
<b>Long-Term Debt</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>137,840</b>	<b>25,629</b>	<b>163,469</b>
<b>Deferred inflows:</b>			
Deferred inflows - pension	\$69,074	\$19,105	88,179
Deferred inflows - OPEB	5,123	1,416	6,539
<b>Total Deferred inflows</b>	<b>\$74,197</b>	<b>\$20,521</b>	<b>\$94,718</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	4,483,737	290,214	4,773,951
Restricted - Pension	173,305	47,934	221,239
Unrestricted	817,132	494,575	1,311,707
<b>Total Net Position</b>	<b>\$5,474,174</b>	<b>\$832,723</b>	<b>\$6,306,897</b>

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, 2020**

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Metered sales	\$1,025,819	\$504,261	\$1,530,080
Tap and installation revenues	14,520	1,755	16,275
Other revenue	6,118	347	6,465
Total Operating Revenues	<u>1,046,457</u>	<u>506,363</u>	<u>1,552,820</u>
<b>Operating Expenses:</b>			
Salaries	314,179	110,786	424,965
Payroll taxes	23,636	8,257	31,893
Employee benefits	79,773	15,150	94,923
Fees	13,136	121	13,257
Office expense	10,168	3,426	13,594
Utilities	128,419	5,186	133,605
Professional services	83,356	19,914	103,270
Gas purchased	- 0	136,138	136,138
Insurance	33,572	14,400	47,972
Repair and maintenance	45,953	7,308	53,261
Supplies	148,133	20,811	168,944
Depreciation	312,174	26,028	338,202
Total Operating Expenses	<u>1,192,499</u>	<u>367,525</u>	<u>1,560,024</u>
Operating income (loss)	<u>(146,042)</u>	<u>138,838</u>	<u>(7,204)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest expense	(292)	0	(292)
Interest income	8,000	4,002	12,002
Total Nonoperating Revenues (Expenses)	<u>7,708</u>	<u>4,002</u>	<u>11,710</u>
Operating transfer: In lieu of tax:	(26,528)	(7,997)	(34,525)
Net change in Net Position	<u>(164,862)</u>	<u>134,843</u>	<u>(30,019)</u>
Net Position, July 1, 2019	<u>5,639,036</u>	<u>697,880</u>	<u>6,336,916</u>
Net Position, June 30, 2020	<u>\$5,474,174</u>	<u>\$832,723</u>	<u>6,306,897</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, 2020**

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	1,036,735	497,614	1,534,349
Cash paid to suppliers	(625,194)	(255,045)	(880,239)
Cash paid to employees	(405,305)	(146,476)	(551,781)
Net Cash Provided (Used) by Operating Activities	<u>6,236</u>	<u>96,093</u>	<u>102,329</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchase of capital assets	(124,256)	0	(124,256)
Interest paid	(292)	0	(292)
Repayment of debt	(12,639)	0	(12,639)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(137,187)</u>	<u>0</u>	<u>(137,187)</u>
<b>Cash Flows from Investing Activities:</b>			
Redemption (purchase) of certificate of deposit	(7,498)	(3,540)	(11,038)
Interest received	8,000	1,002	9,002
Net Cash Flows Provided (Used) from Investing Activities:	<u>502</u>	<u>(2,538)</u>	<u>(2,036)</u>
<b>Net Change in Cash</b>	<b>(130,449)</b>	<b>93,555</b>	<b>(36,894)</b>
<b>Cash and Cash Equivalents, July 1, 2019</b>	<b>236,267</b>	<b>175,468</b>	<b>411,735</b>
<b>Cash and Cash Equivalents, June 30, 2020</b>	<b><u>105,818</u></b>	<b><u>269,023</u></b>	<b><u>374,841</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	(146,042)	138,838	(7,204)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
In lieu of taxes	(26,528)	(7,997)	(34,525)
Depreciation	312,174	26,028	338,202
Change in assets (increase) decrease:			
Accounts receivable	(9,722)	(8,749)	(18,471)
Inventory	0	12,587	12,587
Due from other funds	(38,993)	0	(38,993)
Deferred outflows	1,344	(963)	381
Net pension asset	(22,700)	(39,819)	(62,519)
Change in liabilities increase (decrease):			
Accounts payable and accrued expenses	10,167	1,803	11,970
Total OPEB liability	40,263	(1,038)	39,225
Due to other funds	(116,364)	(43,771)	(160,135)
Deferred inflows	<u>2,637</u>	<u>19,174</u>	<u>21,811</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>6,236</u></b>	<b><u>96,093</u></b>	<b><u>102,329</u></b>

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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$162,000	\$162,000	\$179,961	17,961
Local beer and alcohol tax	71,250	71,250	56,440	(14,810)
Local sales tax	100,000	100,000	104,774	4,774
Franchise taxes	2,500	2,500	2,197	(303)
Business taxes	35,300	35,300	37,250	1,950
Total Taxes	<u>371,050</u>	<u>371,050</u>	<u>380,622</u>	<u>9,572</u>
<b>Intergovernmental:</b>				
TVA in lieu	30,500	30,500	33,135	2,635
State sales tax	235,400	235,400	247,201	11,801
State income tax	2,800	2,800	2,535	(265)
State beer and alcohol taxes	2,400	2,400	1,544	(856)
State gasoline tax - special petroleum tax	5,400	5,400	5,348	(52)
State supplement	3,000	3,000	3,200	200
Grants	542,107	641,456	58,628	(582,828)
River resort	64,000	64,000	33,309	(30,691)
Corporate excise tax	5,000	5,000	0	(5,000)
Total Intergovernmental Revenue	<u>890,607</u>	<u>989,956</u>	<u>384,900</u>	<u>(605,056)</u>
<b>Licenses and permits:</b>				
Building permits	500	500	0	(500)
Beer permits	1,800	1,800	1,302	(498)
Total License and Permits Revenue	<u>2,300</u>	<u>2,300</u>	<u>1,302</u>	<u>(998)</u>
<b>Fines:</b>				
Police citation	30,850	30,850	28,316	(2,534)
Total Fines Revenue	<u>30,850</u>	<u>30,850</u>	<u>28,316</u>	<u>(2,534)</u>
<b>Miscellaneous:</b>				
Miscellaneous	6,550	6,550	2,725	(3,825)
Sale of assets	4,000	4,000	2,831	(1,169)
Special fire protection	900	900	850	(50)
Fire department	0	0	7,513	7,513
Insurance proceeds	6,000	6,000	1,414	(4,586)
Donations	0	0	4,931	4,931
Lease of property	6,000	0	0	0
Interest income	1,200	1,200	697	(503)
Total Miscellaneous Revenue	<u>24,650</u>	<u>18,650</u>	<u>20,961</u>	<u>2,311</u>
<b>Total Revenues</b>	<u>1,319,457</u>	<u>1,412,806</u>	<u>816,101</u>	<u>(596,705)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Personnel costs	5,000	5,000	0	5,000
Advertising	1,250	1,250	1,536	(286)
Dues and subscriptions	1,000	1,000	1,463	(463)
Utilities	2,400	2,400	3,949	(1,549)
Professional services	13,250	13,250	13,907	(657)
Supplies and maintenance	5,665	5,665	4,628	1,037
Donations	38,100	39,900	40,436	(536)
Other	2,000	2,000	2,344	(344)
	<u>68,665</u>	<u>70,465</u>	<u>68,263</u>	<u>2,202</u>
Debt service	51,648	51,648	51,619	29
Capital outlay	32,000	102,000	0	102,000
Total General Government	<u>152,313</u>	<u>224,113</u>	<u>119,882</u>	<u>104,231</u>
Board of Commissioners:				
Salaries	6,515	6,515	4,952	1,563
Miscellaneous	0	0	0	0
	<u>6,515</u>	<u>6,515</u>	<u>4,952</u>	<u>1,563</u>
Capital outlay	0	0	0	0
Total Board of Commissioners	<u>6,515</u>	<u>6,515</u>	<u>4,952</u>	<u>1,563</u>
Judicial - Judge's fee	<u>6,000</u>	<u>6,000</u>	<u>5,500</u>	<u>500</u>
Total General Government	<u>164,828</u>	<u>236,628</u>	<u>130,334</u>	<u>106,294</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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries	213,350	213,350	231,133	(17,783)
Payroll taxes	15,932	15,932	16,634	(702)
Employee benefits	42,400	42,400	46,858	(4,458)
Training	1,400	3,000	1,848	1,152
Fees	2,230	2,230	2,762	(532)
Utilities	3,500	3,500	3,543	(43)
Repair and maintenance	5,000	14,000	2,154	11,846
Travel	2,000	2,000	2,507	(507)
Supplies	4,750	4,750	4,322	428
Vehicle expense	15,000	15,000	28,643	(13,643)
Insurance	21,000	21,000	17,500	3,500
Miscellaneous	0	0	0	0
	<u>326,562</u>	<u>337,162</u>	<u>357,904</u>	<u>(20,742)</u>
Capital outlay	0	0	0	0
<b>Total Police Department</b>	<u>326,562</u>	<u>337,162</u>	<u>357,904</u>	<u>(20,742)</u>
<b>Fire Department:</b>				
<b>Current:</b>				
Salaries	12,656	12,656	9,635	3,021
Payroll taxes	688	688	734	(46)
Gas and oil	1,000	6,000	965	5,035
Supplies and maintenance	9,000	9,000	7,963	1,037
Utilities	4,500	4,500	7,629	(3,129)
Volunteer firemen	5,000	5,000	5,775	(775)
Insurance	4,200	4,200	4,200	0
Miscellaneous	0	1,200	0	1,200
	<u>37,044</u>	<u>43,244</u>	<u>36,901</u>	<u>6,343</u>
Capital outlay	0	0	0	0
<b>Total Fire Department</b>	<u>37,044</u>	<u>43,244</u>	<u>36,901</u>	<u>6,343</u>
 <b>Total Public Safety</b>	 <u>363,606</u>	 <u>380,406</u>	 <u>394,805</u>	 <u>(14,399)</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, 2020**

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Streets:</b>				
Inmate lunches	6,000	6,000	3,665	2,335
Repair and maintenance	1,000	1,000	395	605
Supplies	1,000	1,000	392	608
Street lighting	55,000	55,000	59,788	(4,788)
Miscellaneous	0	0	0	0
	<u>63,000</u>	<u>63,000</u>	<u>64,240</u>	<u>(1,240)</u>
Capital outlay	0	0	0	0
Total Streets Department	<u>63,000</u>	<u>63,000</u>	<u>64,240</u>	<u>(1,240)</u>
<b>Parks and Recreation:</b>				
Current:				
Salaries	30,168	30,168	32,547	(2,379)
Employee benefits	10,577	10,577	11,527	(950)
Inmate lunches	3,500	3,500	3,406	94
Repair and maintenance	2,500	8,000	14,263	(6,263)
Supplies	5,800	5,800	10,275	(4,475)
Vehicle expense	3,900	3,900	2,937	963
Insurance	4,200	4,200	4,200	0
Utilities	7,800	10,300	10,271	29
Miscellaneous	3,000	2,000	423	1,577
	<u>71,445</u>	<u>78,445</u>	<u>89,849</u>	<u>(11,404)</u>
Debt service	0	0	216	(216)
Capital outlay	<u>368,222</u>	<u>372,413</u>	<u>127,358</u>	<u>245,055</u>
Total Parks and Recreation	<u>439,667</u>	<u>450,858</u>	<u>217,423</u>	<u>233,435</u>
<b>Library</b>	<u>3,500</u>	<u>3,500</u>	<u>2,881</u>	<u>619</u>
<b>Total Expenditures</b>	<u>1,034,601</u>	<u>1,134,392</u>	<u>809,683</u>	<u>324,709</u>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<u>284,856</u>	<u>278,414</u>	<u>6,418</u>	<u>(271,996)</u>
<b>Other financing sources:</b>				
In lieu of taxes	<u>35,000</u>	<u>35,000</u>	<u>34,514</u>	<u>(486)</u>
Operating transfer	<u>0</u>	<u>0</u>	<u>(70,993)</u>	<u>(70,993)</u>
<b>Net change in fund balance</b>	<u>319,856</u>	<u>313,414</u>	<u>(30,061)</u>	<u>(343,475)</u>
Fund Balance, July 1, 2019	<u>372,828</u>	<u>372,828</u>	<u>372,828</u>	<u>0</u>
Fund Balance, June 30, 2020	<u>\$692,684</u>	<u>\$686,242</u>	<u>\$342,767</u>	<u>(\$343,475)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Gasoline .03 tax	\$15,067	\$15,067	\$14,589	(478)
Gasoline 1989 tax	8,216	8,216	7,873	(343)
Gasoline 2017 tax	25,624	25,624	24,031	(1,593)
Gasoline and motor fuel	52,000	52,000	49,722	(2,278)
<b>Miscellaneous:</b>				
Interest	500	500	571	71
<b>Total Revenues</b>	<u>101,407</u>	<u>101,407</u>	<u>96,786</u>	<u>(4,621)</u>
<b>Expenditures:</b>				
<b>Streets:</b>				
Professional services	15,000	50,000	45,915	4,085
Capital outlay	0	10,000	9,500	500
<b>Total Expenditures</b>	<u>15,000</u>	<u>60,000</u>	<u>55,415</u>	<u>4,585</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	<u>86,407</u>	<u>41,407</u>	<u>41,371</u>	<u>(36)</u>
 <b>Fund Balance, July 1, 2019</b>	 <u>167,810</u>	 <u>167,810</u>	 <u>167,810</u>	 <u>-</u>
<b>Fund Balance, June 30, 2020</b>	<u>\$254,217</u>	<u>\$209,217</u>	<u>\$209,181</u>	<u>(\$36)</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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fees	185,100	185,100	177,352	(7,748)
Miscellaneous:				
Interest	<u>150</u>	<u>150</u>	<u>228</u>	<u>78</u>
<b>Total Revenues</b>	<u>185,250</u>	<u>185,250</u>	<u>177,580</u>	<u>(7,670)</u>
<b>Expenditures:</b>				
Sanitation:				
Salaries	26,911	26,911	29,643	(2,732)
Payroll taxes	2,038	2,038	2,245	(207)
Employee benefits	9,194	9,194	9,519	(325)
Utility	2,900	2,900	2,781	119
Professional services	7,500	10,500	8,044	2,456
Supplies and maintenance	3,550	3,550	4,277	(727)
Collection fees	74,000	74,000	71,443	2,557
Insurance	4,200	4,200	4,200	0
Miscellaneous	<u>250</u>	<u>250</u>	<u>112</u>	<u>138</u>
	<u>130,543</u>	<u>133,543</u>	<u>132,264</u>	<u>1,279</u>
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>130,543</u>	<u>133,543</u>	<u>132,264</u>	<u>1,279</u>
 Excess (deficiency) of revenues over expenditures	 54,707	 51,707	 45,316	 (6,391)
 Fund Balance, July 1, 2019	 <u>71,798</u>	 <u>71,798</u>	 <u>71,798</u>	 <u>0</u>
 Fund Balance, June 30, 2020	 <u><u>\$126,505</u></u>	 <u><u>\$123,505</u></u>	 <u><u>117,114</u></u>	 <u><u>(6,391)</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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
<b>Fines and Fees:</b>				
Drug related	2,500	2,500	3,060	560
<b>Miscellaneous:</b>				
Interest	<u>710</u>	<u>710</u>	<u>97</u>	<u>(613)</u>
<b>Total Revenues</b>	<u>3,210</u>	<u>3,210</u>	<u>3,157</u>	<u>(53)</u>
<b>Expenditures:</b>				
Program costs	2,000	2,000	1,841	159
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total expenses</b>	<u>2,000</u>	<u>2,000</u>	<u>1,841</u>	<u>159</u>
<b>Excess (deficiency) of revenues         over expenditures</b>	1,210	1,210	1,316	(212)
<b>Fund Balance, July 1, 2019</b>	<u>30,068</u>	<u>30,068</u>	<u>30,068</u>	<u>0</u>
<b>Fund Balance, June 30, 2020</b>	<u><u>\$31,278</u></u>	<u><u>\$31,278</u></u>	<u><u>31,384</u></u>	<u><u>(212)</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**

**River Resort Act Fund**

**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
River resort act revenues	<u>35,000</u>	<u>35,000</u>	<u>33,499</u>	<u>(1,501)</u>
<b>Total Revenues</b>	<u>35,000</u>	<u>35,000</u>	<u>33,499</u>	<u>(1,501)</u>
<b>Expenditures:</b>				
<b>Streets:</b>				
Professional services	<u>15,000</u>	<u>15,000</u>	<u>2,240</u>	<u>12,760</u>
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>2,240</u>	<u>12,760</u>
Excess (deficiency) of revenues over expenditures	<u>20,000</u>	<u>20,000</u>	<u>31,259</u>	<u>11,259</u>
Operating transfer	<u>70,993</u>	<u>70,993</u>	<u>70,993</u>	<u>0</u>
<b>Net change in Fund Balance</b>	<u>90,993</u>	<u>90,993</u>	<u>102,252</u>	<u>11,259</u>
<b>Fund Balance, July 1, 2019</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
<b>Fund Balance, June 30, 2020</b>	<u><u>\$90,993</u></u>	<u><u>\$90,993</u></u>	<u><u>\$102,252</u></u>	<u><u>\$11,259</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, 2020

#### (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, 2020

### (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.



## CITY OF CLIFTON, TENNESSEE

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

**State Street Aid Fund** - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

**Sanitation Fund** - To account for the revenues and expenditures of the City's Sanitation Department.

**Drug Fund** - To account for the police department's drug enforcement activities.

**River Resort Act Fund** - Account for the proceeds and usage of the River Resort Act fund.

The government reports the following major proprietary funds:

The Utility Funds are used to account for water, sewer and natural gas operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the City uses committed, assigned then unassigned funds.

# CITY OF CLIFTON, TENNESSEE

## Notes to Financial Statements

June 30, 2020

### (1) Summary of Significant Accounting Policies, Continued

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool.

#### Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

#### Property Tax

The City's property tax is levied each November 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$1.0000 per \$100 of assessed valuation for the fiscal year.

Payments may be made during the period from November 1 through March 31. Current tax collections of \$154,902 for the fiscal year ended June 30, 2020 were approximately 92 percent of the tax levy.

Delinquent taxes are turned over to the City Attorney for collection as required by the City Municipal Code.

#### Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

# CITY OF CLIFTON, TENNESSEE

## Notes to Financial Statements

June 30, 2020

### (1) Summary of Significant Accounting Policies, Continued

#### Capital Assets

Capital assets, which include property, plant and equipment, and certain improvements other than buildings, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items (pension and OPEB) that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City has two items (pension related and OPEB related) that qualifies for reporting in this category.

## CITY OF CLIFTON, TENNESSEE

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies, Continued

##### Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The City Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

##### Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

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

##### Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

## CITY OF CLIFTON, TENNESSEE

### Notes to Financial Statements

June 30, 2020

#### (1) Summary of Significant Accounting Policies, Continued

##### Fund Balance

The City implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

**Nonspendable Fund Balance** - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

**Committed Fund Balance** - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

**Assigned Fund Balance** - This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

**Unassigned Fund Balance** - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

## CITY OF CLIFTON, TENNESSEE

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies, Continued

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial instruments that potentially subject the City to significant concentrations of credit risk consist principally of cash and accounts receivable. The City places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

##### Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

##### Compensated Absences

The City has accrued a liability for unused sick and vacation pay which is earned, but not taken by City employees.

	July 1, <u>2019</u>	Addi- <u>tions</u>	Retire- <u>ments</u>	June 30, <u>2020</u>
Governmental activities	<u>24,045</u>	<u>-</u>	<u>8,093</u>	<u>15,952</u>
Business-type activities	<u>13,882</u>	<u>-</u>	<u>77</u>	<u>13,805</u>

##### Other Post-Employment Benefit Plan- (OPEB)

*Plan description.* The City provides certain retiree health insurance benefits in a single employer defined benefit OPEB Plan through the LGIP which is administered by the State of Tennessee. All employees covered by the LGIP and hired prior to July 1, 2015 are covered by the OPEB Plan. According to State law in effect on the measurement date, employees first hired on or after July 1, 2015 are not eligible to continue health insurance coverage under the OPEB Plan after retiring. Any changes to the law will be recognized in future measurements. For eligible employees, some employers provide a direct subsidy toward the premium for certain employees; all employers provide an implicit subsidy; and the retiree pays any balance of the required premium remaining.

*Funding policy.* There are no assets or trust fund accumulating to pre-fund the OPEB obligation. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis. The total premium rate structure required for LGIP coverage is established by and may be amended by the Benefits Administration unit of the State and the State Insurance Committee. The local employer sets its own level of subsidy for the designated classification of members.

## CITY OF CLIFTON, TENNESSEE

### Notes to Financial Statements

June 30, 2020

#### (1) Summary of Significant Accounting Policies, Continued

*Eligibility.* Eligibility to commence OPEB coverage is the same as eligibility for retirement under the Tennessee Consolidated Retirement System (TCRS), with the added conditions of (a) having being at least 10 years of employment with the employer and three continuous years of insurance coverage in the LGIP immediately prior to final termination for retirement (or age 55 with at least 20 years of such employment if only one year of such coverage) and (b) receiving a monthly pension from TCRS. Additional rules apply for OPEB coverage for TCRS-approved disabilities. Alternative conditions are made for any locally sponsored public safety retirement plan or utility board member.

With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGIP and this OPEB Plan upon attaining eligibility for Medicare benefits. In addition to subsidies that may be provided by the local employers for retiree premiums, the OPEB benefits include access to coverage for the retiree and dependents under the Medical, Prescription, Dental, Vision and Long Term Care (LTC access for retirees was discontinued effective January 1, 2018).

*Benefits.* The employer may provide a flat dollar or percent subsidy depending on years of service, job classification, health plan option and tier selected. The State does not provide a subsidy for local government participants.

#### Net Position Flow Assumption

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

#### Pension

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